NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 March 2017

Supervised by: Prepared under the supervision of James Jackson, CA (SA)
Designation: Head of Asset Classes, Product Control

Contents

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
DIRECTORS' RESPONSIBILITIES AND APPROVAL
As at 31 March 2017

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 NewGold 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;
- The internal audit function outsourced to Barclays Africa Group Limited Internal Audit, 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; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

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 financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 71 of 2008, South Africa 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 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 page 6 to 10 of this report.

The directors' report on pages 11 to 12 and financial statements of the Company which appears on pages 13 to 41 were approved by the board of directors on 28 June 2017 and are signed on its behalf by

Director

Director

To the shareholders of NewGold Issuer (RF) Limited,

In accordance with the provisions of the South African Companies Act, No 71 of 2008 (as amended), (the Companies Act) I, in my capacity as Company Secretary certify that, in respect of the period ended 31 March 2017, the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all returns prescribed by the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

ABSA Secretarial Services Propriety Limited
Company Secretary
Represented by: T Moleko
28 June 2017

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 the 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 consists of:

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

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

Social and ethics committee
In accordance with the provisions of the Companies Act No 71 of 2008, the board has established a social and ethics committee which has assumed responsibility for matters related to social and economic development, good corporate citizenship, ethics, consumer relation, stakeholder management, transformation and environment.

Internal audit
The internal audit function is conducted by Barclays Africa Group Limited Internal Audit, following a risk based audit approach. The Company risk is assessed and prioritized in relation to Barclays Africa Group Limited business functions to determine the audit need and therefore frequency of review.

Remuneration policy
The Company adopted the Barclays Africa Group Limited Human Resources policies. The executive director of the Company is a full time employee of Barclays Africa Group Limited and therefore does not earn directors' fees for his services as director.

Risk management
The Company adopted the Barclays Africa Group Limited Risk Policy. Corporate Investment Banking ("CIB") management, together with CIB Operational Risk Management develop appropriate risk processes, i.e. risk and control assessments, indicators and loss event management. CIB Operational Risk Management assists in assessing and reporting risk matters to the board.

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 no integrated sustainability report is prepared or included in the annual financial statements.

Managing stakeholder relationships
The Company is governed by the stakeholder management of Barclays Africa Group Limited.

Fundamental and affected transactions

The Company does not conduct business with entities in which its directors have an interest. Directors are requested to declare their directorships in other companies on a quarterly basis.

IT governance

Information Technology governance is performed in terms of the Barclays Africa Group IT Policy.

Compliance

The Company has a Compliance Officer that monitors compliance with the applicable legislation. The Compliance Officer forms part of the Barclays Africa Group Compliance function.

Mr DA Lorimer is the chairman of the audit and risk committee, while Mr TJ Fearnhead and Mr R Pitt are members of the Company's audit and risk committee. Messrs DA Lorimer, TJ Fearnhead and R Pitt are independent non-executive directors and have relevant qualifications and financial expertise.

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

A quorum for the meeting requires two members to be present. The terms of reference of the audit and risk committee are reviewed annually.

Besides the statutory functions for audit and risk committees contained in the Companies Act, the key terms of reference of the audit and risk 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 the 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 and 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 and risk committee met on the under mentioned occasions during the year under review and subsequent to the year end:

- 27 June 2016
- 20 September 2016
- 1 December 2016
- 28 March 2017

Ernst & Young Inc. represented by Rohan Baboolal and Janneman Labuschagne attended all the audit and risk committee meetings for the year including the meeting held on 27 June 2017 where the financial statements were considered for approval.

The board has concluded that the audit and risk 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 recognize the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

NewGold Owner Trust, established in South Africa, holds 100% of the share capital of the company. In terms of the management agreement between the Company and NewGold Managers Proprietary Limited, NewGold Managers Proprietary Limited is entitled to subcontract and/or delegate service including those related to financial management and advisory services, custodial services, legal services, tax consulting services and information technology services without the consent of the Company but subject to the limit of R500 000. The consent of the Company is required for engagements in excess of R500 000.

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.

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Independent Auditor's Report

To the Shareholder of NewGold Issuer (RF) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NewGold Issuer (RF) Limited set out on pages 13 to 41, which comprise the statement of financial position as at 31 March 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NewGold Issuer (RF) Limited as at 31 March 2017, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing the audit of NewGold Issuer (RF) Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of NewGold Issuer (RF) Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Existence and Fair vale measurement of the Bullion investments	
Bullion investments make up a significant portion of the total assets in the Statement of Financial Position of the Company. Any incorrect inputs into the valuation model used to calculate the fair value of the Bullion investments may alter the value significantly. Commodity prices, exchange rates and ounces are key drivers in the valuation model to calculate the fair value of the Bullion investments. The key drivers are derived from quoted prices in an active market and do not involve significant judgements and estimates from management however the process is manual and there are numerous transactions. Incorrect manual inputs into the valuation model can result in the fair value of the Bullion investments being significantly misstated at the valuation date. Further, the precious metals are held by ICBC Standard Bank Plc. ('the Custodian'). Verification of ounces is performed through the annual audit verification process. Refer to note 2.7, note 8 and note 20 for more information relating to the bullion investments.	Our audit procedures included, amongst others, the following: We re-performed the valuation of the bullion investments at year-end using independent inputs as at 31 March 2017. We used an independent source of data for the following variables to re-perform the valuation as at 31 March 2017: • USD/ZAR exchange rates were obtained from a third party market data vendor; • Commodity prices were obtained from a third party market data vendor; and • Gold, platinum and palladium quantities are observed as noted below. To confirm existence of the underlying gold, platinum and palladium held by the Custodian the following procedures were performed: • We performed a 3 way reconciliation match of the commodity inventory listing received from the Company, the Facility statement and the Custodian statement to verify the accuracy of the commodity inventory listing of the Company. • We performed a 100% count of the allocated physical resources as agreed to

	the commodity inventory listing received from the Company. • For a sample of the physical resources we: ○ Independently obtained evidence of ownership in the name of the Company through the Custodian confirmations; and ○ We ensured that the listed weight per the Companies commodity inventory listing is accurate.

