

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

ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2018

AFRICA ETF ISSUER (RF) LIMITED

Registration number: 2013/022008/06

GENERAL INFORMATION

For the year ended 28 February 2018

Directors	Brian William Smith Johann Steyn Erasmus Brendan Harmse Wesley Alan Martens
Nature of business and principal activities	Structured Entity to conduct an exchange traded fund ("ETF")
Secretary	Maitland Group South Africa Limited
Registered office	18 Fricker Road Illovo Johannesburg 2196
Auditors	PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City Jukskei View 2090
Shareholder	Africa Funds Issuer Owner Trust Incorporated in South Africa
Company registration number	2013/022008/06
Country of incorporation and domicile	South Africa
Preparer/Compiler	The audited annual financial statements were independently compiled by Maitland Group South Africa Limited under the supervision of Pravesh Daya, CA (SA) (Global Markets Client Solutions Manager at Standard Bank).
Supervisor	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 audited annual financial statements are under the direction and supervision of Standard Bank.
Level of assurance	These audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

AFRICA ETF ISSUER (RF) LIMITED
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AFRICA ETF ISSUER (RF) LIMITED
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DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2018

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of Africa ETF Issuer (RF) Limited ("the Company") at the end of the financial year and the net income and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- all directors will endeavour to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach;
- the board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- the board and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure controls, systems and discipline are applied and managed within predetermined procedures and constraints; and
- the internal audit function is outsourced from Standard Bank management, who appraise, evaluate and, when necessary, recommend improvements to the systems of internal control and Accounting practices based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

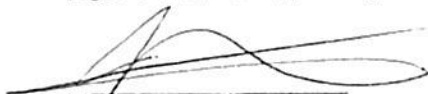
The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements are prepared in accordance with the provisions of the Companies Act, 71 of 2008 and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.


The directors have no reason to believe that the Company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These annual financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the Company is set out on pages 5 to 8 of this report.

Approval of the annual financial statements

The directors' report on pages 12 to 14 and the annual financial statements of the company, set out on pages 15 to 45, were approved by the board of directors on 11 May 2018 and are signed on its behalf by:


Johann Steyn Erasmus


Brian William Smith

AFRICA ETF ISSUER (RF) LIMITED
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AUDIT COMMITTEE REPORT
For the year ended 28 February 2018

Mr WA Martens is the chairman of the audit committee, while Mr BW Smith and Mr B Harmse are members of the Company's audit committee. Mr WA Martens, Mr BW Smith and Mr B Harmse are independent non-executive directors and have relevant qualifications and financial expertise.

The Company secretary also serves as the secretary of the committee.

Besides the statutory functions for audit and risk committees contained in the Companies Act, the key terms of reference of the audit committee comprise various categories of responsibility and include the following:

- the Company's relationship with external auditors;
- the presentation of financial statements and reports complying with all relevant corporate disclosure requirements and accounting standards;
- the review of any other announcement regarding the Company's results or other financial information, including dividends proposed for declaration;
- the identification of exposure to significant risks;
- the operation of adequate processes of internal control; and
- the monitoring of the Company's corporate governance practices in relation to statutory and other regulatory requirements and guidelines.

In addition, the committee considers any matters referred to it by the board. The Chairman of the committee reports to the board on the recommendations made by the committee.

The audit committee met on the under mentioned occasions, during the year under review and up to approval of the annual financial statements, for the primary purposes mentioned above:

- 23 May 2017, to consider the financial statements for the year ended 28 February 2017 which were approved by the board of directors on 23 May 2017 .
- 21 February 2018, to discuss the audit committee terms of reference and external audit plan.
- 11 May 2018, to consider the financial statements for the year ended 28 February 2018 which were recommended to and approved by the board of directors on 11 May 2018.

The audit committee confirms that it has executed its responsibilities in terms of paragraph 3.84(g)(iii) of the Listings Requirements in its assessment of the suitability of the auditor.

Execution of functions

The audit committee has executed its duties and responsibilities during the financial year in accordance with its mandate as it relates to the company's accounting, internal control and financial reporting practices.

During the year under review, the committee, among other matters, considered the following:

In respect of the external auditors and external audit:

- considered and recommended the reappointment of PricewaterhouseCoopers Inc. as external auditors for the financial year ended 28 February 2018, in accordance with all applicable legal requirements.
- approved the external auditor's terms of engagement, the audit plan and budgeted audit fees payable
- reviewed the audit process and evaluated the effectiveness of the audit
- assessed and obtained assurance from the external auditor that their independence was not impaired
- considered the nature and extent of all non-audit services provided by the external auditors and confirmed that none were provided
- confirmed that no reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act 26 of 2005.

AUDIT COMMITTEE REPORT (CONTINUED)
For the year ended 28 February 2018

In respect of internal audit:

- confirmed that the internal audit function was conducted by Standard Bank Internal Audit, following a risk based approach; and
- confirmed that the Company was risk assessed and prioritised in relation to Standard Bank business functions to determine the audit need and therefore frequency of review.

In respect of the financial statements:

- confirmed the going concern basis for the preparation of the annual financial statements
- examined and reviewed the annual financial statements prior to submission and approval by the board
- ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of operations and cash flows for the financial year then ended
- ensured that the annual financial statements conform with IFRS, the requirements of the JSE Debt Listings Requirements, the Companies Act and all other applicable accounting guides and pronouncements
- considered accounting treatments, significant unusual transactions and accounting judgements
- considered the appropriateness of the accounting policies adopted and changes thereto
- noted that there were no material reports or complaints received concerning accounting practices, internal financial controls, content of annual financial statements, internal controls and related matters
- reviewed any significant legal and tax matters that could have a material impact on the financial statements
- reviewed and discussed the independent auditor's report.

