

db ETC Plc

Directors' report and audited financial statements

For the year ended 31 December 2013

Registered number 103781

db ETC Plc

Contents

Page (s)

Directors' and other information	1
Directors' report	2 - 4
Statement of directors' responsibilities	5
Independent auditor's report	6 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

Directors' and other information

Directors

Ogier Corporate Director (Jersey) 3 Limited
Ogier Corporate Director (Jersey) 4 Limited
Peter Becker
Alan Booth (resigned as alternate director to Peter Becker on 31 May 2013)

Registered Office

St Paul's Gate
New Street
St Helier
Jersey JE4 8ZB
Channel Islands

**Administrator, Determination Agent &
Company Secretary**

Deutsche International Corporate Services Limited
St Paul's Gate
New Street
St Helier
Jersey JE4 8ZB
Channel Islands

**Authorised Participant, Arranger,
Issuing and Paying Agent, Programme
Counterparty, Custodian and Metal Agent**

Deutsche Bank AG
London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Note Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Independent Auditor

KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditor
37 Esplanade
St Helier
Jersey JE4 8WQ
Channel Islands

Directors' report

The directors present the annual report and audited financial statements of db ETC Plc (the "Company") for the year ended 31 December 2013.

Principal activities and business review

The Company was incorporated on 6 August 2009 as a public limited company in Jersey under the Companies (Jersey) Law 1991 with company number 103781.

The principal activity of the Company, under the Secured ETC Precious Metal Securities Programme (the "Programme"), is to issue from time to time Series of secured precious metal linked securities ("ETC Securities"), where recourse in respect of each Series is limited to the proceeds of enforcement of the security over each respective Series' assets.

With respect to each Series (each a "Series") of ETC Securities, the Company's main assets are its holdings of underlying metal and its interests under the related Balancing Agreement. The obligations of the Company under the ETC Securities of a Series will be secured in favour of the Trustee by an assignment by way of security of all the Company's rights, title, interest and benefit present and future against the Secured Account Custodian, the Subscription Account Custodian and any Sub-Custodian relating to the underlying metal in respect of this Series of ETC Securities.

The net proceeds from the issue of a Series of ETC Securities are used to purchase an amount of unallocated metal which, in accordance with the Custody Agreement for secured accounts will, to the extent possible, be allocated to physical metal bars or other metal shapes and be held in the secured allocated account. Any remaining metal is held in the secured unallocated account. Such underlying metal is used to meet the Company's obligations under the relevant Series of ETC Securities and the relevant Balancing Agreement.

General information regarding the Company is further described in note 1 of the financial statements.

The ETC Securities are listed on various exchanges, including London, Switzerland, Milan and Frankfurt.

Key performance indicators

The Company is a Special Purpose Vehicle (the "SPV") and its principal activity is the issue of secured precious metal linked securities. The best benchmark is the price of the relevant metal in which the proceeds of the ETC Securities are invested in. For all Series, the performance closely followed the movement in the metal linked to the Series.

The directors confirm that the key performance indicators as disclosed below, are those that are used to assess the performance of the Company.

During the year:

- the Company made no profit (2012: profit of EUR 2,500);
- the net loss on inventories amounted to EUR 727,757,975 (2012: net gain of EUR 62,033,676) as disclosed in note 4;
- the net gain on financial liabilities amounted to EUR 727,965,832 (2012: net loss of EUR 62,033,676) as disclosed in note 5;
- there were new subscriptions in the following existing Series of ETC Securities:

Series 1	db Physical Gold ETC
Series 2	db Physical Gold Euro Hedged ETC
Series 3	db Physical Silver ETC
Series 4	db Physical Silver Euro Hedged ETC
Series 5	db Physical Platinum ETC
Series 6	db Physical Platinum Euro Hedged ETC
Series 7	db Physical Palladium ETC
Series 8	db Physical Palladium Euro Hedged ETC
Series 9	db Physical Gold ETC (EUR)
Series 10	db Physical Silver ETC (EUR)
Series 11	db Physical Rhodium ETC
Series 12	db Physical Rhodium ETC (EUR)
Series 13	db Physical Gold GBP Hedged ETC
Series 14	db Physical Silver GBP Hedged ETC
Series 16	db Physical Gold CHF Hedged ETC

Directors' report (continued)**Key performance indicators (continued)**

- the following Series of ETC Securities were partially redeemed:
 - Series 1 db Physical Gold ETC
 - Series 2 db Physical Gold Euro Hedged ETC
 - Series 3 db Physical Silver ETC
 - Series 4 db Physical Silver Euro Hedged ETC
 - Series 5 db Physical Platinum ETC
 - Series 6 db Physical Platinum Euro Hedged ETC
 - Series 7 db Physical Palladium ETC
 - Series 8 db Physical Palladium Euro Hedged ETC
 - Series 9 db Physical Gold ETC (EUR)
 - Series 10 db Physical Silver ETC (EUR)
 - Series 13 db Physical Gold GBP Hedged ETC
 - Series 14 db Physical Silver GBP Hedged ETC
- the following Series of ETC Securities were fully redeemed:
 - Series 15 db Physical Gold SGD Hedged ETC
- the structure performed in accordance with the parameters set out in the multi-issuance programme and the performance is considered satisfactory.

