

Optimal Japan Trust
Unit trust

Audited financial statements
As at June 30, 2013

Optimal Japan Trust

Unit Trust

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Optimal Japan Trust

Unit Trust

Directors and administration

Directors

Warwick Johnson
Eric Lucas
John Nicolis

Investment Manager and Trustee

Optimal Fund Management Pty Limited
Level 5
175 Macquarie Street
Sydney NSW 2000
Australia

Registrar and Administrator

European Fund Administration S.A.
P.O. Box 1725
2, rue d'Alsace
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
England

Auditor

PricewaterhouseCoopers, Société coopérative
400, route d'Esch
B.P. 1443
L-1014 Luxembourg

Legal Advisor

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia



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 June 30, 2013 and the statement of comprehensive income, the 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 June 30, 2013, 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, September 25, 2013


A handwritten signature in black ink, appearing to read 'C. Crépin', with a long, sweeping horizontal stroke at the end.


Christelle Crépin

Optimal Japan Trust
Unit Trust

Statement of financial position
As at June 30, 2013

	Notes	2013 AUD	2012 AUD
Assets			
Current assets			
Financial assets at fair value through profit or loss	2.2, 4	29,160,062	21,988,959
Other receivables and prepayments		25,007	25,886
Receivable on sales of securities		2,035,121	804,455
Cash at bank	2.4, 5.2	1,412,688	894,478
Cash accounts with the Prime Broker	2.5, 5.2	21,370,910	27,323,009
Total assets		54,003,788	51,036,787
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2.2, 4	2,023,220	4,695,287
Subscription proceeds received in advance	2.8	289,955	-
Performance fee payable	7.2	185,062	1,174
Other payables and accrued expenses		88,722	96,823
Payable on purchases of securities		2,397,359	572,010
Short term borrowings from the Prime Broker	2.5, 5.2	20,683,260	18,257,923
Liabilities (excluding net assets attributable to unitholders)		25,667,578	23,623,217
Net assets attributable to unitholders		28,336,210	27,413,570
Total liabilities		54,003,788	51,036,787
Number of units in issue	9	2,035,859.818	2,586,299.982


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, 2013

	Notes	2013 AUD	2012 AUD
Income			
Bank interest	2.7	635,267	1,145,144
Dividend income	2.7	454,308	558,597
Net gain/(loss) on financial instruments at fair value through profit or loss	4.2	5,318,930	(1,608,005)
Foreign exchange gain/(loss)	2.6, 4.3	1,103,318	(1,216,037)
Total investment gain/(loss)		7,511,823	(1,120,301)
Expenses			
Performance fee	7.2	185,062	1,174
Investment management fee	7.1	253,582	289,768
Goods and service tax on fee and expenses incurred in Australia	8	32,542	29,125
Dividend expense on securities sold short	2.7	62,053	120,362
Stock borrowing fees		16,543	18,564
Administration fee	7.4	79,119	82,791
Audit fee		30,213	23,551
Other operating expenses		58,824	78,251
Total operating expenses		717,938	643,586
Operating profit/(loss) before finance cost and tax		6,793,885	(1,763,887)
Finance cost			
Interest expense		(125,156)	(163,180)
Profit/(loss) before tax		6,668,729	(1,927,067)
Withholding tax on dividends	8	(32,080)	(38,932)
Increase/(decrease)in net assets attributable to unitholders from operations		6,636,649	(1,965,999)

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, 2013

	Notes	2013 AUD	2012 AUD
Net assets attributable to unitholders at the beginning of the year		27,413,570	32,670,080
Units issued	9	13,029,697	844,722
Units redeemed	9	<u>(18,743,706)</u>	<u>(4,135,233)</u>
Net (decrease) from unit transactions		(5,714,009)	(3,290,511)
Increase/(decrease) in net assets attributable to unitholders from operations		<u>6,636,649</u>	<u>(1,965,999)</u>
Net assets attributable to unitholders at the end of the year		<u>28,336,210</u>	<u>27,413,570</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, 2013