In accordance with revised International Standards on Auditing, independent auditor's reports for financial years ending on or after 15 December 2016 are required to incorporate the reporting of key audit matters. As part of the audit committee's responsibilities, notably its review of financial results, reports from external audit, finance and the company's accounting policies, as well as the annual financial statements, the audit committee took cognisance of the key audit matters as reported in the independent auditor's report. In addition, the audit committee reviewed management's judgements on significant accounting and external reporting issues and confirmed the external auditor's agreement with the treatment thereof.

In respect of financial accounting and reporting developments:

- reviewed management's process and progress with respect to new financial accounting and reporting developments.

In respect of internal control:

- the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the company.

In respect of legal, regulatory and compliance requirements:

- reviewed, with management, matters that could have a material impact on the company
- monitored compliance with the Companies Act, JSE Debt Listing Requirements, the King IV Code and other applicable legislation and governance codes and reviewed reports from the external auditor and compliance detailing the extent of this
- noted that no complaints were received concerning accounting matters, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.

In respect of risk management:

- ensured that risk-related matters of relevance to the audit committee were considered.

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AUDIT COMMITTEE REPORT (CONTINUED)
For the year ended 28 February 2016

Independence, skills and expertise of the external auditors

The audit committee is satisfied that PricewaterhouseCoopers Inc. is independent of the company and that PricewaterhouseCoopers Inc. and the partner who is responsible for signing the company's financial statements have the requisite skills and expertise. This conclusion was arrived at, *inter alia*, after taking into account the following factors:

- the representations made by PricewaterhouseCoopers Inc. to the committee, including confirmation of the firm and individual auditor's accreditation on the JSE List of Auditors
- the auditor does not, except as external auditor, receive any remuneration or other benefits from the company
- the auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor
- in accordance with regulatory requirements, the company's engagement partner was not required to rotate during the current year under review as Aisue Du Preez, from PricewaterhouseCoopers Inc., has been the audit partner on Africa ETF for the past two years.
- the criteria specified for independence by the Independent Regulatory Board for Auditors and International regulatory bodies were met

The committee noted the Independent Regulatory Board for Auditors' announcement of its Mandatory Audit Firm Rotation (MAFR) ruling on 2 June 2016 which determined that an audit firm may not be appointed auditor of a public interest entity for more than ten years. This will be assessed by the audit committee when the ruling becomes effective.

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ("the Code") as set out in The King IV Report on Corporate Governance.

In supporting the Code, the directors recognise the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

Notwithstanding the aforementioned, the directors of the Company are of the opinion that the Company has complied with the principles and recommendations of the Code, in all material respects, with regard to the period under review.

The audit committee report was approved by the audit committee on 11 May 2016 and signed on its behalf by:



Wesley Alan Martens

Independent auditor's report

To the Shareholder of Africa ETF Issuer (RF) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Africa ETF Issuer (RF) Limited (the Company) as at 28 February 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Africa ETF Issuer (RF) Limited's financial statements set out on page 15 to 45 comprise:

- the statement of financial position as at 28 February 2018;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview

Overall materiality

- R 58.4 million, which represents 1% of total assets.

Key audit matters

- Bullion investments of R5.8 billion (notes 1.11 and 5 to the financial statements)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	<i>R 58.4 million</i>
<i>How we determined it</i>	<i>1% of total assets</i>
<i>Rationale for the materiality benchmark applied</i>	<i>We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for asset-oriented companies in this sector.</i>

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Bullion investments of R5.8 billion (notes 1.11 and 5 to the financial statements)</i></p> <p>The company has R5.8 billion in bullion investments (Gold, Palladium, Platinum and Rhodium) at year-end which represents 99% of the total assets of the Company. The existence of the bullion investments is a matter of most significance in the audit of the current year as the attendance of the physical metal counts is impractical due to security protocols instituted at the custodians only granting access to these vaults in line with the London Bullion Market Association practices and policies. Therefore, alternative procedures are required to be performed to obtain sufficient appropriate audit evidence.</p> <p>In addition, the value of the bullion investments is a significant input to the value of the debentures. These debentures (note 8 to the financial statements) represent 99.9% of total liabilities of the Company. Management fee income in the Statement of Comprehensive Income (note 10) is also derived from the measurement of the bullion investments.</p>	<ul style="list-style-type: none"> • We compared the ounces of the bullion held at year-end recorded by the Company to the statement of metal account as at 28 February 2018 (a confirmation received directly from the custodians) and did not find exceptions. • We inspected the independent physical metal stock count reports performed by the expert appointed by the custodians (Gold, Palladium and Platinum on 16 March 2018, Rhodium on 15 March 2018). • We obtained confirmation, by inspecting the website of the management expert and obtaining written representation from management, that the appointed management expert who performed the independent counts was accredited and independent of the Company and the custodians. • We agreed the independent counts to the Company's accounting records and asset confirmations of the bullion investments and tested the roll-back movements to

28 February 2018 on a sample basis by testing individual buy and sell transactions to supporting information. We did not identify any material differences.

- We recalculated the value of the bullion investments by multiplying the ounces of bullion held (assessed as discussed above) to the price per bullion in dollars at year-end as published by The London Bullion Market at 28 February 2018 and recalculated the Rand amount with reference to the published 28 February 2018 Bloomberg USD - ZAR exchange rate. No material differences were identified in this recalculation.
-

Other information

The directors are responsible for the other information. The other information comprises the information included in the *Africa ETF Issuer (RF) Limited Annual Financial Statements for the year ended 28 February 2018*, which includes the Report of the directors, the Audit committee report and the Company secretary's certification as required by the Companies Act of South Africa. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Africa ETF Issuer (RF) Limited for 5 years.



PricewaterhouseCoopers Inc.

Director: Alsue du Preez

Registered Auditor

Johannesburg

11 May 2018

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

CORPORATE GOVERNANCE STATEMENT
For the year ended 28 February 2018

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ("the Code") as set out in the King IV Report on Corporate Governance. A detailed application register is available on the following website: <https://www.maitlandgroup.com/client-investor-portal>.