As at 31 December 2013:

- the Company's total ETC Securities issued had a fair value of EUR 1,594,872,060 (2012: EUR 2,453,380,431) as disclosed in note 12;
- the Company has invested in inventories with a fair value of EUR 1,594,872,060 (2012: EUR 2,453,380,431) as disclosed in note 11;
- the net assets of the Company was EUR 30,002 (2012: EUR 30,002);
- the Company had invested in inventories in each of the following Series:

Series	Description	Maturity date	Ccy	Nominal (in units)
1	Gold	15-Jun-60	USD	445,330
2	Gold	15-Jun-60	EUR	548,043
3	Silver	15-Jun-60	USD	3,591,391
4	Silver	15-Jun-60	EUR	5,190,747
5	Platinum	15-Jun-60	USD	57,582
6	Platinum	15-Jun-60	EUR	28,283
7	Palladium	15-Jun-60	USD	96,954
8	Palladium	15-Jun-60	EUR	20,198
9	Gold	15-Jun-60	EUR	336,174
10	Silver	15-Jun-60	EUR	5,367,383
11	Rhodium	19-May-61	USD	74,982
12	Rhodium	19-May-61	EUR	26,814
13	Gold	19-May-61	GBP	13,857
14	Silver	19-May-61	GBP	132,801
16	Gold	05-Dec-62	CHF	2,586

- the Company had the following ETC Securities in issue:

Series	Description	Maturity date	Ccy	Nominal (in units)
1	db Physical Gold ETC	15-Jun-60	USD	4,500,000
2	db Physical Gold Euro Hedged ETC	15-Jun-60	EUR	5,105,000
3	db Physical Silver ETC	15-Jun-60	USD	365,000
4	db Physical Silver Euro Hedged ETC	15-Jun-60	EUR	500,000
5	db Physical Platinum ETC	15-Jun-60	USD	585,000
6	db Physical Platinum Euro Hedged ETC	15-Jun-60	EUR	275,000
7	db Physical Palladium ETC	15-Jun-60	USD	985,000
8	db Physical Palladium Euro Hedged ETC	15-Jun-60	EUR	200,000
9	db Physical Gold ETC (EUR)	15-Jun-60	EUR	3,395,000
10	db Physical Silver ETC (EUR)	15-Jun-60	EUR	545,000
11	db Physical Rhodium ETC	19-May-61	USD	769,000
12	db Physical Rhodium ETC (EUR)	19-May-61	EUR	275,000

Directors' report (continued)**Key performance indicators (continued)**

- the Company had the following ETC Securities in issue (continued):

Series	Description	Maturity date	Ccy	Nominal (in units)
13	db Physical Gold GBP Hedged ETC	19-May-61	GBP	1,375,000
14	db Physical Silver GBP Hedged ETC	19-May-61	GBP	135,000
16	db Physical Gold CHF Hedged ETC	05-Dec-62	CHF	25,000

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future. The Board will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company.

Going concern

The Company's financial statements for the year ended 31 December 2013 have been prepared on a going concern basis. Each asset is referenced to a specific Series of ETC Securities and any loss derived from the asset will be ultimately borne by the relevant ETC securities holders. The directors anticipate that assets will continue to generate enough cash flows on an ongoing basis to meet the financial liabilities as they fall due. The ETC Securities in issue as at 31 December 2013 have final maturities ranging from 2060 to 2062. The directors do not foresee any material redemption in the next 12 months that would trigger going concern issues.

Business risks and principal uncertainties

The Company is subject to various risks. The key risks facing the Company relate to their use of financial instruments and other risks (i.e market risk, credit risk, liquidity risk and operational risk) arising from the inventory which are set out in note 15 to the financial statements.

Results and dividends for the year

The results for the year are set out on page 8. The directors do not recommend the payment of a dividend for the year (2012: Nil).

Directors, secretary and their interests

None of the directors or the secretary who held office on 31 December 2013 held any shares or ETC securities in the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest. As disclosed in note 18, Related Party Transactions, Peter Becker, acting as director for the Company is an employee of Deutsche Bank International Limited who provide administrative services to the Company through their subsidiary, Deutsche International Corporate Services Limited. See note 18 for full details of the relationships entered into between the Company and the Deutsche Bank Group.

Alan Booth resigned as alternate director to Peter Becker on 31 May 2013.

There were no other changes in directors, secretary and registered office during the year.

Shares and shareholders

The authorised share capital of the Company is GBP 10,000 divided into 10,000 Limited shares of GBP 1 each (the "Shares") of which 2 are issued and fully paid and are directly held by Ogier Nominees (Jersey) Limited and Reigo Nominees (Jersey) Limited (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") under which the Share Trustees hold the benefit of the shares on trust for charitable purposes. There are no other rights that pertain to the shares and the shareholders.

Subsequent events

Significant events that require disclosure to the financial statement since the year end and up to the date of approving this report have been disclosed in note 21 to the financial statements.

Independent auditor

In accordance with Jersey Company Law, KPMG Channel Islands Limited, Chartered Accountants and Recognized Auditor will continue in office.

On behalf of the board


 Director PETER GATEHOUSE - ON BEHALF OF.

Date: 11/04/14

STEPHEN LANGRAN
 ON BEHALF OF
 Ogier Corporate Director
 (Jersey) 3 Limited

Ogier Corporate Director
 (Jersey) 4 Limited

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements, in accordance with applicable law and International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also required by the Transparency (Directive 2004/109/EC) Regulation 2007 to include a Directors' Report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The directors confirm that, to the best of their knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial Statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view, of the state of the financial position and of its profit or loss of the Company for the year then ended; and
- the Directors' report includes a fair review of the development and performance of the business of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board



Director

Date: 11/4/14.

STEPHEN LAMBERT
ON BEHALF OF.

Ogier Corporate Director
(Jersey) 3 Limited



PETER GATEHOUSE - ON BEHALF OF.

Ogier Corporate Director
(Jersey) 4 Limited

Independent auditor's report to the members of db ETC Plc

We have audited the financial statements of db ETC Plc ("the company") for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the members of db ETC Plc – continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



Eric J. Bertrand

for and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditor

11 April 2014

- The maintenance and integrity of the website on which the financial statements are published are the responsibility of the directors; the work carried out by auditors does not involve consideration of these matters and accordingly, KPMG Channel Islands Limited accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 11 April 2014. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 11 April 2014 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

Statement of comprehensive income
For the year ended 31 December 2013

	Notes	Year ended 31-Dec-13 EUR	Year ended 31-Dec-12 EUR
Net fair value (loss)/gain on inventories	4	(727,757,975)	62,033,676
Net fair value gain/(loss) on financial liabilities designated at fair value through profit or loss	5	<u>727,965,832</u>	<u>(62,033,676)</u>
Operating results		207,857	-
Other income	6	-	2,500
Other expenses	7	(207,857)	-
Operating profit before taxation		<u>-</u>	<u>2,500</u>
Taxation	8	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u><u>-</u></u>	<u><u>2,500</u></u>

Statement of financial position
As at 31 December 2013

	Notes	31-Dec-13 EUR	31-Dec-12 EUR
Assets			
Cash and cash equivalents	9	2	2
Other receivables	10	30,000	30,000
Inventories held at fair value	11	1,594,872,060	2,453,380,431
Total assets		<u>1,594,902,062</u>	<u>2,453,410,433</u>
Liabilities and equity			
Liabilities			
Financial liabilities designated at fair value through profit or loss	12	1,594,872,060	2,453,380,431
Total liabilities		<u>1,594,872,060</u>	<u>2,453,380,431</u>
Equity			
Share capital – equity	13	2	2
Retained earnings		30,000	30,000
Total equity		<u>30,002</u>	<u>30,002</u>
Total liabilities and equity		<u>1,594,902,062</u>	<u>2,453,410,433</u>

The financial statements on pages 8 to 26 were approved by the Board and authorised for issue on 11 APRIL 2014.

