Maitland

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

ANNUAL FINANCIAL STATEMENTS
For the year ended 29 February 2016

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

GENERAL INFORMATION
For the year ended 29 February 2016

Directors	Brian William Smith Johann Steyn Erasmus Victor Marokwane Botsi 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 2 Eglin Road, Sunninghill 2157
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
Supervised	Africa ETF Issuer (RF) Limited is managed by The Standard Bank of South Africa Limited ("Standard Bank"). All References to manager and management relate to The Standard Bank of South Africa Limited. These 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.

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DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS
For the year ended 29 February 2016

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 and employees 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, which operates unimpeded and independently from operational management appraises evaluates and, when necessary, recommends 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 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 forecast 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 3 to 4 of this report.

Approval of the annual financial statements

The directors' report on pages 8 to 10 and the annual financial statements of the company, set out on pages 11 to 40, were approved by the board of directors on 27 May 2016 and are signed on its behalf by:

Johann Steyn Erasmus	Victor Marokwane Botsi

AUDIT COMMITTEE REPORT
For the year ended 29 February 2016

Mr WA Martens is the chairman of the audit committee, while Mr BW Smith and Mr VM Botsi are members of the Company's audit committee. Mr WA Martens, Mr BW Smith and Mr VM Botsi 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 below:
- 29 May 2015, to consider the financial statements for the year ended 28 February 2015 which were approved by the board of directors on 29 May 2015 .
- 04 November 2015, to discuss the Audit Committee terms of reference progress and September 2015 Management Accounts.
- 16 February 2016, to discuss the Committee Charter, internal audit and external audit plan.
- 5 May 2016, to discuss the Committee Charter, internal audit and external audit plan.
- 27 May 2016, to consider the financial statements for the year ended 29 February 2016 which were approved by the board of directors on 27 May 2016 .

The board had concluded that the audit committee has satisfied its responsibilities for the year under review in compliance with the terms of reference and statutory requirements.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRICA ETF ISSUER (RF) LIMITED

We have audited the financial statements of Africa ETF Issuer (RF) Limited set out on pages 11 to 40, which comprise the statement of financial position as at 29 February 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Africa ETF Issuer (RF) Limited as at 29 February 2016, 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.

PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: T P Blandin de Chalain, S N Madikane, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 29 February 2016, we have read the Audit committee report, the Corporate governance statement, the Company secretary's certification and the Report of the directors for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A du Preez
Registered Auditor
Sunninghill
27 May 2016

The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ('the Code") as set out in the King III 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.

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. Internal Audit did not perform any audits during the financial year.

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 the integrated sustainability report will not form part of the annual financial statements.

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.

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COMPANY SECRETARY'S CERTIFICATION
For the year ended 29 February 2016

To the shareholders of Africa ETF Issuer (RF) Limited

In accordance with the provisions of the Companies Act 71 of 2008 ("the Act"). I, in my capacity as Company Secretary, certify that in respect of the year ended 29 February 2016, 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: Peter Brian Ellis Coombe

Johannesburg

27 May 2016

REPORT OF THE DIRECTORS
For the year ended 29 February 2016

The directors have pleasure in presenting the report, which accompanies the annual financial statements of the Company for the year ended 29 February 2016.

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 tracks 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 offices	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	Appointed	Resigned
David Peter Towers	24 April 2013	15 March 2016
Jan Wandrag	24 April 2013	31 August 2015
Johann Steyn Erasmus	16 October 2014	
Victor Marokwane Botsi	31 August 2015	
Wesley Alan Martens	16 October 2014	
Brian William Smith	15 March 2016	

5. Events after the reporting period

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

The annual financial statements were approved by the directors on 27 May 2016.

The annual financial statements cannot be amended after issue.

6. Auditors

PricewaterhouseCoopers 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 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.

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 Metals debentures

The compulsory redemption of Precious Metals 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.

