



ASX/Media Release

25 February 2011

INTERIM FINANCIAL REPORT OF STAPLED COMPANY

Astro Japan Property Group (ASX: AJA) earlier today announced its half year results to 31 December 2010 and released the Appendix 4D (Half Year Report) and the Interim Financial Report covering the operations of the Astro Group as a whole.

In accordance with the *Corporations Act 2001* (Cth), the Astro Group prepares two interim financial reports for release to the ASX: one report which covers the operations of the Astro Group as a whole (released earlier today); and another smaller report which covers the listed stapled company, Astro Japan Property Group Limited and its controlled entity.

In accordance with ASX Listing Rule 4.2A, please find attached the Interim Financial Report for the half year ended 31 December 2010 covering the operations of only the stapled company, Astro Japan Property Group Limited and its controlled entity.

ENDS

Investor & Media Enquiries:

Eric Lucas
Senior Advisor
Phone: +61 2 8987 3900 (Australia)
+81 3 3238 1671 (Japan)

John Pettigrew
Chief Financial Officer
Phone: +61 2 8987 3902

About Astro Japan Property Group (AJA)

Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 41 retail, office and residential properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website:

www.astrojapanproperty.com.

Astro Japan Property Group

Astro Japan Property Group Limited ABN 25 135 381 663
Astro Japan Property Management Limited ABN 94 111 874 563 AFSL 283142
as responsible entity of the Astro Japan Property Trust ARSN 112 799 854

Suite 1 Level 14, 50 Pitt Street, Sydney NSW 2000, Australia
T +61 2 8987 3900 F +61 2 8987 3999
W www.astrojapanproperty.com

Astro Japan Property Group Limited

(ABN 25 135 381 663)

Interim Financial Report
31 December 2010

This interim financial report does not include all 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 period ended 30 June 2010 and any public announcements made by Astro Japan Property Group Limited during the interim reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001* (Cth).

Through our website, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Astro Group. All press releases, financial reports and other information are available on our website: www.astrojapanproperty.com

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The Directors of Astro Japan Property Group Limited (ABN 25 135 381 663) ("AJCo"), present their report together with the consolidated financial statements of AJCo and its controlled entity ("AJCo Group") for the half year ended 31 December 2010.

The Astro Japan Property Group

The Astro Japan Property Group ("Astro Group") comprises AJCo and its controlled entity and Astro Japan Property Trust (ARSN 112 799 854) ("AJT"). The shares in AJCo are stapled to the units in AJT on a 'one for one' basis. Each entity forming part of the Astro Group is a separate legal entity in its own right under the *Corporations Act 2001* (Cth) and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* (Cth), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations. This report is in respect of the AJCo Group.

The registered office and principal place of business of AJCo is Suite 1 Level 14, 50 Pitt Street, Sydney NSW 2000.

Directors

The Directors of AJCo at any time during and since the period end are:

Directors	Independence Status	Date of Appointment
Allan McDonald	Independent Non-Executive Chairman	20 March 2009
Paula Dwyer	Independent Non-Executive Director	20 March 2009
John Pettigrew	Non-Independent Executive Director, Chief Financial Officer ¹	20 March 2009

¹Appointed Chief Financial Officer on 1 January 2011. Prior to this Mr Pettigrew was an Independent Non-Executive Director of AJCo.

Principal activities

The principal activities of AJCo remain unchanged from 30 June 2010 and are:

- ownership of Astro Japan Property Management Limited ("Responsible Entity") (the Responsible Entity of AJT); and
- ownership of a 30% economic interest in Spring Investment Co., Ltd, ("Japan Asset Manager") which is the manager of the Astro Group's Japanese property interests.

Review and results of operations

AJCo Group made a loss before income tax of \$328,995 for the half year ended 31 December 2010 (20 September 2009: loss before income tax \$60).

At the Annual General Meeting on 10 November 2010 securityholders voted in favour of a consolidation of the Astro Group stapled securities. The Astro Group consolidated every 10 stapled securities into 1 stapled security with effect from 19 January 2011. Where the consolidation resulted in a fraction of a security being held by a securityholder, that fraction was rounded up to the nearest whole security. Following the consolidation there are 50,821,741 stapled securities on issue.

Dividends

The Directors have not declared any dividends for the half year ended 31 December 2010 (20 September 2009: nil).

