



**AFRICA ETF ISSUER (RF) LIMITED**  
**(Registration number: 2013/022008/06)**

**SUMMARISED ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 28 February 2017**

**AFRICA ETF ISSUER (RF) LIMITED**

Registration number: 2013/022008/06

Share code: ETFGLD  
ISIN: ZAE000182523

Share code: ETFPLT  
ISIN: ZAE000182556

Share code: ETFPLD  
ISIN: ZAE000182531

Share code: ETFRHO  
ISIN: ZAE000210787

Preparer/Compiler

The summarised annual financial statements were independently compiled by:  
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Candice Snyders

Supervised

Africa ETF Issuer (RF) Limited is managed by The Standard Bank of South Africa Limited ("Standard Bank"). All references to manager and management relate to The Standard Bank of South Africa Limited. These summarised annual financial statements are under the direction and supervision of Standard Bank.

**AFRICA ETF ISSUER (RF) LIMITED**  
 Registration number: 2013/022008/06

**SUMMARISED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**STATEMENT OF FINANCIAL POSITION**  
 At 28 February 2017

	Notes	2017 R	2016 R
<b>Assets</b>			
Cash and cash equivalents		40,613,719	24,995,786
Trade and other receivables		260,345	535,441
Bullion Investments	4	6,777,704,780	6,209,544,136
Current tax receivable		505,044	376,174
Deferred tax	3	192,312	165,907
		<u>6,819,276,200</u>	<u>6,235,617,444</u>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		120	120
Retained income		40,391,241	24,851,443
		<u>40,391,361</u>	<u>24,851,563</u>
<b>Total Equity</b>			
<b>Liabilities</b>			
Trade and other payables		4,414,110	4,385,246
Debentures	5	6,774,470,729	6,206,380,635
		<u>6,778,884,839</u>	<u>6,210,765,881</u>
<b>Total Liabilities</b>			
		<u>6,819,276,200</u>	<u>6,235,617,444</u>
<b>Total Equity and Liabilities</b>			

**AFRICA ETF ISSUER (RF) LIMITED**

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**SUMMARISED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017****STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 28 February 2017

	Notes	2017 R	2016 R
Management fee income		25,705,711	26,927,762
Other income		2,101,490	285,000
Operating expenses		(7,582,710)	(7,195,090)
Fair value adjustment on Bullion Investments	4	967,700,474	(669,854,126)
Fair value adjustment on Debentures	5	<u>(968,479,735)</u>	<u>669,869,469</u>
<b>Operating profit</b>		<b>19,445,230</b>	<b>20,033,015</b>
Finance income		2,164,506	973,178
Finance cost		<u>(8,644)</u>	<u>(2,715)</u>
<b>Profit before taxation</b>		<b>21,601,092</b>	<b>21,003,478</b>
Taxation	6	<u>(6,061,294)</u>	<u>(5,890,246)</u>
<b>Profit for the year</b>		<b>15,539,798</b>	<b>15,113,232</b>
<b>Profit for the year attributable to:</b>			
Owners of the company		15,539,798	15,113,232
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b>15,539,798</b>	<b>15,113,232</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<u>15,539,798</u>	<u>15,113,232</u>

**AFRICA ETF ISSUER (RF) LIMITED**  
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**SUMMARISED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 28 February 2017

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	Share capital R	Retained income R	Total equity R
<b>Balances as at 28 February 2015</b>	<b>120</b>	<b>9,738,211</b>	<b>9,738,331</b>
Changes in equity	-	-	-
Total comprehensive income for the year	-	15,113,232	15,113,232
Total changes	-	15,113,232	15,113,232
<b>Balances as at 29 February 2016</b>	<b>120</b>	<b>24,851,443</b>	<b>24,851,563</b>
Changes in equity	-	-	-
Total comprehensive income for the year	-	15,539,798	15,539,798
Total changes	-	15,539,798	15,539,798
<b>Balances as at 28 February 2017</b>	<b>120</b>	<b>40,391,241</b>	<b>40,391,361</b>

**AFRICA ETF ISSUER (RF) LIMITED**

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**SUMMARISED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017****STATEMENT OF CASH FLOWS**