On behalf of the board


Director


PETER GATEHOUSE – ON BEHALF OF

Date: 11/4/14

Ogler Corporate Director
(Jersey) 4 Limited

STEPHEN LANGAN
ON BEHALF OF

Ogler Corporate Director
(Jersey) 3 Limited

Statement of changes in equity
For the year ended 31 December 2013

	Share capital	Retained earnings	Total equity
	EUR	EUR	EUR
Balance as at 1 January 2012	2	27,500	27,502
<i>Total comprehensive income for the year</i>			
Profit for the year	-	2,500	2,500
Total comprehensive income for the year	-	2,500	2,500
Balance as at 31 December 2012	2	30,000	30,002
Balance as at 1 January 2013	2	30,000	30,002
<i>Total comprehensive income for the year</i>			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2013	2	30,000	30,002

Statement of cash flows

For the year ended 31 December 2013

	Notes	Year ended 31-Dec-13 EUR	Year ended 31-Dec-12 EUR
Cash flows from operating activities			
Profit before taxation		-	2,500
<i>Adjustments for:</i>			
Net fair value loss/(gain) on inventories	4	727,757,975	(62,033,676)
Net fair value (gain)/loss on financial liabilities designated at fair value through profit or loss	5	(727,965,832)	62,033,676
<i>Movements in working capital</i>			
Increase in other receivables	10	-	(2,500)
Net cash used in operating activities		<u>(207,857)</u>	<u>-</u>
Cash flows from investing activities			
Purchase of inventories	11	(923,875,368)	(1,431,472,615)
Proceeds from disposal of inventories	11	1,054,625,764	504,901,542
Net cash generated from/(used in) investing activities		<u>130,750,396</u>	<u>(926,571,073)</u>
Cash flows from financing activities			
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	12	923,875,368	1,431,472,615
Redemption of financial liabilities designated at fair value through profit or loss	12	(1,054,417,907)	(504,901,542)
Net cash (used in)/generated from financing activities		<u>(130,542,539)</u>	<u>926,571,073</u>
Movement in cash and cash equivalents		-	-
Cash and cash equivalents at start of the year		2	2
Cash and cash equivalents at end of the year	9	<u>2</u>	<u>2</u>

Notes to the financial statements
For the year ended 31 December 2013

1 General information

The Company was incorporated on 6 August 2009 as a public limited company in Jersey under the Companies (Jersey) Law 1991, as amended, with company number 103781.

The principal activity of the Company, under the Secured ETC Precious Metal Securities Programme (the "Programme"), is to issue from time to time Series of secured precious metal linked securities ("ETC Securities"), where recourse in respect of each Series is limited to the proceeds of enforcement of the security over the respective Series' assets.

The ETC Securities are listed on various exchanges, including London, Switzerland, Milan and Frankfurt.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Companies (Jersey) Law 1991.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2013; the comparative information for the year ended 31 December 2012 presented in these financial statements has been prepared using the same accounting policies.

These financial statements have been prepared on a going concern basis as disclosed in the Directors' report.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the Statement of financial position:

- Inventories held at fair value are measured at fair value; and
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

The method used to measure fair values are discussed further in note 3(f, g) and 16.

(c) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the entity operates. The financial liabilities designated at fair value through profit or loss are primarily denominated in Euro ("EUR"). Hence, the directors believe that the functional and the presentation currency should be EUR as EUR most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Details of material judgements and estimates have been further described in accounting policy 3(f) "Inventories", 3(g) "Financial instruments" and note 16 "Fair Values" to the financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2013

2 Basis of preparation (continued)
(e) Changes in accounting standards

Applicable new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted

(i) IFRS 9, 'Financial instruments', for which no specific effective date has yet been decided, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Company's financial position or performance, as it is expected that the Company will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss. IFRS 9 has yet to be endorsed by the European Union.

Applicable new standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2013 and adopted

(i) IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013, improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided comparative information for the new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

The additional disclosures to the financial statements consists (i) clarification of the policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred; and (ii) improvement of the description of the fair value methodology and inputs used to arrive at the fair value of the financial and non-financial assets and liabilities. These disclosures were included in note 16 "Fair Values".

(ii) IAS1, "Presentation of financial statements" (amendments) - effective for accounting periods commencing on or after 1 July 2012.

The main change resulting from these amendments that is relevant to the Company, is a requirement for entities to group items presented in other comprehensive income on the basis of whether they may potentially be reclassified to profit or loss subsequently (reclassification adjustments). This amendment did not have any significant impact to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that will have a significant impact on the Company's financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2013

3 Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in Statement of comprehensive income.

Gains and losses arising on retranslation of financial instruments at fair value through profit or loss and inventory held at fair value are included in the Statement of comprehensive income together with fair value gains and losses as noted below.

(b) Net fair value (loss)/gain on inventories

Net fair value (loss)/gain on inventories relates to movement in prices of metals and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of the inventories are recorded in the Statement of comprehensive income. Details of recognition and measurement of inventories are disclosed in the accounting policy for inventories (note 3(f)).

(c) Net fair value gain/(loss) on financial liabilities designated at fair value through profit or loss

Net fair value gain/(loss) on financial liabilities designated at fair value through profit or loss relates to ETC Securities issued and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in the fair value of the financial liabilities designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(g)).

