Galileo Japan Funds Management Limited
(ACN 121 567 244) (AFSL 305 429)
as Responsible Entity for Galileo Japan Trust
(ARSN 122 465 990)

Level 9,1Alfred Street
Sydney NSW 2000 Australia
GPO Box 4760 Sydney NSW 2001
Telephone: (02) 9240 0333
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ASX Code: GJT
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APPENDIX 4D
Half Year Report

Entity:	Galileo Japan Trust (ARSN 122 465 990)
Current period:	1 July 2010 – 31 December 2010
Previous corresponding period:	1 July 2009 – 31 December 2009

Results for announcement to the Market

				($ ‘000)
Revenues from ordinary activities	Down	6.6%	to	39,119
Profit from ordinary activities attributable to unitholders of the Trust	Down	269.4%	to	(8,424)
Net profit for the period attributable to unitholders of the Trust	Down	269.4%	to	(8,424)

Distributions to unitholders	$ (cents per unit)
Previous corresponding period: Interim distribution	Nil
Current period: Interim distribution	Nil
Record date to determine entitlement to interim distribution	N/A

Distribution reinvestment plan (DRP)

The Trust’s Distribution Reinvestment Plan (DRP) was not in operation during the period.

Explanation and discussion of the above results

Refer to the associated ASX results presentation and related announcement.

galileo JAPAN TRUST

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Net Tangible Assets

	31 December 2010	30 June 2010
Net tangible asset backing per unit	$0.35	$0.40

Following full repayment of the Mezzanine Eurobonds the Convertible Eurobonds may be redeemed, at the bondholder's option, in cash, for the then outstanding principal amount (including accrued interest) or converted into an interest in the Japanese TK equal to a fixed 40% of the Japanese TK interest currently held by the Trust. If this conversion had taken place at 31 December 2010 the net tangible asset backing per unit of the Trust would have reduced from $0.35 per unit to $0.17 per unit. At this point in time it is unclear if and when the Convertible Eurobonds will be converted.

The net tangible asset backing per unit at 31 December 2010 post the unit consolidation from 405,558,571 units on issue to 8,111,332 units on issue would equate to $17.35 or $8.38 if the conversion of the Mezzanine Eurobonds had taken place. (Refer to note 7 in the financial statements).

Details of controlled entities and associates

There were no new entities over which control was gained during the period, nor any Associates or Joint Venture Entities that became part of the consolidated group during the period.

Accounting standards used by foreign entities

Refer to note 1 'Summary of significant accounting policies' in the attached financial report.

Financial report of the Trust for the half-year ended 31 December 2010

The financial report of the Trust for the half-year ended 31 December 2010 is attached to this announcement.

Other significant information

Refer to the Directors' report which is attached to this announcement.

Compliance statement

This Appendix 4D is based on the financial statements of the Trust for the half-year ended 31 December 2010 which have been reviewed by PricewaterhouseCoopers. Refer to the financial statements for a copy of their review report.

GALILEO JAPAN TRUST

ARSN 122 465 990

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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The Directors of Galileo Japan Funds Management Limited, the responsible entity (Responsible Entity) of Galileo Japan Trust (the 'Trust'), submit herewith their report together with the consolidated financial report of the Trust and its controlled entity (together the 'Consolidated Entity') for the half-year ended 31 December 2010.

All amounts in this report are in Australian dollars unless otherwise stated.

Corporate Information
The Trust was registered with the Australian Securities and Investments Commission on 10 November 2006 and listed on the Australian Securities Exchange on 18 December 2006. The Responsible Entity of the Trust is incorporated and domiciled in Australia, with its registered office located at Level 9, 1 Alfred Street, Sydney, NSW 2000.

Directors
The following persons have held office as Directors of the Responsible Entity during the half-year ended 31 December 2010 and up to the date of this report:

Jack Ritch	- Non Executive Chairman
Philip Redmond	- Non-Executive Director
Frank Zipfinger	- Non-Executive Director
Neil Werrett	- Managing Director and Chief Executive Officer
Peter Murphy	- Executive Director and Chief Operating Officer

Principal Activity of the Trust
The principal activity of the Trust is to indirectly invest in a diverse portfolio of real estate assets in Japan. Up until 21 September 2009, the Trusts aim was to generate long term income and capital growth from investing in stabilised real estate in Japan. Post 21 September 2009 the Trust aims to maximise the returns for unitholders through an orderly asset sale program to ensure sufficient working capital exists to meet its financial commitments, the success of which will ultimately be dependent upon the realisation amount for property investments.