For the year ended 28 February 2017

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	Notes	2017 R	2016 R
<b>Cash flows from operating activities</b>			
Cash generated from operations		19,678,640	21,840,385
Tax paid		(6,216,569)	(6,351,616)
Finance income		2,164,506	973,178
Finance expense		(8,644)	(2,715)
<b>Net cash from operating activities</b>		<b>15,617,933</b>	<b>16,459,232</b>
<b>Cash flows from investing activities</b>			
Sale of Bullion	4	2,052,910,580	2,682,118,871
Purchase of Bullion	4	(1,681,825,448)	(1,585,674,047)
<b>Net cash from investing activities</b>		<b>371,085,132</b>	<b>1,096,444,824</b>
<b>Cash flows from financing activities</b>			
Creation of debentures	5	1,681,825,448	1,585,674,046
Debentures redeemed	5	(2,052,910,580)	(2,682,118,871)
<b>Net cash from financing activities</b>		<b>(371,085,132)</b>	<b>(1,096,444,825)</b>
<b>Net movement in cash and cash equivalents</b>		<b>15,617,933</b>	<b>16,459,231</b>
Cash and cash equivalents at the beginning of the year		24,995,786	8,536,555
<b>Cash and cash equivalents at the end of the year</b>		<b>40,613,719</b>	<b>24,995,786</b>

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**AFRICA ETF ISSUER (RF) LIMITED**

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2017

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**1. Presentation of the annual financial statements**

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Statement of compliance**

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 71 of 2008 and the JSE Listings Requirements.

**1.2 Basis of accounting and measurement**

The annual financial statements have been prepared in accordance with going concern principles using the historical cost basis, unless otherwise stated in the detailed accounting policies below.

**1.3 Functional and presentation currency**

The annual financial statements are presented in South African Rand, which is the Company's functional currency. All financial information is presented to the nearest Rand.

**1.4 Use of estimates, assumptions and judgements**

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial year.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

- Estimated fair value of Bullion Investments
- Assessment to determine the Company's functional currency

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2017

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**1.5 Financial instruments**

Financial instruments are initially measured at fair value and are subsequently measured on the basis as set out below. Transaction costs of instruments carried at fair value through profit or loss are recognised immediately through the profit and loss component of the statement of comprehensive income. For other categories of financial instruments, transaction costs (incremental costs directly attributable to the acquisition, issue or disposal of a financial instrument) and transaction income (i.e. initiation fees) are capitalised to the initial carrying amount.

Financial instruments are recognised on the date when the Company enters into contractual arrangements with counterparties to purchase or sell the financial instruments.

**Financial instruments designated at fair value through profit or loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in the profit or loss section in the statement of comprehensive income.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other receivables are short term in nature and are not discounted.



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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2017

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**1.5.1 Financial liabilities**

After initial recognition the debentures are held at fair value and this fair value is referenced to the price of Gold, Platinum, Palladium and Rhodium bullion respectively.

All redeemable securities provided by the portfolios provide investors with the right to request redemption for cash or in specie at the value proportionate to each investor's share. The securities are redeemable at any time at the option of the security holder and are therefore classified as financial liabilities. The carrying value of the liability at fair value and the amount which the Company is contractually required to pay the holder on redemption approximate each other.

**Classification of financial liabilities at fair value through profit or loss**

The Company classifies the debenture liability at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current liabilities if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current liabilities. The Company has elected to designate any financial liabilities at fair value through profit or loss.

**Amounts recognised in profit or loss**

Changes in fair values of financial liabilities at fair value through profit or loss are recorded in Fair value adjustment on Debentures in profit or loss.

**1.5.2 Fair value**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include, using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 18.

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2017

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**1.5.3 Offsetting**

Financial instruments are offset and the net amount reported in the statement of financial position when the entity holds a current legally enforceable right to off-set the recognised amounts and has an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**1.6 Share capital****Ordinary share capital**

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

**1.7 Revenue**

Revenue is recognised at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following criteria are applicable to the following significant revenue categories:

**Management fee income**

The management fee income consists of a fee accrued daily on all the company's holdings of the relevant commodity which that ETF references, calculated at the applicable rate set by the company, which is 0.30% per annum (excluding VAT) for the Gold ETF, 0.25% per annum (excluding VAT) for the Platinum ETF, 0.35% per annum (excluding VAT) for the Palladium ETF and 0.75% per annum (excluding VAT) for the Rhodium ETF.

**1.8 Finance income**

Finance income comprises of interest income on funds invested. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

**1.9 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash comprises of cash on hand and demand deposits. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**  
For the year ended 28 February 2017

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**1.10 Tax**

**Current tax**

The current tax liability or asset is the expected tax payable or recoverable, using tax rates and tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. The taxation charge in the annual financial statements for amounts due to fiscal authorities in the various territories in which the Company operates, includes estimates based on a judgement of the application of law and practice in certain cases to determine the quantification of any liability arising. In arriving at such estimates, management assesses the relative merits and risks of the tax treatment for similar classes of transactions, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice.

