

**Optimal Japan Trust**  
Unit trust

**Audited financial statements  
for the year ended June 30, 2007**

No subscription can be received on the basis of these financial statements.  
Subscriptions may only be accepted on the basis of the current prospectus  
accompanied by an application form.

**Optimal Japan Trust**  
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**Optimal Japan Trust**  
**Unit Trust**

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**Administration**

**Investment Manager and Trustee**

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

**Registrar and Administrator**

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 G.T.  
Strathvale House  
North Church Street  
George Town  
Grand Cayman  
Cayman Islands  
(until July 3, 2006)

European Fund Administration S.A.  
P.O. Box 1725  
2, rue d'Alsace  
L-1017 Luxembourg  
(from July 3, 2006)

**Custodian**

(agreement terminated on June 30, 2006)

HSBC Institutional Trust Services (Asia)  
Limited  
39/F Dorset House  
Taikoo Place  
979 King's Road  
Hong Kong

**Cash Custodian**

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

**Prime Broker**

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

**Auditors**

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
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

**Independent Auditor's report**

**To the Unitholders and Trustee**

**Optimal Japan Trust (the "Fund")**

We have audited the accompanying financial statements of Optimal Japan Trust (the "Fund"), which comprise the balance sheet as at June 30, 2007 and the income statement, statement of changes in net assets attributable to Unitholders and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Responsibility of the Fund's Trustee for the financial statements**

The Fund's Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

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 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 Auditor's judgment, 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 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 Fund'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, these financial statements give a true and fair view of the financial position of the Fund as of June 30, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
Represented by

Luxembourg, October 19, 2007



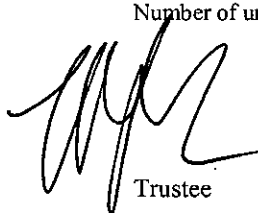
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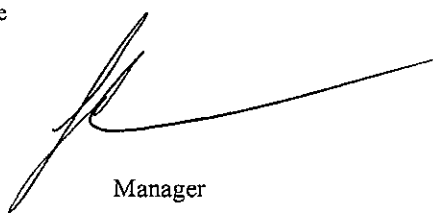
**Optimal Japan Trust**  
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**Balance sheet**  
**As at June 30, 2007**

	Notes	June 30, 2007	June 30, 2006
		AUD	AUD
<b>Assets</b>			
Cash and cash equivalents		22,883,013	4,461,532
Cash accounts with the Prime Broker		6,449,966	24,597,226
Financial assets at fair value through profit or loss	2.2, 5	83,521,494	56,078,720
Amount due from the Prime Broker		-	8,586
Other receivables and prepayments		34,862	15,562
<b>Total assets</b>		<b>112,889,335</b>	<b>85,161,626</b>
<b>Liabilities</b>			
Short term borrowings from the Prime Broker		381,492	2,214,398
Financial liabilities at fair value through profit or loss	2.2, 5	15,699,478	12,989,006
Performance fee payable	3.2	2,887,342	2,618,766
Other payables and accrued expenses		538,934	499,545
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>19,507,246</b>	<b>18,321,715</b>
<b>Net assets attributable to unitholders</b>		<b>93,382,089</b>	<b>66,839,911</b>
<b>Total liabilities</b>		<b>112,889,335</b>	<b>85,161,626</b>
Number of units in issue		5,302,225.867	4,018,495.158

  
Trustee

  
Manager

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

**Optimal Japan Trust**  
**Unit Trust**

**Income statement**  
**For the year ended June 30, 2007**

	Notes	June 30, 2007	June 30, 2006
		AUD	AUD
<b>Income</b>			
Bank interest		1,602,470	1,353,983
Dividends		710,160	514,540
Other income		314,667	84,249
Net realised gain on financial assets/liabilities at fair value through profit or loss		14,734,362	6,729,190
Net change in unrealised (loss)/gain on financial assets/liabilities at fair value through profit or loss		(909,848)	5,855,559
<b>Total investment income</b>		<b>16,451,811</b>	<b>14,537,521</b>
<b>Expenses</b>			
Performance fee	3.2	2,887,342	2,618,766
Investment management fee	3.1	774,067	574,594
Goods and service tax on fee and expenses incurred in Australia		366,077	320,231
Dividend payments on securities sold, not yet purchased		189,997	152,357
Stock borrowing fee		87,471	99,502
Administration fee	3.4	110,162	49,567
Custodian fee		-	27,748
Legal and professional fee		25,000	23,800
Audit fee		28,414	26,069
Interest paid		163,800	78,368
Safe custody and bank charges		6,979	22,113
Other operating expenses		60,890	12,594
<b>Total operating expenses</b>		<b>4,700,199</b>	<b>4,005,709</b>
<b>Operating profit</b>		<b>11,751,612</b>	<b>10,531,812</b>
Withholding tax on dividends	4	(49,689)	(36,017)
<b>Increase in net assets attributable to unitholders from operations</b>		<b>11,701,923</b>	<b>10,495,795</b>