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STATEMENT OF FINANCIAL POSITION
At 29 February 2016

	Notes	2016 R	2015 R
Assets			
Non-Current Assets			
Deferred tax	**3**	165 907	168 686
Current Assets			
Trade and other receivables	**4**	535 441	69 311
Bullion Investments	**5**	6 209 544 136	8 095 972 275
Cash and cash equivalents	**6**	24 995 786	8 536 555
Current tax receivable		376 174	-
Total Assets		**6 235 617 444**	**8 104 746 827**
EQUITY AND LIABILITIES			
Equity			
Share capital	**7**	120	120
Retained income		24 851 443	9 738 211
Total Equity		**24 851 563**	**9 738 331**
Liabilities			
Current Liabilities			
Debentures	**8**	6 206 380 635	8 090 679 760
Trade and other payables	**9**	4 385 246	4 240 761
Current tax payable		-	87 975
Total Liabilities		**6 210 765 881**	**8 095 008 496**
Total Equity and Liabilities		**6 235 617 444**	**8 104 746 827**

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 29 February 2016

	Notes	2016 R	2015 R
Management fee income	**10**	26 927 762	17 329 849
Other income	**11**	285 000	1 080 267
Operating expenses	**12**	(7 195 090)	(4 821 126)
Fair value adjustment on Bullion Investments		(669 854 126)	444 906 742
Fair value adjustment on Debentures		669 869 469	(444 957 354)
Operating profit		**20 033 015**	**13 538 378**
Finance income		973 178	-
Finance cost	**13**	(2 715)	(2 446)
Profit before taxation		**21 003 478**	**13 535 932**
Taxation	**14**	(5 890 246)	(3 790 061)
Profit for the year		**15 113 232**	**9 745 871**
Other comprehensive income		-	-
Total comprehensive income for the year		**15 113 232**	**9 745 871**
Total comprehensive income attributable to:			
Owners of the Company		**15 113 232**	**9 745 871**

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STATEMENT OF CHANGES IN EQUITY
For the year ended 29 February 2016

	Share capital R	Retained income R	Total equity R
Balances as at 28 February 2014	**120**	**(7 660)**	**(7 540)**
Changes in equity	-	-	-
Total comprehensive income for the year	-	9 745 871	9 745 871
Total changes	-	9 745 871	9 745 871
Balances as at 28 February 2015	**120**	**9 738 211**	**9 738 331**
Changes in equity	-	-	-
Total comprehensive income for the year	-	15 113 232	15 113 232
Total changes	-	15 113 232	15 113 232
Balances as at 29 February 2016	**120**	**24 851 443**	**24 851 563**

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STATEMENT OF CASH FLOWS
For the year ended 29 February 2016

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
Cash generated from operations	**15**	21 840 385	12 417 313
Tax paid	**16**	(6 351 616)	(3 870 772)
Finance Income		973 178	-
Finance expense	**13**	(2 715)	(2 446)
Net cash from operating activities		**16 459 232**	**8 544 095**
Cash flows from investing activities			
Sale of Bullion	**5**	2 682 118 871	69 361 926
Purchase of Bullion	**5**	(1 585 674 047)	(7 734 891 799)
Net cash from investing activities		**1 096 444 824**	**(7 665 529 873)**
Cash flows from financing activities			
Creation of debentures	**8**	1 585 674 046	7 734 891 799
Debentures redeemed	**8**	(2 682 118 871)	(69 361 926)
Net cash from financing activities		**(1 096 444 825)**	**7 665 529 873**
Net movement in cash and cash equivalents		**16 459 231**	**8 544 095**
Cash and cash equivalents at the beginning of the year/period	**6**	8 536 555	(7 540)
Cash and cash equivalents at the end of the year/period	**6**	**24 995 786**	**8 536 555**

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 the 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

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those current estimates reported.

Management have not made use of significant estimates, assumptions or judgements in preparing these financial statements.

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.

The Company is required to group financial instruments into classes that are appropriate to the nature of the information disclosed and take into account the characteristics of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

The Company generally adopts an approach of not reclassifying financial instruments between different categories subsequent to initial recognition. In exceptional circumstances, where such reclassifications do occur, the Company will apply the requirements of the IAS 39 amendments for reclassifications together with the IFRS 7 required disclosures.