**Deferred tax**

Deferred income tax is provided, using the balance sheet method, on temporary differences arising between the tax bases and carrying amounts of property and equipment, certain financial instruments including derivative contracts, provisions for pensions and other post-retirements benefits and tax losses carried forward. In relation to acquisitions, deferred tax is raised on the difference between the fair values of net assets acquired and their tax bases in the annual financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The rates enacted or substantially enacted at the reporting date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The tax effects of income tax losses available against for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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Registration number: 2013/022008/06

**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**For the year ended 28 February 2017

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**1.10 Tax (Continued)****Value added tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the asset or expense; and
- receivables and payables that are stated with the amount of VAT included.

**1.11 Gold, Platinum, Palladium and Rhodium Bullion**

Gold, Platinum, Palladium and Rhodium Bullion are commodities that the Company buys and/or sells for others or on their own account in order to generate a return of the respective Debenture and/or to realise fees. The Company enables investors to track the performance of commodities through investing in the respective debentures linked to Gold, Platinum, Palladium and Rhodium. There is an active market for the respective commodities with trading prices publically available. The most appropriate policy is to hold Bullion as an investment held at fair value through profit and loss.

Bullion is initially measured at fair value and is subsequently measured on the basis as set out below. Transaction costs of Bullion carried at fair value through profit or loss are recognised immediately through the profit and loss component of the statement of comprehensive income.

Bullion is recognised on the date when the Company enters into contractual arrangements with counterparties to purchase Bullion.

It is subsequently measured at fair value and recorded on the statement of financial position. Changes in fair value are recorded in the profit and loss section in the statement of comprehensive income.

The fair value of Bullion is affected by the market and is determined with reference to the exchange quoted selling price of gold/ platinum/ palladium/ rhodium per ounce known as Gold PM fix, Platinum PM fix, Palladium PM fix and Rhodium PM fix.

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**  
For the year ended 28 February 2017

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**2. New Standards and Interpretations**

**2.1 Standards and interpretations effective and adopted in the current year**

The application of the Company's accounting policies are consistent with those adopted in the prior year. There were no standards and amendments which became effective in the current year which are applicable to the Company.

**2.2 Standards and interpretations not yet effective**

A number of new standards, amendments to standards and interpretations issued are not yet effective for the current reporting period and have not been applied in preparing these annual financial statements. Only those standards, amendments and interpretations which were assessed to be applicable to the Company are disclosed below:

**IFRS 9 Financial Instruments**

During July 2014 the IASB issued IFRS 9 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

This amendment completes the IASB's financial instruments project and the standard is effective for reporting periods on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). The amount is not expected to have a material impact on the Company's annual financial statements.

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Registration number: 2013/022008/06

**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**For the year ended 28 February 2017

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**2. New Standards and Interpretations (continued)****2.2 Standards and interpretations not yet effective****IFRS 15 Revenue from Contracts with Customers**

The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer regardless of the type of revenue transaction or industry. The standard's requirements will also apply to the recognition of some gains and losses of some non-financial assets that are not an output of the entity's ordinary activities.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications). The standard also improves guidance for multiple-element arrangements. Extensive disclosures will be required including the disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard is effective for annual periods beginning on or after 1 January 2018. The amount is not expected to have a material impact on the Company's annual financial statements.

**IAS 7 Statement of Cash Flows**

Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The standard is effective for annual periods beginning on or after 1 January 2017. The amount is not expected to have a material impact on the Company's annual financial statements.

**IAS 12 Income Taxes**

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The standard is effective for annual periods beginning on or after 1 January 2017. The amount is not expected to have a material impact on the Company's annual financial statements.

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For the year ended 28 February 2017

	2017 R	2016 R
<b>3. Deferred tax</b>		
<b>Deferred tax asset</b>		
Deferred tax asset	192,312	165,907
<b>Reconciliation of movement in deferred tax asset</b>		
Opening balance	165,907	168,686
Fair value movements on Bullion Investments	(270,956,133)	187,559,155
Fair value movements on Debentures	271,174,326	(187,563,451)
Accruals	(194,185)	72,023
Prepayments	2,397	(70,506)
	<b>192,312</b>	<b>165,907</b>
<b>Tax effects of temporary differences between tax and book value for:</b>		
Fair value on Bullion Investments	(207,970,865)	62,985,268
Fair value on Debentures	208,198,934	(62,975,392)
Accruals	32,352	226,537
Prepayments	(68,109)	(70,506)
	<b>192,312</b>	<b>165,907</b>
<b>4. Bullion Investments</b>		
<b>Gold</b>		
Fair value at the beginning of the year	38,985,266	27,839,868
Gold purchases during the year	94,711,390	-
Proceeds on gold sales during the year	(169,121)	(79,804)
Fair value adjustment for the year	(12,706,084)	11,225,202
	<b>120,821,451</b>	<b>38,985,266</b>