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

**Optimal Japan Trust**  
**Unit Trust**

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**Statement of changes in net assets attributable to unitholders**  
**As at June 30, 2007**

	<b>June 30,</b> <b>2007</b> <b>AUD</b>	<b>June 30,</b> <b>2006</b> <b>AUD</b>
Net assets attributable to unitholders at the beginning of the year	66,839,911	38,457,092
Units issued	44,446,674	22,033,350
Units redeemed	(24,545,370)	(382,772)
Distribution	<u>(5,061,049)</u>	<u>(3,763,554)</u>
Net increase from unit transactions	14,840,255	17,887,024
Increase in net assets attributable to unitholders from operations	<u>11,701,923</u>	<u>10,495,795</u>
Net assets attributable to unitholders at the end of the year	<u><u>93,382,089</u></u>	<u><u>66,839,911</u></u>

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



**Optimal Japan Trust  
Unit Trust**

**Cash flow statement  
For the year ended June 30, 2007**

	Notes	June 30, 2007 AUD	June 30, 2006 AUD
<b>Cash flows from operating activities:</b>			
Increase in net assets attributable to unitholders from operations		11,701,923	10,495,795
<b>Adjustment for:</b>			
Dividend income		(710,160)	(514,540)
Dividend expense		189,997	152,357
Interest income		(1,602,470)	(1,353,983)
Interest expense		163,800	78,368
		<u>9,743,090</u>	<u>8,857,997</u>
<b>Changes in operating assets and liabilities:</b>			
Increase in financial assets at fair value through profit or loss		(27,442,774)	(26,829,482)
Decrease/(increase) in cash accounts with the Prime Broker		18,147,260	(5,264,702)
Decrease in amount due from the Prime Broker		8,586	1,090,060
Increase in receivables and prepayments		(7,485)	(6,627)
Increase in financial liabilities at fair value through profit or loss		2,710,472	2,371,239
(Decrease)/Increase in short term borrowings from the Prime Broker		(1,832,906)	2,090,147
Increase in performance fee payable		268,576	1,700,890
Increase in other payables and accrued interest		37,486	261,187
		<u>1,632,305</u>	<u>(15,729,291)</u>
<b>Cash from/(used in) operating activities</b>		<b>1,632,305</b>	<b>(15,729,291)</b>
Dividend received		700,556	514,540
Dividend paid		(189,997)	(152,357)
Interest received		1,602,162	1,356,495
Interest paid		(163,800)	(78,368)
		<u>3,581,226</u>	<u>(14,088,981)</u>
<b>Net cash from/(used in) operating activities</b>		<b>3,581,226</b>	<b>(14,088,981)</b>
<b>Cash flows provided by financing activities</b>			
Cash received on units issued		44,446,674	22,033,350
Cash paid out on units redeemed		(24,545,370)	(382,772)
Distribution	9	(5,061,049)	(3,763,554)
		<u>14,840,255</u>	<u>17,887,024</u>
<b>Net cash provided by financing activities</b>		<b>14,840,255</b>	<b>17,887,024</b>
<b>Net change in cash</b>		<b>18,421,481</b>	<b>3,798,043</b>
Cash at the beginning of the year		4,461,532	663,489
		<u>4,461,532</u>	<u>663,489</u>
<b>Cash at the end of the year</b>		<b>22,883,013</b>	<b>4,461,532</b>
		<u>22,883,013</u>	<u>4,461,532</u>

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

## **Optimal Japan Trust**

### **Unit Trust**

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#### **Notes to the financial statements**

##### **As at June 30, 2007**

#### **NOTE 1. GENERAL INFORMATION**

Optimal Japan Trust (the « Trust ») is a unit trust which is governed by its Trust Deed 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 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 fund 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. The 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.

##### **2.1.1 Amendment to published standard effective in 2006**

IAS 39 (Amendment), The Fair Value Option is mandatory for the Trust's accounting period beginning on 1 January 2006. The Trust has applied this amendment for the 2006 financial statements for the first time. It allows entities to designate financial assets and financial liabilities at fair value through profit or loss when not held for trading if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('an accounting mismatch') or if a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

Adoption of this amendment only impacts the format and extent of disclosures presented in the financial statements.