Financial instruments designated at fair value through profit or loss

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

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

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

Trade and other receivables

Trade and other recievables 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.

1.5.1 Financial liabilities

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs. Included in this classification are trade and other payables.

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.

1.5.2 Impairment of financial assets at amortised cost

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company assesses whether objective evidence of impairment exists individually for financial assets.

The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income.

1.5.3 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have been discharged, cancelled or have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  has transferred substantially all of the risks and rewards of the asset; or
  has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1.5.4 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss component of the statement of comprehensive income. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

1.5.5 Fair value

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

1.5.6 Offsetting

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

1.6 Share capital

Ordinary share capital

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

1.7 Revenue

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

Management fee income

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

Finance income

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

1.8 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.

1.9 Tax

Current tax

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

Deferred tax

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extend 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.

1.9 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; and
- receivables and payables that are stated with the amount of VAT included.

1.10 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 these Bullions as an investment held at fair value through profit and loss.

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

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

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

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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations not yet effective

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

IFRS 9 Financial Instruments

This standard was initially published in November 2009 as the first step in replacing IAS 39 and contains new requirements for the classification and measurement requirements for financial assets. The classification and measurement requirements of financial liabilities were added to IFRS 9 in October 2010. In July 2011, the International Accounting Standards Board (IASB) communicated in an Exposure Draft its intention to postpone the mandatory application of IFRS 9 to annual periods beginning no earlier than 1 January 2017 with early application of certain paragraphs permitted. The IASB decided not to require the restatement of comparative financial statements for the initial application of the classification and measurement requirement of IFRS 9, but instead to require modified disclosures on transition from the classification and measurement requirements of IAS 39 to those of IFRS 9.

IFRS 9 as issued reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013 but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures issued in December 2011 moved the mandatory effective date to 1 January 2015. In November 2013 issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) amending IFRS 9 to include the new general hedge accounting model, allow adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss to be recognised through other comprehensive income, and remove the 1 January 2015 effective date.

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

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

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

IFRS 15 Revenue from Contracts with Customers

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

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

		2016 R	2015 R
3.	**Deferred tax**		
	Deferred tax asset		
	Deferred tax asset	165 907	168 686
	Reconciliation of movement in deferred tax asset		
	Opening balance	168 686	-
	Fair value movements on Precious Metals	187 559 155	(124 573 888)
	Fair value movements on Precious Metals debentures	(187 563 451)	124 588 059
	Accruals	72 023	154 515
	Prepayments	(70 506)	-
		165 907	**168 686**
	Tax effects of temporary differences between tax and book value for:		
	Fair value on Bullion Investment	62 985 268	(124 573 888)
	Fair value on Debentures	(62 975 392)	124 588 059
	Accruals	226 537	154 515
	Prepayments	(70 506)	-
		165 907	**168 686**

4. Trade and other receivables

	2016 R	2015 R
Deferred expenses	49 414	5 386
Prepayments	251 807	41 125
Sundry debtors	234 220	22 800
	535 441	**69 311**

The sundry debtors balance of R234,220 (2014: R22,800) comprises mainly of creation and redemption fees charges as stipulated in the prospectus as well as an overpayment of JSE fees. The carrying value of trade and other receivables approximates the fair value.

5. Bullion Investments

Gold

	2016 R	2015 R
Fair value at the beginning of the year	27 839 868	-
Gold purchases during the year	-	53 202 778
Gold sales during the year	-	(26 588 660)
Proceeds on gold sales during the year	(79 804)	(78 168)
Fair value adjustment for the year	11 225 202	1 303 918
	38 985 266	27 839 868

As at 29 February 2016, 1,987.01 ounces of gold bullion to the value of approximately R38,944,395 (2015: R27,823,937) 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.