Other Information

The directors are responsible for the other information. The other information comprises a Company Secretary's Certificate, Corporate Governance statement, Audit Committee report, Directors' Report and Directors' Responsibility and approval.

The 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 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 determines 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.

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- 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.

Ernst + Young Inc.

Ernst & Young Inc.
Director: Rohan Baboolal CA (SA)
Registered auditor
102 Rivonia Road
Sandton
28 June 2017

Company registration number	2004/014119/06		
Country of incorporation and domicile	South Africa		
Date of publication	30 June 2017		
Nature of business and principle activities	The company is a structured entity set up 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 bullion, platinum as well as palladium ("Precious Metals"). The Company operates principally in South Africa, and from the way the business of the Company is structured and managed the Company's results are reviewed as a single operating segment.		
Directors	**Name**	**Appointment date**	**Resignation date**
	CHM Edwards	24 March 2016	
	TJ Fearnhead	18 June 2010	
	EM Letty	2 May 2007	4 May 2016
	DA Lorimer	1 July 2016	
	BM Mgwaba	15 October 2015	
	RMH Pitt	1 October 2016	
	EM Southey	30 January 2006	30 September 2016
Registered office & Business address	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001		
Postal address	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001		
Holding company	NewGold Owner Trust, Incorporated in South Africa		
Ultimate holding company	NewGold Owner Trust, Incorporated in South Africa		
Bankers	ABSA Bank Limited		
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton 2196		
Company secretary	**Name**		**Appointment date**
	ABSA Secretarial Services Propriety Limited		15 October 2004
Date of incorporation	27 May 2004		

Supervised by

These annual financial statements are prepared under the direction and supervision of the James Jackson, CA (SA), Head of Asset Classes, Product Control, Corporate and Investment Banking, a division of Absa Bank Limited.

Review of financial results

The financial results of the Company are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	2017 R	2016 R
Profit for the year	**89 568 263**	93 741 460
Total comprehensive income	**89 568 263**	93 741 460
Taxation	**(35 296 280)**	(36 455 014)
Dividends declared and paid	**91 500 000**	95 700 000
Net assets	**2 058 892**	3 990 629
Net current assets	**97 527 051**	82 956 092

Authorised and issued share capital

There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 13.

Events after the reporting date

Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 23.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Special Resolutions

No special resolutions were passed during the year.

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.

Directors' emoluments

As per the requirements of Section 30 of the Companies Act, directors' emoluments have been disclosed as transactions with related parties (key management personnel) in note 21.

Risk

The precious metals are held by ICBC Standard Bank Plc. ("the custodian"). 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. If the custodian fails to take out suitable insurance against such risks, as they are so obliged, then the debenture holders have to rely on the Company to recover the value lost from the custodian. The custodian has suitable insurance cover and this cover has been reviewed by management and the directors.

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Notes	2017 R	2016 R
Revenue	4	**137 728 327**	131 470 492
Gross income		**137 728 327**	131 470 492
Finance income		**5 105 323**	4 333 204
Other operating income		**1 100 835**	11 627 588
Other expenses	5	**(19 069 942)**	(17 234 810)
Fair value adjustment on bullion investments		**(2 744 807 803)**	(3 644 237 329)
Fair value adjustment on debentures (excl. monthly sales charge)		**2 744 807 803**	3 644 237 329
Profit before tax		**124 864 543**	130 196 474
Income tax expense	6	**(35 296 280)**	(36 455 014)
Profit for the year		**89 568 263**	93 741 460
Total comprehensive income for the year, net of tax		**89 568 263**	93 741 460
Profit attributable to:			
Shareholder		**89 568 263**	93 741 460
		89 568 263	93 741 460
Total comprehensive income attributable to:			
Shareholder		**89 568 263**	93 741 460
		89 568 263	93 741 460
Earnings per share			
Basic (cents per share)	9	**89 568 263**	93 741 460
Diluted (cents per share)	9	**89 568 263**	93 741 460
Headline Earnings (cents per share)	9	**89 568 263**	93 741 460

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 R	2016 R
Assets			
Current assets			
Current tax assets		**16 058 729**	-
Other receivables	7	**1 638 611**	976 289
Bullion investments	8	**31 438 427 150**	35 002 104 813
Cash and cash equivalents	17	**74 017 535**	83 221 220
Total current assets		**31 530 142 025**	35 086 302 322
Total assets		**31 530 142 025**	35 086 302 322
Capital and reserves			
Share capital	13	**100**	100
Retained income		**2 058 792**	3 990 529
Total equity		**2 058 892**	3 990 629
Non-current liabilities			
Deferred tax liabilities	10	**95 468 159**	78 965 463
Total non-current liabilities		**95 468 159**	78 965 463
Current liabilities			
Trade and other payables	11	**4 849 960**	4 145 479
Current tax liabilities		**-**	8 601 606
Debentures	12	**31 427 765 014**	34 990 599 145
Total current liabilities		**31 432 614 974**	35 003 346 230
Total liabilities		**31 528 083 133**	35 082 311 693
Total equity and liabilities		**31 530 142 025**	35 086 302 322