Review and Results of Operations

Financial results for the half-year

- Net rental income in Australian dollars decreased by 3.8% to $25.1 million (Dec 2009: $26.1 million), due primarily to a reduction in occupancy levels and average rents achieved compared to the previous corresponding period;
- The net loss attributable to unitholders of the Trust was $8.4 million (Dec 2009: profit - $5.0 million) primarily due to increased finance costs and a loss on property revaluations;
- Total assets in Australian dollars equated to $923.3 million (June 2010: $1,026.3 million) with the decrease due primarily to a different exchange rate compared to the previous corresponding period and loss on property revaluations;
- Net tangible assets per unit decreased by 12.5% to $0.35 (June 2010: $0.40). If the Convertible Eurobonds had been converted into an interest in the Japanese TK at 31 December 2010 the net tangible asset per unit would have reduced to $0.17 (Refer to note 7 in the financial statements for further details).

Distributions

As previously announced to the market on 21 December 2010, no interim distribution will be paid for the half-year ended 31 December 2010.

Property valuations

At 31 December 2010 the fair value of investment property equated to ¥71.8 billion which is down 1.0% from 30 June 2010. The 31 December 2010 value has been determined using independent valuations for twelve properties prepared by Savills Japan KK, with the remainder of the portfolio being the Directors' assessment of fair value.

Independent valuations of the investment properties are obtained at least every three years or whenever the Responsible Entity believes there is a significant change in fair value within the period. Where a property has not been independently revalued during the reporting period the Directors make an assessment of fair value. The Directors' assessment of fair value is determined using the same logic and approach adopted by the independent valuer and primarily considers the contractual rentals, expected future market rentals, letting-up periods, capital expenditure requirements and appropriate discount rates. These fair value estimations are regularly assessed against available market information and actual Market transactions.

Significant changes in the state of affairs
In the opinion of the Directors of the Responsible Entity, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the half-year ended 31 December 2010 and up to the date of this report.

Events occurring after reporting date
As announced to the market on 1 February 2011, the Trust's unit consolidation was completed. The units of the Trust were consolidated on a 1 for 50 basis which resulted in the units on issue decreasing from 405,558,571 units to 8,111,332 units. The net tangible asset backing per unit at 31 December 2010 post the unit consolidation would equate to $17.35 compared to the post unit consolidation closing price at 31 December 2011 of $1.60. The basic and diluted loss per unit using the net loss attributable to unitholders for the half-year ended 31 December 2010 and the post-consolidated number of units on issue of 8,111,332 would equate to $1.04.

As announced to the market on 15 February 2011, the Japanese TK business has exchanged contracts to sell its beneficial interest in Shinbashi Redbrick, Tokyo for ¥4.00 billion. The property is an eight storey retail/leisure building completed in 1999. The sale price represents a passing yield of 5.1% (based on net property income) and a discount to the most recent independent valuation (June 2009) of approximately 6%. Settlement is scheduled to occur on 18 March 2011. Proceeds from the sale will be applied to the partial repayment of the Shinsei senior bank loan and the Mezzanine Eurobonds with an estimated net cash surplus of approximately ¥170m available for on-going working capital.

Other than for the matters discussed above, the Directors are not aware of any matter or circumstance occurring since 31 December 2010 not otherwise dealt with in the half-year financial report that has significantly or may significantly alter the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods

Environmental regulation
To the best of the Directors' knowledge the operations of the Consolidated Entity have been undertaken in compliance with the applicable environmental regulations in each jurisdiction in which the Consolidated Entity operates.

Rounding of amounts
The Trust is a registered scheme of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this report and is set out on page 6.

This report is signed in accordance with a resolution of the Directors of the Responsible Entity.

