

SATRIX 40

A portfolio in the Satrix Collective Investment Scheme ("Satrix"), registered as such in terms of the Collective Investment Schemes Control Act, 45 of 2002 (the "Act")

JSE code: STX40

ISIN CODE: ZAE000027108

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

INCOME STATEMENT

for the year ended 31 December 2008

	2008	2007
	R	R
REVENUE		
Dividend income	153 107 598	128 831 436
Fee income: Securities lending	8 018 250	10 188 028
Interest income	2 018 981	1 475 992
Withholding tax received	109 322	-
	163 254 151	140 495 456
Fair value adjustments, net of transaction costs	(7 154 432)	(1 570 330)
EXPENSES		
Management and administrative expenses	(22 541 052)	(18 016 261)
Income available for distribution	133 558 667	120 908 865
	(136 514 106)	(120 933 595)
Distributions		
Change in net assets attributable to investors before tax	(2 955 439)	(24 730)
Taxation	-	-
Change in net assets attributable to investors	(2 955 439)	(24 730)

BALANCE SHEET

as at 31 December 2008

	2008	2007
	R	R
ASSETS		
Listed investments held at fair value through profit or loss	4 404 022 002	5 000 269 497
Trade and other receivables	4 348 125	46 852 884
Cash and cash equivalents	22 549 386	14 862 381
Total assets	4 430 919 513	5 061 984 762
LIABILITIES		
Net assets attributable to investors	4 403 437 866	5 002 640 800
Trade and other payables	27 481 647	59 343 962
Total liabilities	4 430 919 513	5 061 984 762

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS  
for the year ended 31 December 2008

	Capital attributable to investors R	Income attributable to investors R	Total R
Balance at 1 January 2007	6 069 841 399	2 396 033	6 072 237 432
Change in net assets attributable to investors	-	(24 730)	(24 730)
Revaluation of securities	851 463 648	-	851 463 648
Net liquidation of securities	(1 921 035 550)	-	(1 921 035 550)
Balance at 31 December 2007	5 000 269 497	2 371 303	5 002 640 800
Change in net assets attributable to investors	-	(2 955 439)	(2 955 439)
Revaluation of securities	(1 293 309 721)	-	(1 293 309 721)
Net creation of securities	697 062 226	-	697 062 226
Balance at 31 December 2008	4 404 022 002	(584 136)	4 403 437 866

CASH FLOW STATEMENT

for the year ended 31 December 2008

	2008 R	2007 R
Cash utilised by operations	(23 999 206)	(16 318 097)
Dividend income	155 120 519	129 428 570
Fee income: Securities lending	8 650 720	10 505 582
Interest income	1 941 169	1 477 850
	141 713 202	125 093 905
Net cash (outflow)/inflow from investing activities	(704 216 658)	1 919 400 512
Net creation/(liquidation) of securities	697 062 226	(1 921 035 550)
Cash distributed to security holders	(126 871 765)	(125 431 464)
Net increase/(decrease) in cash and cash equivalents	7 687 005	(1 972 597)
Cash and cash equivalents at the beginning of year	14 862 381	16 834 978
Cash and cash equivalents at the end of year	22 549 386	14 862 381

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

Basis of preparation

The financial statements are prepared on a historic cost basis, except for financial instruments which are accounted for as set out in note 1.1.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and in accordance with the requirements of the Standard Exchange Traded Fund Trust Deed approved by the Financial Services Board ("FSB") and the Collective Investment Schemes Control Act No 45 of 2002 ("CISCA").

1. Accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.1 Financial instruments

Measurement

Financial instruments are recognised when, and only when, the Portfolio becomes a party to the contractual provisions of that particular instrument. Financial instruments are initially measured at their fair value plus, in the case of instruments not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the instruments. Subsequent to initial recognition these instruments are measured as set out below.

Investments

Listed investments are measured at fair value through profit or loss. Fair value is determined with reference to quoted market prices at the balance sheet date, as published in the financial press at reporting date.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest rate method, less impairment losses. Trade and other receivables are short term in nature and are not discounted.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Financial liabilities

Financial liabilities, other than those held at fair value through profit or loss, are measured at amortised cost. Financial liabilities arising from the securities issued by the Portfolio are measured at the fair value representing the investor's right to an interest in the Portfolio's net assets, i.e. the Net Asset Value ("NAV") of the Portfolio. Changes in the fair value are included in net profit or loss in the period in which the change arises and is designated as at fair value through profit or loss.

1.1

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Portfolio has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

The Portfolio derecognises financial assets when and only when:

- The contractual rights to the cash flows arising from the

financial assets have expired or have been forfeited by the Portfolio; or

- It transfers the financial assets including substantially all the risks and rewards of ownership of the assets; or
- It transfers the financial assets, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the assets.