	2016 R	2015 R
5. Bullion Investments (continued)		
Platinum		
Fair value at the beginning of the year	1 501 132 057	-
Platinum purchases during the year	935 310 427	1 564 861 542
Platinum sales during the year	(894 231 496)	-
Proceeds on platinum sales during the year	(6 989 308)	(1 358 210)
Fair value adjustment for the year	175 153 990	(62 371 275)
	1 710 375 670	1 501 132 057

As at 29 February 2016, 117,233,87 ounces of platinum bullion to the value of approximately R1,709,800,836 (2015: R1,500,234,528) 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.

	2016 R	2015 R
Palladium		
Fair value at the beginning of the year	6 567 000 350	-
Palladium purchases during the year	642 530 280	6 116 827 479
Palladium sales during the year	(1 787 887 375)	(42 773 266)
Proceeds on palladium sales during the year	(25 466 526)	(13 027 961)
Fair value adjustment for the year	(943 927 331)	505 974 098
	4 452 249 398	6 567 000 350

As at 29 February 2016, 567,581.30 ounces of palladium bullion to the value of approximately R4,449,712,542 (2015: R6,562,622,520) 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.

	2016 R	2015 R
Rhodium		
Fair value at the beginning of the year	-	-
Rhodium purchases during the year	7 833 340	-
Fair value adjustment for the year	100 462	-
	7 933 802	-

As at 29 February 2016, 748.45 ounces of rhodium bullion to the value of approximately R7,922,862 (2015:nil) 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.

	2016 R	2015 R
Total Bullion Investments	**6 209 544 136**	**8 095 972 275**

	2016 R	2015 R
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	24 995 666	8 536 435
Cash on hand	120	120
	24 995 786	**8 536 555**

The bank balances are held with Standard bank.

Please refer to note 19 for additional information.

7. Share capital

Authorised		
4 000 no par value shares	-	-
Issued		
120 no par value shares	120	120

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.

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 gain in the current year equals R669,869,469 (fair value loss in 2015: R444,957,354).

8. Debentures (continued)

Fair value movements on debentures (continued)

The changes in fair value of the liability attributable to changes in credit risk is Rnil (2015: 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.

	2016 Number of debentures	2016 R	2015 Number of debentures	2015 R
Reconciliation - Gold				
Fair value at the beginning of the year	200 000	27 822 736	-	-
Creation of debentures			400 000	53 202 778
Redemptions of debentures	-	-	(200 000)	(26 588 660)
Gold fee accrual (incl VAT)	-	(105 276)	-	(91 108)
Fair value adjustment	-	11 226 935	-	1 299 726
Gold debentures	200 000	38 944 395	200 000	27 822 736
Reconciliation - Platinum				
Fair value at the beginning of the year	11 100 000	1 500 234 532	-	-
Creation of debentures	7 300 000	935 310 427	11 100 000	1 564 861 542
Redemptions of debentures	(6 600 000)	(894 231 496)	-	-
Platinum fee accrual (incl VAT)	-	(6 426 918)	-	(2 152 614)
Fair value adjustment	-	174 914 292	-	(62 474 396)
Platinum debentures	11 800 000	1 709 800 836	11 100 000	1 500 234 532
Reconciliation - Palladium				
Fair value at the beginning of the year	70 800 000	6 562 622 492	-	-
Creation of debentures	7 300 000	642 530 280	71 300 000	6 116 827 479
Redemptions of debentures	(20 900 000)	(1 787 887 375)	(500 000)	(42 773 266)
Palladium fee accrual (incl VAT)	-	(24 154 761)	-	(17 563 745)
Fair value adjustment	-	(943 398 094)	-	506 132 024
Palladium debentures	57 200 000	4 449 712 542	70 800 000	6 562 622 492
Reconciliation - Rhodium				
Fair value at the beginning of the year	-	-	-	-
Creation of debentures	75 000	7 833 340	-	-
Redemptions of debentures		-	-	-
Rhodium fee accrual (incl VAT)	-	(10 695)	-	-
Fair value adjustment	-	100 217	-	-
Rhodium debentures	75 000	7 922 862	-	-
		6 206 380 635		**8 090 679 760**

For the gold, platinum and palladium debentures, the fair value is derived from multiplying the number of ounces with the PM fix (price of an ounce of gold/ platinum and palladium), and also with the ZAR/USD exchange rate taken around the same time on 29 February 2016. 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 29 February 2016.