Significant changes in the state of affairs

In the opinion of the directors, other than the items already noted in the Directors' Report, there were no changes in the state of affairs of AJCo that occurred during the half year under review.

Events subsequent to the end of the half year

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 affect the operations of AJCo Group, the results of those operations, or the state of affairs of AJCo Group in subsequent financial years.

Auditor's independence declaration

The AJCo Group's lead Auditor has provided a written declaration under section 307C of the *Corporations Act 2001* (Cth) that to the best of his knowledge and belief, there have been no contraventions of:

- The Auditor independence requirements of the *Corporations Act 2001* (Cth) in relation to the audit; and
- The applicable Australian code of professional conduct in relation to the audit.


The declaration is provided on page 3 and forms part of this Directors' Report.

Basis of Preparation

The half year financial report for the AJCo Group as at 31 December 2010 has been prepared on a going concern basis as the Directors, after reviewing AJCo's going concern status, have concluded that AJCo has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

Dated 25 February 2011.

Signed in accordance with a resolution of the Directors.



Allan McDonald
Director
Astro Japan Property Group Limited



Auditor's Independence Declaration

As lead auditor for the review of Astro Japan Property Group Limited 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 Astro Japan Property Group Limited and the entity it controlled during the period.

A handwritten signature in black ink that reads 'TJO Peel' with a horizontal line underneath.

TJO Peel
Partner
PricewaterhouseCoopers

Sydney
25 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended to 31 December 2010

	Note	31 Dec 10 \$	20 Sep 09 \$
Revenue			
Revenue		930,862	-
Financing income		112,980	-
Share of net profit of associate		954,907	-
Total revenue and other income		1,998,749	-
Expenses			
Operating expenses		(1,084,096)	(60)
Financing costs		(22,027)	-
Impairment of goodwill		(1,200,000)	-
Professional fees		(21,621)	-
Total expenses		(2,327,744)	(60)
Profit/(loss) before income tax		(328,995)	(60)
Income tax benefit/(expense)		(271,637)	-
Profit/(loss) for the period		(600,632)	(60)
Other comprehensive income			
Foreign exchange translation differences		(555,173)	-
Total comprehensive income/(expense) for the period		(1,155,805)	(60)
Total comprehensive income/(expense) for the year is attributable to:			
Members of the Company		(1,155,805)	(60)
Basic and diluted earnings/(losses) per share	2	(0.12¢)	(0.00¢)

The consolidated statement of comprehensive income is to be read in conjunction with the Notes to the financial statements set out on pages 8 to 10.

	Note	31 Dec 10 \$	30 Jun 10 \$
Current assets			
Cash and cash equivalents		5,139,530	4,893,988
Trade and other receivables		2,516	20,992
Prepaid insurance		418,985	607,280
Fees receivable - related party - AJT		130,252	71,792
Total current assets		5,691,283	5,594,052
Non-current assets			
Property, plant and equipment		79,511	90,190
Investment in associate accounted for using the equity method	3	6,463,483	6,093,764
Intangible assets		6,840,243	8,046,333
Deferred tax asset		5,999	-
Total non-current assets		13,389,236	14,230,287
Total assets		19,080,519	19,824,339
Current liabilities			
Trade and other payables		55,648	139,874
Loan payable - related party - AJT		948,038	668,179
Provisions		19,998	31,043
Deferred lease incentive		5,925	2,530
Current tax liabilities		9,958	69,259
Total current liabilities		1,039,567	910,885
Non-current liabilities			
Deferred lease incentive		16,313	17,666
Deferred tax liability		284,656	-
Total non-current liabilities		300,969	17,666
Total liabilities		1,340,536	928,551
Net assets		17,739,983	18,895,788
Equity			
Contributed equity	4	26,440,633	26,440,633
Reserves		(1,161,389)	(606,215)
Retained profits/(accumulated losses)		(7,539,261)	(6,938,630)
Total equity		17,739,983	18,895,788

The consolidated statement of financial position is to be read in conjunction with the Notes to the financial statements set out on pages 8 to 10.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2010