(d) Other income

Other income is recognised in the Statement of comprehensive income when the right to receive income is established, on an accruals basis.

(e) Other expenses

Most of the Company's expenses are paid by the Arranger, Deutsche Bank AG, London Branch and as such, are not reflected in these financial statements. Expenses that are paid directly from the inventories held by the Company are recognised in the Statement of comprehensive income. See note 7 for further disclosure.

(f) Inventories

The directors believe that the Company effectively acts as commodity trader as defined in IAS 2, "Inventories" for each of the ETC Security holders. Therefore, inventories are measured at fair value in accordance with IFRS 13 "Fair value measurement".

Valuation of inventories

The gold is recorded at fair value using the AM fix on 31 December 2013 quoted by the London Bullion Market Association. The AM fix on 31 December 2013 was used to value the gold as this was the last fix price available from the London Bullion Market Association for the year.

The silver is recorded at fair value using the fix on 31 December 2013 quoted by the London Bullion Market Association. The fix on 31 December 2013 was used to value the silver as this was the last fix price available from the London Bullion Market Association for the year.

The platinum is recorded at fair value using the AM fix on 31 December 2013 quoted by the London Platinum and Palladium Market. The AM fix on 31 December 2013 was used to value the platinum as this was the last available fix price available from the London Platinum and Palladium Market for the year.

The palladium is recorded at fair value using the AM fix on 31 December 2013 quoted by the London Platinum and Palladium Market. The AM fix on 31 December 2013 was used to value the palladium as this was the last available fix price available from the London Platinum and Palladium Market for the year.

The rhodium is recorded at fair value using the fix on 31 December 2013 quoted by Comdaq. The fix on 31 December 2013 was used to value the rhodium as this was the last fix price available from the Comdaq for the year.

Notes to the financial statements (continued)
For the year ended 31 December 2013

(f) Inventories (continued)

The metal prices derived from the above sources are then adjusted for product fees charged at 0.29% to 0.95% per annum of metal entitlement and any purchase or sale transactions between the Observation Date (as defined in the Master Balancing Terms) and the year end date. The product fees are accrued on a daily basis. Therefore, the valuation of inventories in the statement of financial position is net of product fees of EUR 9,555,030 (2012: EUR 9,697,695).

(g) Financial instruments

Initial recognition

Financial liabilities at fair value through profit or loss are recognised initially at the trade date at which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial liabilities at fair value through profit or loss are measured at fair value.

Classification

The Company has classified financial assets and financial liabilities into the following categories:

Financial liabilities at fair value through profit or loss:

- Designated at fair value through profit or loss – ETC Securities issued

Financial assets at amortised cost:

- Cash and cash equivalents and other receivables.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method or any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the Statement of comprehensive income. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value measurement principles

Quoted prices are available on recognised stock exchanges for the financial liabilities at fair value through profit or loss. However, the directors have determined that prices calculated by the Determination Agent, Deutsche International Corporate Services (Ireland) Limited should be used as a measurement basis at 31 December 2013 and 2012 as these prices most accurately reflect the obligations of the Company under the terms of the Series Issue Deeds.

The prices are calculated using the spot price of the relevant underlying metal adjusted for product fees. The product fees range from 0.29% to 0.95% per annum and are accrued on a daily basis by reducing the metal entitlement of each ETC Security.

Identification and measurement of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets measured at amortised cost are impaired. A financial asset is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Notes to the financial statements (continued)
For the year ended 31 December 2013

3 Significant accounting policies (continued)

(g) Financial instruments (continued)

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through the Statement of comprehensive income.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss in the Statement of comprehensive income. The Company writes off financial assets carried at amortised cost when they are determined to be uncollectible.

(h) Other receivables

Other receivables are accounted for at amortised cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash held at banks and other short-term highly liquid investments with maturities of less than three months at acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

(j) Other payables

Other payables are accounted for at amortised cost.

(k) Share capital

Share capital is issued in Pound Sterling ("GBP"). Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(l) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day today management of the business including the decisions to purchase and sell securities to other parties both internal and external to the Company. The decision of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of Directors. Therefore the Directors, as chief operating decision maker, retain full responsibility as to major allocation decisions of the Company.

The board of directors believe that each Series can be treated as a segment as the return on each Series is linked to a different metal. Furthermore, financial information reviewed by the board of directors is split out by Series and decisions are made on the basis of this information.

The split of financial liabilities designated at fair value through profit or loss by Series is shown in note 12 to the financial statements. Financial liabilities relate to ETC Securities. Details of the fair value movement by Series and the year end unit price by Series are included in note 12 which are the key measures of performance for each Series. There were no transactions between reportable segments during the year. All the entity-wide disclosures are covered in the Statement of financial position, Statement of comprehensive income and note 15(b).

4	Net fair value (loss)/gain on inventories	Year ended	Year ended
		31-Dec-13	31-Dec-12
		EUR	EUR
	Net fair value (loss)/gain on inventories	<u>(727,757,975)</u>	<u>62,033,676</u>
		<u>(727,757,975)</u>	<u>62,033,676</u>
5	Net fair value gain/(loss) on financial liabilities designated at fair value through profit or loss	Year ended	Year ended
		31-Dec-13	31-Dec-12
		EUR	EUR
	Net fair value gain/(loss) on ETC Securities	<u>727,965,832</u>	<u>(62,033,676)</u>
		<u>727,965,832</u>	<u>(62,033,676)</u>

Notes to the financial statements (continued)
For the year ended 31 December 2013

6	Other income	Year ended 31-Dec-13	Year ended 31-Dec-12
		EUR	EUR
	Corporate benefit	-	2,500
		<u>-</u>	<u>2,500</u>

The corporate benefits are receivable from the Arranger, Deutsche Bank AG, London Branch and represent the Company's profit as a result of entering into the Programme.

7	Other expenses	Year ended 31-Dec-13	Year ended 31-Dec-12
		EUR	EUR
	Amount paid to Metal Administrator	(207,857)	-
		<u>(207,857)</u>	<u>-</u>

This is an amount paid to the Metal Administrator on redemption of Series 15 db Physical Gold SGD Hedged ETC.