**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation (continued)**

**2.1.2** The following amendment to IFRS relevant to the Trust has not been early adopted for the year ended June 30, 2007.

IFRS 7, Financial Instruments: Disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007).

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial instruments Disclosure and Presentation.

It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Trustee has assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1.

IFRS 8, Operating Segments: IFRS 8 replaces IAS 14 and aligns segment reporting with the US standard SFAS 131 disclosures about segments of an enterprise and related information. IFRS 8 is applicable for an annual period beginning on or after January 1, 2009.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2006 but are not relevant to the Trust's operations:

- IAS 19 (Amendment), Employee Benefits;
- IAS 21 (Amendment), Net Investment in Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards, and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining Whether an Arrangement contains a Lease;
- IFRIC 5, Rights to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a specific market-Waste Electrical and Electronic equipment.

The following interpretations are mandatory for the Trust's accounting periods beginning on or after March 1, 2006 but are not relevant to the Trust's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 39, Financial Reporting in hyperinflationary Economies (effective from March 1, 2006);
- IFRIC 8, Scope of IFRS 2 (effective from May 1, 2006);

**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation (continued)**

**2.1.2 (continued)**

- IFRIC 9, Reassessment of Embedded Derivates (effective from June 1, 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective from November 1, 2006),
- IFRIC 11, IFRS 2- Group and Treasury Share Transactions (effective from March 1, 2007); and
- IFRIC 12, Service concession Agreements (effective from January 1, 2008).

The accounts shown in these financial statements are presented in Australian Dollars (“AUD”) which is also the functional currency of the Trust.

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

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

All investments have been designated by the management 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 income statement as they arise.

*(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. Derivatives, including futures, 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 income statement as they arise.

*(ii) Initial measurement*

The Trust’s trading securities and derivatives are accounted for at trade date and are recognised at fair value at the time of acquisition, with transaction costs for such instruments being recognised directly in the income statement.

*(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 value based on quoted prices. Securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, are valued at fair value as determined by the Trustee.

**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 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 (note 7) 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.

**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 subsequently are re-measured at their fair value.

Open futures 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/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 values of derivatives are included in the income statement.

**2.4 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value, and are held for the purpose of the meeting short-term cash commitments rather than for investments or other purposes.

**2.5 Foreign currencies**

*(i) Functional and presentation currency*

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The Australian Dollar ("AUD") is the functional currency for the Trust, which reflects the Trust's primary currency of subscriptions and redemptions in and out of the Trust.

**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.5 Foreign currencies (continued)**

*(ii) Foreign currency transactions*

Monetary assets and liabilities denominated in currencies other than AUD are translated into AUD at the closing rates of exchange at each period end. Transactions during the period, including purchases and sales of securities and income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. 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.

**2.6 Income and expense**

All income and expenses are accounted for on an accrual basis

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

All expenses, including stock borrowing fees, are accounted for on an accrual basis.

**2.7 Proceeds and payments on subscriptions and redemptions of units**

The net asset value of the Trust is computed weekly by the Fund Administrator. Prices for subscriptions and redemptions are based on the net asset value per unit calculated as at the close of business on the relevant valuation day in accordance with the Trust Deed.

Units subscribed and redeemed are shown as movements in the statement of changes in net assets attributable to unitholders.

**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 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 balance sheet date if the unitholder exercised its right to redeem the unit.

**2.9 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## Optimal Japan Trust Unit Trust

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### Notes to the financial statements (continued) As at June 30, 2007

#### NOTE 3. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS WITH AFFILIATES

##### 3.1 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.

##### 3.2 Performance fee

The Investment Manager is entitled to an annual performance fee equal to 20% of the increase in the net asset value per unit as at the balance sheet date point over the relevant performance benchmark multiplied by the average number of units in issue during the financial period.

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 new investment performance fee.

This new performance fee is calculated as twenty per cent 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, 2006 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 =  $[\text{NAV} - (\text{the higher of } 105\% \times \text{NAV } 2006 \text{ or } \text{NAV}_p)] \times 20\% \times \text{number of units}$

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

Where Performance fee I is the performance fee for relevant (rather than new) series

Performance fee n is the performance fee for new series

NAV is the net asset value at the year end date

NAV 2006 is the net asset value as at June 30, 2006

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

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

As at June 30, 2007, the performance fee payable amounts to AUD 2,887,342.