8. Debentures (continued)

Quarterly review of the gold prices per ounce	**US$**	**R/$**	**R**
31 May 2015	1 190	12.1483	14 461
31 August 2015	1 126	13.3626	15 040
30 November 2015	1 056	14.3803	15 181
29 February 2016	1 234	16.0514	19 810

Quarterly review of the gold debenture values per debenture	**R**
31 May 2015	144.06
31 August 2015	149.69
30 November 2015	150.96
29 February 2016	196.88

Quarterly review of the platinum prices per ounce	**US$**	**R/$**	**R**
31 May 2015	1 114	12.1530	13 538
31 August 2015	999	13.3489	13 336
30 November 2015	848	14.3576	12 175
29 February 2016	920	16.1005	14 812

Quarterly review of the platinum debenture values per debenture	**R**
31 May 2015	134.86
31 August 2015	132.72
30 November 2015	121.06
29 February 2016	147.49

Quarterly review of the palladium prices per ounce	**US$**	**R/$**	**R**
31 May 2015	781	12.1530	9 491
31 August 2015	563	13.3489	7 515
30 November 2015	555	14.3576	7 968
29 February 2016	491	16.1005	7 905

Quarterly review of the palladium debenture values per debenture	**R**
31 May 2015	94.47
31 August 2015	74.72
30 November 2015	79.15
29 February 2016	77.49

Quarterly review of the rhodium prices per ounce	**US$**	**R/$**	**R**
31 May 2015	-	-	-
31 August 2015	-	-	-
30 November 2015	-	-	-
29 February 2016	670	16.0609	10 761

8. Debentures (continued)

Quarterly review of the rhodium debenture values per debenture	R
31 May 2015	-
31 August 2015	-
30 November 2015	-
29 February 2016	107.39

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	57 200 000	Namibian Stock Exchange

9. Trade and other payables

	2016 R	2015 R
Vat payable	3 042 920	2 286 500
JP Morgan Chase bank - custodian fees	230 033	605 993
Maitland Group South Africa Limited- Portfolio administration	242 396	594 879
Accruals	809 063	551 839
Johannesburg Stock Exchange Limited - listing fees	-	139 375
Sundry creditors	59 297	55 813
Strate Limited - listing fee	1 537	6 362
	4 385 246	**4 240 761**

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

	2016 R	2015 R
Management fee : Gold	92 347	81 876
Management fee : Platinum	5 637 647	1 888 258
Management fee : Palladium	21 188 387	15 359 715
Management fee : Rhodium	9 381	-
	26 927 762	**17 329 849**

11. Other income

	2016	2015
Profit on palladium sales	-	485 267
Creation and redemption fees	285 000	595 000
	285 000	**1 080 267**

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		2016 R	2015 R
12.	**Operating expenses**		
	Audit fees	227 575	-
	Corporate and Trust administration fees	290 958	313 500
	Custodian fees	3 670 238	2 466 326
	Foreign exchange loss	136 151	38 501
	Loss on gold sales	-	2 600
	Loss on platinum sales	-	58 066
	Portfolio administration fees	1 906 731	1 400 129
	Professional fees	165 000	-
	Subscription fees	123 857	-
	Sundry expenses	674 580	542 004
		7 195 090	**4 821 126**
13.	**Finance cost**		
	Interest paid to Standard Bank	2 715	2 446
		2 715	**2 446**
14.	**Taxation**		
	Major components of the tax expense		
	South African normal tax		
	Current year	5 887 467	3 958 747
	Current taxation	5 887 467	3 958 747
	Deferred tax		
	Current year	2 779	(168 686)
	Deferred taxation	2 779	(168 686)
	Total taxation	**5 890 246**	**3 790 061**
	Reconciliation of the tax expense		
	Reconciliation between accounting profit and tax expense		
	Operating profit/(loss) before tax	21 003 478	13 535 932
	Tax at the applicable tax rate of 28%	5 880 974	3 790 061
	Non-deductible differences	9 272	-
		5 890 246	**3 790 061**