8	Taxation	
	The Company is not a regulated financial service company from a Jersey Income Tax perspective. Therefore, the Company is liable to Jersey Income Tax at 0%.	

9	Cash and cash equivalents	31-Dec-13	31-Dec-12
		EUR	EUR
	Cash at bank	2	2
		<u>2</u>	<u>2</u>

The Company's cash at bank is held with Ogier Corporate Trustee (Jersey) Limited.

10	Other receivables	31-Dec-13	31-Dec-12
		EUR	EUR
	Corporate benefit receivable due from Arranger	30,000	30,000
		<u>30,000</u>	<u>30,000</u>

11	Inventories held at fair value	31-Dec-13	31-Dec-12
		EUR	EUR
	Inventories	1,594,872,060	2,453,380,431

Movement in inventories		31-Dec-13	31-Dec-12
		EUR	EUR
At beginning of the year		2,453,380,431	1,464,775,682
Additions during the year		923,875,368	1,431,472,615
Disposals during the year		(1,054,625,764)	(504,901,542)
Net changes in fair value during the year		<u>(727,757,975)</u>	<u>62,033,676</u>
At end of the year		<u>1,594,872,060</u>	<u>2,453,380,431</u>

12 Financial liabilities designated at fair value through profit or loss

	31-Dec-13		31-Dec-12	
	Nominal units issued	Fair value Amount EUR	Nominal units issued	Fair value Amount EUR
ETC Securities issued	19,034,000	1,594,872,060	21,064,000	2,453,380,431

Movement in financial liabilities		31-Dec-13	31-Dec-12
		EUR	EUR
At beginning of the year		2,453,380,431	1,464,775,682
Issue of financial liabilities during the year		923,875,368	1,431,472,615
Redemption of financial liabilities during the year		(1,054,417,907)	(504,901,542)
Net changes in fair value during the year		<u>(727,965,832)</u>	<u>62,033,676</u>
At end of year		<u>1,594,872,060</u>	<u>2,453,380,431</u>

Notes to the financial statements (continued)
For the year ended 31 December 2013

12 Financial liabilities designated at fair value through profit or loss (continued)

The ETC Securities issued are listed on various exchanges, including London, Switzerland, Milan and Frankfurt. Refer to note 15 for a description of the key risks regarding the issue of these instruments.

The financial liabilities in issue at 31 December 2013 are as follows:

Series	Description	CCY	Maturity	31-Dec-13 Units Outstanding	31-Dec-13 NAV per unit (CCY)	31-Dec-13 Fair value EUR
Series 1	db Physical Gold ETC	USD	15-Jun-60	4,500,000	118.90	389,365,984
Series 2	db Physical Gold Euro Hedged ETC	EUR	15-Jun-60	5,105,000	93.67	478,194,401
Series 3	db Physical Silver ETC	USD	15-Jun-60	365,000	191.87	50,962,371
Series 4	db Physical Silver Euro Hedged ETC	EUR	15-Jun-60	500,000	147.05	73,523,322
Series 5	db Physical Platinum ETC	USD	15-Jun-60	585,000	133.67	56,903,022
Series 6	db Physical Platinum Euro Hedged ETC	EUR	15-Jun-60	275,000	101.42	27,890,652
Series 7	db Physical Palladium ETC	USD	15-Jun-60	985,000	69.98	50,163,234
Series 8	db Physical Palladium Euro Hedged ETC	EUR	15-Jun-60	200,000	52.14	10,428,122
Series 9	db Physical Gold ETC (EUR)	EUR	15-Jun-60	3,395,000	86.40	293,328,615
Series 10	db Physical Silver ETC (EUR)	EUR	15-Jun-60	545,000	139.50	76,025,251
Series 11	db Physical Rhodium ETC	USD	19-May-61	769,000	94.58	52,927,625
Series 12	db Physical Rhodium ETC (EUR)	EUR	19-May-61	275,000	68.66	18,881,747
Series 13	db Physical Gold GBP Hedged ETC	GBP	19-May-61	1,375,000	7.33	12,135,149
Series 14	db Physical Silver GBP Hedged ETC	GBP	19-May-61	135,000	11.61	1,887,612
Series 16	db Physical Gold CHF Hedged ETC	CHF	05-Dec-62	25,000	110.71	2,254,953
				19,034,000		1,594,872,060

The financial liabilities in issue at 31 December 2012 are as follows:

Series	Description	CCY	Maturity	31-Dec-12 Units outstanding	31-Dec-12 NAV per unit (CCY)	31-Dec-12 Fair value EUR
Series 1	db Physical Gold ETC	USD	15-Jun-60	2,480,000	165.16	310,470,619
Series 2	db Physical Gold Euro Hedged ETC	EUR	15-Jun-60	9,225,000	131.49	1,213,002,205
Series 3	db Physical Silver ETC	USD	15-Jun-60	275,000	296.04	61,709,210
Series 4	db Physical Silver Euro Hedged ETC	EUR	15-Jun-60	425,000	229.85	97,684,472
Series 5	db Physical Platinum ETC	USD	15-Jun-60	465,000	150.59	53,079,995
Series 6	db Physical Platinum Euro Hedged ETC	EUR	15-Jun-60	260,000	115.30	29,978,432
Series 7	db Physical Palladium ETC	USD	15-Jun-60	720,000	69.12	37,721,390
Series 8	db Physical Palladium Euro Hedged ETC	EUR	15-Jun-60	240,000	51.98	12,474,904
Series 9	db Physical Gold ETC (EUR)	EUR	15-Jun-60	4,135,000	125.02	516,969,430
Series 10	db Physical Silver ETC (EUR)	EUR	15-Jun-60	200,000	224.75	44,949,740
Series 11	db Physical Rhodium ETC	USD	19-May-61	314,000	106.33	25,306,832
Series 12	db Physical Rhodium ETC (EUR)	EUR	19-May-61	220,000	80.60	17,733,067
Series 13	db Physical Gold GBP Hedged ETC	GBP	19-May-61	1,985,000	10.24	25,037,178

Notes to the financial statements (continued)
For the year ended 31 December 2013