**Optimal Japan Trust**  
**Unit Trust**

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**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 3. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS WITH AFFILIATES (CONTINUED)**

**3.3 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.

**3.4 Administration fee**

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

**3.5 Related party transactions**

In addition to the fees paid by the Trust to the various services providers as stated in note 3 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 195,471.355 as at June 30, 2007 (June 30, 2006: 33,071.402) units in the Trust.

**NOTE 4. TAXATION**

The Trust is not liable to any Australian income tax or capital gains tax. Overseas withholding tax was charged on certain dividend income received during the year.

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 income statement.



**Optimal Japan Trust**  
**Unit Trust**

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Notes to the financial statements (continued)  
As at June 30, 2007

**NOTE 5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	June 30, 2007 AUD	June 30, 2006 AUD
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	79,872,099	56,078,720
Derivatives	3,649,395	-
<b>Total financial assets at fair value through profit or loss</b>	<b>83,521,494</b>	<b>56,078,720</b>
<b>Financial liabilities at fair value through profit or loss</b>		
Listed equity securities, sold short	15,699,478	12,638,914
Derivatives	-	350,092
<b>Total financial liabilities at fair value through profit or loss</b>	<b>15,699,478</b>	<b>12,989,006</b>

**NOTE 6. ASSETS HELD BY THE PRIME BROKER**

A prime brokerage account is held with Goldman Sachs International, the Prime Broker, whereby the Prime Broker agrees to provide the Trustee with prime brokerage services in accordance with the terms and conditions described in the Prime Brokerage Agreement ("Agreement") in return of a fee.

Under the Agreement, the Prime Broker is entitled to have recourse to assets which are being held for the Trust's account by the Prime Broker. Total net assets held with the Prime Broker as at June 30, 2007 amounted to AUD 106,052,430 (2006 AUD 65,494,085).

**NOTE 7. SECURITIES BORROWING**

Details of securities borrowing transactions are as follows:

	2007 AUD	2006 AUD
Aggregate value of securities borrowed at year end	<u>nil</u>	<u>15,198,687</u>

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**Notes to the financial statements (continued)**  
**As at June 30, 2007**

**NOTE 8. MOVEMENT IN UNITS**

	June 30, 2007 AUD	June 30, 2006 AUD
Balance at beginning of the year	4,018,495.158	2,647,034.474
Units issued during the year	2,739,587.473	1,395,564.749
Units redeemed during the year	(1,455,856.764)	(24,154.182)
Unit consolidation	-	50.117
<b>Balance at end of the year</b>	<b>5,302,225.867</b>	<b>4,018,495.158</b>

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 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 shares 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.

**NOTE 9. DISTRIBUTION**

On July 30, 2007, the annual dividend rate for 2007 has been calculated to be 2.4179 per unit with a record date of June 30, 2007. On July 31, 2006, the Trustee made distribution in the amount of AUD 5,061,049 in relation to financial year ended June 30, 2006.

**NOTE 10. FINANCIAL ASSETS/ LIABILITIES ANALYSIS – ASSOCIATED RISKS**

**Off-balance sheet market risk**

The Trust enters into investments that may represent both off balance sheet market risks and off balance sheet credit risks. An off balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment, as reflected in the Trust's balance sheet. Off balance sheet credit risk exists, among other situations, when the collateral received by the Trust from the counterparty to an agreement with the Trust proves to be insufficient to cover the Trust's losses resulting from default by the counterparty of its obligation to perform under the agreement.

The balance sheet includes the market or fair value of contractual commitments involving forward settlements. These financial instruments involve, to varying degrees, elements of market risk in excess of the amount reflected in the Trust's balance sheet.

**Optimal Japan Trust**  
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Notes to the financial statements (continued)  
As at June 30, 2007

**NOTE 10. FINANCIAL ASSETS/ LIABILITIES ANALYSIS – ASSOCIATED RISKS**  
**(CONTINUED)**

The notional amount of the contract represents the extent of the Trust's participation in these financial instruments and is not a measure of market risk. Market risks arise due to the possible movements in foreign exchange rates and security values underlying these financial instruments. Other market and credit risks include the possibility that there may be an illiquid market for the contracts, that a change in the value of the contract may not directly correlate with changes in the value of the underlying currencies, commodities, indices, or securities, or that the counterparty to a contract defaults on its obligation to perform under the terms of the contract.

It is the policy of the Trust to transact the majority of its securities and contractual commitment activity with broker-dealers and banks that the Trustee considers to be well established/first rated.

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. For open futures contracts changes in the value of the contract are recognised as unrealised gains and losses by "marking to market" the value of the contract at the balance sheet date. Realised gains and losses are included in the income statement.

