



Satrix SWIX Top 40 Trust

Financial Statements

for the ten months ended 31 December 2006

Satrix SWIX Top 40 Trust

Financial Statements


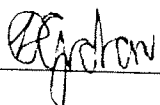
for the ten months ended 31 December 2006

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Satrix SWIX Top 40 Trust

Trustee's approval of the financial statements

The financial statements for the ten months ended 31 December 2006 set out on pages 4 to 19 were approved by the Trustee on 27 March 2007 and are signed on its behalf by:

 
Trustee



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Independent auditor's report

To the Trustee of Satrix SWIX Top 40 Trust

Report on the financial statements

We have audited the financial statements of Satrix SWIX Top 40 Trust, which comprise the balance sheet at 31 December 2006, and the income statement, the statement of changes in equity and cash flow statement for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Trustee's report as set out on pages 4 to 19.

Trustee's responsibility for the financial statements

The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Collective Investment Schemes Control Act and Trust Deed. 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 judgement, 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Satrix SWIX Top 40 Trust at 31 December 2006, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Collective Investment Schemes Control Act and Trust Deed.

KPMG Inc.

Per LJ Wormald
Chartered Accountant (SA)
Registered Auditor
Director
27 March 2007

Satrix SWIX Top 40 Trust

Trustee's report

for the ten months ended 31 December 2006

The Trustee has pleasure in presenting its report for the ten months ended 31 December 2006.

Nature of business

The Satrix SWIX Top 40 Trust (the Trust) was established on 7 March 2006. The investment objective of the Trust is to track the price and yield performance of FTSE/JSE Shareholder Weighted Top 40 Index (SWIX Top 40 Index).

The underlying portfolio is held by the Satrix SWIX Top 40 Trust and holders of Satrix SWIX Index Securities will have rights againsts the Satrix SWIX Top 40 Trust, this includes rights to the income earned from those assets.

Satrix SWIX Index Securities are securities listed and traded on the JSE in much the same way as any listed shares. By owning Satrix SWIX Index Securities an investor will obtain market exposure to the constituent companies included in the FTSE/JSE Shareholder Weighted Top 40 Index (SWIX Top 40 Index).

Risk Analysis

Exposure to investment, index, credit, secondary trading and operational risk arises in the normal course of investment activities in listed index securities. A brief description of the respective risks and means utilised to mitigate these risks is given below –

Investment risk

- There can be no assurance that the Trust will achieve its investment objectives of replicating the price and yield performance of the Index.

The following factors could impact negatively on the investment performance of the Trust:

- Certain cost and expenses incurred by the Trust could cause the underlying portfolio to mistrack the Index;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the Index; and
- In circumstances where securities comprising the Index are suspended from trading or other market disruption events occur, it may be impossible to rebalance the portfolio of securities held by the Trust and this may lead to tracking errors.

Index risk

- There is no assurance that the Index will continue to be calculated and published on the same or similar basis indefinitely. The Index was created by the JSE as a measure of market performance and not for the purposes of trading Trust Index Securities; and
- The past performance of the Index is not necessarily a guide to its future performance.

Secondary trading risk

- There can be no guarantee that the Trust Index Securities will remain listed on the JSE; and
- Despite the presence of market makers, the liquidity of the Trust Index Securities cannot be guaranteed.

Satrix SWIX Top 40 Trust

Trustee's report

for the ten months ended 31 December 2006 (continued)

Credit risk

- The Trustee of the Trust gives power to the manager to lend or offer to lend securities with a value not exceeding 70% of the market value of all securities included in the portfolio. The Manager has proceeded to engage in securities lending in respect of the securities held by the Trust. If a borrower fails to perform its obligations, the Trust may be unable to recover the loaned securities. However, the Manager only engages in scrip lending with top credit rated financial institutions, who assume the counterparty risk for such scrip lending activities.

Operational risks

- If shares in the underlying companies are suspended or cease trading for any reason, the suspended shares will not be delivered to a holder exercising its right to take delivery of the underlying shares until the suspension on the trading in respect of those shares is lifted;
- If the computer facilities or other facilities of the JSE malfunction, calculation and trading in the Trust Index Securities may be suspended for a period of time; and
- Issues, redemptions and adjustments to rebalance the underlying portfolio of shares in the Trust could affect the value of the underlying shares constituting the Index and thereby also impact on the value of the Trust Index Securities.