Jack Ritch
Chairman
Sydney, 24 February 2011

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Auditor's Independence Declaration

As lead auditor for the review of Galileo Japan Trust and its consolidated entities for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Galileo Japan Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
24 February 2011

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GALILEO JAPAN TRUST
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2010

	31 Dec 2010 $'000	31 Dec 2009 $'000
Revenue		
Rental income	36,253	36,658
	36,253	36,658
Other income		
Foreign exchange gain	-	5,197
Gain on derivative financial interests	2,850	-
Interest and other income	16	22
	2,866	**5,219**
Total revenue and other income	**39,119**	**41,877**
Expenses		
Property expenses	(11,154)	(10,579)
Finance costs	(21,524)	(16,391)
ASX and other fees	(66)	(117)
Loss on derivative financial instruments	-	(371)
Loss on investment property revaluation	(10,501)	(5,345)
Other expenses	(4,331)	(3,982)
Total expenses	**(47,576)**	**(36,785)**
Profit/(loss) before tax for the half-year	**(8,457)**	**5,092**
Income tax credit	-	-
Net profit/(loss) after tax for the half-year	**(8,457)**	**5,092**
Other comprehensive income		
Foreign exchange translation adjustments	(14,974)	(14,976)
Total comprehensive loss for the half-year	**(23,431)**	**(9,884)**
Net profit/(loss) attributable to:		
- Unitholders of the Trust	(8,424)	4,972
- Non-controlling interest	(33)	120
Total comprehensive loss attributable to:		
- Unitholders of the Trust	(23,398)	(10,004)
- Non-controlling interest	(33)	120
Basic and diluted earnings/(loss) per unit (cents)	(2.07)	1.22

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

GALILEO JAPAN TRUST
Consolidated Statement of Financial Position
As at 31 December 2010

	Note	31 Dec 2010 $'000	30 June 2010 $'000
Assets			
Current Assets			
Cash and cash equivalents	**9**	48,825	57,196
Trade and other receivables		7,370	7,780
Asset held for sale	**3**	48,292	-
Total Current Assets		**104,487**	**64,976**
Non-Current Assets			
Investment property	**4**	818,622	961,164
Other assets		157	172
Total Non-Current Assets		**818,779**	**961,336**
TOTAL ASSETS		**923,266**	**1,026,312**
Liabilities			
Current Liabilities			
Trade and other payables		16,590	17,665
Interest bearing liabilities	**5**	55,464	12,958
Tenant security deposits		13,099	15,636
Derivative financial instruments		4,123	531
Total Current Liabilities		**89,276**	**46,790**
Non-Current Liabilities			
Interest bearing liabilities	**5**	653,279	764,874
Tenant security deposits		32,936	36,450
Derivative financial instruments		3,029	10,320
Other		769	470
Total Non-Current Liabilities		**690,013**	**812,114**
TOTAL LIABILITIES		**779,289**	**858,904**
NET ASSETS		**143,977**	**167,408**
UNITHOLDERS' EQUITY			
Parent entity interest			
Contributed equity	**6**	386,856	386,856
Reserves		74,466	89,440
Accumulated losses		(320,614)	(312,190)
Total parent entity interest		140,708	164,106
Non-controlling interest		3,269	3,302
TOTAL EQUITY		**143,977**	**167,408**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

GALILEO JAPAN TRUST
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000	Non-controlling Interest $'000	Total Equity $'000
Balance 1 July 2009	**386,856**	**72,330**	**(249,954)**	**209,232**	**4,394**	**213,626**
Movement in foreign currency translation reserve	-	(14,976)	-	(14,976)	-	(14,976)
Net income/(loss) recognised directly in equity	-	(14,976)	-	(14,976)	-	(14,976)
Profit/(loss) for the half-year	-	-	4,972	4,972	120	5,092
Total comprehensive income/(loss) for the half-year	-	(14,976)	4,972	(10,004)	120	(9,884)
Transactions with Unitholders in their capacity as unitholders:						
Issue of share capital	-	-	-	-	-	-
Distribution paid or payable	-	-	-	-	-	-
Balance 31 December 2009	**386,856**	**57,354**	**(244,982)**	**199,228**	**4,514**	**203,742**
Balance 1 July 2010	**386,856**	**89,440**	**(312,190)**	**164,106**	**3,302**	**167,408**
Movement in foreign currency translation reserve	-	(14,974)	-	(14,974)	-	(14,974)
Net loss recognised directly in equity	-	(14,974)	-	(14,974)	-	(14,974)
Loss for the half-year	-	-	(8,424)	(8,424)	(33)	(8,457)
Total comprehensive loss for the half-year	-	(14,974)	(8,424)	(23,398)	(33)	(23,431)
Transactions with Unitholders in their capacity as unitholders:						
Issue of share capital	-	-	-	-	-	-
Distribution paid or payable	-	-	-	-	-	-
Balance 31 December 2010	**386,856**	**74,466**	**(320,614)**	**140,708**	**3,269**	**143,977**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