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options traded by the Trust are over-the-counter. The Trust is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

When entering a forward currency contract the Company agrees to receive or deliver a fixed quantity of a foreign currency for an agreed price upon an agreed future date. The unrealised gain or loss on open forward foreign exchange contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract. Realised gains/losses on forward foreign exchange contracts are included in the Income statement.

The Trust may enter into futures contracts which to varying degrees represent a market risk in excess of the amount reflected on the Trust's balance sheet. The notional amounts of the futures contracts represent the extent of the Trust's participation in these financial instruments.

**Derivative instruments with off-balance sheet market risk**

Market risks associated with futures contracts arise due to the possible movements in indices and securities values underlying these instruments. Other market and credit risks include the possibility that there may be an illiquid market for the future contracts, that the change in the value of the future contract may not directly correlate with changes in the value of the underlying currencies, commodities, indices, or securities, or that the counterparty to a future contract defaults on its obligation to perform under the terms of the contract.

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Notes to the financial statements (continued)  
As at June 30, 2007

**NOTE 10. FINANCIAL ASSETS/ LIABILITIES ANALYSIS – ASSOCIATED RISKS**  
**(CONTINUED)**

**Derivative instruments with off-balance sheet market risk (continued)**

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

	June 30, 2007	June 30, 2006
	Unrealised loss	Unrealised loss
Equity index futures - short	-	AUD (298,622)

The Trust carried out index futures transactions with the Prime Broker.

**Short equity security positions with off-balance sheet market risk**

The Trust may sell borrowed securities which are subsequently repurchased 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.

The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions result in off-balance sheet risk as the Trust's ultimate obligation to satisfy the delivery of securities sold short may exceed the amount which may be reflected on the balance sheet. As at June 30, 2007, the outstanding short sale position amounted to AUD 15,699,478 (2006: AUD 12,989,006).

**Concentration of credit risk and credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into and cause the Trust to incur a financial loss.

Financial assets which potentially expose the Trust to credit risk consist principally of securities, cash balances and deposits with, and receivables from, banks and brokers. The extent of the Trust's exposure to credit risk in respect of these financial statements approximates their carrying values as recorded in the Trust's balance-sheet.

Financial assets which potentially subject the Trust to concentration of credit risk consist of investments, bank balances and cash accounts with the Prime Broker and the Cash Custodian Bank. The Trust's investment portfolio consists of principally quoted equity securities issued by corporations in Japan. The Trust investment in a single investment is restricted to 10% of its gross assets and accordingly the Trust has no significant concentrations of credit risk of a particular corporate.

Derivative instruments are entered into with, and cash is placed with the sole Prime Broker. Accordingly the Trust has a concentrated credit risk exposure to the Prime Broker.

## Optimal Japan Trust Unit Trust

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Notes to the financial statements (continued)  
As at June 30, 2007

### NOTE 10. FINANCIAL ASSETS/ LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

#### Currency risk

Foreign exchange risk is the risk that the holding of foreign currencies will affect the Trust's financial position as a result of a change in foreign currency exchange rates.

The Trust is exposed to foreign exchange risk from its investments (including derivative financial instruments), bank balances, amounts due to and payable to broker denominated in currencies other than Australian Dollars. Total assets net of liabilities denominated in Japanese Yen amounted to 76% (2006: 62%) of the NAV as at the year end.

The Trust hedges its foreign currency exposure to maintain limited exposure to non-AUD currencies by using foreign exchange forward contracts.

As at June 30, 2007, the Trust's outstanding foreign exchange forward contracts (all maturing within two months) were as follows:

	Buy	Sell	Unrealised gain/(loss)
June 30, 2007	AUD 68,172,568	JPY 6,700,000,000	AUD 3,649,395
June 30, 2006	AUD 43,740,395	JPY 3,700,000,000	AUD (51,470)

#### Market price risk

As of June 30, 2007, the Trust's investments consisted principally of equity securities listed on the Tokyo Stock Exchange.

The Trust's equity securities and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Trust's market price risk is managed through diversification of the investment portfolio to different industry sectors in Japan.

#### Liquidity risk

Liquidity risk, is the risk that the Trust will encounter difficulty in raising funds to meet commitments associated with financial instruments or redemptions of any shares that investors may wish to put back to the Trust. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Trust holds investments in assets that for the most part may be realised over similar timeframes to the redemption conditions applicable to its own shares. At June 30, 2007, the Trust held no financial instruments which represented such a liquidity risk.