	Note	31 Dec 10 \$	20 Sep 09 \$
Cash flows from operating activities			
Receipt of responsible entity fees		872,402	-
Payments to suppliers & employees		(1,018,505)	(60)
Net GST received/(paid)		11,097	-
Interest received		112,979	-
Japanese withholding tax paid		(6,003)	-
Australian income tax paid		(35,902)	-
Net cash (outflow)/inflow from operating activities		(63,932)	(60)
Cash flows from investing activities			
Investment income received from associate		30,015	-
Purchase of property, plant and equipment		(400)	-
Net cash inflow/(outflow) from investing activities		29,615	-
Cash flows from financing activities			
Loan from AJMPL		-	5,100
Loan from AJT		279,859	-
Net cash inflow/(outflow) from financing activities		279,859	5,100
Net increase/(decrease) in cash and cash equivalents		245,542	5,040
Cash and cash equivalents at the beginning of the reporting period		4,893,988	-
Cash and cash equivalents at the end of the reporting period		5,139,530	5,040

The consolidated statements of cash flows are to be read in conjunction with the Notes of the financial statements set out on pages 8 to 10.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2010

	Note	Contributed Equity \$	Reserves \$	Total \$
Balance at 20 March 2009		-	-	-
Profit/(loss) for the half year		-	(60)	(60)
Total comprehensive income/(expense) for the period		-	(60)	(60)
Closing balance at 20 September 2009		-	(60)	(60)
Balance at 1 July 2010		26,440,633	(7,544,845)	18,895,788
Foreign exchange translation differences		-	(555,173)	(555,173)
Net income/(expense) recognised directly in equity		-	(555,173)	(555,173)
Profit/(loss) for the period		-	(600,632)	(600,632)
Total comprehensive income/(expense) for the period		-	(1,155,805)	(1,155,805)
Closing balance at 31 December 2010		26,440,633	(8,700,650)	17,739,983

The consolidated statement of changes in equity is to read in conjunction with the Notes to the financial statements set out on pages 8 to 10.

1. Statement of Significant Accounting Policies

(a) Basis of preparation

Astro Japan Property Group Limited ("AJCo") is domiciled in Australia. The AJCo Group comprises AJCo and its controlled entity Astro Japan Property Management Limited.

This general purpose consolidated financial report for the half year reporting period ended 31 December 2010 has been prepared in accordance with AJCo's Constitution, Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

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

The consolidated financial report for the AJCo Group as at 31 December 2010 has been prepared on a going concern basis as the Directors of AJCo, after reviewing AJCo's going concern status, have concluded that AJCo has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

The financial report was authorised for issue by the Directors on 25 February 2011. AJCo has the power to amend and reissue this financial report.

The financial statements are presented in Australian dollars.

(b) Significant accounting policies

The accounting policies adopted are consistent with those of the financial report for the period ended 30 June 2010. No significant changes to the AJCo Group's financial performance, position or accounting principles have occurred as a result of the application of the new and amended standards, mandatory for annual reporting periods beginning on or after 1 July 2010.

(c) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect AJCo's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it is unlikely to have a material impact on AJCo.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective for annual reporting periods beginning on or after 1 January 2013); and

AASB 2009-12 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011)

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards.

2. Earnings/(losses) per stapled security

	31 Dec 10 \$	20 Sep 09 \$
Basic and diluted	(0.12¢)	(0.00¢)
Profit/(loss) attributable to Securityholders used in calculating basic and diluted earnings per security	(600,632)	(60)
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	508,212,161	508,212,161

The weighted average number of Securities used as denominator in calculating basic and diluted earnings/(losses) per Securities shown above is based on the number of Securities on issue during the period.

3. Investments in associate accounted for using the equity method

Name of company	Principal Activity	Economic interest	31 Dec 10 \$	30 Jun 10 \$
Spring Investment Co., Ltd.	Asset Management	30%	6,463,483	6,093,764

AJCo has a 30% economic interest in Spring Investment Co., Ltd. ("Japan Asset Manager"). The investment is held in Japanese Yen. The initial interest is 30%, reducing to 25% over time as the preferred entitlement is paid down. Preferred entitlement refers to a preferred distribution commencing 1 January 2012 from the Japan Asset Manager, capped at ¥90 million per year, payable until a total of ¥314 million has been paid. The Group's economic interest in the Japan Asset Manager may also vary to the extent to which it participates in any future capital raising by the Japan Asset Manager.

The Japan Asset Manager is incorporated in Japan and has a 31 December reporting date.

The share of the associate's profit recognised is calculated as the lower of 100% of the net profit of the TK or 30% of the adjusted net profit of the TK (adjusted net profit is calculated by adding back the bonus expenses for the period to the net profit of the TK).