As at 28 February 2017, 7,428.99 (2016: 1,987.01) ounces of gold bullion to the value of approximately R120,772,649 (2016: R38,944,395) has been pledged in favour of AfricaGold Security Trust as security for the guarantee provided by AfricaGold Security Trust against Africa ETF Issuer's obligations under the AfricaGold debentures. The balance of the gold bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

For the year ended 28 February 2017

	2017 R	2016 R
<b>4. Bullion Investments (continued)</b>		
<b>Platinum</b>		
Fair value at the beginning of the year	1,710,375,670	1,501,132,057
Platinum purchases during the year	395,308,053	935,310,427
Platinum redemptions during the year	(136,074,903)	(894,231,496)
Proceeds on platinum sales during the year	(5,863,596)	(6,989,308)
Fair value adjustment for the year	(182,181,970)	175,153,990
	<u>1,781,563,254</u>	<u>1,710,375,670</u>

As at 28 February 2017, 133,664.79 (2016: 117,233,87) ounces of platinum bullion to the value of approximately R1,780,832,407 (2016: R1,709,800,836) has been pledged in favour of AfricaPlatinum Security Trust as security for the guarantee provided by AfricaPlatinum Security Trust against the Africa ETF Issuer's obligations under the AfricaPlatinum Debentures. The balance of the platinum bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

**Palladium**

Fair value at the beginning of the year	4,452,249,398	6,567,000,350
Palladium purchases during the year	637,864,018	642,530,280
Palladium redemptions during the year	(1,848,821,294)	(1,787,887,375)
Proceeds on palladium sales during the year	(19,484,037)	(25,466,526)
Fair value adjustment for the year	1,090,803,572	(943,927,331)
	<u>4,312,611,657</u>	<u>4,452,249,398</u>

As at 28 February 2017, 423,987.49 (2016: 567,581.30) ounces of palladium bullion to the value of approximately R4,310,954,890 (2016: R4,449,712,542) has been pledged in favour of AfricaPalladium Security Trust as security for the guarantee provided by AfricaPalladium Security Trust against Africa ETF Issuer's obligations under the AfricaPalladium Debentures. The balance of the palladium bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

**Rhodium**

Fair value at the beginning of the year	7,933,802	-
Rhodium purchases during the year	553,941,987	7,833,340
Rhodium redemptions during the year	(68,014,383)	-
Proceeds on Rhodium sales during the year	(2,937,944)	-
Fair value adjustment for the year	71,784,956	100,462
	<u>562,708,418</u>	<u>7,933,802</u>

As at 28 February 2017, 46,655.68 (2016: 748.45) ounces of rhodium bullion to the value of approximately R561,962,440 (2016: 7,922,862) has been pledged in favour of AfricaRhodium Security Trust as security for the guarantee provided by AfricaRhodium Security Trust against Africa ETF Issuer's obligations under the AfricaRhodium Debentures. The balance of the rhodium bullion holdings which have not been pledged are for Africa ETF Issuer's own account. Refer to note 22 for details on the Security Trust.

**Total Bullion Investments**

Fair value at the beginning of the year	6,209,544,136	8,095,972,275
Total bullion purchases during the year	1,681,825,448	1,585,674,047
Total bullion redemptions during the year	(2,052,910,580)	(2,682,118,871)
Proceeds on Total bullion sales during the year	(28,454,698)	(32,535,638)
Fair value adjustment for the year	967,700,474	(757,447,677)
	<u>6,777,704,780</u>	<u>6,209,544,136</u>



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**5. Debentures**

The unsecured debenture values are linked to the respective gold, platinum, palladium and rhodium prices and are listed on the Exchange Traded Index Funds sector of the Johannesburg Stock Exchange. The date of initial issue of the debentures was 4 December 2015 for Rhodium, 24 March 2014 for Palladium and 7 April 2014 for Platinum and Gold.