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Notes to the financial statements (continued)  
As at June 30, 2007

**NOTE 10. FINANCIAL ASSETS/ LIABILITIES ANALYSIS – ASSOCIATED RISKS  
(CONTINUED)**

**Interest rate risk**

The Trust is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investment in debt securities and fixed income instrument. As at June 30, 2007, the Trust had no investment in the debt and fixed income instrument.

The majority of the Trust's financial assets and liabilities are non-interest bearing; as a result, the Trust is not subject to significant amounts of risk due to fluctuations in prevailing level of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

**NOTE 11. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

**11.1 Critical accounting and assumptions**

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

*Fair value of derivative financial instruments*

The Trust may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel at Optimal Fund Management Pty Limited, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

All the Trust's financial assets and financial liabilities are held for the purpose of being traded or are expected to be realised within one year.

**11.2 Critical judgments**

*Functional currency*

The Trust considers the Australian Dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Australian dollar is the currency in which the Trust measures its performance and reports its results, as well as the currency in which the Trust subscriptions for its investors.

**NOTE 12. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee on October 17, 2007.

**Optimal Japan Trust**  
**Unit Trust**

**Investment portfolio (unaudited)**  
**As at June 30, 2007**

Quantity	Description	Ccy	Fair value	% of net assets
<b>Financial assets held at fair value through profit or loss</b>				
<b>Equities</b>				
202,000	Bosch Corp	AUD	1,176,950	1.26
114	Central Japan Railway Co	AUD	1,413,232	1.51
75,000	Chiyoda Corp	AUD	1,680,716	1.80
29,200	Fanuc Ltd	AUD	3,541,892	3.79
11,500	Hirose Electric Co Ltd	AUD	1,778,746	1.90
54,300	Hitachi Construct Machinery Co	AUD	2,221,378	2.38
9,300	Intage Inc	AUD	249,647	0.27
330,000	Isuzu Motors Ltd	AUD	2,102,111	2.25
40,900	JFE Holdings Inc	AUD	2,991,465	3.20
100,000	JSR Corp	AUD	2,836,954	3.04
110,400	Komatsu Ltd	AUD	3,768,924	4.04
31,400	Kyoei Steel Ltd	AUD	1,015,067	1.09
80,000	Makino Milling Machine Co Ltd	AUD	1,342,666	1.44
275	Mitsubishi UFJ Fin Group Inc	AUD	3,566,456	3.82
46,560	Mitsubishi UFJ Lease Fin Co Ltd	AUD	2,459,733	2.63
103,000	Mitsui Fudosan Co Ltd	AUD	3,398,432	3.64
158,000	Mitsukoshi Ltd	AUD	929,625	1.00
470	Mizuho Financial Group Inc	AUD	3,823,070	4.09
237,000	Nachi Fujikoshi Corp	AUD	1,430,597	1.53
24,100	Noritsu Koki Co Ltd	AUD	579,139	0.62
42,000	Okuma Corp	AUD	781,397	0.84
85,300	OSG Corp	AUD	1,381,186	1.48
181,000	Press Kogyo Co Ltd	AUD	900,978	0.97
107,000	Riken Corp	AUD	669,349	0.72
571,000	Showa Denko KK	AUD	2,428,490	2.60
91,500	Star Micronics	AUD	2,870,664	3.07
196,900	Sumitomo Corp	AUD	4,224,677	4.52
77,900	Suzuki Motor Corp	AUD	2,599,985	2.78
59,000	Tadano Ltd	AUD	1,034,663	1.11
534,000	Taiheiyo Cement Corp	AUD	2,780,348	2.98
40,300	Taikisha Ltd	AUD	664,455	0.71
398,000	Teijin Ltd	AUD	2,558,046	2.74
223,000	Tokyo Tatemono Company	AUD	3,268,467	3.50
415,000	Tokyu Corp	AUD	3,260,923	3.49
41,300	Topcon Corp	AUD	809,333	0.87
48,500	Toyota Motor Corp	AUD	3,607,461	3.86
83,200	Ushio Inc	AUD	2,169,932	2.32
12,660	Yamada Denki Co Ltd	AUD	1,554,945	1.67
	<b>Total equities</b>	<b>AUD</b>	<b>79,872,099</b>	<b>85.53</b>