Movements in carrying amounts

Carrying amount at the beginning of the financial period	6,093,764	-
Acquisition of investment	-	5,733,348
Share of net profit of associate	954,907	300,111
Effect of changes in exchange rates	(555,173)	(606,215)
Distribution paid from Spring	(30,015)	(270,980)
Return of capital - preferred entitlement paid down	-	(412,500)
Additional investment	-	1,350,000
	6,463,483	6,093,764
Share of associate's profits¹		
Income	1,546,656	14,127,808
Expenses	(591,749)	(13,827,697)
Share of Associate's net profit recognised	954,907	300,111

¹ Based on the formula for AJCo's entitlement to the Japan Asset Manager's profit per the TK agreement set out above AJCo is entitled to 30% of the adjusted net profit of the TK for the half year ended 31 December 2010 and 100% of the net profit of the TK for the year ended 30 June 2010. The above summary of financial performance represents 30% of the associate's income and expenses adjusted for bonus expenses for the half year ended 31 December 2010 and 100% of the associate's income and expenses for the year ended 30 June 2010.

Summarised financial position of associate²

Current assets	2,027,862	434,336
Non-current assets	8,094,940	9,826,894
Total assets	10,122,802	10,261,230
Current liabilities	917,412	227,293
Total liabilities	917,412	227,293
Net assets as reported by associate	9,205,390	10,033,937

² The above summary of financial position of associate represents 100% of the associate's assets and liabilities.

4. Contributed equity

	31 Dec 10	30 Jun 10
Securities on issue		
Movements in number of securities		
Number at beginning of financial period	508,212,161	-
Issued securities	-	508,212,161
Number at end of financial period	508,212,161	508,212,161
Movements in contributed equity		
Balance at beginning of financial period	26,440,633	-
Equity issued during the period net of transaction costs	-	26,440,633
Balance at end of financial period	26,440,633	26,440,633

At the Annual General Meeting on 10 November 2010 securityholders voted in favour of a consolidation of the Astro Group stapled securities. The Astro Group consolidated every 10 stapled securities into 1 stapled security with effect from 19 January 2011. Where the consolidation resulted in a fraction of a security being held by a securityholder, that fraction was rounded up to the nearest whole security. Following the consolidation there are 50,821,741 stapled securities on issue.

5. Contingent assets and liabilities

The AJCo Group has no contingent assets or liabilities which are individually material, or category of contingent assets or liabilities which are material.

6. Lease commitments

The AJCo Group has non-cancellable leases in respect of the office premises and office equipment. Both leases are for a duration of 5 years and are classified as Operating Leases. The minimum lease payments are as follows:

	31 Dec 10	30 Jun 10
	\$	\$
No later than 1 year	116,855	112,359
Later than 1 year and no later than 5 years	347,147	373,593
Total lease commitments	464,002	485,952

7. Events occurring after the end of the reporting period

The Directors are not aware of any matter or circumstance occurring since 31 December 2010 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of AJCo Group, the results of those operations, or the state of affairs of AJCo Group in subsequent financial years.

- 1 In the opinion of the Directors of Astro Japan Property Group Limited (AJCo):
- a) the Financial Statements and Notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the financial position of the AJCo Group as at 31 December 2010 and of its performance for the half year ended 31 December 2010; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) there are reasonable grounds to believe that AJCo will be able to pay its debts as and when they become due and payable.

Dated 25 February 2011.

This declaration is made in accordance with a resolution of the Directors.



F A McDonald
Director
Astro Japan Property Group Limited



Independent auditor's review report to the stapled security holders of Astro Japan Property Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astro Japan Property Group Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration for the Astro Japan Property Group Limited Group (the consolidated entity). The consolidated entity comprises both the company and the entity it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company 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 consolidated entity'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 Astro Japan Property Group Limited, 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.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on Astro Japan Property Group's web site. The company's directors are responsible for the integrity of the Astro Japan Property Group web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney
pwc.com.au



Independent auditor's review report to the stapled security holders of Astro Japan Property Group Limited
(continued)

reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 Astro Japan Property Group Limited is not in accordance with the *Corporations Act 2001* including:

- a giving a true and fair view of the consolidated entity'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*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'TJO Peel' in a cursive style.

TJO Peel
Partner

Sydney
25 February 2011