Total expense ratio and tracking error

The Satrix SWIX Top 40 portfolio had a total Expense Ratio (TER) of 19,6 basis points for 2006. The calculation of TER is determined by the total management expenses of the fund, including Manco and Trust expenses, less the income derived from scrip lending activities. The manager engages in scrip lending with the sole aim reducing the net expenses of managing the Satrix SWIX Top 40 portfolio and in this way the income from scrip lending proves beneficial to all holders of participating units in the Satrix SWIX Top 40 Collective Investment Scheme.

The Tracking Error of Satrix SWIX Top 40 portfolio is determined by the total expense ratio; by the net gains or losses in the portfolio that arise from the activities of the asset manager in tracking the SWIX Top 40 index; and from income received in the portfolio of a non-distributable nature. The mandate of the portfolio is to provide investors in Satrix SWIX Top 40 securities with the total return, capital plus dividends, of the FTSE/JSE SWIX Top 40 index. The tracking error of the portfolio measures the extent to which the Manager was not able to provide this total return over the year ended 31 December 2006. For this period the tracking error was 13,9 basis points.

Trustee

The Trustee at the date of this report is ABSA Bank Limited.

Registered

The Trust is registered in terms of the Collective Investment Schemes Control Act as set out in supplemental deed 6.

Satrix SWIX Top 40 Trust

Balance sheet

at 31 December 2006

	<i>Notes</i>	2006 R
Assets		
Listed equities		
Trade and other receivables	2	129 209 808
Cash and cash equivalents	3	123 242
	2	480 000
Total assets		<u>129 813 050</u>
Equity and liabilities		
Liabilities		
Trade and other payables	5	533 744
Net assets attributable to investors	4	<u>129 279 306</u>
		<u>129 813 050</u>

Satrix SWIX Top 40 Trust

Income statement

for the ten months ended 31 December 2006

	<i>Note</i>	For the ten months ended 2006 R
Income		
Dividend income		1 349 970
Fair value gains on financial instruments	6	17 368 051
Fee income: Scrip lending fee		37 657
Cash component of subscription amounts		112 004
Interest received		<u>25 654</u>
		18 893 336
Expenses		
Fair value loss on financial instruments	6	(17 448 653)
Management and administrative expenses	9	<u>(253 877)</u>
		1 190 806
Income available for distribution		1 190 806
Distributions	7	<u>(1 164 729)</u>
		26 077
Undistributed income before taxation		26 077
Taxation	10	<u>-</u>
Change in net assets attributable to investors		<u>26 077</u>

Satrix SWIX Top 40 Trust

Statement of changes in net assets attributable to investors *for the ten months ended 31 December 2006*

	Net assets R
Change in net assets attributable to investors	26 077
Creation of units	111 804 576
Revaluation of units created	17 448 653
Balance at 31 December 2006	<hr/> 129 279 306 <hr/>

Satrix SWIX Top 40 Trust

Cash flow statement

for the ten months ended 31 December 2006

	<i>Note</i>	For the ten months ended 2006 R
Cash generated by operations	<i>12</i>	491 527
Interest received		25 654
Net cash flow from operating activities		517 181
Cash outflow from investing activities		(37 181)
Purchases of equities		(118 394 914)
Proceeds from sale of equities		6 553 157
In specie creations and liquidations		111 804 576
Net increase in cash and cash equivalents		480 000
Cash and cash equivalents at the beginning of period		-
Cash and cash equivalents at the end of period		480 000

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006

1. Accounting policies

The financial statements incorporate the principal accounting policies set out below.

1.1 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 1.3.

1.2 Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards and the interpretations issued by the International Accounting Standards Board ("IASB") and in accordance with the Trust Deed and the Collective Investment Schemes Control Act No. 45 of 2002.

1.3 Financial instruments

Measurement

Financial instruments comprise trade receivables, cash and cash equivalents, loans and trade and other payables.

Financial instruments are initially measured at fair value, including, for instruments not at fair value through profit and loss, any directly attributable transaction costs.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised if the Trust transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the assets. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire, are discharged or cancelled.