**Optimal Japan Trust**  
**Unit Trust**

**Investment portfolio (unaudited)**  
**As at June 30, 2007**

Quantity	Description	Ccy	Fair value	% of net assets
<b>Financial assets held at fair value through profit or loss</b>				
<b>Forward foreign exchange contracts</b>				
	Buy 68,172,568 AUD, Sell 6,700,000,000 JPY 31/08/2007		3,649,395	3.91
<b>Total forward foreign exchange contracts</b>			<b>3,649,395</b>	<b>3.91</b>
<b>Total financial assets held at fair value through profit or loss</b>			<b>83,521,494</b>	<b>89.44</b>
<b>Financial liabilities held at fair value through profit or loss</b>				
<b>Equities short</b>				
(57,000)	Dai Nippon Printing Co Ltd	AUD	(999,590)	(1.07)
(7,500)	Funai Electric Co Ltd	AUD	(514,228)	(0.55)
(276,000)	Ishikawajima-harima Heavy Ind	AUD	(1,184,369)	(1.27)
(80,000)	JGC Corp	AUD	(1,762,249)	(1.89)
(33,900)	Lawson Inc	AUD	(1,377,129)	(1.48)
(26,200)	Leopalace21 Corp	AUD	(1,051,838)	(1.13)
(12,700)	Murata Manufacturing Co Ltd	AUD	(1,125,084)	(1.20)
(111,600)	Nippon Suisan Kaisha Ltd	AUD	(839,666)	(0.90)
(24,300)	Nitto Denko Corp	AUD	(1,441,325)	(1.54)
(129,000)	Oji Paper Co Ltd	AUD	(736,855)	(0.79)
(57,000)	Sharp Corp	AUD	(1,271,909)	(1.36)
(21,000)	Shiseido Co Ltd	AUD	(526,672)	(0.56)
(21,100)	Sony Corp	AUD	(1,273,654)	(1.36)
(7,900)	Tokyo Electron Ltd	AUD	(684,034)	(0.73)
(24,000)	Trend Micro Inc	AUD	(910,876)	(0.98)
<b>Total equities short</b>		<b>AUD</b>	<b>(15,699,478)</b>	<b>(16.81)</b>
<b>Total financial liabilities held at fair value through profit or loss</b>		<b>AUD</b>	<b>(15,699,478)</b>	<b>(16.81)</b>
<b>Total financial assets and liabilities held at fair value through profit or loss</b>		<b>AUD</b>	<b>67,822,016</b>	<b>72.63</b>
Net current assets		AUD	25,560,073	27.37
<b>Total net asset value</b>		<b>AUD</b>	<b>93,382,089</b>	<b>100.00</b>



**Optimal Japan Trust**  
Unit Trust

**Investment portfolio (unaudited)**  
As at June 30, 2006

Quantity	Description	Ccy	Fair value	% of net assets
<b>Financial assets held at fair value through profit or loss</b>				
<b>Equities</b>				
29,900	Arrk Corp	AUD	950,129	1.42
68,000	Bosch Corp	AUD	448,941	0.67
147,000	Fujitsu Ltd	AUD	1,531,741	2.29
5,500	Hirose Electric Co Ltd	AUD	898,094	1.34
55,700	Hitachi Construct Machinery Co	AUD	1,802,690	2.70
15,900	Intage Inc	AUD	579,033	0.87
52,300	JFE Holdings Inc	AUD	2,979,804	4.46
46,400	JSR Corp	AUD	1,575,288	2.36
22,400	Kitamura Co Ltd	AUD	239,197	0.36
53,000	Komatsu Ltd	AUD	1,416,451	2.12
205,000	Kubota Corp	AUD	2,612,931	3.91
117,000	Makino Milling Machine Co Ltd	AUD	1,744,182	2.61
19,400	Maruwa Co Ltd	AUD	673,447	1.01
93,500	Mitsubishi Corp	AUD	2,509,817	3.75
32,900	Mitsubishi UFJ Lease Fin Co Ltd	AUD	2,199,138	3.29
75,000	Mitsui Fudosan Co Ltd	AUD	2,189,434	3.27
204	Mizuho Financial Group Inc	AUD	2,322,193	3.47
94,000	Nachi Fujikoshi Corp	AUD	712,249	1.06
26,000	Nichiiko Pharmaceutical Co Ltd	AUD	418,139	0.63
423,000	Nippon Steel Corp	AUD	2,151,655	3.22
21,500	Noritsu Koki Co Ltd	AUD	654,158	0.98
141,000	Press Kogyo Co Ltd	AUD	952,426	1.42
64,000	Riken Corp	AUD	560,119	0.84
418,000	Showa Denko KK	AUD	2,499,415	3.74
67,000	Star Micronics	AUD	1,822,091	2.73
98,000	Sumitomo Corp	AUD	1,737,239	2.60
99,000	Sumitomo Metal Mining Co Ltd	AUD	1,735,195	2.60
255,000	Sumitomo Trust Banking Co Ltd	AUD	3,744,506	5.60
55,500	Suzuki Motor Corp	AUD	1,613,662	2.41
54,500	Taikisha Ltd	AUD	920,661	1.38
115,000	Teijin Ltd	AUD	980,796	1.47
141,000	Tokyo Tatemono Company	AUD	2,030,738	3.04
337,000	Tokyu Corp	AUD	2,644,543	3.95
35,500	Toyota Motor Corp	AUD	2,498,040	3.74
61,000	Ushio Inc	AUD	1,730,578	2.59
	<b>Total equities</b>	<b>AUD</b>	<b>56,078,720</b>	<b>83.90</b>
	<b>Total financial assets held at fair value through profit or loss</b>	<b>AUD</b>	<b>56,078,720</b>	<b>83.90</b>