	2013	2012
	AUD	AUD
Cash flows from operating activities:		
Increase/(decrease) in net assets attributable to unitholders from operations	6,636,649	(1,965,999)
Adjustment for:		
Dividend income	(454,308)	(558,597)
Dividend expense	62,053	120,362
Withholding tax	32,080	38,932
Interest income	(635,267)	(1,145,144)
Interest expense	125,156	163,180
	<u>5,766,363</u>	<u>(3,347,266)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in financial assets at fair value through profit or loss	(7,171,103)	7,583,390
Decrease in cash accounts with the Prime Broker	5,952,099	2,254,255
(Increase) in receivables on sales of securities	(1,230,666)	(804,455)
(Increase)/decrease in other receivables and prepayments	9,271	8,083
(Decrease)/increase in financial liabilities at fair value through profit or loss	(2,672,067)	178,336
Increase/(decrease) in short term borrowings from the Prime Broker	2,425,337	(5,318,490)
Increase/(decrease) in performance fee payable	183,888	(56,650)
Increase in payable on purchase of securities	1,825,349	572,010
Increase/(decrease) in other payables and accrued expenses	(8,539)	(31,023)
	<u>5,079,932</u>	<u>1,038,190</u>
Cash from operating activities	5,079,932	1,038,190
Dividends received	444,081	588,328
Dividends paid	(62,053)	(120,362)
Withholding tax paid	(32,080)	(38,932)
Interest received	637,102	1,142,668
	<u>6,066,982</u>	<u>2,609,892</u>
Net cash from operating activities	6,066,982	2,609,892
Cash flows from financing activities:		
Cash received on units issued	13,319,652	844,722
Cash paid out on units redeemed	(18,743,706)	(4,135,233)
Interest paid	(124,718)	(162,915)
	<u>(5,548,772)</u>	<u>(3,453,426)</u>
Net cash (used in) financing activities	(5,548,772)	(3,453,426)
Net change in cash	518,210	(843,534)
Cash at bank at the beginning of the year	894,478	1,738,012
	<u>1,412,688</u>	<u>894,478</u>
Cash at bank at the end of the year	1,412,688	894,478

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, 2013

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 July 1, 2012*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning July 1, 2012 that would be expected to have a material impact on the Trust.

(ii) *Standard effective after July 1, 2012 that have been early adopted by the Trust on July 1, 2012*

- IFRS 13, ‘Fair Value Measurement’ (effective from January 1, 2013)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change fair value measurement when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Trust uses the last traded price to value its financial assets and liabilities. This methodology is consistent with the Trust’s Information Memorandum and is also recognised as a standard pricing convention within the funds management industry.

The application of IFRS 13 does not have any significant impact on the comparative figures of the financial position and performance of the Trust. This standard becomes effective for annual periods beginning on or after January 1, 2013.

Notes to the financial statements (continued)
As at June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements. However we draw attention to the following standard:

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

(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.

Notes to the financial statements (continued)
As at June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

The Trust early adopted IFRS 13, "Fair value measurement", from 1 July 2012; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities. This change in inputs had no material impacts on the comparative figures of the financial statements.

Notes to the financial statements (continued)
As at June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(vi) 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.

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 has adopted the AUD as the functional currency for the Trust.

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

Notes to the financial statements (continued)
As at June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currencies (continued)

(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.

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.

When the Trust received the cash for a subscription before the subscription becomes effective, the Trust records a liability. Such liability is shown under the caption "Subscription proceeds received in advance".

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.