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

	Share Capital R	Retained earnings R	Total equity R
Balance at 1 April 2015	100	5 949 069	5 949 169
Total comprehensive income for the year	-	93 741 460	93 741 460
Dividends declared	-	(95 700 000)	(95 700 000)
Balance at 31 March 2016	100	3 990 529	3 990 629
Balance at 1 April 2016	**100**	**3 990 529**	**3 990 629**
Total comprehensive income for the year	**-**	**89 568 263**	**89 568 263**
Dividends declared	**-**	**(91 500 000)**	**(91 500 000)**
Balance at 31 March 2017	**100**	**2 058 792**	**2 058 892**
Note	13		

STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash generated by operations	14	**120 638 165**	124 960 669
Finance income received	18	**5 112 070**	4 192 785
Income taxes paid	15	**(43 453 920)**	(14 159 739)
Net cash generated by operating activities		**82 296 315**	114 993 715
Cash flows from investing activities			
Sale of bullion investments		**7 645 658 000**	11 630 456 000
Purchase of bullion investments		**(6 965 360 000)**	(9 934 759 759)
Net cash generated by investing activities		**680 298 000**	1 695 696 241
Cash flows from financing activities			
Dividends paid to owners of the Company	16	**(91 500 000)**	(95 700 000)
Issue of debentures		**6 965 360 000**	9 934 759 759
Debentures redeemed		**(7 645 658 000)**	(11 630 456 000)
Net cash (used in) financing activities		**(771 798 000)**	(1 791 396 241)
Net (decrease)/increase in cash and cash equivalents		**(9 203 685)**	19 293 715
Cash and cash equivalents at the beginning of the year		**83 221 220**	63 927 505
Cash and cash equivalents at the end of the year	17	**74 017 535**	83 221 220

1. STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Johannesburg Stock Exchange Listings requirements, SAICA financial reporting guides, the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC) and the requirements of the Companies Act of South Africa, as amended.

The financial statements are presented in South African Rands (R), the presentation and functional currency of the Company. All financial information is presented to the nearest Rand.

2 SIGNIFICANT ACCOUNTING POLICIES

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.

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2016. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies. For details of the new and revised accounting policies refer to note 24.

2.2 BASIS OF PREPARATION

Apart from certain items that are carried at fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.3 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

MONTHLY SALES

A monthly sales charge accrues daily on all gold, platinum and palladium held. The charge is equal to 40 basis points per annum on the value of the bullion held and is deducted monthly in arrears. The charge is recognised as revenue when the outcome of the transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- When the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.4 FINANCE INCOME

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FOREIGN CURRENCIES

In preparing the annual financial statements for the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAXATION

The tax currently payable or receivable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits is recognised as an expense for the year in which the profits arise.

DEFERRED TAXATION

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 TAXATION (continued)

CURRENT AND DEFERRED TAX

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

VALUE ADDED TAX

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.

2.7 BULLION INVESTMENTS

Gold, platinum and palladium bullion are commodities that the Company buys and/or sells for others or on their own account. They are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price. The bullion (inventory) is therefore measured at fair value less costs to sell. The fair value of bullion is affected by the market and is determined with reference to the quoted exchange rate and the exchange quoted selling price of gold, platinum or palladium per ounce known as Gold PM fix, Platinum PM fix and Palladium PM fix respectively.

2.8 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction or released in full when previously unobservable inputs become observable.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 FINANCIAL INSTRUMENTS (continued)

2.8.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are classified as financial assets at fair value through profit or loss (FVTPL) or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Other receivables are classified as loans and receivables and carried at amortised cost.

Financial liabilities are either measured at amortised cost or classified as at fair value through profit or loss, which may occur when the financial liability is either held for trading or it is designated as at fair value through profit or loss. Trade and other payables are measured at amortised cost and debentures are designated at fair value through profit or loss and measured at fair value.

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are measured as at FVTPL when they are either held for trading or designated as at FVTPL.

A financial instrument is classified as held for trading if:
- It is a financial asset that has been acquired principally for the purpose of selling it in the near term, or it is a financial liability that has been acquired principally for the purpose of repurchasing it in the near term ; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial instrument other than one that is held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial instrument forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial instruments at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 FINANCIAL INSTRUMENTS (continued)

2.8.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets as at FVTPL.

FINANCIAL LIABILITIES

Except for debentures, which are carried at fair value through profit and loss, financial liabilities are carried at amortised cost. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

IMPAIRMENT

Amortised cost instruments

Impairment on financial assets measured at amortised cost is recognised in accordance with IAS 39, the Company assesses at each reporting date whether there is objective evidence that financial assets at amortised cost will not be recovered in full and, wherever necessary, recognises an impairment loss in profit or loss.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Company transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Company may retain an interest in it (continuing involvement) requiring the Company to repurchase it in certain circumstances for other than its fair value on that date.

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 profit or loss. 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.

2.7 FINANCIAL INSTRUMENTS (continued)

2.8.2 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ORDINARY SHARE CAPITAL

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the board.

2.8.3 OFFSETTING

In accordance with IAS 32 Financial Instruments: Presentation, the Company reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.9 CASH AND CASH EQUIVALENTS

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

2.10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the number of basic weighted average number of ordinary shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, 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 are 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 period. No significant judgements were required to be made in the current and prior periods.