12 Financial liabilities designated at fair value through profit or loss (continued)

Series	Description	CCY	Maturity	31-Dec-12 Units outstanding	31-Dec-12 NAV per unit (CCY)	31-Dec-12 Fair value EUR
Series 14	db Physical Silver GBP Hedged ETC	GBP	19-May-61	75,000	18.06	1,668,574
Series 15	db Physical Gold SGD Hedged ETC	SGD	19-May-61	30,000	196.59	3,659,468
Series 16	db Physical Gold CHF Hedged ETC	CHF	05-Dec-62	15,000	155.79	1,934,915
				21,064,000		2,453,380,431

Movement in fair values by Series for the year ended 31 December 2013

Series	Description	Opening balance EUR	Issuances EUR	Redemptions 31-Dec-13 EUR	Net changes in fair values EUR	Closing balance 31-Dec-13 EUR
Series 1	db Physical Gold ETC	310,470,619	273,698,537	(58,112,714)	(136,690,458)	389,365,984
Series 2	db Physical Gold Euro Hedged ETC	1,213,002,205	131,687,156	(562,553,427)	(303,941,533)	478,194,401
Series 3	db Physical Silver ETC	61,709,210	20,206,642	(6,567,736)	(24,385,745)	50,962,371
Series 4	db Physical Silver Euro Hedged ETC	97,684,472	34,606,815	(16,147,573)	(42,620,392)	73,523,322
Series 5	db Physical Platinum ETC	53,079,995	16,182,179	(3,611,997)	(8,747,155)	56,903,022
Series 6	db Physical Platinum Euro Hedged ETC	29,978,432	9,750,724	(8,036,714)	(3,801,790)	27,890,652
Series 7	db Physical Palladium ETC	37,721,390	18,508,270	(4,374,772)	(1,691,654)	50,163,234
Series 8	db Physical Palladium Euro Hedged ETC	12,474,904	6,876,122	(8,530,069)	(392,835)	10,428,122
Series 9	db Physical Gold ETC (EUR)	516,969,430	285,336,551	(360,856,038)	(148,121,328)	293,328,615
Series 10	db Physical Silver ETC (EUR)	44,949,740	82,369,901	(14,863,940)	(36,430,450)	76,025,251
Series 11	db Physical Rhodium ETC	25,306,832	35,603,634	-	(7,982,841)	52,927,625
Series 12	db Physical Rhodium ETC (EUR)	17,733,067	4,614,768	-	(3,466,088)	18,881,747
Series 13	db Physical Gold GBP Hedged ETC	25,037,178	2,289,396	(7,578,333)	(7,613,092)	12,135,149
Series 14	db Physical Silver GBP Hedged ETC	1,668,574	1,181,149	(274,741)	(687,370)	1,887,612
Series 15	db Physical Gold SGD Hedged ETC	3,659,468	-	(2,909,853)	(749,615)	-
Series 16	db Physical Gold CHF Hedged ETC	1,934,915	963,524	-	(643,486)	2,254,953
		2,453,380,431	923,875,368	(1,054,417,907)	(727,965,832)	1,594,872,060

Notes to the financial statements (continued)
For the year ended 31 December 2013

12 Financial liabilities designated at fair value through profit or loss (continued)
Movement in fair values by Series for the year ended 31 December 2012

Series	Description	Opening balance EUR	Issuances EUR	Redemptions 31-Dec-12 EUR	Net changes in fair values EUR	Closing balance 31-Dec-12 EUR
Series 1	db Physical Gold ETC	131,087,097	200,539,523	(18,362,145)	(2,793,856)	310,470,619
Series 2	db Physical Gold Euro Hedged ETC	743,821,055	577,598,054	(148,310,913)	39,894,009	1,213,002,205
Series 3	db Physical Silver ETC	77,708,180	80,180,322	(105,540,289)	9,360,998	61,709,210
Series 4	db Physical Silver Euro Hedged ETC	71,898,881	39,256,063	(18,020,422)	4,549,949	97,684,472
Series 5	db Physical Platinum ETC	50,320,066	7,123,907	(9,401,483)	5,037,505	53,079,995
Series 6	db Physical Platinum Euro Hedged ETC	27,166,274	-	-	2,812,158	29,978,432
Series 7	db Physical Palladium ETC	6,034,362	29,674,702	-	2,012,326	37,721,390
Series 8	db Physical Palladium Euro Hedged ETC	9,099,964	6,465,984	(3,654,870)	563,826	12,474,904
Series 9	db Physical Gold ETC (EUR)	276,092,169	397,109,347	(159,755,733)	3,523,647	516,969,430
Series 10	db Physical Silver ETC (EUR)	42,213,209	38,587,981	(41,855,686)	6,004,237	44,949,740
Series 11	db Physical Rhodium ETC	6,935,240	24,274,035	-	(5,902,443)	25,306,832
Series 12	db Physical Rhodium ETC (EUR)	10,761,214	10,618,913	-	(3,647,060)	17,733,067
Series 13	db Physical Gold GBP Hedged ETC	7,822,172	16,818,023	-	396,983	25,037,178
Series 14	db Physical Silver GBP Hedged ETC	1,552,227	-	-	116,347	1,668,574
Series 15	db Physical Gold SGD Hedged ETC	2,263,572	1,250,800	-	145,096	3,659,468
Series 16	db Physical Gold CHF Hedged ETC	-	1,974,962	-	(40,046)	1,934,915
		<u>1,464,775,682</u>	<u>1,431,472,615</u>	<u>(504,901,542)</u>	<u>62,033,676</u>	<u>2,453,380,431</u>

13 Share capital – equity

Authorised:

10,000 ordinary shares of GBP 1 each

	31-Dec-13 GBP	31-Dec-12 GBP
	10,000	10,000

Issued and fully paid

2 ordinary shares of GBP 1 each

	EUR	EUR
	2	2
	<u>2</u>	<u>2</u>

As at 31 December, the ordinary share capital was held by the following non-beneficial nominees:

Ogier Nominees (Jersey) Limited
Reigo Nominees (Jersey) Limited

	31-Dec-13 GBP	31-Dec-12 GBP
	1	1
	1	1
	<u>2</u>	<u>2</u>

The authorised share capital of the Company is GBP 10,000 which has been fully issued and paid. The nominees have no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

Notes to the financial statements (continued)
For the year ended 31 December 2013

14 Capital risk management

The Company views the share capital as its capital. The Company is a special purpose vehicle set up to issue ETC Securities for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of GBP 2 was issued in line with Jersey Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

The Company can issue further series of ETC Securities to meet the demand of its investors.