GALILEO JAPAN TRUST
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2010

	Note	31 Dec 2010 $'000	31 Dec 2009 $'000
Cash flows from operating activities			
Rental and other property income		38,295	36,655
Property and other expenses		(11,067)	(9,236)
Interest and other income received		16	22
Borrowing costs		(15,085)	(9,918)
Other operating costs		(5,061)	(6,032)
Tenant security deposits repaid		(1,477)	(369)
Consumption tax/GST paid		(1,154)	(4,168)
Net cash inflow from operating activities		4,467	6,954
Cash flows from investing activities			
Investment properties		(1,772)	(1,301)
Net cash outflow from investing activities		(1,772)	(1,301)
Cash flows from financing activities			
Proceeds from Eurobond issue		-	140,056
Repayment of borrowings		(6,188)	(134,624)
Distributions paid		-	(94)
Finance costs		-	(6,330)
Net cash outflow from financing activities		(6,188)	(992)
Net increase/(decrease) in cash assets held		(3,493)	4,661
Effect of foreign exchange movements on cash		(4,878)	(4,217)
Cash assets at the beginning of the half-year		**57,196**	**56,832**
Cash assets at the end of the half-year	**9**	**48,825**	**57,276**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2010 has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by the Trust during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements were approved by the Board of Directors on 24 February 2011.

(b) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. No significant changes are expected to the Trust's financial performance, financial position or accounting principles as a result of the application of the new and amended standards, mandatory for annual reporting periods beginning on or after 1 July 2010.

Comparatives
Where applicable, certain comparative figures are restated in order to comply with the current year presentation of the financial statements.

(c) Critical accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts of assets and liabilities reported at the end of the reporting period and the amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge, actual results may ultimately differ from these. Where any such judgements are made they are indicated within the accounting policies.

The key estimates and assumptions in these financial statements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next reporting period are:

(i) Investment property

Investment properties are initially recorded at cost, being the acquisition price plus the cost of acquisition. All property acquisition costs are capitalised into the value of the investment properties at the time of purchase to reflect the total acquisition costs in the consolidated statement of financial position. Additions and other expenditure on investment properties which are capital in nature are capitalised to the investment property as incurred. At balance date the investment properties are carried at fair value.

At each reporting date the book value of the property portfolio is assessed by the Directors and where the book value differs materially from the assessed fair value, an adjustment is made to the book value of the property portfolio. Fair value is determined based on either an independent market valuation or an assessment by the Directors.

Note 1. Summary of significant accounting policies

(c) Critical accounting estimates (continued)

Independent valuations of the investment properties are obtained at least every three years or whenever the Responsible Entity believes there is a significant change in fair value within the year. Where a property has not been independently revalued during the reporting period the Directors make an assessment of fair value applying the same logic and approach adopted by the independent valuer.

In determining the fair value, the valuation methodologies used include, the capitalisation of net market income approach and the discounting of future cash flows approach. These approaches require assumptions and judgement in relation to the future receipt of contractual rentals, expected future market rentals, rental void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available then the fair value of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date.

These valuations are regularly compared to market data, and actual transactions undertaken by the Responsible Entity and those reported to the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Gains and losses arising from changes in the fair values of investment properties from the revaluation of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise.

Uncertainty around property valuations

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged. The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimate of fair value as at the balance date, the current market uncertainty means that if investment property is sold in future the price achieved may vary from the most recent valuation, or be lower than the fair value recorded in the financial statements.

(ii) Impairment of assets

The Directors of the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of determining impairment, assets are grouped by separately identifiable cash inflows. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(d) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Note 2. Distributions

As previously announced to the market on 21 December 2010, there will be no interim distribution paid to unitholders for the half-year ended 31 December 2010 (Dec 2009: $nil).