In supporting the Code, the directors recognise the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

The Company has no employees. The directors of the Company are of the opinion that the Company has applied the principles and recommendations of the Code, in all material respects, with regard to the period under review.

Board of directors

The board consist of :

- 1 non-executive director
- 3 Independent non-executive directors

The board has the following committee:

- Audit committee

Independent advice

A director or any member of a board committee may, if necessary, take independent professional advice at the expense of the Company.

Company secretary

All directors have access to the advice and services of the Company secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interest of the Company.

Audit committee

The board has concluded that the audit committee has satisfied its responsibilities.

Internal audit

The internal audit function is conducted by Standard Bank Internal Audit, following a risk based approach. The Company is risk assessed and prioritised in relation to Standard Bank business functions to determine the audit need and therefore frequency of review.

AFRICA ETF ISSUER (RF) LIMITED
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CORPORATE GOVERNANCE STATEMENT (CONTINUED)
For the year ended 28 February 2018

Remuneration philosophy

The Company adopted the Standard Bank Human Resources policies. One of the non-executive directors of the Company is a full time employee of Standard Bank and therefore earns no directors' fees for his services as director.

Integrated sustainability reporting and disclosure

As a special purpose entity, the company does not play an active role in the environment and the community and therefore an integrated sustainability report is not represented.

Managing stakeholder relationships

The board delegates to the management of Standard Bank to proactively deal with stakeholder relationships.

Fundamental and affected transactions

The Company does not conduct business with entities in which its directors have an interest other than that disclosed in the related parties note to the annual financial statements. Refer to note 19. Directors are requested to declare their directorships in other companies on an annual basis.

IT governance

Information technology governance is performed in terms of the Standard Bank IT Governance Policy.

Social and Ethics Committee

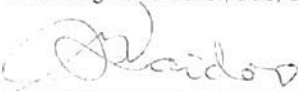
The Company applied for an exemption from appointing a social and ethics committee. The application was successful and the Company is exempt from the requirement to appoint a social and ethics committee for a period of five years, effective 21 December 2015.

AFRICA ETF ISSUER (RF) LIMITED
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COMPANY SECRETARY'S CERTIFICATION
For the year ended 28 February 2018

To the shareholders of Africa ETF Issuer (RF) Limited

In accordance with the provisions of the Companies Act 71 of 2008 ("the Act"), I, Neermaladevi Vessanather Naidoo, in my capacity as Company Secretary, certify that in respect of the year ended 28 February 2018, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission, all returns prescribed by the Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Maitland Group South Africa Limited
Company Secretary
Represented by: Neermaladevi Vessanather Naidoo

Johannesburg

11 May 2018

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

REPORT OF THE DIRECTORS
For the year ended 28 February 2018

The directors have pleasure in presenting the report, which accompanies the annual financial statements of the Company for the year ended 28 February 2018.

1. Review of activities

Main business and operations

The Company is engaged as a structured entity to conduct an exchange traded fund ("ETF"). The Company enables investors to invest in debt instruments, the value of which track the price of Gold, Platinum, Palladium and Rhodium (Precious Metals). The Company operates principally in South Africa, and from the way the business of the Company is structured and managed, there are no operating segments and the Company's results are reviewed as a single operating segment.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

2. Registered office, date of incorporation and company registration number

Registered office	18 Fricker Road Illovo Johannesburg 2196
Date of incorporation	11 February 2013
Company registration number	2013/022008/06

3. Shareholder

Africa Funds Issuer Owner Trust, established in South Africa, holds 100% of the share capital of the Company.

4. Directors

The directors of the Company during the year and to the date of this report are as follows:

Names

Johann Steyn Erasmus	16 October 2014	(Appointed)
Brendan Harmse	31 July 2017	(Appointed)
Wesley Alan Martens	16 October 2014	(Appointed)
Brian William Smith	15 March 2016	(Appointed)
Victor Marokwane Botsi	31 July 2017	(Resigned)

AFRICA ETF ISSUER (RF) LIMITED
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REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 28 February 2018

5. Events after the reporting period

At the board meeting held on 11 May 2018, the Company declared an ordinary dividend of R 50,000,000.

No other 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 11 May 2018.

The annual financial statements cannot be amended after issue.

6. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

7. Secretary

The secretary of the Company is Maitland Group South Africa Limited.

8. Authorised and Issued share capital

There were no changes in the authorised or issued share capital of the Company during the year under review.

9. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

10. Special Resolutions

No special resolutions were passed during the year.

11. Compilation of annual financial statements

The compiler was responsible for the preparation of the annual financial statements based on information provided by management and worked under the supervision of management and management is responsible for these annual financial statements.

12. Directors' interest in contracts

No contracts were entered into in which the directors' of the Company had an interest and which significantly affected the business of the Company.

AFRICA ETF ISSUER (RF) LIMITED
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REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 28 February 2018

13. Risk

The Precious Metals are held by the custodians, JP Morgan Chase Bank (Gold, Platinum and Palladium) and Johnson Matthey (Rhodium) in their vaults. The Custodians are London Bullion Market Association ("LBMA") as well as London Platinum and Palladium Market (LPPM) members and are in good standing with both associations. There is a risk that the Precious Metals could be lost, stolen or damaged, therefore the Company would not be able to request the sale or delivery of Precious Metals for itself or on behalf of any qualifying debenture holder. The custodians have suitable all risk insurance cover for all the holdings in the custodians' vaults and this cover has been reviewed by management. The cover includes general risks such as theft and/or fraud but excludes catastrophic risks such as acts of God.

14. Compulsory redemption of Precious Metal debentures

The compulsory redemption of Precious Metal debentures could occur if the amount derived from the sales is not sufficient to cover management and corporate expenses. No such redemption occurred during the period under review.