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Notes to the financial statements (continued)
As at June 30, 2013

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

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

4.1 Categories of financial instruments

	2013 AUD	2012 AUD
Listed equity securities	29,160,062	21,271,403
Listed investment funds	-	717,556
Financial assets at fair value through profit or loss	29,160,062	21,988,959
Listed equity securities, sold short	(1,897,646)	(4,280,560)
Derivatives	(125,574)	(414,727)
Financial liabilities at fair value through profit or loss	(2,023,220)	(4,695,287)

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

	2013 AUD	2012 AUD
Held for trading	(2,015,777)	213,290
Designated as at fair value through profit or loss	1,474,593	(2,927,195)
Net realised (losses)/gains on financial assets and liabilities at fair value through profit or loss	(541,184)	(2,713,905)
Held for trading	289,153	(103,491)
Designated as at fair value through profit or loss	5,570,961	1,209,391
Net change in unrealised gains on financial assets and liabilities at fair value through profit or loss	5,860,114	1,105,900
Total Net gains/(losses) on financial instruments at fair value through profit or loss	5,318,930	(1,608,005)

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Notes to the financial statements (continued)

As at June 30, 2013

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

4.3 Foreign exchange gain/(loss)

	2013 AUD	2012 AUD
Unrealised (losses) in foreign exchange	(773,786)	(60,782)
Unrealised (losses) in foreign exchange	(773,786)	(60,782)
Realised gain/(loss) in foreign exchange	1,877,104	(1,155,255)
Realised gain/(loss) in foreign exchange	1,877,104	(1,155,255)
Total foreign exchange gains/(losses)	1,103,318	(1,216,037)

4.4 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.

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

	Unrealised loss 2013 AUD	Unrealised loss 2012 AUD
Equity index futures - short	(125,574)	(414,727)

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.

Notes to the financial statements (continued)
As at June 30, 2013

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

5.1 Strategy in using financial instruments (continued)

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.

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 quarterly 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.

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Notes to the financial statements (continued)

As at June 30, 2013

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

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 1,897,646 (2012: AUD 4,280,560) and short-term borrowings are AUD 20,683,260 (2012: AUD 18,257,923).

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.

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, 2013, the Prime Broker held the following net assets on behalf of the Trust:

	2013	2012
	AUD	AUD
Financial assets at fair value through profit or loss	29,160,062	21,988,959
Financial liabilities at fair value through profit or loss	(2,023,220)	(4,695,287)
Cash accounts with Prime Broker	21,370,910	27,323,009
Short term borrowings from the Prime Broker	(20,683,260)	(18,257,923)
	27,824,492	26,358,758

The Prime Broker is part of the Goldman Sachs Group Inc. S&P's current credit rating of Goldman Sachs Group Inc. is A- (2012: A-). The Trust's counterparty credit rating is not readily available publicly and may differ from the parent entity's credit rating.

The Trust also holds cash balances with Kredietbank SA Luxembourg ('KBL') and JPMorgan Chase Bank, N.A. ('JPM') (the 'Cash Custodians') who provide cash depository services. At June 30, 2013, the Cash Custodians held the following cash balances on behalf of the Trust:

	2013	2012
	AUD	AUD
KBL	756,591	249,542
JPM	656,097	644,936
	1,412,688	894,478

Notes to the financial statements (continued)
As at June 30, 2013

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

5.2 Credit risk (continued)

KBL is part of KBC Group. S&P's current credit rating of KBC Group is BBB+ (2012: BBB+). The Trust's counterparty credit rating is not readily available publicly and may differ from the parent entity's credit rating.

JPM has a current credit rating issued by S&P of A (2012: A+).

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 (2012: nil) and there were no debt instruments that are past due (2012: nil).

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 (2012: 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.