Subsequent to initial recognition these instruments are measured as set out below.

Investments

Listed investments are classified as at fair value through profit and loss. Changes in fair value are recognised directly in profit and loss. Fair value is represented by the closing market value at the balance sheet date as published in the financial press.

Trade and other receivables

Trade and other receivables originated by the Trust are stated at amortised cost using the effective interest rate method, less impairment losses. Where the fair value of trade and other receivables is not separately disclosed, the carrying amounts are deemed to be a reasonable approximation of fair value.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents are measured at fair value.

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

1. Accounting policies (continued)

1.3 Financial liabilities

Financial liabilities, other than those held at fair value through profit and loss, are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the securities issued by the Trust are carried at the redemption amount representing the investor's right to a residual interest in the Trust's net assets.

Fair value gains and losses on subsequent measurement

Fair value gains and losses arising from a change in the fair value of financial instruments are recognised in the income statement in the period in which the change arises.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Trust 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.

1.4 Revenue

Revenue comprises income from securities lending activities and investment income.

1.5 Investment income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Trust.

Dividends are recognised when the right to receive payment is established. Scrip dividends have been accounted for as income.

1.6 Taxation

Under the current system of taxation in South Africa, the Trust is exempt from paying tax on income or capital gains. Both income and capital gains are taxed in the hands of the participatory interest holders.

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

2. Investments

Listed equities

No of shares at 31 December 2006	Name of company	Cost R	Current price R	Market value R	% of equities	% of fund
31 882	Oil and Gas Sasol Ltd	<u>7 645 576</u>	258.79	<u>8 250 743</u>	<u>6.39</u>	<u>6.36</u>
	Total Oil and Gas	<u>7 645 576</u>		<u>8 250 743</u>	<u>6.39</u>	<u>6.36</u>
	Basic Materials					
12 176	Sappi Ltd	1 127 104	117.50	1 430 680	1.11	1.10
15 135	Mittal Steel South Africa Ltd	1 109 226	98.25	1 487 013	1.15	1.15
30 958	Anglo American plc	8 723 027	342.00	10 587 636	8.19	8.16
50 282	BHP Billiton plc	6 487 720	128.95	6 483 864	5.02	5.00
6 389	Kumba Iron Ore Ltd	581 652	111.25	710 776	0.55	0.55
14 012	Anglo Gold Ltd	4 509 720	329.99	4 623 820	3.58	3.57
14 321	Gold Fields Ltd	1 857 844	132.75	1 901 113	1.47	1.47
13 535	Harmony Gold Mining Co. Ltd	1 383 917	111.20	1 503 980	1.16	1.16
5 945	Anglo American Platinum Co. Ltd	3 916 464	856.03	5 089 098	3.94	3.92
291	Lonmin plc	124 357	411.60	119 776	0.09	0.09
28 209	Impala Platinum Holdings Ltd	4 448 372	184.00	5 190 456	4.02	4.00
4 770	Exxaro Resources Ltd	<u>214 144</u>	56.00	<u>267 120</u>	<u>0.21</u>	<u>0.21</u>
	Total Basic Materials	<u>34 483 547</u>		<u>39 395 332</u>	<u>30.49</u>	<u>30.38</u>

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

2. Investments (continued)

Listed equities (continued)

No of shares at 31 December 2006	Name of company	Cost R	Current price R	Market value R	% of equities	% of fund
	Industrials					
1 458	Pretoria Portland Cement Co. Ltd	581 244	388.00	565 704	0.44	0.44
10 215	Barloworld Ltd	1 384 377	164.00	1 675 260	1.30	1.29
13 274	Reunert Ltd	943 706	81.75	1 085 150	0.84	0.84
14 118	Imperial Holdings Ltd	2 243 827	163.99	2 315 211	1.79	1.79
22 057	The Bidvest Group Ltd	2 506 969	133.80	2 951 226	2.28	2.28
	Total Industrials	7 660 123		8 592 551	6.65	6.64
	Consumer goods					
30 484	SABMiller plc	3 918 237	160.44	4 890 853	3.79	3.77
8 689	Tiger Brands Ltd	1 423 032	171.00	1 485 819	1.15	1.15
77 454	Steinhoff International Holdings Ltd	1 757 382	24.85	1 924 732	1.49	1.48
141 791	Richemont Securities AG	4 583 558	40.90	5 799 252	4.49	4.47
	Total Consumer Goods	11 682 209		14 100 656	10.92	10.87
121 045	Health Care Network Healthcare Holdings Ltd	1 242 599	13.81	1 671 631	1.29	1.29
	Total Health Care	1 242 599		1 671 631	1.29	1.29