**Optimal Japan Trust**  
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**Investment portfolio (unaudited)**  
As at June 30, 2006

Quantity	Description	Ccy	Fair value	% of net assets
<b>Financial liabilities held at fair value through profit or loss</b>				
<b>Equities short</b>				
(33,000)	Ajinomoto Co Inc	AUD	(491,173)	(0.73)
(40,000)	Asahi Breweries Ltd	AUD	(755,127)	(1.13)
(46,000)	Dai Nippon Printing Co Ltd	AUD	(956,479)	(1.43)
(14,000)	Eisai Co Ltd	AUD	(846,993)	(1.27)
(4,200)	Funai Electric Co Ltd	AUD	(547,667)	(0.82)
(101,000)	Hitachi Ltd	AUD	(896,990)	(1.34)
(258,000)	Ishikawajima-harima Heavy Ind	AUD	(1,097,166)	(1.63)
(16,500)	Makita Corp	AUD	(701,676)	(1.05)
(69,000)	Meiji Seika Kaisha Ltd	AUD	(472,565)	(0.71)
(107)	Nippon Paper Group Inc	AUD	(588,266)	(0.88)
(89,100)	Nippon Suisan Kaisha Ltd	AUD	(604,992)	(0.91)
(83,000)	Oji Paper Co Ltd	AUD	(634,751)	(0.95)
(4,800)	Oracle Corp Japan	AUD	(301,675)	(0.45)
(9,700)	Saizeriya Co Ltd	AUD	(204,997)	(0.31)
(46,000)	Sharp Corp	AUD	(977,014)	(1.46)
(17,000)	Shiseido Co Ltd	AUD	(448,342)	(0.67)
(166,000)	Sumitomo Osaka Cement Co Ltd	AUD	(686,428)	(1.03)
(60,000)	Toppa Printing Co Ltd	AUD	(912,074)	(1.36)
	<b>Total equities short</b>	<b>AUD</b>	<b>(12,124,375)</b>	<b>(18.13)</b>
<b>Investment funds short</b>				
(22)	Nippon Building Fund Inc	AUD	(286,873)	(0.43)
(19)	Japan Real Estate Invest Corp	AUD	(227,666)	(0.34)
	<b>Total investment funds short</b>	<b>AUD</b>	<b>(514,539)</b>	<b>(0.77)</b>
<b>Futures contracts</b>				
(45)	TOPIX INDEX (TOKYO) FUT Sept 06 09/07/2006	AUD	(298,622)	(0.45)
	<b>Total Futures contracts</b>	<b>AUD</b>	<b>(298,622)</b>	<b>(0.45)</b>
<b>Forward foreign exchange contracts</b>				
	Buy 43,740,395 AUD, Sell 3,700,000,000 JPY 15/08/2006		(51,470)	(0.08)
	<b>Total forward foreign exchange contracts</b>	<b>AUD</b>	<b>(51,470)</b>	<b>(0.08)</b>
	<b>Total financial liabilities held at fair value through profit or loss</b>	<b>AUD</b>	<b>(12,989,006)</b>	<b>(19.43)</b>

**Optimal Japan Trust**  
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**Investment portfolio (unaudited)**  
**As at June 30, 2006**

<b>Description</b>	<b>Ccy</b>	<b>Fair value</b>	<b>% of net assets</b>
<b>Total financial assets and liabilities held at fair value through profit or loss</b>	<b>AUD</b>	<b>43,089,714</b>	<b>64.47</b>
Net current assets	AUD	23,750,197	35.53
<b>Total net asset value</b>	<b>AUD</b>	<b>66,839,911</b>	<b>100.00</b>