Optimal Japan Trust
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Notes to the financial statements (continued)
As at June 30, 2013

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

5.3 Liquidity risk (continued)

	Less than 1 month AUD	1-3 months AUD
2013		
Listed equity securities sold short	1,897,646	-
Equity index futures - short	-	125,574
Short term borrowings from Prime Broker	20,683,260	-
Subscription received in advance	289,955	-
Performance fee payable	185,062	-
Other payables and accrued expenses	88,722	-
Payable on purchases of securities	2,397,359	-
	<u>25,542,004</u>	<u>125,574</u>
Net assets attributable to unitholders	<u>-</u>	<u>28,336,210</u>
2012		
Listed equity securities sold short	4,280,560	-
Equity index futures - short	-	414,727
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	-
	<u>23,208,490</u>	<u>414,727</u>
Net assets attributable to unitholders	<u>-</u>	<u>27,413,570</u>

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

	2013	2012
Unitholder 1	31.32%	47.56%
Unitholder 2	16.71%	17.61%
Unitholder 3	16.54%	13.02%
Other unitholders	35.43%	21.81%
	<u>100.00%</u>	<u>100.00%</u>

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2013

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.

	2013	2012
	AUD	AUD
Listed equity	27,262,416	16,990,843
Listed investment funds	-	717,556
Derivatives	(6,619,868)	(5,838,579)
Total exposure to price risk	20,642,548	11,869,820

Optimal Japan Trust
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Notes to the financial statements (continued)
As at June 30, 2013

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	
	2013	2012
Energy	-	4.4
Financials	35.0	22.5
Consumer staples	0.8	2.2
Telecommunication services	3.2	-
Information technology	9.7	1.8
Industrials	17.8	21.2
Consumer discretionary	26.1	12.5
Health Care	3.6	-
Total Equity and Investment Funds	96.2	64.6
Index Futures	(23.4)	(21.3)
Net Exposure	72.8	43.3

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 4.5% (2012: 3.0%). 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
2013	4.5	928,915
2012	3.0	356,095

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Notes to the financial statements (continued)

As at June 30, 2013

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

5.4 Market price risk (continued)

Fair value hierarchy of financial instruments

IFRS 7 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’s 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, 2013

Types of Assets	Level 1	Level 2	Level 3	Total
Exchange listed shares	29,160,062	-	-	29,160,062
Total Financial Net Assets	29,160,062	-	-	29,160,062

Types of Liabilities

Exchange listed shares	(1,897,646)	-	-	(1,897,646)
Index futures	(125,574)	-	-	(125,574)
Total Financial Net Liabilities	(2,023,220)	-	-	(2,023,220)

Optimal Japan Trust
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Notes to the financial statements (continued)
As at June 30, 2013

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, 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)

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.

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at June 30, 2013 but for which fair value is disclosed:

Assets	Level 1	Level 2	Level 3	Total balance
Other receivables	-	25,007	-	25,007
Receivable on sales of securities	-	2,035,121	-	2,035,121
Cash accounts with the Prime Broker	21,370,910	-	-	21,370,910
Cash at bank	1,412,688	-	-	1,412,688
Total assets	22,783,598	2,060,128	-	24,843,726

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Notes to the financial statements (continued)

As at June 30, 2013

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

5.4 Market price risk (continued)

Fair value hierarchy of financial instruments (continued)

Liabilities	Level 1	Level 2	Level 3	Total balance
Payable on purchases of securities	-	2,397,359	-	2,397,359
Accruals	-	563,739	-	563,739
Short term borrowings from the Prime Broker	20,683,260	-	-	20,683,260
Net assets attributable to holders of redeemable shares	-	28,336,210	-	28,336,210
Total liabilities	20,683,260	31,297,308	-	51,980,568

As this is a new requirement of IFRS 13, no comparative disclosure is required in the year of initial application.

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 it 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, 2012 and June 30, 2013. 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.

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 75 basis points over the year (2012: 125 basis points). At June 30, 2013, should interest rates have increased/(decreased) by 75 basis points (2012: 125 basis points) with all other variables remaining constant, the increase/(decrease) in the net assets attributable to the unitholders would be approximately AUD 166,000 per annum (2012: AUD 342,000) 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 2013 and 2012, 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.

Notes to the financial statements (continued)
As at June 30, 2013

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

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. At year-end 2013 and 2012, short term borrowings have been used to reduce the Trust's currency exposure against JPY.