Note 3. Asset held for sale

As announced to the market on 15 February 2011, the Japanese TK business has exchanged contracts to sell its beneficial interest in Shinbashi Redbrick, Tokyo for $48.29 million (¥4.00 billion). The book value of the property at 31 December 2010 has been adjusted to reflect the sale price of $48.29 million (¥4.00 billion). Settlement is scheduled to occur on 18 March 2011.

Note 4. Investment property

	31 Dec 2010 $'000	30 June 2010 $'000
Fair value at the beginning of the period	961,164	987,843
Additions to investment property	1,772	2,889
Revaluation adjustments	(10,501)	(58,102)
Property reclassified to 'asset held for sale'	(48,292)	-
Foreign currency translation movements	(85,521)	28,534
Fair value at the end of the period	**818,622**	**961,164**

The Trust holds interests in the investment properties arising from the contractual relationship between the Trust and the TK Operator. The beneficial legal ownership of the investment properties is held in the name of the sub TK Operators.

The carrying value of twelve investment properties at 31 December 2010 has been determined by independent valuations undertaken by Savills Japan KK. The fair value of the remainder of the portfolio is based on the Directors' assessment of fair value. The Directors' assessment of fair value for these properties primarily considers the contractual rentals, expected future market rentals, letting-up periods, capital expenditure requirements and appropriate discount rates. These fair value estimations are regularly assessed against available market information and actual market transactions.

Key valuation assumptions used in the determination of fair value are as follows:

December 2010

	Office	Retail/Leisure	Mixed Use	Residential	Industrial	Hotel
Weighted average capitalisation rate	5.2%	6.1%	6.7%	7.2%	7.1%	7.1%
Weighted average vacancy rates	10.4%	0.4%	0.3%	4.3%	0.0%	0.0%

June 2010

	Office	Retail/Leisure	Mixed Use	Residential	Industrial	Hotel
Weighted average capitalisation rate	5.3%	6.1%	6.9%	7.5%	7.0%	7.7%
Weighted average vacancy rates	10.4%	0.3%	5.8%	14.5%	0.0%	0.0%

Note 5. Interest bearing liabilities

	Maturity date	31 Dec 2010 $'000	30 June 2010 $'000
Current			
Senior bank loan (i)		11,671	12,958
Senior bank loan related to asset held for sale		39,713	-
Mezzanine Eurobonds related to asset held for sale		4,080	-
		55,464	**12,958**
Non-Current			
Senior bank loan (i)	December 2012	460,436	555,367
Mezzanine Eurobonds (ii)	September 2014	121,911	134,936
Convertible Eurobonds (iii)	September 2016	17,379	17,772
Foreign currency loan facility (iv)	September 2014	56,943	60,866
Less: unamortised borrowing costs		(3,390)	(4,067)
		653,279	**764,874**
Total interest bearing liabilities		**708,743**	**777,832**

Details of loan facilities

(i) Senior bank loan
The senior bank loan is secured by a pledge over 21 investment properties and contains cross default provisions with the Eurobonds. This loan is denominated in Japanese Yen (31 December 2010: ¥42.39 billion) and has mandatory principal repayments equal to 2.3% per annum of the outstanding loan principal. Through the use of interest rate swaps the interest rate on this loan is fixed at an average rate of 3.12%. There is a debt service coverage ratio (DSCR) covenant test of 1.5x (as defined) and there is no loan to value (LTV) covenant test. There are no undrawn amounts for this facility.

(ii) Mezzanine Eurobonds
The Mezzanine Eurobonds are Japanese Yen denominated Eurobonds (31 December 2010: ¥10.44 billion) with a term of 5 years from 18 September 2009. A cash coupon is paid quarterly on the outstanding principal of the Mezzanine Bonds at a rate of 10% per annum and a payment in kind (PIK) is accrued and compounded quarterly at a rate of 4.91% per annum. There are no DSCR or LTV covenant tests for these bonds.

(iii) Convertible Eurobonds
The Convertible Bonds are Japanese Yen denominated Eurobonds (31 December 2010: ¥1.44 billion) with a term of 7 years from 18 September 2009 with a put option after 5 years in favour of the bondholder. A payment in kind (PIK) is accrued and compounded annually on these bonds at a rate of 15% per annum. There are no DSCR or LTV covenant tests for these bonds.