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

2. Investments (continued)

Listed equities (continued)

No of shares at 31 December 2006	Name of company	Cost R	Current price R	Market value R	% of equities	% of fund
	Consumer Services					
16 500	Pick 'n Pay Stores Ltd	509 616	33.10	546 150	0.42	0.42
28 834	Edgars Consolidated Stores Ltd	1 072 166	39.01	1 124 814	0.87	0.87
16 352	Naspers Ltd	2 147 911	166.00	2 714 432	2.10	2.09
	Total Consumer Services	3 729 693		4 385 396	3.39	3.38
	Telecommuni- cations					
18 503	Telkom SA Ltd	2 615 604	141.49	2 617 989	2.03	2.02
125 825	MTN Group Ltd	7 853 498	85.30	10 732 873	8.31	8.27
	Total Telecommuni- cations	10 469 102		13 350 862	10.34	10.29

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

2. Investments (continued)

Listed equities (continued)

No of shares at 31 December 2006	Name of company	Cost R	Current price R	Market value R	% of equities	% of fund
	Financial Services					
22 642	ABSA Group Ltd	2 625 768	125.10	2 832 514	2.19	2.18
285 903	FirstRand Ltd	5 561 300	22.20	6 347 047	4.91	4.89
15 280	Nedcor Ltd	1 902 274	133.50	2 039 880	1.58	1.57
60 496	RMB Holdings Ltd	1 740 264	33.40	2 020 566	1.56	1.56
91 839	Standard Bank Group Ltd	7 789 577	94.50	8 678 786	6.72	6.69
9 391	Liberty Group Ltd	736 394	83.01	779 547	0.60	0.60
148 836	Old Mutual Ltd	3 323 515	23.90	3 557 180	2.75	2.74
158 809	Sanlam Ltd	2 624 317	18.30	2 906 205	2.25	2.24
9 854	Liberty International plc	1 504 754	190.33	1 875 512	1.45	1.45
33 843	African Bank Investments Ltd	1 035 245	28.60	967 910	0.75	0.75
30 477	Remgro Ltd	4 208 403	178.01	5 425 211	4.20	4.18
15 313	Investec Ltd	1 059 727	87.74	1 343 563	1.04	1.04
7 684	Investec plc	534 611	89.63	688 716	0.53	0.53
	Total Financial Services	34 646 149		39 462 637	30.53	30.42
	Total equities	111 558 998		129 209 808	100.00	99.63
	Cash resources	480 000		480 000		0.37
	Total assets excluding accounts receivable	112 038 998		129 689 808		100.00

Refer to note 11 for details of those securities subject to scrip lending arrangements.

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

	For the ten months ended 2006 R
3. Trade and receivables	
Value added taxation	41 514
Dividends receivable	73 392
Interest receivable	2 704
Scrip lending fee receivable	5 632
	<u>123 242</u>
4. Net assets attributable to investors	
Opening balance	-
Current period movement	129 253 229
In specie creations and liquidations	111 804 576
Revaluation	17 448 653
Total units in issue	26 718 130
Net asset value per Satrix SWIX Top 40	4.83766
Liability for distribution – 2006	26 077
	<u>129 279 306</u>
5. Trade and other payables	
Expense accruals	69 769
Investors for distribution	454 208
Value added taxation	9 767
	<u>533 744</u>
6. Net income before tax	
Included in net income before tax are the following significant amounts –	
Fair value adjustment on assets	(17 368 051)
Fair value adjustment on liabilities	17 448 653
Net fair value liability	<u>80 602</u>

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

7. Distributions

The index securities effect quarterly distributions. All distributions are made out of income of the Satrix SWIX Top 40 Trust. The record dates are 30 June, 29 September and 29 December.