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	Net exposure
2013			
Yen	31,890,655	(25,105,028)	6,785,627
Euro	23,317	(38,344)	(15,027)
2012			
Yen	23,666,224	(23,525,972)	140,252
Euro	-	(40,608)	(40,608)

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.

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2013

5.6 Currency risk (continued)

	2013		2012	
	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	3.9%	264,639	2.0%	2,805
Euro	3.9%	(586)	1.5%	(609)
Total impact on net asset value		264,053		2,196

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.

NOTE 6. FINANCIAL INSTRUMENTS BY CATEGORY

2013	Assets at fair value through profit or loss AUD	Loans and receivables AUD	Total AUD
Financial assets at fair value through profit or loss	29,160,062	-	29,160,062
Other receivables and prepayments	-	25,007	25,007
Receivable on sales of securities	-	2,035,121	2,035,121
Cash at bank	-	1,412,688	1,412,688
Cash accounts with the Prime Broker	-	21,370,910	21,370,910
Assets as per statement of financial position	29,160,062	24,843,726	54,003,788
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

Optimal Japan Trust
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Notes to the financial statements (continued)
As at June 30, 2013

NOTE 6. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2013	Liabilities at fair value through profit or loss AUD	Other financial liabilities AUD	Total AUD
Financial liabilities at fair value through profit or loss	2,023,220	-	2,023,220
Subscription proceeds received in advance	-	289,955	289,955
Performance fee payable	-	185,062	185,062
Other payables and accrued expenses	-	88,722	88,722
Payable on purchases of securities	-	2,397,359	2,397,359
Short term borrowings from the Prime Broker	-	20,683,260	20,683,260
Net assets attributable to holders of redeemable units	-	28,336,210	28,336,210
Liabilities as per statement of financial position	2,023,220	51,980,568	54,003,788

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

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 and to the supplemental Trust Deed dated March 8, 2013, 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.

Notes to the financial statements (continued)
As at June 30, 2013

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

7.2 Performance fee (continued)

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, 2012 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 = $[\text{NAV} - (\text{the higher of } 105\% \times \text{NAV } 2012 \text{ or } \text{NAV } p)] \times 20\% \times \text{number of units}$.

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, 2013
NAV 2012 is the net asset value as at June 30, 2012
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, 2013, the accrued performance fee is AUD 185,062 (June 2012: AUD 1,174).

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.

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 336,787.602 units in the Trust as at June 30, 2013 (June 30, 2012: 336,790.009 units).

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2013

NOTE 8. TAXATION

The Trust is not liable to any Australian income tax or capital gains tax as it is intended that all of the Trust's taxable income will be distributed to Unitholders so that no taxation liability is expected to accrue to the Trustee.

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 and to the supplemental Trust Deed dated March 8, 2013, 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.

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.

The Optimal Japan Fund USD Series was a Cayman Island domiciled company that operated a parallel strategy to the Optimal Japan Trust.

On April 2, 2013, some investors in the Optimal Japan Fund converted their shares into units in the Optimal Japan Trust after the liquidation of Optimal Japan Fund. New units were issued for the equivalent value of the shares in the Optimal Japan Fund.

The movement in units is as follows:

	2013	2012
Number of units at the beginning of the year	2,586,299.982	2,897,254.973
Units issued during the year	1,045,630.149	78,505.662
Units redeemed during the year	(1,596,070.313)	(389,460.653)
Number of units at the end of the year	2,035,859.818	2,586,299.982

NOTE 10. DISTRIBUTION

The Trustee made no distribution in relation to financial year ended June 30, 2012. For 2013, no annual dividend has been declared.

Optimal Japan Trust Unit Trust

Notes to the financial statements (continued) As at June 30, 2013

NOTE 11. SERIES CONSOLIDATION

For operational efficiency reasons, the Trustee consolidated relevant series in the Trust based on the respective net asset value as at March 29, 2013. During this series consolidation, investors maintained the current high watermark (as defined in the Trust's information memorandum) and in some instances benefited from being allocated a slightly higher watermark.