AFRICA ETF ISSUER (RF) LIMITED
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STATEMENT OF FINANCIAL POSITION
At 28 February 2018

	Notes	2018 R	2017 R
Assets			
Cash and cash equivalents	6	57,342,020	40,613,719
Trade and other receivables	4	578,070	260,345
Bullion Investments	5	5,781,767,579	6,777,704,780
Current tax receivable	16	612,823	505,044
Deferred tax	3	1,718,800	192,312
		<u>5,842,019,292</u>	<u>6,819,276,200</u>
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Share capital	7	120	120
Retained income		<u>58,858,649</u>	<u>40,391,241</u>
		<u>58,858,769</u>	<u>40,391,361</u>
Total Equity			
Liabilities			
Trade and other payables	9	4,414,317	4,414,110
Debentures	8	5,778,746,206	6,774,470,729
		<u>5,783,160,523</u>	<u>6,778,884,839</u>
Total Liabilities			
		<u>5,842,019,292</u>	<u>6,819,276,200</u>
Total Equity and Liabilities			

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2018

	Notes	2018 R	2017 R
Management fee income	10	27,737,120	25,705,711
Other income	11	7,573,957	2,101,490
Operating expenses	12	(7,860,669)	(7,582,710)
Fair value adjustment on Bullion Investments	5	196,996,772	967,700,474
Fair value adjustment on Debentures	8	<u>(202,412,485)</u>	<u>(968,479,735)</u>
Operating profit		22,034,695	19,445,230
Finance income	19	3,611,111	2,164,506
Finance cost	13	<u>(256)</u>	<u>(8,644)</u>
Profit before taxation		25,645,550	21,601,092
Taxation	14	<u>(7,178,142)</u>	<u>(6,061,294)</u>
Profit for the year		<u>18,467,408</u>	<u>15,539,798</u>
Profit for the year attributable to:			
Owners of the company		18,467,408	15,539,798
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>18,467,408</u>	<u>15,539,798</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>18,467,408</u>	<u>15,539,798</u>

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STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2018

	Share capital R	Retained income R	Total equity R
Balances as at 29 February 2016	120	24,851,443	24,851,563
Changes in equity	-	-	-
Total comprehensive income for the year	-	15,539,798	15,539,798
Total changes	-	15,539,798	15,539,798
Balances as at 28 February 2017	120	40,391,241	40,391,361
Changes in equity	-	-	-
Total comprehensive income for the year	-	18,467,408	18,467,408
Total changes	-	18,467,408	18,467,408
Balances as at 28 February 2018	120	58,858,649	58,858,769

AFRICA ETF ISSUER (RF) LIMITED
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STATEMENT OF CASH FLOWS
 For the year ended 28 February 2018

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash generated from operations	15	21,929,855	19,678,640
Tax paid	16	(8,812,409)	(6,216,569)
Finance income		3,611,111	2,164,506
Finance expense	13	(256)	(8,644)
Net cash from operating activities		16,728,301	15,617,933
Cash flows from investing activities			
Sale of Bullion	5	2,670,887,070	2,052,910,580
Purchase of Bullion	5	(1,504,370,378)	(1,681,825,448)
Net cash from investing activities		1,166,516,692	371,085,132
Cash flows from financing activities			
Creation of debentures	8	1,504,370,378	1,681,825,448
Debentures redeemed	8	(2,670,887,070)	(2,052,910,580)
Net cash from financing activities		(1,166,516,692)	(371,085,132)
Net movement in cash and cash equivalents		16,728,301	15,617,933
Cash and cash equivalents at the beginning of the year	6	40,613,719	24,995,786
Cash and cash equivalents at the end of the year	6	57,342,020	40,613,719

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 28 February 2018

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 Debentures**
Management uses the estimate that the value of the debentures at year end is equal to the value of the underlying metal referenced by the debentures at year end.
- **Assessment to determine the Company's functional currency**
Management has assessed the functional currency of the business to be the South African Rand. Although the commodities are quoted and generally trade in USD, the debentures are listed in ZAR on the JSE. The South African Rand is also the currency that is used by management to assess the performance of the business on an ongoing basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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 modifies 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.

AFRICA ETF ISSUER (RF) LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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 is provided in note 18.

AFRICA ETF ISSUER (RF) LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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 the 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 0.25% per annum (excluding VAT) for the Gold ETF, 0.30% 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 accrues 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 ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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.

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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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 AM fix, Platinum AM fix, Palladium AM fix and Rhodium AM fix.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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.

IAS 7 Statement of Cash Flows

This standard became effective for reporting periods beginning on or after 1 January 2017. The additional disclosures 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 amendment does not have a material impact on the disclosure of the Company's annual financial statements.

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 beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). The amendment is not expected to have a material impact on the disclosure and measurement of the Company's annual financial statements.

2. New Standards and Interpretations (Continued)

2.2 Standards and interpretations not yet effective (Continued)

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. The standard is effective for annual periods beginning on or after 1 January 2018. The new standard is not expected to have a material impact on the Company's annual financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is not expected to have a material impact on the disclosure of the Company's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	2018 R	2017 R
3. Deferred tax		
Deferred tax asset		
Deferred tax asset	<u>1,718,800</u>	<u>192,312</u>
Reconciliation of movement in deferred tax (liability) / asset		
Opening balance	192,312	165,907
Fair value movements on Precious Metals	(55,159,096)	(270,956,133)
Fair value movements on Precious Metals debentures	56,675,495	271,174,326
Accruals	(4,008)	(194,185)
Prepayments	14,097	2,397
	<u>1,718,800</u>	<u>192,312</u>
Tax effects of temporary differences between tax and book value for:		
Fair value on Bullion Investment	(263,129,961)	(207,970,865)
Fair value on Debentures	264,874,429	208,198,934
Accruals	28,344	32,352
Prepayments	(54,012)	(68,109)
	<u>1,718,800</u>	<u>192,312</u>
4. Trade and other receivables		
Prepayments	192,899	243,245
Sundry debtors	385,171	17,100
	<u>578,070</u>	<u>260,345</u>
<p>The sundry debtors balance of R385,171 comprises mainly of management fees charges. The carrying value of trade and other receivables approximates the fair value.</p>		
5. Bullion investments		
Gold		
Fair value at the beginning of the year	120,821,451	38,985,266
Gold purchases during the year	15,857,480	94,711,390
Gold redemptions during the year	(40,246,206)	-
Proceeds on gold sales during the year	(300,543)	(169,121)
Fair value adjustment for the year	(4,420,385)	(12,706,084)
	<u>91,711,797</u>	<u>120,821,451</u>