		2016 R	2015 R
15.	**Cash generated from operations**		
	Profit/(loss) before taxation	21 003 478	13 535 932
	Adjustments for:		
	Finance expense	2 715	2 446
	Finance income	(973 178)	-
	Non-cash items		
	Fair value (gain)/loss on Precious Metals	669 854 126	(444 906 742)
	Fair value (gain)/loss on debentures	(669 869 469)	444 957 354
	Bullion held for company's own account	2 098 136	(5 291 290)
	Unrealised foreign exchange loss	46 221	372 764
	Profit on palladium sales	-	(485 267)
	Loss on gold sales	-	2 600
	Loss on platinum sales	-	58 066
	Changes in working capital:		
	Increase in trade and other receivables	(466 130)	(69 311)
	Increase in trade and other payables	144 485	4 240 761
		21 840 385	**12 417 313**
16.	**Tax refunded / (paid)**		
	Balance at beginning of the year	(87 975)	-
	Current tax for the year recognised in profit and loss	(5 890 246)	(3 790 061)
	Deferred tax for the year recognised in profit or loss	2 779	(168 686)
	Balance at end of the year	(376 174)	87 975
		(6 351 616)	**(3 870 772)**

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 29 February 2016, 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.

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 Level 1 R	Valuations based on observable inputs Level 2 R	Valuations based on un-observable inputs Level 3 R	Total R
2016				
Assets				
Bullion Investment	6 209 544 136	-	-	6 209 544 136
Total assets	**6 209 544 136**	**-**	**-**	**6 209 544 136**
Liabilities			-	-
Debentures	-	6 206 380 635	-	6 206 380 635
Total liabilities	**-**	**6 206 380 635**	**-**	**6 206 380 635**

	Valuations with reference to observable prices Level 1 R	Valuations based on observable inputs Level 2 R	Valuations based on un-observable inputs Level 3 R	Total R
2015				
Assets				
Bullion Investment	8 095 972 275	-	-	8 095 972 275
Total assets	**8 095 972 275**	**-**	**-**	**8 095 972 275**
	-	-	-	-
Liabilities			-	-
Debentures	-	8 090 679 760	-	8 090 679 760
Total liabilities	**-**	**8 090 679 760**	**-**	**8 090 679 760**

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.

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.

	2016 R	2015 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

	2016 R	2015 R
The Standard Bank of South Africa Limited		
Cash and cash equivalents	24 995 666	8 536 435
Maitland Group South Africa Limited		
Fees payable	(242 396)	(594 879)

	2016 R	2015 R
19. Related parties (continued)		
Related party transactions		
Maitland Group South Africa Limited		
Fees for fund administration	(1 906 731)	(1 400 129)
Fees for corporate services	(290 958)	(313 500)
The Standard Bank of South Africa Limited		
Interest paid	(2 715)	(2 446)
Interest Income	973 178	-

The Africa Funds Issuer Owner Trust owns 100% (2015: 100%) of the ordinary shares in the entity. The

20. Directors' emoluments

The non-executive director of the Company that is a full time employee of Standard Bank does not earn any directors fees for his services as director. None of the independent directors are paid by the Company.

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 values approximates 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 below) and operational risk.

	2016 R	2015 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 reputable financial institutions. Credit risk with respect of trade and other receivables is limited as it mainly relates to creation/redemption fees due from investors.

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.

	2016 R	2015 R
Cash and cash equivalents	24 995 786	8 536 555
Trade and other receivables (excluding deferred expenses and prepayments)	234 220	22 800

	2016 R	2015 R
Concentration of risks of financial assets with credit risk exposure:		
Industry sectors		
Financial services	25 230 006	8 559 355

Impairment losses

The credit quality of all the financial assets that were neither past due nor impaired are as follows:

	2016 R	2015 R
Neither past due nor impaired	25 230 006	8 559 355

The credit quality of all the financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or past information about counterparty defaults rates.