	2017 R	2016 R
4. REVENUE		
Monthly sales charge on gold bullion	**81 750 679**	59 355 701
Monthly sales charge on platinum bullion	**46 516 881**	56 771 068
Monthly sales charge on palladium bullion	**9 460 767**	15 343 723
	137 728 327	131 470 492
5. PROFIT FOR THE YEAR		
Profit for the year is stated after taking account of the following items:		
5.1 Auditors remuneration		
Audit fees	**632 036**	564 300
	632 036	564 300
5.2 Other operating expenses		
Administration fees and expenses	**212 887**	389 896
Custodian fees	**14 753 961**	13 173 290
Foreign exchange loss	**-**	393 449
SARS penalties and interest	**1 193 602**	-
Sundry expenses	**2 277 456**	2 713 875
	18 437 906	16 670 510
	19 069 942	17 234 810
6 INCOME TAXES		
Current tax		
Normal tax - current year	**18 793 585**	29 592 414
Deferred tax		
Deferred tax expense recognised in the current year	**16 502 695**	9 862 600
Total income tax recognised in the current year	**35 296 280**	39 455 014

		2017	**2016**
		R	**R**
6	**INCOME TAXES (continued)**		
	Profit for the year	**124 864 543**	130 196 474
	Income tax expense calculated at 28% (2016: 28%)	**34 962 072**	36 455 014
	Non-deductible expenditure	**334 208**	-
	Income tax expense recognised in profit or loss	**35 296 280**	36 455 014
7.	**OTHER RECEIVABLES**		
	Value added taxation	**200 012**	107 463
	Interest income receivable	**479 433**	486 179
	Other receivables	**959 166**	382 647
		1 638 611	976 289
	Current	**1 638 611**	976 289
		1 638 611	976 289

Other receivables at 31 March 2017 relates to amounts due from NewGold Managers Proprietary Limited. At 31 March 2016 R171 837 of other receivables was due from NewGold Managers Proprietary Limited.

8.	**BULLION INVESTMENT**		
	Gold		
	Fair value at the beginning of the year	**19 416 618 047**	14 240 309 307
	Gold acquisitions	**6 242 454 000**	5 588 681 759
	Gold redemptions	**(4 374 854 000)**	(3 527 978 000)
	Proceeds on gold sales due to monthly sales charge	**(81 494 963)**	(57 955 929)
	Fair value adjustment	**(2 028 419 756)**	3 173 560 910
		19 174 303 328	19 416 618 047
	Platinum		
	Fair value at the beginning of the year	**12 970 987 452**	14 729 719 328
	Platinum acquisitions	**220 636 000**	2 959 186 000
	Platinum redemptions	**(2 005 334 000)**	(5 247 504 000)
	Proceeds on platinum sales due to monthly sales charge	**(47 530 475)**	(57 449 053)
	Fair value adjustment for the year	**(1 320 491 238)**	587 035 177
		9 818 267 739	12 970 987 452
	Palladium		
	Fair value at the beginning of the year	**2 614 499 314**	4 214 878 492
	Palladium acquisitions	**502 270 000**	1 386 892 000
	Palladium redemptions	**(1 265 470 000)**	(2 854 974 000)
	Proceeds on palladium sales due to monthly sales charge	**(9 546 421)**	(15 938 420)
	Fair value adjustment	**604 103 190**	(116 358 758)
		2 445 856 083	2 614 499 314
		31 438 427 150	35 002 104 813

	2017 R	2016 R

9. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 March 2017 was based on the profit attributable to investors of R89 568 263(2016: R93,741,460) and a weighted average number of ordinary shares outstanding of 100 (2016:100) calculated as follows:

	2017 R	2016 R
Profit for the year	**89 568 263**	93 741 460
Amount distributed	**91 500 000**	95 700 000
Weighted average number of ordinary shares	**100**	100
Dividends per share	**915 000**	957 000
Number of shares	**100**	100
Earnings per share (cents)	**89 568 263**	93 741 460
Diluted earnings per share (cents)	**89 568 263**	93 741 460
Headline earnings per share (cents)	**89 568 263**	93 741 460

10. DEFERRED TAX

Deferred tax balances

The net deferred tax liability at the end of the year is as follows:

	2017 R	2016 R
Deferred tax liabilities	**95 468 159**	78 965 463

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 April 2016 R	Income tax recognised in profit or loss R	Balance at 31 March 2017 R
Timing difference between the creation/ acquisition/ redemption/ sale of the bullion/ debenture	**79 093 514**	**16 526 847**	**95 620 361**
Audit fee payable	**(128 051)**	**(24 151)**	**(152 202)**
	78 965 463	**16 502 696**	**95 468 159**

	Balance at 1 April 2015 R	Income tax recognised in profit or loss R	Balance at 31 March 2016 R
Timing difference between the creation/ acquisition/ redemption/ sale of the bullion/ debenture	69 547 208	9 546 306	79 093 514
Audit fee payable	(444 345)	316 294	(128 051)
	69 102 863	9 862 600	78 965 463

11. TRADE AND OTHER PAYABLES

	2017 R	2016 R
Trade payables	-	21 006
Audit fee payable	**543 577**	457 325
Management fees	**40 466**	-
Listing fees	**309 019**	268 667
Listing service fees	**82 300**	129 639
Corporate and trust administration fees	-	31 794
Custodian fees	**3 807 262**	3 211 472
Other payables	**67 336**	25 576
	4 849 690	4 145 479

12. DEBENTURES

The unsecured debenture values are linked to the respective gold, platinum and palladium prices and have their primary listing on the Exchange Traded Index Funds sector of the Johannesburg Stock Exchange. The date of initial issue of the debentures was 2 November 2004.

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 or palladium 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. The Company can redeem debentures in certain situations as 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. The constant credit spread approach was applied from the date the liabilities were originated. The change in fair value of the liability attributable to changes in credit risk is Rnil (2016: Rnil). Credit risk is not considered to be a significant input in determining the fair value of the debentures.