As at 28 February 2018, 5,926.26 (2017: 7,428.99) ounces of gold bullion to the value of approximately R91,661,767 (2017: R120,772,649) 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	2018 R	2017 R
5. Bullion investments (Continued)		
Platinum		
Fair value at the beginning of the year	1,781,563,254	1,710,375,670
Platinum purchases during the year	250,893,669	395,308,053
Platinum redemptions during the year	(81,438,754)	(136,074,903)
Proceeds on platinum sales during the year	(6,862,831)	(5,863,596)
Fair value adjustment for the year	(255,937,685)	(182,181,970)
	<u>1,688,217,653</u>	<u>1,781,563,254</u>

As at 28 February 2018, 147,021.78 (2017: 133,664.79) ounces of platinum bullion to the value of approximately R1,687,529,599 (2017: R1,780,832,407) 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	4,312,611,657	4,452,249,398
Palladium purchases during the year	1,237,619,229	637,864,018
Palladium redemptions during the year	(2,420,610,004)	(1,848,821,294)
Proceeds on palladium sales during the year	(15,283,407)	(19,484,037)
Fair value adjustment for the year	143,242,877	1,090,803,572
	<u>3,257,580,352</u>	<u>4,312,611,657</u>

As at 28 February 2018, 265,288.37 (2017: 423,987.49) ounces of palladium bullion to the value of approximately R3,256,075,120 (2017: R4,310,954,890) 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	562,708,418	7,933,802
Rhodium purchases during the year	-	553,941,987
Rhodium redemptions during the year	(128,592,106)	(68,014,383)
Proceeds on Rhodium sales during the year	(3,970,500)	(2,937,944)
Fair value adjustment for the year	314,111,965	71,784,956
	<u>744,257,777</u>	<u>562,708,418</u>

As at 28 February 2018, 33,995 (2017: 46,655.68) ounces of rhodium bullion to the value of approximately R743,479,720 (2017: R561,962,440) 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	6,777,704,780	6,209,544,136
Total bullion purchases during the year	1,504,370,378	1,681,825,448
Total bullion redemptions during the year	(2,670,887,070)	(2,052,910,580)
Proceeds on total bullion sales during the year	(26,417,281)	(28,454,698)
Fair value adjustment for the year	196,996,772	967,700,474
	<u>5,781,767,579</u>	<u>6,777,704,780</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

5. Bullion investments (Continued)

Risk

The Precious Metals are held by the custodians, JP Morgan Chase Bank (Gold, Platinum and Palladium) and Johnson Matthey (Rhodium) in their vaults. The Custodians are London Bullion Market Association ("LBMA") as well as London Platinum and Palladium Market (LPPM) members and are in good standing with both associations. There is a risk that the Precious Metals could be lost, stolen or damaged, therefore the Company would not be able to request the sale or delivery of Precious Metals for itself or on behalf of any qualifying debenture holder. The custodians have suitable all risk insurance cover for all the holdings in the custodians' vaults and this cover has been reviewed by management. The cover includes general risks such as theft and/ or fraud but excludes catastrophic risks such as acts of God.

6. Cash and cash equivalents

	2018 R	2017 R
Cash and cash equivalents consist of:		
Bank balances	57,341,900	40,613,599
Cash on hand	120	120
	<u>57,342,020</u>	<u>40,613,719</u>

The bank balances are held with Standard bank.
 Please refer to note 19 for additional information.

7. Share capital

	2018 R	2017 R
Authorised		
4 000 no par value shares	<u>-</u>	<u>-</u>
Issued		
120 no par value shares	<u>120</u>	<u>120</u>

Authorised shares

There were no changes to authorised share capital during the current year.

Unissued shares

As at the reporting date, the unissued shares are under the control of the directors, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

Shares issued during the current reporting period

There were no shares issued during the current reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

8. 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 adjustments increasing the debenture liability in the current year equals R202,412,485 (2017: R968,479,735).

The changes in fair value of the liability attributable to changes in credit risk is Rnil (2017: 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

8. Debentures (Continued)

	2018 Number of debentures	2018 R	2017 Number of debentures	2017 R
Reconciliation - Gold				
Fair value at the beginning of the year	750,000	120,721,010	200,000	38,944,395
Creation of debentures	100,000	15,857,480	550,000	94,711,390
Redemptions of debentures	(250,000)	(40,246,206)	-	-
Gold fee accrual (incl VAT)	-	(313,157)	-	(206,806)
Fair value adjustment	-	(4,357,359)	-	(12,727,969)
Gold debentures	600,000	91,661,768	750,000	120,721,010
Reconciliation - Platinum				
Fair value at the beginning of the year	13,500,000	1,780,832,404	11,800,000	1,709,800,836
Creation of debentures	2,000,000	250,893,669	2,700,000	395,308,053
Redemptions of debentures	(600,000)	(81,438,754)	(1,000,000)	(136,074,903)
Platinum fee accrual (incl VAT)	-	(6,251,690)	-	(6,264,092)
Fair value adjustment	-	(256,506,030)	-	(181,937,490)
Platinum debentures	14,900,000	1,687,529,599	13,500,000	1,780,832,404
Reconciliation - Palladium				
Fair value at the beginning of the year	42,900,000	4,310,954,876	57,200,000	4,449,712,542
Creation of debentures	10,600,000	1,237,619,229	7,400,000	637,864,018
Redemptions of debentures	(26,550,000)	(2,420,610,004)	(21,700,000)	(1,848,821,294)
Palladium fee accrual (incl VAT)	-	(19,385,088)	-	(19,308,066)
Fair value adjustment	-	147,496,107	-	1,091,507,676
Palladium debentures	26,950,000	3,256,075,120	42,900,000	4,310,954,876
Reconciliation - Rhodium				
Fair value at the beginning of the year	4,715,555	561,962,439	75,000	7,922,862
Creation of debentures	-	-	5,290,555	553,941,987
Redemptions of debentures	(1,250,000)	(128,592,106)	(650,000)	(68,014,383)
Rhodium fee accrual (incl VAT)	-	(5,670,381)	-	(3,525,545)
Fair value adjustment	-	315,779,767	-	71,637,518
Rhodium debentures	3,465,555	743,479,719	4,715,555	561,962,439
Reconciliation - Total debentures				
Fair value at the beginning of the year		6,774,470,729		6,206,380,635
Creation of debentures		1,504,370,378		1,681,825,448
Redemptions of debentures		(2,670,887,070)		(2,052,910,580)
Total fee accrual (incl VAT)		(31,620,316)		(29,304,509)
Fair value adjustment		202,412,485		968,479,735
Total debentures		5,778,746,206		6,774,470,729