15 Financial risk management

Risk management framework

The Company, and ultimately the holders of the ETC securities, have exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk;
- (c) Liquidity and cash flow risk; and
- (d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing these risks.

(a) Market risk

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The ETC Securities holders are exposed to the market risk of the financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of a change in interest rates. The ETC Securities do not bear interest. As such, the Company and ETC Securities holders have limited exposure to interest rate risk.

(ii) Currency risk

Currency risk is the risk which arises where the assets and liabilities of the Company that are denominated in currencies other than its functional currency, those assets and liabilities being denominated in US Dollars (USD), Pound Sterling (GBP), Singapore Dollar (SGD) and Swiss Franc (CHF).

The Company is not exposed to currency risk since the foreign exchange movements in its financial liabilities will be offset by the foreign exchange movements in its inventories. Any net foreign currency risk is borne by the ETC security holders.

As at the reporting date, the carrying value of the Company's assets and liabilities held in individual foreign currencies were as follows:

31-Dec-13	USD EUR	GBP EUR	CHF EUR	Total EUR	
Inventories held at fair value	600,322,235	14,022,759	2,254,954	616,599,948	
Total assets	600,322,235	14,022,759	2,254,954	616,599,948	
Financial liabilities designated at fair value through profit or loss	(600,322,235)	(14,022,759)	(2,254,954)	(616,599,948)	
Total liabilities	(600,322,235)	(14,022,759)	(2,254,954)	(616,599,948)	
Net exposure	-	-	-	-	
31-Dec-12	USD EUR	GBP EUR	SGD EUR	CHF EUR	Total EUR
Inventories held at fair value	488,288,046	26,705,752	3,659,469	1,934,915	520,588,182
Total assets	488,288,046	26,705,752	3,659,469	1,934,915	520,588,182
Financial liabilities designated at fair value through profit or loss	(488,288,046)	(26,705,752)	(3,659,469)	(1,934,915)	(520,588,182)
Total liabilities	(488,288,046)	(26,705,752)	(3,659,469)	(1,934,915)	(520,588,182)
Net exposure	-	-	-	-	-

Notes to the financial statements (continued)
For the year ended 31 December 2013

15 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following exchange rates have been applied during the year:

	Average rate - year ended		Closing rate	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
USD-EUR	0.74285	0.76470	0.72770	0.75800
GBP-EUR	1.21811	1.21581	1.20453	1.23169
SGD-EUR	0.59830	0.60775	0.57610	0.62050
CHF-EUR	0.82137	0.82492	0.81474	0.82800

The impact of changes in foreign exchange rates on the financial assets is offset by the impact of foreign exchange rate changes on the financial liabilities.

Therefore any change in the exchange rates would have no net effect on equity or the profit or loss of the Company.

(iii) Price risk

Price risk is the risk that changes in market prices of metals will affect the Company's income, expense, inventories and financial liabilities designated at fair value through profit or loss. The Company's liabilities are exposed to the market prices of the metals. However, the risk is mitigated by holding the relevant quantities of inventory for each Series of ETC Securities issued. The ETC Security holders are exposed to the market price risk of their metal entitlement under the ETC Securities.

Any changes in the metal spot prices on the inventories held by the Company would not have any net effect on the equity or Statement of comprehensive income of the Company since changes in the fair value of inventories would be offset by corresponding changes in the fair value of the ETC Securities and as such any price risk is ultimately borne by the ETC Security holders.

(b) Credit risk

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's principal financial assets are cash and cash equivalents and other receivables which represents the Company's maximum exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Dec-13	31-Dec-12
	EUR	EUR
Other receivables	30,000	30,000
Cash and cash equivalents	2	2
	<u>30,002</u>	<u>30,002</u>

As at 31 December 2013, no financial assets carried at amortised cost were past due or impaired (2012:Nil). Assets that have been pledged as collateral for financial liabilities are disclosed in the Directors Report.

The directors have also considered the credit risk and counterparty risk with JP Morgan and Johnson Matthey as sub-custodians of the inventories held by the Company given the significance of the inventories to the overall financial position of the Company. As at 31 December 2013, the Company held inventories with a fair value of EUR 1,594,872,060 (2012: EUR 2,453,380,431).

The directors engage an independent professional to carry out an annual review of the quantity and quality of the metal held by JP Morgan for the Company and based on the results of the review and overall credit ratings status of JP Morgan (2013: S&P A-1 (2012: S&P A-1)), the directors are of the opinion that counterparty risk is acceptable.

Ultimately, all credit and counterparty risks associated with JP Morgan are borne by the ETC security holders.

The directors believe that the counterparty risk and credit risk exposure of the Company to the sub-custodian, Johnson Matthey, is not significant given that only approximately 4% of the total value of inventories are held with the sub-custodian.

Notes to the financial statements (continued)
For the year ended 31 December 2013

15 Financial risk management (continued)

(b) Credit risk (continued)

Concentration risk

At the reporting date, the Company's financial assets held at fair value were concentrated in the following asset types and geographical location:

	31-Dec-13	31-Dec-12
By industry	%	%
Types of collaterals		
Investment in Metals (Inventories)	100	100
	<u>100</u>	<u>100</u>
By Geographical location	%	%
Country of origin		
United Kingdom	100	100
	<u>100</u>	<u>100</u>

Other receivables

Other receivables is mainly corporate benefit receivable by the Company at the year end from Deutsche Bank AG, London Branch. The credit ratings of Deutsche Bank AG, London are as follows:

	31-Dec-13		31-Dec-12	
	Short term ratings	Long term ratings	Short term ratings	Long term ratings
Moody	P-1	A2	P-1	A2
Standard & Poor's	A-1	A	A-1	A+
Fitch	F1+	A+	F1+	A+

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company limits its exposure to liquidity risk through the purchase of inventory. All liquidity risk associated with the inventories are ultimately borne by the ETC Securities holders.

