

db ETC Plc

**Management report and Condensed unaudited
interim financial statements**

For the half year ended 30 June 2014

Registered number : 103781

db ETC Plc

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db ETC Plc

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Directors and other information

Directors

Ogier Corporate Director (Jersey) 3 Limited
Ogier Corporate Director (Jersey) 4 Limited
Carl McConnell (appointed on 18 July 2014)
Peter Becker (resigned on 18 July 2014)

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

Interim management report

The directors present their interim report and the unaudited financial statements of db ETC Plc (the "Company") for the half year ended 30 June 2014.

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 are 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.

During the half year ended:

- the Company made a profit of EUR Nil (30 June 2013: EUR Nil);
- the net gain on inventories amounted to EUR 150,345,036 (2012: net loss of EUR 683,422,429); and
- the net loss on financial liabilities designated at fair value through profit or loss amounted to EUR 150,345,036 (2012: net gain of EUR 683,422,429)

As at 30 June 2014:

- the Company's total fair value of financial liabilities designated at fair value through profit or loss was EUR 1,846,857,390 (31 December 2013: EUR 1,594,872,060); and
- the net assets of the Company was EUR 30,002 (31 December 2013: EUR 30,002);

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future.

Credit events

There was no credit event noted during the period.

Subsequent event

Subsequent events are disclosed under note 17 of the financial statements.

Results and dividends for the period and state of affairs at 30 June 2014

The results for the period are set out on page 4. The directors do not recommend the payment of a dividend for the period (2013: Nil).

Changes in directors, secretary and registered office

On 18 July 2014, Peter Becker resigned as director of the Company and was replaced by Carl McConnell. There has been no other changes in directors, secretary and registered office during the period.

Directors, secretary and their interests

The directors who held office on 30 June 2014 did not hold any share in the Company at that date, or during the half year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies (Jersey) Act 1991, at any time during the half year.

On behalf of the board



Carl McConnell

Director

Date: 27 August 2014

Responsibility statement

The Company's directors are responsible for preparing the management report and the interim financial statements in accordance with applicable law and regulations. The directors confirm that, to the best of their knowledge:

- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the Company, and
- the Interim Management Report includes a fair review of:
 - important events that have occurred during the first six months of the year;
 - the impact of those events on the condensed financial statements; and
 - a description of the principal risks and uncertainties for the remaining six months of the financial year.

The directors further indicate that such interim financial statements for the half year ended 30 June 2014 have not been audited.

On behalf of the board



Director Carl McConnell

Date: 27 August 2014

Condensed statement of comprehensive income
For the half year ended 30 June 2014

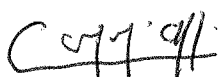
	Notes	Period ended 30-Jun-14 EUR	Period ended 30-Jun-13 EUR
Net fair value gain/(loss) on inventories	4, 9	150,345,036	(683,422,429)
Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss	5, 10	(150,345,036)	683,422,429
Operating result before taxation		-	-
Taxation	6	-	-
Total comprehensive income for the financial period		-	-

Condensed statement of financial position
As at 30 June 2014

	Notes	30-Jun-14 EUR	31-Dec-13 EUR
Assets			
Cash and cash equivalents	7	2	2
Other receivables	8	30,000	30,000
Inventories held at fair value	9	1,846,857,389	1,594,872,060
Total assets		<u>1,846,887,391</u>	<u>1,594,902,062</u>
Liabilities and equity			
Liabilities			
Financial liabilities designated at fair value through profit or loss	10	1,846,857,389	1,594,872,060
Total liabilities		<u>1,846,857,389</u>	<u>1,594,872,060</u>
Equity			
Share capital – equity	11	2	2
Retained earnings		30,000	30,000
Total equity		<u>30,002</u>	<u>30,002</u>
Total liabilities and equity		<u>1,846,887,391</u>	<u>1,594,902,062</u>

The condensed interim financial statements on pages 4 to 14 were approved by the Board and authorised for issue on 27 August 2014.