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 2018. 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 2018.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

8. Debentures (Continued)

Quarterly review of the gold prices per ounce	US\$	R/\$	R
31 May 2017	1,264	13.0795	16,530
31 August 2017	1,306	13.0272	17,011
30 November 2017	1,295	13.6860	17,721
28 February 2018	1,320	11.7148	15,467
Quarterly review of the gold debenture values per debenture			R
31 May 2017			163.52
31 August 2017			168.14
30 November 2017			175.01
28 February 2018			152.77
Quarterly review of the platinum prices per ounce	US\$	R/\$	R
31 May 2017	946	13.0904	12,384
31 August 2017	991	13.0328	12,916
30 November 2017	946	13.6700	12,932
28 February 2018	981	11.7004	11,478
Quarterly review of the platinum debenture values per debenture			R
31 May 2017			122.50
31 August 2017			127.66
30 November 2017			127.71
28 February 2018			113.26
Quarterly review of the palladium prices per ounce	US\$	R/\$	R
31 May 2017	796	13.0904	10,420
31 August 2017	940	13.0328	12,251
30 November 2017	1002	13.6700	13,697
28 February 2018	1049	11.7004	12,274
Quarterly review of the palladium debenture values per debenture			R
31 May 2017			102.88
31 August 2017			120.83
30 November 2017			134.97
28 February 2018			120.82
Quarterly review of the rhodium prices per ounce	US\$	R/\$	R
31 May 2017	920	13.1350	12,084
31 August 2017	1,130	13.0310	14,725
30 November 2017	1,513	13.6751	20,684
28 February 2018	1,860	11.7582	21,870

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

8. Debentures (Continued)

Quarterly review of the rhodium debenture values per debenture	R
31 May 2017	119.30
31 August 2017	145.06
30 November 2017	203.32
28 February 2018	214.53

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:

Precious Metals debentures	Number of listed	Stock Exchange
Palladium	26,950,000	Namibian Stock Exchange

9. Trade and other payables

	2018 R	2017 R
VAT payable	3,139,875	3,125,090
JP Morgan Chase bank - custodian fees	170,438	474,029
Johnson Matthey - custodian fees	602,481	-
Maitland Group South Africa Limited - Portfolio administration	397,343	538,383
Accruals	-	115,543
Johannesburg Stock Exchange Limited - listing fees	101,228	96,481
Sundry creditors	-	62,374
Strate Limited - listing fee	2,952	2,210
	<u>4,414,317</u>	<u>4,414,110</u>

Trade and other payables are interest free and are payable within 3 months. The carrying value of trade and other payables approximates the fair value.

10. Management fee income

	2018 R	2017 R
Management fee : Gold	274,700	181,409
Management fee : Platinum	5,483,939	5,494,818
Management fee : Palladium	17,004,463	16,936,901
Management fee : Rhodium	4,974,018	3,092,583
	<u>27,737,120</u>	<u>25,705,711</u>

11. Other income

	2018 R	2017 R
Foreign exchange gain on gold sales	7,041	26,478
Foreign exchange gain on palladium sales	5,049,712	1,498,604
Foreign exchange gain on platinum sales	-	223,130
Foreign exchange gain on rhodium sales	2,027,875	-
Foreign exchange gain	9,329	38,278
Creation and redemption fees	480,000	315,000
	<u>7,573,957</u>	<u>2,101,490</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	2018	2017
	R	R
12. Operating expenses		
Audit fees	329,676	241,453
Corporate and Trust administration fees	310,954	689,401
Custodian fees	4,106,930	3,494,202
Foreign exchange loss on rhodium sales	-	176,470
Foreign exchange loss on platinum sales	607,988	-
Portfolio administration fees	1,359,118	1,796,411
Professional fees	50,440	116,202
Subscription fees	324,388	316,860
Sundry expenses	771,175	751,711
	<u>7,860,669</u>	<u>7,582,710</u>
13. Finance cost		
Interest paid to Standard Bank	256	8,644
	<u>256</u>	<u>8,644</u>
14. Taxation		
Major components of the tax expense		
South African normal tax		
Current year	8,704,630	6,087,699
Current taxation	<u>8,704,630</u>	<u>6,087,699</u>
Deferred tax		
Current year	(1,526,488)	(26,405)
Deferred taxation	<u>(1,526,488)</u>	<u>(26,405)</u>
Total taxation	<u>7,178,142</u>	<u>6,061,294</u>
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Operating profit before tax	25,645,550	21,601,092
Tax at the applicable tax rate of 28%	7,180,754	6,048,306
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
SARS Interest and penalties	-	12,988
Income not taxable	(2,612)	-
	<u>7,178,142</u>	<u>6,061,294</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	2018 R	2017 R
15. Cash generated from operations		
Profit before taxation	25,645,550	21,601,092
Adjustments for:		
Finance expense	256	8,644
Finance income	(3,611,111)	(2,164,506)
Non-cash items		
Fair value gain on bullion	(196,996,772)	(967,700,474)
Fair value loss on debentures	202,412,485	968,479,735
Proceeds on total bullion sales during the year	26,417,281	28,454,698
Total fee accrual	(31,620,316)	(29,304,509)
Changes in working capital:		
(Increase) / decrease in trade and other receivables	(317,725)	275,096
(Decrease) / increase in trade and other payables	207	28,864
	<u>21,929,855</u>	<u>19,678,640</u>
16. Tax paid		
Balance at beginning of the year	505,044	376,174
Current tax for the year recognised in profit and loss	(7,178,142)	(6,061,294)
Deferred tax for the year recognised in profit or loss	(1,526,488)	(26,405)
Balance at end of the year	(612,823)	(505,044)
	<u>(8,812,409)</u>	<u>(6,216,569)</u>
17. 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 2018, 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