The Debentures do not bear interest and rank pari passu among each other. The debenture holders have not acquired any ownership, right or beneficial interest in or to any Gold, Platinum, Palladium or Rhodium Bullion held by the Company. The holder can redeem a debenture as long as the conditions for redemption as set out in the prospectus have been met. Based on certain contingent events the Company has the option to settle the debentures; these events are not expected to occur in the normal course of business. The debenture holder has the option to put the debenture back to the Company. Details of the redemption process are set out in the prospectus.

**Fair value movements on debentures**

The carrying value of the liability at fair value and the amount which the Company is contractually required to pay the holder on redemption, approximate each other.

Fair value adjustment increasing debenture liability in the current year equals R968,479,735 (fair value reduction in 2016: R669,869,469).

The changes in fair value of the liability attributable to changes in credit risk is Rnil (2016: Rnil). The constant credit spread approach was applied from the date the liabilities were originated. No changes in the credit risk of the liabilities and the applicable credit spreads were observed after origin.

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**5. Debentures (continued)**

	2017 Number of debentures	2017 R	2016 Number of debentures	2016 R
<b>Reconciliation - Gold</b>				
Fair value at the beginning of the year	200,000	38,944,395	200,000	27,822,736
Creation of debentures	550,000	94,711,390	-	-
Gold fee accrual (incl VAT)	-	(206,806)	-	(105,276)
Fair value adjustment	-	(12,727,969)	-	11,226,935
Gold debentures	<u>750,000</u>	<u>120,721,010</u>	<u>200,000</u>	<u>38,944,395</u>
<b>Reconciliation - Platinum</b>				
Fair value at the beginning of the year	11,800,000	1,709,800,836	11,100,000	1,500,234,532
Creation of debentures	2,700,000	395,308,053	7,300,000	935,310,427
Redemptions of debentures	(1,000,000)	(136,074,903)	(6,600,000)	(894,231,496)
Platinum fee accrual (incl VAT)	-	(6,264,092)	-	(6,426,918)
Fair value adjustment	-	(181,937,490)	-	174,914,292
Platinum debentures	<u>13,500,000</u>	<u>1,780,832,404</u>	<u>11,800,000</u>	<u>1,709,800,836</u>
<b>Reconciliation - Palladium</b>				
Fair value at the beginning of the year	57,200,000	4,449,712,542	70,800,000	6,562,622,492
Creation of debentures	7,400,000	637,864,018	7,300,000	642,530,280
Redemptions of debentures	(21,700,000)	(1,848,821,294)	(20,900,000)	(1,787,887,375)
Palladium fee accrual (incl VAT)	-	(19,308,066)	-	(24,154,761)
Fair value adjustment	-	1,091,507,676	-	(943,398,094)
Palladium debentures	<u>42,900,000</u>	<u>4,310,954,876</u>	<u>57,200,000</u>	<u>4,449,712,542</u>
<b>Reconciliation - Rhodium</b>				
Fair value at the beginning of the year	75,000	7,922,862	-	-
Creation of debentures	5,290,555	553,941,987	75,000	7,833,340
Redemptions of debentures	(650,000)	(68,014,383)	-	-
Rhodium fee accrual (incl VAT)	-	(3,525,545)	-	(10,695)
Fair value adjustment	-	71,637,518	-	100,217
Rhodium debentures	<u>4,715,555</u>	<u>561,962,439</u>	<u>75,000</u>	<u>7,922,862</u>
<b>Reconciliation - Total debentures</b>				
Fair value at the beginning of the year		6,206,380,635		8,090,679,760
Creation of debentures		1,681,825,448		1,585,674,047
Redemptions of debentures		(2,052,910,580)		(2,682,118,871)
Total fee accrual (incl VAT)		(29,304,509)		(30,697,650)
Fair value adjustment		968,479,735		(757,156,651)
Total debentures		<u>6,774,470,729</u>		<u>6,206,380,635</u>

For the gold, platinum and palladium debentures, the fair value is derived from multiplying the number of ounces with the AM fix (price of an ounce of gold/ platinum and palladium), and also with the ZAR/USD exchange rate taken around the same time on 28 February 2017. For the rhodium debentures, the fair value is derived from a price received from an independent data provider and the same ZAR/USD as per the gold, platinum and palladium ETFs. This is different from the Fund's published NAVs in order to account for currency and price movements on 28 February 2017.