NOTE 12. COMPARATIVE FIGURES

Certain reclassifications have been made to previously reported amounts to conform to current year presentation, which had no impact on reported net assets attributable to unitholders. The comparative amounts are for the year ended June 30, 2012.

NOTE 13. 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 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on September 25, 2013.

Optimal Japan Trust
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Investment portfolio (unaudited)
As at June 30, 2013

Quantity	Description	Ccy	Fair value (AUD equivalent)	% of net assets
Financial assets held at fair value through profit or loss				
Equities				
6,800	Ain Pharmaciez Inc	JPY	319,710	1.13
357,000	Aozora Bank Ltd	JPY	1,217,140	4.30
40,500	Arnest One Corp	JPY	867,670	3.06
20,400	Bridgestone Corp	JPY	758,328	2.68
32,000	Credit Saison Co Ltd	JPY	875,962	3.09
24,600	Daiichikosho Co Ltd	JPY	735,081	2.59
6,900	Daito Trust Construction Ltd	JPY	709,531	2.50
8,700	Hajime Construction Co Ltd	JPY	528,164	1.86
249,000	Hitachi Ltd	JPY	1,744,413	6.16
120,800	Itochu Corp	JPY	1,521,188	5.37
104,000	J Front Retailing Co Ltd	JPY	904,733	3.19
22,800	Kadokawa Corp	JPY	796,139	2.81
16,000	KDDI Corp	JPY	907,988	3.21
388,100	Mitsubishi UFJ Fin Group Inc	JPY	2,612,195	9.22
115,800	Mitsubishi UFJ Lease Fin Co Ltd	JPY	598,573	2.11
24,300	Nihon Kohden Corp	JPY	1,012,875	3.57
48,000	NIPPO Corp	JPY	861,533	3.04
58,200	Nissan Motor Co Ltd	JPY	643,279	2.27
172,300	Nomura Holdings Inc	JPY	1,385,202	4.89
152,000	Obayashi Corp	JPY	860,917	3.04
2,700	Oriental Land Co Ltd	JPY	455,512	1.61
8,744	Riso Kyoiku Co Ltd Tokyo	JPY	838,566	2.96
109,000	Sekisui Chemical Co Ltd	JPY	1,262,308	4.46
55,000	Sumitomo Mitsui Fin Group Inc	JPY	2,752,229	9.71
11,000	Sumitomo Realty & Dev Co Ltd	JPY	478,464	1.69
27,200	Suntory Beverage & Food Ltd	JPY	927,345	3.27
273,000	Toshiba Corp	JPY	1,432,160	5.05
17,500	Toyota Motor Corp	JPY	1,152,857	4.07
Total equities			29,160,062	102.91
Total financial assets held at fair value through profit or loss			29,160,062	102.91

Optimal Japan Trust
Unit Trust

Investment portfolio (unaudited)
As at June 30, 2013

Quantity	Description	Ccy	Fair value (AUD equivalent)	% of net assets
Financial liabilities held at fair value through profit or loss				
Equities short				
(27,400)	Autobacs Seven Co Ltd	JPY	(454,124)	(1.60)
(32,000)	Ricoh Co Ltd	JPY	(415,281)	(1.47)
(63,300)	Shiseido Co Ltd	JPY	(1,028,241)	(3.63)
Total equities short			(1,897,646)	(6.70)
Futures contracts				
(44)	NIKKEI 225	JPY	(125,574)	(0.44)
Total futures contracts			(125,574)	(0.44)
Total financial liabilities held at fair value through profit or loss			(2,023,220)	(7.14)
Total financial assets and liabilities held at fair value through profit or loss			27,136,842	95.77
Net current assets			1,199,368	4.23
Total net assets			28,336,210	100.00

Optimal Japan Trust
Unit Trust

Investment portfolio (unaudited)
As at June 30, 2012

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

Optimal Japan Trust
Unit Trust

Investment portfolio (unaudited)
As at June 30, 2012 (continued)

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