18. 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

	Valuations with reference to observable prices	Valuations based on observable inputs	Valuations based on un- observable inputs Level 3	Total
	Level 1 R	Level 2 R	Level 3 R	R
2018				
Assets				
Bullion investment	5,781,767,579	-	-	5,781,767,579
Total assets	5,781,767,579	-	-	5,781,767,579
Liabilities				
Debentures	-	5,778,746,206	-	5,778,746,206
Total liabilities	-	5,778,746,206	-	5,778,746,206
	Valuations with reference to observable prices	Valuations based on observable inputs	Valuations based on un- observable inputs Level 3	Total
	Level 1 R	Level 2 R	Level 3 R	R
2017				
Assets				
Bullion investment	6,777,704,780	-	-	6,777,704,780
Total assets	6,777,704,780	-	-	6,777,704,780
Liabilities				
Debentures	-	6,774,470,729	-	6,774,470,729
Total liabilities	-	6,774,470,729	-	6,774,470,729

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.

Debentures are level 2 in nature, even though there is a quoted market price. The requirement for a 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).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

18. 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. At year end there are no financial instruments classified at level 3.

	2018	2017
	R	R
19. 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	57,341,900	40,613,599
Maitland Group South Africa Limited		
Fees payable	(397,343)	(653,926)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	2018 R	2017 R
19. Related parties (Continued)		
Related party transactions		
<p>The Africa Funds Issuer Owner Trust owns 100% (2017: 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.</p>		
The Standard Bank of South Africa Limited		
Interest paid	7,573,957	(8,644)
Interest income	(63,924,647)	2,151,640
Maitland Group South Africa Limited		
Fees for fund administration	(1,359,118)	(1,796,411)
Fees for corporate services	(310,954)	(689,401)

20. Directors' emoluments

The corporate services fees per note 19 above, includes an amount of R 164,539 (2017: R 154,719) in respect of director services provided by Maitland Group South Africa Limited to the Company. Of such amount, the amounts in the table below were paid to Brian William Smith and Wesley Alan Martens in their personal capacity for acting as directors. The balance was retained by Maitland Group South Africa Limited. Victor Marokwane Botsi and Brendan Harmse did not receive any directors' remuneration in their personal capacity.

Maitland Provided Directors:		
Brian William Smith	21,938	20,629
Wesley Alan Martens	32,908	30,944
	<u>54,846</u>	<u>51,573</u>

Johann Steyn Erasmus, the non-executive, non-independent director of the Company, is a full time employee of Standard Bank and did not earn any directors fees for his services as director.

21. Risk management

Financial risks

The Company's financial instruments consist mainly of debentures, cash and cash equivalents, trade and other receivables and trade and other payables. In respect of all financial instruments the carrying value is the fair value. Exposure to interest, credit and liquidity risks arises in the normal course of business.

The Company's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are financial risks which include credit risk, liquidity risk, market risk (which are discussed on the following page) and operational risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

	2018 R	2017 R
21. Risk management (Continued)		
Credit risk		
Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company.		
The entity's cash resources are placed with a reputable financial institution. Credit risk with respect to trade and other receivables is limited as it mainly relates to creation/redemption fees due.		
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period represented below, is the worst case scenario of credit risk exposure.		
Cash and cash equivalents	57,341,900	40,613,599
Trade and other receivables (excluding deferred expenses and prepayments)	385,171	17,100
Concentration of risks of financial assets with credit risk exposure:		
Industry sectors		
Financial services	57,727,071	40,630,699
The credit quality of all the financial assets that were neither past due nor impaired are as follows:		
Neither past due nor impaired	57,727,071	40,630,699
The credit quality of all the financial assets that are neither past due nor impaired can be assessed by reference to an external credit rating (if available) or past information about counterparty default rates.		
Cash and cash equivalents are held with Standard Bank that has a long term rating of baa3 on the Moody's credit rating scale.		
Market risk		
Market risk is the risk of a reduction in the Company's earnings or capital due to:		
<ul style="list-style-type: none"> traded market risk: The risk of the company being impacted by changes in the level or volatility of market rates or prices. This includes changes in interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels. non-traded market risk: The risk of the Company exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates. 		
Market risk exposure		
Market risk exposure arises from cash and cash equivalents, debentures and investments.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

21. Risk management (Continued)

Market risk (continued)

Market risk management process

The Company's market risk management objectives include the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

Commodity risk

The value of the Precious Metal debentures is affected by movements in the US Dollar price of the respective Precious Metals. These Precious Metal prices are affected by numerous factors including:

- political, economic or financial situations;
- future expectations of inflation rates and movements in world equity, financial and property markets;
- supply and demand for the respective Precious Metals; and
- interest rates and currency exchange rates, particularly the strength of the US Dollar.