**AFRICA ETF ISSUER (RF) LIMITED**

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

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**5. Debentures (continued)**

<b>Quarterly review of the gold prices per ounce</b>	<b>US\$</b>	<b>R/\$</b>	<b>R</b>
31 May 2016	1,211	15.8221	19,153
31 August 2016	1,314	14.4293	18,967
30 November 2016	1,187	14.0157	16,642
28 February 2017	1,252	12.9858	16,257
<b>Quarterly review of the gold debenture values per debenture</b>			<b>R</b>
31 May 2016			190.18
31 August 2016			188.17
30 November 2016			164.98
28 February 2017			161.04
<b>Quarterly review of the platinum prices per ounce</b>			<b>R</b>
31 May 2016	993	15.8579	15,747
31 August 2016	1,076	14.4322	15,529
30 November 2016	923	13.9902	12,913
28 February 2017	1,026	12.9855	13,323
<b>Quarterly review of the platinum debenture values per debenture</b>			<b>R</b>
31 May 2016			156.33
31 August 2016			154.03
30 November 2016			131.92
28 February 2017			131.92
<b>Quarterly review of the palladium prices per ounce</b>			<b>R</b>
31 May 2016	543	15.8579	8,611
31 August 2016	692	14.4322	9,987
30 November 2016	753	13.9902	10,535
28 February 2017	783	12.9855	10,168
<b>Quarterly review of the palladium debenture values per debenture</b>			<b>R</b>
31 May 2016			85.37
31 August 2016			98.92
30 November 2016			104.24
28 February 2017			100.51
<b>Quarterly review of the rhodium prices per ounce</b>			<b>R</b>
31 May 2016	670	15.8140	10,595
31 August 2016	675	14.4937	9,783
30 November 2016	740	13.9604	10,331
28 February 2017	925	13.0215	12,045

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For the year ended 28 February 2017

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**5. Debentures (continued)**

**Quarterly review of the rhodium debenture values per debenture**

	<b>R</b>
31 May 2016	105.51
31 August 2016	97.20
30 November 2016	102.40
28 February 2017	119.17

Africa ETF Issuer (RF) Limited debentures are primary listed on the Johannesburg Stock Exchange and secondary listed on the following exchange. The details are given below:

<b>Precious Metals debentures</b>	<b>Number of listed</b>	<b>Stock Exchange</b>
Palladium	42,900,000	Namibian Stock Exchange

Debentures are level 2 in nature, even though there is a quoted market price. The requirement for frequently traded instrument is not met, due to the nature of the Debenture i.e. the value of the debenture changes more frequently than the actual trading on the Debenture, as a result of the changes in metal price.

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	2017 R	2016 R
<b>6. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>South African normal tax</b>		
Current year	6,087,699	5,887,467
Current taxation	<u>6,087,699</u>	<u>5,887,467</u>
<b>Deferred tax</b>		
Current year	(26,405)	2,779
Deferred taxation	<u>(26,405)</u>	<u>2,779</u>
<b>Total taxation</b>	<u><b>6,061,294</b></u>	<u><b>5,890,246</b></u>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense		
Operating profit before tax	21,601,092	21,003,478
Tax at the applicable tax rate of 28%	6,048,306	5,880,974
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
SARS Interest and penalties	12,988	9,272
	<u>6,061,294</u>	<u>5,890,246</u>

**7. Fair value of financial instruments**

Financial instruments at amortised cost carried on the statement of financial position include cash and cash equivalents, trade and other receivables, and trade and other payables. As at 28 February 2017, for all these instruments, the carrying amounts approximate the fair values of the respective assets and liabilities because the instruments are short term in nature, therefore no further hierarchy disclosure were made for these instruments.

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**8. Fair value hierarchy**

The table below shows the Company's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is set out in the table below:

**Recurring fair value measurements**

	<b>Valuations with reference to observable prices</b>	<b>Valuations based on observable inputs</b>	<b>Valuations based on un- observable inputs Level 3</b>	<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	R	R	R	R
<b>2017</b>				
<b>Assets</b>				
Bullion Investment	6,777,704,780	-	-	6,777,704,780
<b>Total assets</b>	<b>6,777,704,780</b>	<b>-</b>	<b>-</b>	<b>6,777,704,780</b>
<b>Liabilities</b>				
Debentures	-	6,774,470,729	-	6,774,470,729
<b>Total liabilities</b>	<b>-</b>	<b>6,774,470,729</b>	<b>-</b>	<b>6,774,470,729</b>
	<b>Valuations with reference to observable prices</b>	<b>Valuations based on observable inputs</b>	<b>Valuations based on un- observable inputs Level 3</b>	<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	R	R	R	R
<b>2016</b>				
<b>Assets</b>				
Bullion Investment	6,209,544,136	-	-	6,209,544,136
<b>Total assets</b>	<b>6,209,544,136</b>	<b>-</b>	<b>-</b>	<b>6,209,544,136</b>
<b>Liabilities</b>				
Debentures	-	6,206,380,635	-	6,206,380,635
<b>Total liabilities</b>	<b>-</b>	<b>6,206,380,635</b>	<b>-</b>	<b>6,206,380,635</b>

Note that a level 1 fair value was not used for debentures as we applied a bid-ask adjustment to the level 1 fair value.