Monthly gold, platinum and palladium sales are a reduction of the value of the debenture and represent the Company's revenue. The impact of this accrual on the fair value movement of the debenture is split into the following two parts in the below. The sum of these two components represents revenue as disclosed in note 4:

- The accrual that within the reporting period has been realised through cash ("monthly sales charge received") and
- The accrual that as yet to be sold off and realised in cash in the following month ("monthly sales charge to be realised in cash").

The movement in monthly sales charge to be realised in cash as of the current report from the prior report date represents cash realised on bullion sales for the reporting period. This is disclosed as "movement in monthly sales accrual - unsold bullion" in note 14.

Revenue and the reduction in the value of the debenture are accrued at 40 bps of the daily value of the bullion investment throughout the month. The actual value realised in cash may differ from the accrual. This difference is recognised in profit and loss within other income.

12. DEBENTURES (continued)

	Number of Debentures	Total R
2017		
Gold		
Fair value at beginning of year	111 677 939	19 410 348 271
Creation of debentures	35 900 000	6 242 454 000
Redemption of debentures	(26 600 000)	(4 374 854 000)
Fair value movement on debentures	-	(2 110 170 435)
Monthly gold sales charge received		(75 225 194)
Monthly gold sales charge to be realised in cash		(6 525 485)
Fair value adjustment for the year		(2 028 419 756)
	120 977 939	19 167 777 836
Platinum		
Fair value at beginning of year	91 400 000	12 966 636 023
Creation of debentures	1 200 000	220 636 000
Redemption of debentures	(13 300 000)	(2 005 334 000)
Fair value movement on debentures	-	(1 367 008 119)
Monthly platinum sales charge received		(43 179 045)
Monthly platinum sales charge to be realised in cash		(3 337 836)
Fair value adjustment for the year		(1 320 491 238)
	79 300 000	9 814 929 904
Palladium		
Fair value at beginning of year	31 484 696	2 613 614 851
Creation of debentures	5 200 000	502 270 000
Redemption of debentures	(13 500 000)	(1 265 470 000)
Fair value movement on debentures	-	594 642 423
Monthly palladium sales charge received		(8 656 575)
Monthly palladium sales charge to be realised in cash		(804 192)
Fair value adjustment for the year		604 103 190
	23 184 696	2 445 057 274
Total Debentures	**223 462 635**	**31 427 765 014**
2016		
Gold		
Fair value at beginning of year	102 736 300	14 235 439 303
Creation of debentures	34 541 639	5 588 681 759
Redemption of debentures	(25 600 000)	(3 527 978 000)
Fair value movement on debentures	-	3 114 205 209
Monthly gold sales charge received		(53 085 932)
Monthly gold sales charge to be realised in cash		(6 269 769)
Fair value adjustment for the year		3 173 560 910
	111 677 939	19 410 348 271

12. DEBENTURES (continued)

	Number of Debentures	Total R
2016 (continued)		
Platinum		
Fair value at beginning of year	108 000 000	14 724 689 914
Creation of debentures	23 000 000	2 959 186 000
Redemption of debentures	(39 600 000)	(5 247 504 000)
Fair value movement on debentures	-	530 264 109
Monthly platinum sales charge received		(52 419 639)
Monthly platinum sales charge to be realised in cash		(4 351 429)
Fair value adjustment for the year		587 035 177
	91 400 000	12 966 636 023
Palladium		
Fair value at beginning of year	47 684 696	4 213 399 332
Creation of debentures	15 500 000	1 386 892 000
Redemption of debentures	(31 700 000)	(2 854 974 000)
Fair value movement on debentures	-	(131 702 481)
Monthly palladium sales charge received		(14 453 876)
Monthly palladium sales charge to be realised in cash		(889 847)
Fair value adjustment for the year		(116 358 758)
	31 484 696	2 613 614 851
	234 562 635	34 990 599 145

	2017 R	2016 R

13. SHARE CAPITAL

Authorised share capital

1 000 (2016: 1 000) ordinary shares of R1 per share.	**1 000**	1 000

There were no changes to authorised and issued share capital during the current and prior reporting period. Issued share capital has been fully paid for.

Issued share capital

100 (2016: 100) ordinary shares of R1 per share.	**100**	100
	100	100

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.

		2017 R	2016 R
14.	**CASH GENERATED BY OPERATIONS**		
	Profit before tax for the year	**124 864 543**	130 196 474
	Adjustments for:		
	Finance income	**(5 105 323)**	(4 333 204)
	Net (gain) arising from fair value adjustment of debentures	**(2 744 807 803)**	(3 644 237 329)
	Net loss arising from fair value adjustment of bullion investments	**2 744 807 803**	3 644 237 329
	Movement in monthly sales accrual - unsold bullion	**843 532**	(127 088)
	Cash generated from operations before working capital changes	**120 602 752**	125 736 182
	Changes in working capital		
	(Increase)/decrease in trade and other receivables	**(669 068)**	354 184
	Increase/(decrease) in trade and other payables	**704 481**	(1 129 697)
	Total changes in working capital	**35 413**	(775 513)
	Cash generated by operations	**120 638 165**	124 960 669
15.	**TAXATION PAID**		
	Tax (payable)/receivable at the beginning of the year	**(8 601 606)**	3 831 069
	Current tax recognised in the current year	**(18 793 585)**	(26 592 414)
	Tax (receivable)/payable at the end of the year	**(16 058 729)**	8 601 606
		(43 453 920)	(14 159 739)
16.	**DIVIDENDS PAID**		
	Dividends declared and paid during the current year	**91 500 000**	95 700 000
		91 500 000	95 700 000
17.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**207 300**	16 720 440
	Funds on call and deposits	**73 810 235**	66 500 780
		74 017 535	83 221 220

The bank and short-term deposit balances are held with Absa Bank Limited.
Short-term deposit is interest bearing at 6.60% (2016: 6.35%) fixed per annum.