The following are the contractual maturities of financial liabilities as at 31 December 2013:

31-Dec-13	Carrying amount	Gross contractual cash flows	Less than one year
	EUR	EUR	EUR
Financial liabilities designated at fair value through profit or loss	(1,594,872,060)	(1,594,872,060)	(1,594,872,060)
	<u>(1,594,872,060)</u>	<u>(1,594,872,060)</u>	<u>(1,594,872,060)</u>

The following are the contractual maturities of financial liabilities as at 31 December 2012:

31-Dec-12	Carrying amount	Gross contractual cash flows	Less than one year
	EUR	EUR	EUR
Financial liabilities designated at fair value through profit or loss	(2,453,380,431)	(2,453,380,431)	(2,453,380,431)
	<u>(2,453,380,431)</u>	<u>(2,453,380,431)</u>	<u>(2,453,380,431)</u>

Due to the fact that the ETC Securities holders have the option to redeem the securities before the maturity date, the financial liabilities designated at fair value through profit or loss have been classified as due in less than one year.

The carrying amount and the gross contractual cashflows are equal to the fair value of each liability as stated in the Statement of financial position.

Notes to the financial statements (continued)
For the year ended 31 December 2013

15 Financial risk management (continued)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All administration functions are outsourced to Deutsche International Corporate Services Limited. Deutsche Bank AG, London Branch acts as the Company's authorised participant, arranger, issuing and paying agent.

16 Fair values

The Company's inventories and financial liabilities at fair value through profit or loss are carried at fair value in the Statement of financial position.

The Company's accounting policy on fair value measurement for inventory is disclosed in note 3(f) of the financial statements. The Company's accounting policy on fair value measurement of financial liabilities at fair value through profit or loss is disclosed in note 3(g). The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Transfers between levels are determined based on changes to the significant inputs used in their fair value measurement. The directors evaluate whether significant inputs to the valuation models are observable at the year end in making a decision to transfer a valuation from one level to another.

The Company determines the effective date of transfer at the beginning of the reporting period.

The Company does not have any financial instruments at Level 1 or Level 3, nor have there been any transfers between any of the categories.

At 31 December 2013, the carrying amounts of inventories and financial liabilities issued by the Company are as follows:

	31-Dec-13			Total EUR
	Level 1 Quoted price in active market EUR	Level 2 Valuation technique observable parameters EUR	Level 3 Valuation technique unobservable parameters EUR	
Inventories held at fair value	-	1,594,872,060	-	1,594,872,060
Financial liabilities designated at fair value through profit or loss	-	(1,594,872,060)	-	(1,594,872,060)
	-	-	-	-

Notes to the financial statements (continued)
For the year ended 31 December 2013

16 Fair values (continued)

	31-Dec-12			Total EUR
	Level 1 Quoted price in active market EUR	Level 2 Valuation technique observable parameters EUR	Level 3 Valuation technique unobservable parameters EUR	
Inventories held at fair value	-	2,453,380,431	-	2,453,380,431
Financial liabilities designated at fair value through profit or loss	-	(2,453,380,431)	-	(2,453,380,431)
	-	-	-	-

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

17 Classification of financial instruments

	Carrying value EUR 31-Dec-13	Fair value EUR 31-Dec-13	Carrying value EUR 31-Dec-12	Fair value EUR 31-Dec-12
<i>At fair value</i>				
Financial liabilities designated at fair value through profit or loss	(1,594,872,060)	(1,594,872,060)	(2,453,380,431)	(2,453,380,431)
	(1,594,872,060)	(1,594,872,060)	(2,453,380,431)	(2,453,380,431)
<i>At amortised cost</i>				
Cash and cash equivalents	2 30,000	2 30,000	2 30,000	2 30,000
Other receivables	30,002	30,002	30,002	30,002

18 Related Party Transactions

Ogier Corporate Director (Jersey) 3 Limited and Ogier Corporate Director (Jersey) 4 Limited act solely in the capacity as directors of Jersey companies, pursuant to the Companies (Jersey) Law 1991, as amended. Both are part of the Ogier group of companies. No fee was charged or paid to the Ogier Group during the year under review by the Company for the provision of directors. As disclosed in note 3(e), most expenses of the Company are borne by the Arranger, Deutsche Bank AG, London Branch, including fees paid to Ogier.

Peter Becker, acting as director for the Company is an employee of Deutsche Bank International Limited. Deutsche International Corporate Services Limited, which acts as administrator to the Company, is a subsidiary of Deutsche Bank International Limited and is part of Deutsche Bank AG, London Branch.

As at 31 December 2013, corporate benefit fees amounting to EUR 30,000 (2012: EUR 30,000) were receivable from Deutsche Bank AG, London Branch.

Product fees incurred for the year ended 31 December 2013 due to Deutsche Bank AG in its capacity as Arranger amounted to EUR 9,555,030 (2012: EUR 9,697,695). No amount was payable as at 31 December 2013 (2012: EUR Nil).

As at 31 December 2013, the number of ETC Securities held by Deutsche Bank AG, London Branch, as authorised participant was 2,334,058 units (EUR 162,623,826) (2012: 1,983,481 units (EUR 174,992,218)).

19 Ultimate controlling party

The directors of the Company consider Ogier Corporate Trustee (Jersey) Limited as trustee of the db ETC Charitable Trust (the beneficial owner of the issued share capital of the Company) to be the ultimate controlling party of the Company.

Notes to the financial statements (continued)
For the year ended 31 December 2013

20 Key management personnel

The key management personnel has been identified as being the directors of the Company.

Peter Becker and Alan Booth (who resigned as an alternate director to Peter Becker on 31 May 2013) are employees of Deutsche Bank International Limited. Their emoluments are paid by Deutsche Bank International Limited and other related entities and no re-charge is made to the Company. It is therefore not possible to make a reasonable apportionment of their emoluments in respect of the Company.

21 Subsequent events

There has been no significant events that requires disclosure to the financial statements since the year end and up to the date of approving the financial statements.