On behalf of the board



Director Carl McConnell

Date: 27 August 2014

Condensed statement of changes in equity
For the half year ended 30 June 2014

	Share capital EUR	Retained earnings EUR	Total equity EUR
Balance as at 1 January 2013	2	30,000	30,002
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 30 June 2013	2	30,000	30,002
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 December 2013	2	30,000	30,002
Balance as at 1 January 2014	2	30,000	30,002
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 30 June 2014	2	30,000	30,002

Condensed statement of cash flows
For the half year ended 30 June 2014

	Notes	Period ended 30-Jun-14 EUR	Period ended 30-Jun-13 EUR
Cash flows from operating activities			
Profit before taxation		-	-
<i>Adjustments for:</i>			
Net fair value (gain)/loss on inventories	4,9	(150,345,036)	683,422,429
Net fair value loss/(gain) on financial liabilities designated at fair value through profit or	5,10	150,345,036	(683,422,429)
Net cash generated from operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Purchase of inventories	9	(334,828,130)	(407,398,247)
Proceeds from disposal of inventories	9	233,187,837	422,590,460
Net cash (used in)/generated from investing activities		<u>(101,640,293)</u>	<u>15,192,213</u>
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	10	334,828,130	407,398,247
Redemption of financial liabilities designated at fair value through profit or loss	10	(233,187,837)	(422,590,460)
Net cash generated from/(used in) financing activities		<u>101,640,293</u>	<u>(15,192,213)</u>
Movement in cash and cash equivalents		-	-
Cash and cash equivalents at start of the period		2	2
Cash and cash equivalents at end of the period	7	<u><u>2</u></u>	<u><u>2</u></u>

Notes to the condensed interim financial statements
For the half year ended 30 June 2014

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.

2 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2014 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim unaudited financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2013 and condensed interim unaudited financial statements for the period ended 30 June 2013.

3 Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 December 2013.

4 Net fair value gain/(loss) on inventories	Period ended	Period ended
	30-Jun-14	30-Jun-13
	EUR	EUR
Net fair value gain/(loss) on inventories	150,345,036	(683,422,429)
	<u>150,345,036</u>	<u>(683,422,429)</u>
5 Net fair value (loss)/gain on financial liabilities designated at fair value through profit or loss	Period ended	Period ended
	30-Jun-14	30-Jun-13
	EUR	EUR
Net fair value (loss)/gain on ETC Securities	(150,345,036)	683,422,429
	<u>(150,345,036)</u>	<u>683,422,429</u>
6 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%.		
7 Cash and cash equivalents	30-Jun-14	31-Dec-13
	EUR	EUR
Cash at bank	2	2
	<u>2</u>	<u>2</u>
9 Inventories held at fair value	30-Jun-14	31-Dec-13
	EUR	EUR
Inventories	1,846,857,389	1,594,872,060
	<u>1,846,857,389</u>	<u>1,594,872,060</u>
Movement in inventories	30-Jun-14	31-Dec-13
	EUR	EUR
At beginning of the period/year	1,594,872,060	2,453,380,431
Additions during the period/year	334,828,130	923,875,368
Disposals during the period/year	(233,187,837)	(1,054,625,764)
Net changes in fair value during the period/year	150,345,036	(727,757,975)
At end of period/year	<u>1,846,857,389</u>	<u>1,594,872,060</u>
8 Other receivables	30-Jun-14	31-Dec-13
	EUR	EUR
Corporate benefit receivable due from Arranger	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

Notes to the condensed interim financial statements (continued)
For the half year ended 30 June 2014

10 Financial liabilities designated at fair value through profit or loss

	30-Jun-14		31-Dec-13	
	Nominal units issued	Fair value Amount EUR	Nominal units issued	Fair value Amount EUR
ETC Securities issued	20,164,000	1,846,857,389	19,034,000	1,594,872,060

Movement in financial liabilities	30-Jun-14 EUR	31-Dec-13 EUR
At beginning of the period/year	1,594,872,060	2,453,380,431
Issue of financial liabilities during the period/year	334,828,130	923,875,368
Redemption of financial liabilities during the period/year	(233,187,837)	(1,054,417,907)
Net changes in fair value during the period/year	150,345,036	(727,965,832)
At end of period/year	1,846,857,389	1,594,872,060

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 30 June 2014 are as follows:

Series	Description	CCY	Maturity	30-Jun-14 Units outstanding	30-Jun-14 NAV per unit (CCY)	30-Jun-14 Fair value EUR
Series 1	db Physical Gold ETC	USD	15-Jun-60	4,560,000	129.95	432,859,477
Series 2	db Physical Gold Euro Hedged ETC	EUR	15-Jun-60	5,775,000	102.17	590,020,504
Series 3	db Physical Silver ETC	USD	15-Jun-60	295,000	204.88	44,152,149
Series 4	db Physical Silver Euro Hedged ETC	EUR	15-Jun-60	520,000	156.60	81,434,416
Series 5	db Physical Platinum ETC	USD	15-Jun-60	655,000	145.35	69,545,327
Series 6	db Physical Platinum Euro Hedged ETC	EUR	15-Jun-60	295,000	110.10	32,480,715
Series 7	db Physical Palladium ETC	USD	15-Jun-60	1,015,000	82.89	61,457,292
Series 8	db Physical Palladium Euro Hedged ETC	EUR	15-Jun-60	290,000	61.65	17,879,721
Series 9	db Physical Gold ETC (EUR)	EUR	15-Jun-60	3,695,000	95.16	351,629,833
Series 10	db Physical Silver ETC (EUR)	EUR	15-Jun-60	335,000	150.22	50,325,285
Series 11	db Physical Rhodium ETC	USD	19-May-61	889,000	107.72	69,952,382
Series 12	db Physical Rhodium ETC (EUR)	EUR	19-May-61	345,000	78.89	27,217,014
Series 13	db Physical Gold GBP Hedged ETC	GBP	19-May-61	1,335,000	8.00	13,339,601
Series 14	db Physical Silver GBP Hedged ETC	GBP	19-May-61	135,000	12.37	2,086,740
Series 16	db Physical Gold CHF Hedged ETC	CHF	05-Dec-62	25,000	120.31	2,476,933
				20,164,000		1,846,857,389

Notes to the condensed interim financial statements (continued)
For the half year ended 30 June 2014

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

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

Movement in fair values by Series for the half year ended 30 June 2014

Series	Description	Opening balance	Issuances	Redemptions	Net changes in fair values	Closing balance
		01-Jan-14 EUR				EUR
Series 1	db Physical Gold ETC	389,365,984	66,784,195	(58,111,466)	34,820,764	432,859,477
Series 2	db Physical Gold Euro Hedged ETC	478,194,401	144,777,657	(75,141,313)	42,189,759	590,020,504
Series 3	db Physical Silver ETC	50,962,371	-	(9,569,673)	2,759,451	44,152,149
Series 4	db Physical Silver Euro Hedged ETC	73,523,322	6,550,991	(3,056,110)	4,416,213	81,434,416
Series 5	db Physical Platinum ETC	56,903,022	10,254,059	(3,137,960)	5,526,206	69,545,327
Series 6	db Physical Platinum Euro Hedged ETC	27,890,652	7,667,922	(5,342,539)	2,264,680	32,480,715
Series 7	db Physical Palladium ETC	50,163,234	13,069,664	(11,864,387)	10,088,781	61,457,292
Series 8	db Physical Palladium Euro Hedged ETC	10,428,122	11,576,804	(6,543,372)	2,418,167	17,879,721
Series 9	db Physical Gold ETC	293,328,615	49,960,559	(22,049,522)	30,390,181	351,629,833
Series 10	db Physical Silver ETC	76,025,251	7,488,606	(35,677,809)	2,489,237	50,325,285
Series 11	db Physical Rhodium ETC	52,927,625	11,672,499	(2,326,836)	7,679,094	69,952,382
Series 12	db Physical Rhodium ETC (EUR)	18,881,747	5,025,174	-	3,310,093	27,217,014
Series 13	db Physical Gold GBP Hedged ETC	12,135,149	-	(366,850)	1,571,302	13,339,601
Series 14	db Physical Silver GBP Hedged ETC	1,887,612	-	-	199,128	2,086,740
Series 16	db Physical Gold CHF Hedged ETC	2,254,953	-	-	221,980	2,476,933
		1,594,872,060	334,828,130	(233,187,837)	150,345,036	1,846,857,389

Notes to the condensed interim financial statements (continued)
For the half year ended 30 June 2014