		2017 R	2016 R
18.	**FINANCE INCOME RECEIVED**		
	Balance at beginning of year	**486 179**	345 760
	Finance income recognised in profit and loss	**5 105 323**	4 333 204
	Balance at end of year	**(479 432)**	(486 179)
		5 112 070	4 192 785

19. RISK MANAGEMENT

19.1 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. Capital consists of share capital of R100 (2016: R100) and retained earnings of R2 058 792 (2016: R3 990 529).

19.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial instruments consist mainly of cash and cash equivalents and debentures. Exposure to interest, credit and liquidity risks arises in the normal course of business.

The Company's business involves taking on 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.

19.3 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 commodity prices and foreign exchange levels. The impact on profit and loss due to changes in commodity prices and foreign exchange levels on debentures is largely offset in profit and loss by the impact of change in fair value of bullion investments on profit and loss.

- 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 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 changes in commodity prices and exchange rates affecting cash and cash equivalents, debentures and investments in bullion.

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 and include relevant risk management process and policies for the entity.

19. RISK MANAGEMENT (continued)

19.4 FOREIGN CURRENCY RISK

Foreign exchange risk means the risk that the fair value or 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 are denominated in US Dollar.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

2017

Debentures	**31 427 765 014**
Custodian fees	**3 807 262**
	31 431 572 276

2016

Debentures	34 990 599 145
Custodian fees	3 211 472
	34 993 810 617

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

Foreign currency sensitivity analysis

If the US Dollar were to strengthen by 10% against the Rand at 31 March 2017 profit for the year would decrease as follows:

Debentures	**(3 142 776 501)**	(3 499 059 914)
Custodian fees	**(380 726)**	(321 147)
	(3 143 157 227)	(3 499 381 061)

If the US Dollar were to weaken by 10% against the Rand at 31 March 2017 profit for the year would increase as follows:

Debentures	**3 142 776 501**	3 499 059 914
Custodian fees	**380 726**	321 147
	3 143 157 227	3 499 381 061

The impact on profit for the year from a change in the US Dollar/ Rand exchange rate as per the above will be largely offset by the impact of this change on the fair value of bullion investments on profit and loss.

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

19.5 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 the bank and short term deposits in call accounts with reputable financial institutions. The exposure to interest risk is therefore not considered to be material.

	2% Increase in interest rate 2017 R	**2% Decrease in interest rates 2017 R**	2% Increase in interest rate 2016 R	2% Decrease in interest rates 2016 R
Changes in interest				
Increase/(decrease) in interest income	**1 480 351**	**(1 480 351)**	1 664 424	(1 664 424)

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

19.6 OTHER PRICE RISKS

Commodity Price 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 Johannesburg Stock Exchange may not accurately reflect the price of the Precious Metals. There has been no change in market risk exposure or market risk management since the previous period. A 10% change in the strengthening or weakening of the commodity price at 31 March 2017 and 31 March 2016 would result in the changes below:

	2017 Profit or (Loss)	2016 Profit or (Loss)
Strengthening in gold price	**1 917 430 333**	1 941 661 805
Weakening in gold price	**(1 917 430 333)**	(1 941 661 805)
Strengthening in platinum price	**981 826 774**	261 449 931
Weakening in platinum price	**(981 826 774)**	(261 449 931)
Strengthening in palladium price	**244 585 608**	1 297 098 745
Weakening in palladium price	**(244 585 608)**	(1 297 098 745)

The impact on profit for the year from a change in the US Dollar price of Precious Metals as per the above will be largely offset by the impact of this change on the fair value of debentures on profit and loss.

There has been no change in market risk exposure or market risk management since the previous period.

19.7 CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfill their contractual obligations to the Company.

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.

	2017 R	2016 R
Maximum credit risk		
Cash and cash equivalents	**74 017 535**	83 221 220
Trade and other receivables (excluding value added taxation)	**1 438 599**	868 826
	75 456 134	84 090 046

Concentration of risks of the financial assets with credit risk exposure:

Industry sectors:

Financial service	**75 456 134**	84 090 046

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

Neither past due nor impaired	**75 456 134**	84 090 046

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. 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 accrued interest receivable from Absa Bank Limited. The directors are satisfied with the credit quality of the counterparties.

19.8 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 cost effectively and in a timely fashion. Liquidity risk management deals with the overall time profile of the current statement of financial position as well the expected future structure.

Liquidity risk management process

The debentures are directly linked to the underlying precious metal commodities, the funding of the day to day activities are dependent on highly liquid Gold, Platinum and Palladium international markets.

19.8 LIQUIDITY RISK (continued)

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

	Carrying amount R	Contractual cash flows R	On demand R	Within 1 year R
2017				
Trade and other payables	**4 849 960**	**4 849 960**	**-**	**4 849 960**
Debentures	**31 427 765 014**	**31 427 765 014**	**31 427 765 014**	**-**
	31 432 614 974	**31 432 614 974**	**34 427 765 014**	**4 849 960**
2016				
Trade and other payables	4 145 479	4 145 479	-	4 145 479
Debentures	34 990 599 145	34 990 599 145	34 990 599 145	-
	34 994 744 624	34 994 744 624	34 990 599 145	4 145 479

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

20.1. FAIR VALUE HIERARCHY

The following table provides an analysis of the Company's financial assets and financial liabilities that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the instrument's fair value is observable. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined below.