A 10% change in the strengthening or weakening of the commodity price at 28 February 2018 would result in the changes below:

	2018 Precious Metals: Bullion Investment R	2018 Precious Metals: Bullion Investment (own account)	2018 Precious Metals: Debentures R	2018 Profit or (loss) R
Commodity price strengthening	577,874,599	302,159	577,874,621	302,137
Commodity price weakening	(577,874,599)	(302,159)	(577,874,621)	(302,137)
	2017 Precious Metals: Bullion Investment R	2017 Precious Metals: Bullion Investment (own account)	2017 Precious Metals: Debentures R	2017 Profit or (loss) R
Commodity price strengthening	677,420,646	31,593	677,447,073	5,166
Commodity price weakening	(677,420,646)	(31,593)	(677,447,073)	(5,166)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The only exposure to interest rate risk relates to cash with reputable financial institutions and is therefore not material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 For the year ended 28 February 2018

21. Risk management (Continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points higher or lower and all other variables were held constant, this would result in the changes below:

	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
28 February 2018			
Cash and cash equivalents	57,342,020	2%	1,146,840
	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
28 February 2017			
Cash and cash equivalents	40,613,719	2%	812,274

There has been no change in sensitivity method or assumptions since the previous period.

Foreign exchange risk

Foreign exchange risk means the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as the precious metals and the JP Morgan and Johnson Matthey creditors are denominated in USD.

A 10% change in the strengthening or weakening of the US Dollar against the Rand at 28 February 2018 would result in the changes below:

	Precious Metals: Bullion Investment R	Precious Metals: Debentures R	Profit or (loss) R
ZAR strengthening against USD	578,176,758	577,874,621	302,137
ZAR weakening against USD	(578,176,758)	(577,874,621)	(302,137)
	2017	2017	2017
ZAR strengthening against USD	677,770,478	677,447,073	323,405
ZAR weakening against USD	(677,770,478)	(677,447,073)	(323,405)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

21. Risk management (Continued)

Foreign exchange risk (continued)

	Trade and other payables R 2018	Profit or (loss) R 2018
Rand strengthening against the US Dollar	772,919	77,292
Rand weakening against the US Dollar	(772,919)	(77,292)
	2017	2017
Rand strengthening against the US Dollar	474,029	47,403
Rand weakening against the US Dollar	(474,029)	(47,403)

There has been no change in sensitivity method or assumptions since the previous period.

Liquidity risk

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall time profile of the current statement of financial positions as well the expected future structure.

Liquidity risk management process

The availability of funding through liquid cash positions ensures that the Company has the ability to fund day-to-day operations. The liquid cash position has improved in the current year as evidenced by the increase in cash and cash equivalents from R40,613,719 in the prior year to R57,342,020 in the current year.

The redemption value that Africa ETF Issuer would pay in relation to a Debenture and as at the redemption date thereof, is an amount equal to the sale proceeds realised or that would have been realised by Africa ETF Issuer pursuant to a sale of the reference quantity of the relevant commodity to which such debenture is linked.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreement.

At 28 February 2018	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
Trade and other payables	4,414,317	4,414,317	-	4,414,317	-
Debentures	5,778,746,206	5,778,746,206	5,778,746,206	-	-
	5,783,160,523	5,783,160,523	5,778,746,206	4,414,317	-
At 28 February 2017	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
Trade and other payables	4,414,110	4,414,110	-	4,414,110	-
Debentures	6,774,470,729	6,774,470,729	6,774,470,729	-	-
	6,778,884,839	6,778,884,839	6,774,470,729	4,414,110	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

22. 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. Each Security Trust is ring-fenced to the specific metal to which it relates.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

22. Unconsolidated structured entities (Continued)

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.

23. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of ordinary dividends paid to shareholders. There are no externally imposed capital requirements on the Company.

	2018 R	2017 R
Capital consists of:		
Ordinary share capital	120	120
Retained income	58,858,649	40,391,241
	<u>58,858,769</u>	<u>40,391,361</u>

24. Events after the reporting period

At the board meeting held on 11 May 2018, the Company declared an ordinary dividend of R 50,000,000.

No other 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.

25. Going concern

In preparing these financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to

The criteria considered in this regard included the solvency and liquidity requirements; financial performance and position of the Company that could impact the going concern; operating results of the Company and expected performance over the next 12 months after year end; capacity and continuity of service providers; and the intention of the Board to continue or cease operations.

Based on the Board of Director's assessment of the above criteria, there is no reason to believe that the Company is not in a position to continue as a going concern. The financial statements as at 28 February 2018 have been prepared on the going concern basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

26. 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.

	28 February 2018		
	Amounts expected to be recovered or settled		
	Within 12 months after the reporting period R	After 12 months after the reporting period R	Total R
Assets			
Cash and cash equivalents	57,342,020	-	57,342,020
Trade and other receivables	578,070	-	578,070
Bullion Investments ¹	5,781,767,579	-	5,781,767,579
Current tax receivable	612,823	-	612,823
Deferred tax	-	1,718,800	1,718,800
Total Assets	5,840,300,492	1,718,800	5,842,019,292
Liabilities			
Trade and other payables	4,414,317	-	4,414,317
Debentures	5,778,746,206	-	5,778,746,206
Total Liabilities	5,783,160,523	-	5,783,160,523

	28 February 2017		
	Amounts expected to be recovered or settled		
	Within 12 months after the reporting period R	After 12 months after the reporting period R	Total R
Assets			
Cash and cash equivalents	40,613,719	-	40,613,719
Trade and other receivables	260,345	-	260,345
Bullion Investments ¹	6,777,704,780	-	6,777,704,780
Current tax receivable	505,044	-	505,044
Deferred tax	-	192,312	192,312
Total Assets	6,819,083,888	192,312	6,819,276,200
Liabilities			
Trade and other payables	4,414,110	-	4,414,110
Debentures	6,774,470,729	-	6,774,470,729
Total Liabilities	6,778,884,839	-	6,778,884,839

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