Following full repayment of the Mezzanine Eurobonds the Convertible Eurobonds may be redeemed, at the bondholder's option, in cash, for the then outstanding principal amount (including accrued interest) or converted into an interest in the Japanese TK equal to a fixed 40% of the Japanese TK interest currently held by the Trust.

(iv) Foreign currency loan facility
The foreign currency loan facility is a Japanese Yen denominated facility (31 December 2010: ¥4.72 billion) that is repayable in full on 18 September 2014. Interest is charged at a margin of 5% over Japanese Yen 30 day LIBOR for years 1 to 3, increasing to 10% over Japanese Yen 30 day LIBOR thereafter. Interest payments are capitalised into the loan balance and compounded quarterly. There are no DSCR or LTV covenant tests for this facility.

Note 6. Contributed equity

	31 Dec 2010 $'000	30 June 2010 $'000
Balance at the beginning of the period	386,856	386,856
Units issued during the period	-	-
	386,856	386,856
Transaction costs	-	-
Balance at the end of the period	**386,856**	**386,856**

	31 Dec 2010 (Units)	30 June 2010 (Units)
Number of units on issue		
Balance at the beginning of the period	405,558,571	405,558,571
Units issued during the period	-	-
Balance at the end of the period	**405,558,571**	**405,558,571**

As stipulated in the Trust Constitution, each unit represents the right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units. Each unit issued ranks equally for the purposes of distributions, voting and in the event of the Trust terminating.

As announced to the market on 1 February 2011, the Trust's unit consolidation was completed. The units of the Trust were consolidated on a 1 for 50 basis which resulted in the units on issue decreasing from 405,558,571 units to 8,111,332 units.

Note 7. Net tangible assets

	31 Dec 2010 $'000	30 June 2010 $'000
Total tangible assets	923,266	1,026,312
Total liabilities	(779,289)	(858,904)
Net tangible assets attributable to minority interest	(3,269)	(3,302)
Net tangible assets attributable to the unitholders of the Trust	**140,708**	**164,106**
Total number of units on issue	405,558,571	405,558,571
Net tangible asset backing per unit	$0.35	$0.40

Following full repayment of the Mezzanine Eurobonds the Convertible Eurobonds may be redeemed, at the bondholder's option, in cash, for the then outstanding principal amount (including accrued interest) or converted into an interest in the Japanese TK equal to a fixed 40% of the Japanese TK interest currently held by the Trust. If this conversion had taken place at 31 December 2010 the net tangible asset backing per unit of the Trust would have reduced from $0.35 per unit to $0.17 per unit. At this point in time it is unclear if and when the Convertible Eurobonds will be converted.

The net tangible asset backing per unit at 31 December 2010 post the unit consolidation from 405,558,571 units on issue to 8,111,332 units on issue would equate to $17.35 or $8.38 if the conversion of the Mezzanine Eurobonds had taken place.

Note 8. Segment information

The Trust invests indirectly in a diverse portfolio of real estate assets in Japan and holds other assets and liabilities in Japan and Australia. The following sectors have been recognised as reporting segments which are regularly reviewed by management when making decisions about resource allocation and to assess performance.

Retail/Leisure	Segment includes assets used for retail, food and entertainment purposes including regional and sub-regional shopping centres.
Office	Segment includes assets predominantly occupied as office space.
Residential	Segment includes assets utilised for residential purposes.
Mixed Use	Segment includes assets with a mix of uses including retail, residential and sports centres.
Industrial	Segment includes traditional industrial assets.
Hotel	Segment includes hotels.

	Retail-Leisure $ '000	Office $ '000	Residential $ '000	Mixed Use $ '000	Industrial $ '000	Hotel $ '000	Total $ '000
Half-year 2011							
Investment property revenue	15,639	10,932	4,208	3,082	1,488	904	36,253
Investment property expenses	(4,409)	(3,119)	(1,956)	(1,342)	(202)	(126)	(11,154)
Net operating income	**11,230**	**7,813**	**2,252**	**1,740**	**1,286**	**778**	**25,099**
Half-year 2010							
Investment property revenue	15,496	12,288	4,086	2,959	928	901	36,658
Investment property expenses	(4,512)	(3,243)	(1,308)	(1,240)	(180)	(96)	(10,579)
Net operating income	**10,984**	**9,045**	**2,778**	**1,719**	**748**	**805**	**26,079**
Total segment assets							
31 December 2010	355,854	330,228	87,626	51,401	26,826	18,116	870,051
30 June 2010	395,025	361,811	95,641	56,364	32,675	22,672	964,188
Total segment liabilities							
31 December 2010	236,163	220,483	59,292	33,112	31,775	873	581,698
30 June 2010	256,592	240,415	64,829	36,103	34,631	1,101	633,671