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 but which are observable for the asset or liability, either directly or indirectly, such as:

- 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 monthly sales. The bullion investments and the monthly sales values are calculated with reference to the Rand value of the underlying precious metal as set out in the table below:

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

20.1. FAIR VALUE HIERARCHY (continued)

Category of Asset/Liability	Valuation technique applied	Significant inputs
Debentures	Valuation based on the market value movement of the underlying commodities namely gold, platinum and palladium, net of the management fee charged. The fair value of the underlying commodities namely gold, platinum and palladium is calculated as follows: commodity spot price x ounces held x exchange rate	Exchange rates; gold , palladium and platinum commodity spot prices

Level 3
Financial instruments valued using significant inputs that are not only based on observable market data. These include inputs based on an entity's own assumptions and assumptions applied by other market participants in pricing similar assets.

	Level 1 R	Level 2 R	Level 3 R	Total R
2017				
Non-Financial Assets				
Bullion investments	**31 438 427 150**	**-**	**-**	**31 438 427 150**
Financial Liabilities				
Debentures	**-**	**(31 427 765 014)**	**-**	**(31 427 765 014)**
2016				
Non-Financial Assets				
Bullion investments	35 002 104 813	-	-	35 002 104 813
Financial Liabilities				
Debentures	-	(34 990 599 145)	-	(34 990 599 145)

20.2. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

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 31 March 2017, for all these instruments, the carrying amounts approximate the fair values of the respective assets and liabilities because the instruments are short term in nature.

21. RELATED PARTIES

The NewGold Owner Trust owns 100% (2016: 100%) of the ordinary shares in the Company but does not control it.

The beneficiary and founder of the NewGold Owner Trust is Absa Bank Limited. Barclays Plc was Absa Bank Limited's ultimate holding company as of the current and prior report date.

NewGold Managers Proprietary Limited manages and administers the affairs of NewGold Issuer (RF) Limited. The majority of NewGold Managers Proprietary Limited's directors are the same as those of NewGold Issuer (RF) Limited.

A fee equivalent to 0.1% of the Company's expenses is paid to NewGold Managers Proprietary Limited for services rendered in terms of the service level agreement. The trustees of NewGold Owner Trust are Maitland Group South Africa Limited.

21. RELATED PARTIES (continued)

Related Party Transactions	Admin and management fees paid R	Finance income received R	Dividends paid R	Custodian Fees R
2017				
New Gold Owner Trust	-	-	**(91 500 000)**	-
NewGold Managers Proprietary Limited	**(19 461)**	-	-	-
Absa Bank Limited	-	**5 105 323**	-	-
Barclays Bank Plc	-	-	-	**(5 204 628)**
Maitland Group South Africa Limited	**(212 887)**	-	-	-
2016				
NewGold Owner Trust	-	-	(95 700 000)	-
NewGold Managers Proprietary Limited	(18 388)	-	-	-
Maitland Group South Africa Limited	(389 896)	-	-	-
Absa Bank Limited	-	4 333 204	-	-
Barclays Bank Plc	-	-	-	(13 173 290)
AIMS Fees	(2 574)	-	-	-

Related Party Balances	Other receivables R	Trade and other payables R	Cash and cash equivalents R
2017			
NewGold Managers Proprietary Limited	**959 166**	**(40 466)**	-
Absa Bank Limited	**479 433**	-	**74 017 535**
2016			
NewGold Managers Proprietary Limited	171 837	(21 006)	-
Absa Bank Limited	486 179	(25 576)	83 221 220
Barclays Bank Plc	-	(3 211 472)	-
Maitland Group South Africa Limited	-	(31 794)	-

Key management personnel

The Company adopted the Barclays Africa Group Limited Human Resources policies. The non-executive director of the Company is a full time employee of Barclays Africa Group Limited and therefore earns no directors' fees for his services as director. A trustee fee is paid to the trustee for the trustee's services and directorship provided to the company of which R212 887 (2016: R381 529) was incurred in respect of the services of the following directors: Messrs EM Letty, DA Lorimer, RMH Pitt and EM Southey.

22. QUARTERLY REVIEW OF COMMODITY PRICES AND VALUE PER DEBENTURE

The fair value is derived from multiplying the number of ounces with the PM fix (price of an ounce of gold / platinum / palladium) and also with the ZAR / USD exchange rate applicable on 31 March 2017.

NewGold Issuer (RF) Limited debentures have their primary listing on the Johannesburg Stock Exchange and secondary listings on other African exchanges. The Company newly listed its gold bullion debentures on the Nairobi Securities Exchange on 27 March 2017.

The units listed on the debentures' secondary listings are as follows:

Platinum
nil units on the Stock Exchange of Mauritius (2016: 400 000 units)
2 600 000 units on the Botswana Stock Exchange (2016: nil)

Gold
150 000 units on the Nigerian Stock Exchange (2016: 150 000 units)
50 000 units on the Ghana Stock Exchange (2016: 50 000 units)
2 950 000 units on the Botswana Stock Exchange (2016: 2 250 000 units)
150 000 units on the Stock Exchange of Mauritius (2016: 150 000 units)
400 000 units on the Nairobi Securities Exchange (2016: nil)

22. QUARTERLY REVIEW OF COMMODITY PRICES AND VALUE PER DEBENTURE (continued)

	Gold $*/ounce R	Platinum $*/ounce R	Palladium $*/ounce R	Exchange Rate R/$ R	Gold Rand/ounce R	Platinum Rand/ounce R	Palladium Rand/ounce R
COMMODITY PRICES							
2017							
30 June 2016	1 321	999	589	14.72	19 445	14 705	8 670
30 September 2016	1 323	1 034	722	13.80	18 257	14 269	9 964
31 December 2016	1 146	898	670	13.77	15 780	12 365	9 226
31 March 2017	1 245	940	798	13.38	16 658	12 577	10 677
2016							
30 June 2015	1 171	1 078	677	12.16	14 241	13 110	8 233
30 September 2015	1 114	908	661	13.87	15 456	12 598	9 171
31 December 2015	1 062	872	547	15.62	16 596	13 623	8 546
31 March 2016	1 237	976	569	14.71	18 193	14 355	8 369