Cash and cash equivalents are held with Standard Bank that has a long term rating of baa3.

Market risk

Market risk is the risk of a reduction in the Company's earnings or capital due to:

- 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.

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 Metals debentures is affected by movements in the US Dollar price of Precious Metals. The Precious Metals 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 Precious Metals; and
- Interest rates and currency exchange rates, particularly the strength of the US Dollar.

The price at which the debentures trade on the JSE may not accurately reflect the price of the Precious Metals.

A 10% change in the strengthening or weakening of the commodity price at 29 February 2016 would result in the changes below:

	2016 Precious Metals Investment	2016 Precious Metals Debenture	2016 Profit or (loss)
	R	R	R
Commodity price strengthening	620 954 414	620 638 064	316 350
Commodity price weakening	(620 954 414)	(620 638 064)	(316 350)

	2015 Precious Metals Investment	2015 Precious Metals Debenture	2015 Profit or (loss)
	R	R	R
Commodity price strengthening	809 597 228	809 067 976	529 252
Commodity price weakening	(809 597 228)	(809 067 976)	(529 252)

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 in overdraft with reputable financial institutions and is therefore not material.

21. Risk Management (continued)

Interest rate sensitivity

29 February 2016	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
Cash and cash equivalents	24 995 786	2%	499 916

28 February 2015	Amounts R	Increase/ decrease in rate	Increase/ (decrease) in profit before tax R
Cash and cash equivalents	8 536 435	2%	170 729

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

Foreign exchange risk

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

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

A 10% change in the strengthening or weakening of the US Dollar against the Rand at 29 February 2016 would result in the changes below:

	Precious Metals Investment R	Precious Metals R	Profit or (loss) R
	2016	**2016**	**2016**
Rand strengthening against the US Dollar	620 954 414	620 638 064	316 350
Rand weakening against the US Dollar	(620 954 414)	(620 638 064)	(316 350)
	2015	**2015**	**2015**
Rand strengthening against the US Dollar	809 597 228	809 067 976	529 252
Rand weakening against the US Dollar	(809 597 228)	(809 067 976)	(529 252)

	Trade and other payables R	Profit or (loss) R
	2016	**2016**
Rand strengthening against the US Dollar	230 033	23 003
Rand weakening against the US Dollar	(230 033)	(23 003)
	2015	**2015**
Rand strengthening against the US Dollar	605 993	60 599
Rand weakening against the US Dollar	(605 993)	(60 599)

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

21. Risk Management (continued)

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 operation 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 with various institutions ensures that the Company has the ability to fund day-to-day operations.

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 liquidity of the debentures (on redemption) is thus driven entirely by the liquidity in the underlying precious metals and Africa ETF issuer has no obligation to liquidate at any given predetermined valuation.

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

At 29 February 2016	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
Trade and other payables	4 385 246	4 385 246	-	4 385 246	-
Debentures	6 206 380 635	6 206 380 635	6 206 380 635	-	-
	6 210 765 882	**6 210 765 882**	**6 206 380 635**	**4 385 246**	**-**

At 28 February 2015	Carrying amount	Contractual cash flows	On demand	Within 1 year	1-5 years
Trade and other payables	4 240 761	4 240 761	-	4 240 761	-
Debentures	8 090 679 760	8 090 679 760	8 090 679 760	-	-
	8 094 920 521	**8 094 920 521**	**8 090 679 760**	**4 240 761**	**-**

Operational risk

Safe keeping of metals

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.

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.

22. Unconsolidated structured entities (continued)

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

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

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.

	2016	**2015**
Capital consists of:		
Ordinary share capital	**120**	**120**

24. Events after the reporting period

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

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

The annual financial statements cannot be amended after issue.

25. Going concern

The directors assess the Company's future performance and financial position on an ongoing basis and have no reason to believe that the Company will not be a going concern in the reporting period ahead. For this reason, these annual financial statements are prepared on a going concern basis.