The executive team uses net operating income as the key performance measure for each segment disclosed above. This is not a measure prescribed by Australian Accounting Standards. Net operating income represents the gross recurring property income earned during a reporting period less the recurring property expenses incurred during a reporting period. This segment result is then reconciled to the Profit/(loss) before income tax for the half-year as specified below.

Note 8. Segment information (continued)

	31 Dec 2010 $'000	31 Dec 2009 $'000
Segment result	**25,099**	**26,079**
Interest and other income	16	22
Finance costs	(21,524)	(16,391)
ASX and other fees	(66)	(117)
Other operating expenses	(4,331)	(3,982)
Loss on investment property revaluations	(10,501)	(5,345)
Gain/(loss) on derivative financial instruments	2,850	(371)
Foreign exchange gain	-	5,197
Profit/(loss) before income tax for the half-year	**(8,457)**	**5,092**

Note 9. Cash

	31 Dec 2010 $'000	30 June 2010 $'000
Trust operating accounts	639	681
TK operating accounts	4,531	8,290
Cash reserves held by Trust Banks	32,702	36,703
Cash reserves held by Lender	10,953	11,522
	48,825	**57,196**

The above cash reserves held by Trust Banks and Lender consist of restricted cash relating to tenant security deposits, capital expenditure and other property related items.

Note 10. Commitments and contingent liabilities

The Directors of the Responsible Entity are not aware of any contingent liabilities in relation to the Trust that should be brought to the attention of Unitholders as at the date of this report, other than those disclosed in the financial statements.

Note 11. Events subsequent to balance date

As announced to the market on 1 February 2011, the Trust's unit consolidation was completed. The units of the Trust were consolidated on a 1 for 50 basis which resulted in the units on issue decreasing from 405,558,571 units to 8,111,332 units. The net tangible asset backing per unit using net tangible assets attributable to unitholders at 31 December 2010 and the post-consolidated units of 8,111,332 would equate to $17.35. The basic and diluted loss per unit using the net loss attributable to unitholders for the half-year ended 31 December 2010 and the post-consolidated units of 8,111,332 would equate to $1.04.

Note 11. Events subsequent to balance date (continued)

As announced to the market on 15 February 2011, the Japanese TK business has exchanged contracts to sell its beneficial interest in Shinbashi Redbrick, Tokyo for ¥4.00 billion. The property is an eight storey retail/leisure building completed in 1999. The sale price represents a passing yield of 5.1% (based on net property income) and a discount to the most recent independent valuation (June 2009) of approximately 6%. Settlement is scheduled to occur on 18 March 2011. Proceeds from the sale will be applied to the partial repayment of the Shinsei senior bank loan and the Mezzanine Eurobonds with an estimated net cash surplus of approximately ¥170m available for on-going working capital.

GALILEO JAPAN TRUST

Directors' Declaration

1. In the opinion of the Directors of Galileo Japan Funds Management Limited, the Responsible Entity for Galileo Japan Trust (the "Trust"):

   (a) the financial statements and notes set out on pages 7 to 18 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the Trust's financial position as at 31 December 2010 and of its performance, for the half-year ended on that date; and

   (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

2. The Trust has operated during the period in accordance with the Trust Constitution (as amended).

3. The Directors of the Responsible Entity have been given the declarations by the chief executive officer and chief financial officer for the half-year ended 31 December 2010 required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Jack Ritch
Chairman

Dated at Sydney this 24 February 2011

Independent auditor's review report to the directors of Galileo Japan Trust

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Galileo Japan Trust (the Trust), which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Galileo Japan Trust.

Directors' responsibility for the half-year financial report

The directors of the Galileo Japan Funds Management Limited (the responsible entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Galileo Japan Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

pwc

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Galileo Japan Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Trust's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
24 February 2011