A financial liability is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

On derecognition of a financial instrument in its entirety (or part thereof), the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

#### 1.2 Trade and other payables

Trade payables and other accounts payable are recognised when the Portfolio becomes obligated to make future payments resulting from the purchase of goods and services.

#### 1.3 Revenue

Revenue comprises income from securities lending activities and investment income.

#### 1.4 Securities lending fee income

The fees earned for the administration of securities lending activities are accounted for on an accrual basis in the period in which the service is rendered. Assets subject to securities lending are not derecognised.

#### 1.5 Investment income

Interest income is recognised in the income statement, using the effective rate method taking into account the expected timing and amount of cash flows.

Dividends in the form of cash and manufactured dividends are recognised when the right to receive the expected payment is established.

Manufactured dividends received are recognised as income in the income statement.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

#### 1.7 Taxation

Under the current system of taxation in South Africa, the Portfolio is exempt from paying tax on income or capital gains that are distributed to investors. Both income and capital gains are taxed in the hands of the investor.

#### 1.8 Securities lending

The Portfolio engages in securities lending activities for up to 70% of the market value of assets under management which is permitted by the Portfolio Trust Deed and approved by the Trustee. Collateral is held by the lending desk of the relevant financial institutions. For more detail,

#### 1.9 Expenses

Expenses are recognised as incurred.

#### 1.10 Impairment

Financial assets that are measured at amortised cost are reviewed at each balance sheet date to determine whether

there is objective evidence of impairment. An impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in the subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through the income statement.

1.11 Distributions

Distributions payable on redeemable securities are recognised in the income statement as distributions.

1.12 Creations and redemptions

Investors can acquire Satrix securities by trading on the JSE. These purchases will be made at the current market price of the securities plus a brokerage fee that is negotiable with the broker and any additional transaction costs applicable to such a trade.

The cash subscription price and the number of Satrix securities to be issued to an investor for cash will be determined by the amount which the investor invests (net of transaction costs) and will be a function of the pro rata cost to the Portfolio of acquiring the underlying basket of securities.

Investors subscribing for Satrix 40 securities, by the delivery of one or more full baskets of constituents securities, are obligated to subscribe for securities in blocks of 1 million Satrix securities.

Investors may sell securities by trading on the JSE.

Security prices are determined by reference to the net assets of the Portfolio divided by the number of securities in issue. For security pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the JSE.

1.13 Redeemable securities

All redeemable securities issued by the scheme provide investors with the right to require redemption for cash or in specie at the value proportionate to investor's share. Such instruments give rise to a financial liability for the net asset value of the redemption amount in the Portfolio's net assets at redemption date. In accordance with the Portfolio's Trust Deed and CISCA, the Portfolio is contractually obliged to redeem securities at the net asset value.

These securities have been designated as at fair value through profit or loss as they eliminate an accounting mismatch due to the underlying investments being classified as fair value through profit or loss.

1.14 Distributions

In accordance with the Portfolio's Trust Deed, the Portfolio distributes its distributable income and any other amounts determined by the Management Company, to security holders in cash. The distributions are payable at the end of each

quarter and recognised in the income statement as distributions.

- 1.15 Net assets attributable to security holders  
Securities are redeemable at the security holder's option and are therefore classified as financial liabilities. The securities may be sold back to the Portfolio at anytime. The fair value of redeemable securities is measured at the redemption amount that is payable (in cash and securities representing each investor's equal, undivided and vested interest in the assets as a whole, subject to liabilities, as defined by the Portfolio's Trust Deed) at the balance sheet date if security holders exercised their right to sell the securities back to the Portfolio.
- 1.16 Increase/decrease in net assets attributable to security holders  
Income not distributed is included in net assets attributable to security holders.
- 1.17 Forthcoming requirements. Future amendments not early adopted in the 2008 annual financial statements  
The following standards, amendments to standards, and interpretations, effective for the first time in the future accounting period, and which are relevant to the Portfolio, have not been adopted for the year ended 31 December 2008:
- IAS 1 'Presentation of Financial Statements' (effective 1 January 2009) The changes include a requirement to introduce a statement of comprehensive income. There will be some limited presentational changes as a result of the introduction of this standard but no changes in the measurement and recognition.
  - IAS 32 'Financial Instruments: Presentation - Puttable Financial Instruments and Obligations arising on Liquidation' The amendments to IAS 32 address this and require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (i) Puttable financial instruments (for example, some shares issued by co-operative entities); and (ii) Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required for the instruments affected by the amendments. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted.

These financial statements have been audited by the independent auditors, KPMG Inc., and their unqualified audit opinion is available for inspection at the company's registered office. A full copy of these financial statements is available on the Satrix website [www.satrix.co.za](http://www.satrix.co.za).

31 March 2009

Sponsor  
Java Capital (Proprietary) Limited

Trustee  
ABSA Bank Limited