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**8. Fair value hierarchy (continued)****Level 1**

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

**Level 2**

Financial instruments valued using inputs other than quoted prices as described above for Level 1 including:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

The valuation technique applied in order to value the Level 2 financial instrument is with reference to the value of the underlying bullion investments after deducting the current sales. The bullion investments and the sales values are calculated with reference to the Rand value of the underlying precious metal.

**Level 3**

Financial instruments valued using inputs that are not based on observable market data (unobservable data) such as an entity's own assumptions about assumptions of market participants in pricing the asset or liability.

**9. Related parties****Key management personnel:**

- Maitland Group South Africa Limited
- The Standard Bank of South Africa Limited

**Holding Company**

- Africa Funds Issuer Owner Trust

**Related party balances****The Standard Bank of South Africa Limited**

Cash and cash equivalents

40,613,599

24,995,666

**Maitland Group South Africa Limited**

Fees payable

(653,926)

(242,396)

**2017**  
R**2016**  
R

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	2017 R	2016 R
<b>9. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Maitland Group South Africa Limited</b>		
Fees for fund administration	(1,796,411)	(1,906,731)
Fees for corporate services	(689,401)	(290,958)
<b>The Standard Bank of South Africa Limited</b>		
Interest paid	(8,644)	(2,715)
Interest Income	2,151,640	973,178

The Africa Funds Issuer Owner Trust owns 100% (2015: 100%) of the ordinary shares in the entity. The founder of the Africa Funds Issuer Owner Trust is The Standard Bank of South Africa Limited. The Trustees of Africa Funds Issuer Owner Trust are Maitland Group South Africa Limited.

**10. Unconsolidated structured entities**

The Africa ETF Issuer's obligations under the Debentures are not secured by any of the assets of the Africa ETF Issuer (including any Commodity held by the Africa ETF Issuer from time to time), but the payment obligations of the Africa ETF Issuer under the Debentures are secured by the relevant Security Trust binding itself under a Guarantee issued in favour of the Debenture Holders in respect of the relevant Class of Debentures as guarantor, guaranteeing the Africa ETF Issuer's obligations under the relevant Debentures.

The AfricaPlatinum Security Trust is a special purpose trust established in terms of the AfricaPlatinum Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaPlatinum Debenture Holders and the creditors in respect of the Platinum ETF. As at the date of this Prospectus, the trustee of the AfricaPlatinum Security Trust is Maitland Group South Africa Limited.

The AfricaPalladium Security Trust is a special purpose trust established in terms of the AfricaPalladium Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaPalladium Debenture Holders and the creditors in respect of the Palladium ETF. As at the date of this Prospectus, the trustee of the AfricaPalladium Security Trust is Maitland Group South Africa Limited.

The AfricaGold Security Trust is a special purpose trust established in terms of the AfricaGold Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaGold Debenture Holders and the creditors in respect of the Gold ETF. As at the date of this Prospectus, the trustee of the AfricaGold Security Trust is Maitland Group South Africa Limited.

The AfricaRhodium Security Trust is a special purpose trust established in terms of the AfricaRhodium Security Trust Deed for the purposes of issuing a Guarantee in favour of the AfricaRhodium Debenture Holders and the creditors in respect of the Rhodium ETF. As at the date of this Prospectus, the trustee of the AfricaRhodium Security Trust is Maitland Group South Africa Limited.

The AfricaPlatinum Security Trust has issued a Guarantee in favour of the AfricaPlatinum Debenture Holders and other creditors in respect of the Platinum ETF. The AfricaPalladium Security Trust has issued a Guarantee in favour of the AfricaPalladium Debenture Holders and other creditors in respect of the Palladium ETF. The AfricaGold Security Trust has issued a guarantee in favour of the AfricaGold Debenture Holders and other creditors in respect of the Gold ETF. The AfricaRhodium Security Trust has issued a guarantee in favour of the AfricaRhodium Debenture Holders and other creditors in respect of the Rhodium ETF.