During the period under review the following distributions were effected per Satrix SWIX Index Security –

	For the ten months ended 2006 R
0.93 cents per security declared 23 June 2006 and paid 25 July 2006	155 479
3.32 cents per security declared 21 September 2006 and paid 25 October 2006	555 042
1.70 cents per security declared 20 December 2006 and paid 26 January 2007	454 208
	1 164 729

8. Creation and liquidation of Satrix SWIX Index Securities

26 718 130 Satrix SWIX Top 40 Index Securities were created during the period at a value of R111 804 576.

9. Management and administrative expenses

Management and administrative expenses comprise –

Management fee

Direct Trust expenses

Trustee and custodian fee
Asset management fee
Audit fees
Listing fees
Licence fees

	–
	253 877
	111 739
	72 512
	49 680
	9 442
	10 504
	253 877

The Manager is entitled to a service fee per accounting period equivalent to 50 (fifty) basis points of the market value of the total assets of the portfolio. The Manager has decided to waive a portion of these service fees in order to achieve efficient tracking of the FTSE/JSE SWIX Top 40 Index.

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

	For the ten months ended 2006 R
10. Taxation	
Current taxation	-

Any residual taxable income in the Trust is taxable in the hands of the vested income beneficiaries. Therefore, there is no income tax due by the Trust.

11. Scrip lending

The Trustee of the Satrix SWIX Top 40 Trust is permitted to engage in securities lending in respect of the securities held by the Satrix SWIX Top 40 Trust as envisaged in the offering circular. The Collective Investment Scheme Act 2002 also permits scrip lending in the trust, subject to the following limitations:

- Not more than 70% of the market value of all the securities in the portfolio can be lent.
- The securities that can be lent to one borrower are limited to 30% of the value of all securities in the portfolio.
- The collateral security for the securities loaned must have an aggregate value that exceeds the market value of the securities loaned by not less than 5%.

If a borrower fails to perform its obligations, the Satrix SWIX Top 40 Trust may be unable to recover the loaned securities.

At balance sheet date significant concentrations of credit risk existed as significant securities lending had been engaged with ABSA Bank Limited, Standard Bank Limited, Sanlam Investment Managers Limited and Rand Merchant Bank Limited. The market value of scrip lending exposure as at 31 December 2006 is as follows –

	For the ten months ended 2006 R
ABSA Bank Limited	1 125 442
Standard Bank Limited	197 035
Sanlam Investment Management (Pty) Limited	25 731 879
Rand Merchant Bank Limited	2 370 981
	<hr/> 29 425 337

The collateral security for the securities lending in the form of cash, bonds, equities and money market instruments as at 31 December 2006 is as follows:

ABSA Bank Limited	2 626 365
Standard Bank Limited	214 078
Sanlam Investment Management (Pty) Limited	28 467 434
Rand Merchant Bank Limited	2 559 550
	<hr/> 33 867 427

Satrix SWIX Top 40 Trust

Notes to the financial statements

for the ten months ended 31 December 2006 (continued)

	For the ten months ended 2006 R		
12. Cash generated by operations			
Change in net assets attributable to investors	26 077		
Less: Interest income	(25 654)		
Fair value gain on financial instruments	(17 368 051)		
Add: Fair value losses financial instruments	17 448 653		
Adjusted for changes in working capital:			
Increase in trade and other receivables	(123 242)		
Increase in accounts and other payables	79 536		
Increase in investors for distribution	454 208		
	491 527		
13. Quarterly review of Satrix SWIX Index Security Prices (cents per unit)			
<i>Quarter ended</i>	High	Low	Close
30 June 2006	415	351	410
30 September 2006	450	409	429
31 December 2006	489	450	485
14. Related parties			
Related parties include JSE Limited, Satrix Managers (Pty) Ltd, Satrix FINI Trust, Satrix INDI Trust, Satrix 40 Trust and Satrix RESI Trust.			
The following related party transactions occurred during the period:			
Sanlam Investment Managers (Proprietary) Limited			
X-Markets Investment Holdings (Proprietary) Limited			
Satrix Managers (Pty) Ltd	– See note 9		
15. Standards issued but not yet effective			
IFRS 7 <i>Financial Instruments: Disclosures</i> , effective date 1 January 2007			
Amendment to IAS 1 <i>Capital Disclosures</i> , effective date 1 January 2007			