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

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

Series	Description	Opening balance 01-Jan-13 EUR	Issuances EUR	Redemptions 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	516,969,430	285,336,551	(360,856,038)	(148,121,328)	293,328,615
Series 10	db Physical Silver ETC	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

11 Share capital – equity

Authorised:

10,000 ordinary shares of GBP 1 each

30-Jun-14

GBP

10,000

31-Dec-13

GBP

10,000

Issued and fully paid

2 ordinary shares of GBP 1 each

EUR

2

EUR

2

As at 30 June 2014 and 31 December 2013, the ordinary share capital was held by the following non-beneficial nominees:

	30-Jun-14 GBP	31-Dec-13 GBP
Ogier Nominees (Jersey) Limited	1	1
Reigo Nominees (Jersey) Limited	1	1
	2	2

The authorised share capital of the Company is GBP 10,000 of which 2 shares have been 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 condensed interim financial statements (continued)
For the half year ended 30 June 2014

12 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.

13 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 period under review by the Company for the provision of directors. All expenses of the Company are borne by the Arranger, Deutsche Bank AG, London Branch.

Product fees accrued for the period ended 30 June 2014 due to Deutsche Bank AG, London branch in its capacity as Arranger amounted to EUR 11,887,050 (31 December 2013: EUR 9,555,030).

Carl McConnell, acting as director for the Company and Peter Becker during his appointment as director of the Company, are employees 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.

As at 30 June 2014, corporate benefit fees amounting to EUR 30,000 (31 December 2013: EUR 30,000) were receivable from the Arranger, Deutsche Bank AG, London Branch.

As at 30 June 2014, the number of ETC Securities held by Deutsche Bank AG, London Branch, as authorised participant was 2,527,776 units (EUR 186,947,837) (31 December 2013: EUR 162,623,826 for 2,334,058 units).

14 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.

15 Financial risk management

Introduction and overview

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.

Risk management framework

The Company has exposure to the following risks from its use of financial instruments:

- Operational risk;
- Credit risk;
- Market risk; and
- Liquidity 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 risk and the Company's management of capital.

Notes to the condensed interim financial statements (continued)
For the half year ended 30 June 2014

15 Financial risk management (continued)

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 management and 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.

Credit risk

Credit risk is the risk of 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. All credit risk are ultimately borne by the ETC Securities holders.

Market risk

Market risk relates to interest rate changes, currency fluctuation and other price risk as described below.

(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 market 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 are denominated in US Dollars (USD), Pound Sterling (GBP) and Suisse 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 inventory.

The following significant exchange rates have been applied at the following period ends:

	30-Jun-14	31-Dec-13	30-Jun-13	30-Jun-14	31-Dec-13	30-Jun-13
CHF-EUR	0.8186	0.8214	0.8136	0.8235	0.8147	0.8136
GBP-EUR	1.2093	1.2181	0.8552	1.2493	1.2045	1.1693
USD-EUR	0.7496	0.7429	0.7687	0.7305	0.7277	0.7687

(iii) *Other price risk*

Other 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 Condensed 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 changes are ultimately borne by the ETC Securities holders.

Liquidity 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.

Notes to the condensed interim financial statements (continued)
For the half year ended 30 June 2014

15 Financial risk management (continued)

Fair values

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

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 prices (unadjusted) in active markets for an identical instrument.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the 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.

The Company does not have any financial instruments at Level 1 or 3 and there has not been any transfer between Levels during the half year ended 30 June 2013.

16 Operating expenses

All costs associated with the Company are paid by Deutsche Bank AG London Branch, the Arranger.

17 Subsequent events

On 18 July 2014, Peter Becker resigned as director of the Company and was replaced by Carl McConnell.

There has been no other significant events that require disclosure to the condensed interim financial statement since the period end and up to the date of approving the interim report.

18 Comparatives

In line with IAS 34, the comparative information for the Condensed statement of comprehensive income, Condensed statement of cash flows and Condensed statement of changes in equity are for the period ended 30 June 2013 and the comparative information for the Statement of financial position is as at 31 December 2013.

19 Approval of financial statements

The board of directors approved these condensed interim financial statements on 27/08/.....2014.

**This announcement has been issued through the Companies Announcement Service of
The London Stock Exchange.**