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**10. Unconsolidated structured entities (continued)**

In terms of each Guarantee, the liability of the relevant Security Trust is limited to the amount recovered under the Indemnity granted in its favour and the Security granted in respect thereof in terms of the relevant Security Agreement. In relation to each Class of Debentures the interests of the creditors will be represented by the corresponding Security Trust. In terms of the applicable Debenture Conditions the relevant Security Trust is required to enforce the Security granted to it on behalf of the creditors and issue an Enforcement Notice to the Africa ETF Issuer if called upon to do so by an Extraordinary Resolution of the Debenture Holders under that Class of Debentures. Creditors will not be able to enforce the Security themselves nor to take any action against the Africa ETF Issuer in respect of the Security or otherwise, nor to enforce claims against the Africa ETF Issuer except through the relevant Security Trust unless the Guarantee structure is not enforceable or the relevant Security Trust is sequestrated or fails to act within a reasonable time of being called upon to do so.

If the Security Trust is sequestrated, creditors shall be entitled to take action themselves to enforce claims directly against the Africa ETF Issuer by delivering an Enforcement Notice in respect of a Debenture but, in such circumstances, the applicable Security held by the Security Trust will be bypassed and thus no longer be effective as a means of achieving distribution of the Africa ETF Issuer's assets which relate to that Debenture in accordance with the relevant Priority of Payments.

**11. Events after the reporting period**

No events, which are likely to have a material effect on the Company's results in the current year, have occurred between the year-end date and the date of this report.

The annual financial statements were approved by the directors on the date in the statement of directors' responsibility.

The annual financial statements cannot be amended after issue.

**AFRICA ETF ISSUER (RF) LIMITED**

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**12. Presentation of statement of financial position in order of liquidity**

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. The following table provides information on the amounts expected to be recovered before and after 12 months after the reporting period.

	<b>28 February 2017</b>		
	<b>Amounts expected to be recovered or settled</b>		
	<b>Within 12 months after the reporting period</b>	<b>After 12 months after the reporting period</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Assets</b>			
Cash and cash equivalents	40,613,719	-	40,613,719
Trade and other receivables	260,345	-	260,345
Bullion Investments <sup>1</sup>	6,777,704,780	-	6,777,704,780
Current tax receivable	505,044	-	505,044
Deferred tax	-	192,312	192,312
<b>Total Assets</b>	<b>6,819,083,888</b>	<b>192,312</b>	<b>6,819,276,200</b>
<b>Liabilities</b>			
Trade and other payables	4,414,110	-	4,414,110
Debentures	6,774,470,729	-	6,774,470,729
<b>Total Liabilities</b>	<b>6,778,884,839</b>	<b>-</b>	<b>6,778,884,839</b>
	<b>29 February 2016</b>		
	<b>Amounts expected to be recovered or settled</b>		
	<b>Within 12 months after the reporting period</b>	<b>After 12 months after the reporting period</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Assets</b>			
Cash and cash equivalents	24,995,786	-	24,995,786
Trade and other receivables	535,441	-	535,441
Bullion Investments <sup>1</sup>	6,209,544,136	-	6,209,544,136
Current tax receivable	376,174	-	376,174
Deferred tax	-	165,907	165,907
<b>Total Assets</b>	<b>6,235,451,537</b>	<b>165,907</b>	<b>6,235,617,444</b>
<b>Liabilities</b>			
Trade and other payables	4,385,246	-	4,385,246
Debentures	6,206,380,635	-	6,206,380,635
<b>Total Liabilities</b>	<b>6,210,765,881</b>	<b>-</b>	<b>6,210,765,881</b>

1. The bullion investments are liquid in nature. These are classified as current as they back the debentures, which are also current in nature.

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**NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

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**Audit report**

This summarised report is extracted from audited information, but is not itself audited. PricewaterhouseCoopers Inc, Africa ETF's independent auditor, has audited the annual financial statements of Africa ETF Issuer (RF) Limited from which the summarised results contained in this announcement have been derived, and has expressed an unmodified opinion on the annual financial statements. Their audit report is available for inspection at Africa ETF's registered office.

The complete set of financial statements are available on [www.standardbank.co.za](http://www.standardbank.co.za).

Copies of the full announcement may be requested by emailing [africaetf@standardbank.co.za](mailto:africaetf@standardbank.co.za).

**Directors' responsibility**

The summarised annual financial statements are extracted from audited information, but are not itself audited.

The directors take full responsibility for the preparation of the summarised annual financial statements and the financial information has been extracted correctly from the underlying audited financial statements.

31/05/2017

Sponsor

Standard Bank of South Africa Limited