	Gold R	Platinum R	Palladium R
VALUE PER DEBENTURE			
2017			
30 June 2016	185	146	86
30 September 2016	173	141	98
31 December 2016	152	123	91
31 March 2017	159	125	106
2016			
30 June 2015	136	130	81
30 September 2015	148	125	91
31 December 2015	159	134	85
31 March 2016	174	142	84

23. EVENTS AFTER THE REPORTING DATE

The following dividends were declared by NewGold Issuer (RF) Limited subsequent to year end:

Date	Dividend amount	Dividend per share
26 April 2017	7 000 000	70 000
31 May 2017	7 000 000	70 000
27 June 2017	6 500 000	65 000

The directors are not aware of any other events after the reporting date and the date of authorization of these annual financial statements (as defined Per IAS 10: Events After The Reporting Period) that would impact on these annual financial statements.

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.

24. NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted the following standards, interpretations and amended standards during the year:

IFRS 2 — *Share-based payments* - Amendments to clarify the classification and measurement of share-based payment transactions.

IFRS 10 — *Consolidated Financial Statements* - Clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

IFRS 11 — *Joint arrangements* - Amendments regarding the accounting for acquisitions of an interest in a joint operation.

IFRS 12 — *Disclosure of Interest in Other Entities* - Amendments to clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

IAS 1 — *Presentation of Financial Statements* - Amendments are designed to encourage entities to apply professional judgement in determining what information to disclose, as well as where and in what order information is presented in the financial disclosures provided in the financial statements.

IAS 16 — *Property, Plant and Equipment* - Amendments regarding the clarification of acceptable methods of depreciation and amortization, and amendment to include bearer plants in the scope of IAS 16.

IAS 28 — *Investments in Associates and Joint Ventures* - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.

IAS 38 — *Intangible Assets* - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

24. NEW ACCOUNTING PRONOUNCEMENTS (continued)

Annual improvements (2012- 2014 cycle)
Non-urgent but necessary clarifications and amendments to the following standards of IFRS:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosure
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

New and revised International Financial Reporting Standards issued not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	Annual periods beginning on or after
IAS 7	*Statement of Cash Flows* - Amendments as result of the Disclosure Initiative. Additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017
IAS 12	*Income Taxes* - Amendments regarding the recognition of deferred tax assets for unrealised losses.	1 January 2017
IFRS 4	*Insurance contracts* - Applying IFRS 9 Financial instruments (amendments) allow an entity that issues insurance contracts the opportunity to utilize two options - where IFRS 9 is applied prior to the forthcoming insurance contracts standard. These are (a) the overlay approach - which permits an insurer to reclassify certain income/expenditure, arising from designated financial instruments, from profit or loss to OCI, and (b) the deferral approach - temporary exemption from IFRS 9 for insurers whose predominant activity is issuing insurance contracts.	1 January 2018
IFRS 9	*Financial Instruments* - A new accounting standard that represents a package of reforms to financial instrument accounting was issued in July 2014. IFRS 9 replaces the previous standard on financial instruments, IAS 39. IFRS 9 will lead to significant changes in the accounting for financial instruments. The key changes relate to: *Financial assets:* Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income; *Financial liabilities:* The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from own credit risk will be presented in other comprehensive income rather than in profit or loss;	1 January 2018

24. NEW ACCOUNTING PRONOUNCEMENTS (continued)

	Standard	Annual periods beginning on or after
	Impairment: Credit losses expected at the reporting date (rather than only losses incurred in the year) on loans and advances, debt securities, loan commitments and financial guarantee contracts not held at fair value through profit or loss will be reflected in impairment allowances.	
IFRS 15	*Revenue from Contracts with Customers* - A new accounting standard that provides a single, principle based, five-step model to be applied to all contracts with customers. New disclosures about revenue are also introduced.	1 January 2018
IAS 40	*Investment Properties* - Amendments regarding when an entity should transfer property into, or out of, investment property.	1 January 2018
IFRIC22	*Foreign Currency Transactions and Advance Consideration* - Amendments clarifying the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.	1 January 2018
IFRS 16	*Leases* - A new accounting standard that eliminates the classification of leases as either operating leases or finance leases for lessees and, instead, introduces a single accounting model, which recognises all leases on the statement of financial position.	1 January 2019
IFRIC23	*Uncertainty Over Income Tax Treatments* – Interpretation clarifying the accounting for uncertainties in income taxes.	1 January 2019
IFRS 17	*Insurance Contracts* - A new insurance accounting standard which establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts.	1 January 2021

The impact of IFRS 9 *Financial Instruments* is not expected to be material. With regards to IFRS 9 *Financial Instruments,* the debentures which are currently measured at fair value under IAS 39 *Financial Instruments: Recognition and Measurement* will continue to be measured at fair value under IFRS 9 and therefore not be assessed for separate impairment considerations, which in management's view is the primary change brought through the implementation of IFRS 9. Financial instruments carried at amortised cost are also expected to continue to be carried at amortised cost following the implementation of IFRS 9.

The manner in which performance obligations are extinguished under currently effective accounting standards will continue will remain unchanged under IFRS 15 *Revenue from Contracts with Customers.* The impact of IFRS 15 is therefore not expected to be material.

IFRS 16 *Leases* is not expected to have any impact on the Company.

The Company is in the process of assessing the potential impact that the adoption of the standards and interpretations listed above may have on its future financial performance or disclosures in the annual financial statements.