

**db ETC Plc**

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

**For the half year ended 30 June 2015**

**Registered number : 103781**

## **db ETC Plc**

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**Directors and other information**

<b>Directors</b>	Elian Corporate Director 3 Limited (Formerly Ogier Corporate Director (Jersey) 3 Limited) Elian Corporate Director 4 Limited (Formerly Ogier Corporate Director (Jersey) 4 Limited) Carl McConnell	
<b>Registered Office</b>	St Paul's Gate New Street St Helier Jersey JE4 8ZB Channel Islands	
<b>Administrator, Determination Agent &amp; Company Secretary</b>	Deutsche International Corporate Services Limited St Paul's Gate New Street St Helier Jersey JE4 8ZB Channel Islands	
<b>Authorised Participant, Arranger, Issuing and Paying Agent, Programme Counterparty and Metal Agent</b>	Deutsche Bank AG London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	
<b>Custodian</b>	<i>(As from 17 August 2015)</i> JPMorgan Chase Bank, N.A., London Branch 25 Bank Street London E14 5JP United Kingdom	<i>(Until 16 August 2015)</i> Deutsche Bank AG London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
<b>Note Trustee</b>	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 2015.

**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.

During the half year ended:

- the Company made a profit of EUR Nil (30 June 2014: EUR Nil);
- the net fair value loss on inventories amounted to EUR 13,485,001 (30 June 2014: net fair value gain of EUR 150,345,036); and
- the net fair value gain on financial liabilities designated at fair value through profit or loss amounted to EUR 13,485,001 (30 June 2014: net fair value loss of EUR 150,345,036).

As at 30 June 2015:

- the Company's total fair value of financial liabilities designated at fair value through profit or loss was EUR 1,867,892,250 (31 December 2014: EUR 1,655,948,151); and
- the net assets of the Company was EUR 30,002 (31 December 2014: EUR 30,002).

**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.

**Credit events**

There was no credit event noted during the period.

**Subsequent event**

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

**Results and dividends for the period**

The results for the period are set out on page 4. The directors do not recommend the payment of a dividend for the period under review (30 June 2014: Nil).

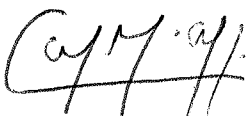
**Changes in directors, secretary and registered office**

There has been no changes in directors, secretary and registered office during the period.

**Directors, secretary and their interests**

The directors who held office on 30 June 2015 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

Director

Date: 27 August 2015

**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 2015 have not been audited.

**On behalf of the board**



**Carl McConnell  
Director**

**Director**

**Date:**

27 August 2015

**Condensed statement of comprehensive income**  
**For the half year ended 30 June 2015**

	Notes	Period ended 30-Jun-15 EUR	Period ended 30-Jun-14 EUR
Net fair value (loss)/gain on inventories	4, 9	(13,485,001)	150,345,036
Net fair value gain/(loss) on financial liabilities designated at fair value through profit or loss	5, 10	13,485,001	(150,345,036)
<b>Operating profit before taxation</b>		-	-
Taxation	6	-	-
<b>Total comprehensive income for the financial period</b>		-	-

The notes on pages 8 to 14 form an integral part of the financial statements.

**Condensed statement of financial position**  
As at 30 June 2015

	Notes	30-Jun-15 EUR	31-Dec-14 EUR
<b>Assets</b>			
Cash and cash equivalents	7	2	2
Other receivables	8	30,000	30,000
Inventories held at fair value	9	1,867,892,250	1,655,948,151
<b>Total assets</b>		<u>1,867,922,252</u>	<u>1,655,978,153</u>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financial liabilities designated at fair value through profit or loss	10	1,867,892,250	1,655,948,151
<b>Total liabilities</b>		<u>1,867,892,250</u>	<u>1,655,948,151</u>
<b>Equity</b>			
Share capital – equity	11	2	2
Retained earnings		30,000	30,000
<b>Total equity</b>		<u>30,002</u>	<u>30,002</u>
<b>Total liabilities and equity</b>		<u>1,867,922,252</u>	<u>1,655,978,153</u>

The condensed interim financial statements on pages 4 to 14 were approved by the Board and authorised for issue on 27 August 2015.

On behalf of the board



Carl McConnell  
Director

Director

Date: 27 August 2015

**Condensed statement of changes in equity**  
**For the half year ended 30 June 2015**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Balance as at 1 January 2014</b>	<u>2</u>	<u>30,000</u>	<u>30,002</u>
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2014</b>	<u>2</u>	<u>30,000</u>	<u>30,002</u>
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance as at 31 December 2014</b>	<u>2</u>	<u>30,000</u>	<u>30,002</u>
<b>Balance as at 1 January 2015</b>	<u>2</u>	<u>30,000</u>	<u>30,002</u>
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2015</b>	<u>2</u>	<u>30,000</u>	<u>30,002</u>



**Condensed statement of cash flows**  
**For the half year ended 30 June 2015**

	Notes	Period ended 30-Jun-15 EUR	Period ended 30-Jun-14 EUR
<b>Cash flows from operating activities</b>			
Profit before taxation		-	-
<i>Adjustments for:</i>			
Net fair value loss/(gain) on inventories	4,9	13,485,001	(150,345,036)
Net fair value (gain)/loss on financial liabilities designated at fair value through profit or loss	5,10	(13,485,001)	150,345,036
<b>Net cash generated from operating activities</b>		-	-
<b>Cash flows from investing activities</b>			
Purchase of inventories	9	(401,806,649)	(334,828,130)
Proceeds from disposal of inventories	9	176,377,549	233,187,837
<b>Net cash used in investing activities</b>		(225,429,100)	(101,640,293)
<b>Cash flows from financing activities</b>			
Issue of financial liabilities designated at fair value through profit or loss	10	401,806,649	334,828,130
Redemption of financial liabilities designated at fair value through profit or loss	10	(176,377,549)	(233,187,837)
<b>Net cash generated from financing activities</b>		225,429,100	101,640,293
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at start of the period		2	2
<b>Cash and cash equivalents at end of the period</b>	7	2	2

**Notes to the condensed interim financial statements**  
**For the half year ended 30 June 2015**

**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 each respective Series’ assets.

**2 Basis of preparation**

The condensed interim financial statements for the half year ended 30 June 2015 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 2014 and condensed interim unaudited financial statements for the period ended 30 June 2014.

**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 2014.

**4 Net fair value (loss)/gain on inventories**

	Period ended 30-Jun-15	Period ended 30-Jun-14
	EUR	EUR
Net fair value (loss)/gain on inventories	(13,485,001)	150,345,036
	<u>(13,485,001)</u>	<u>150,345,036</u>

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

	Period ended 30-Jun-15	Period ended 30-Jun-14
	EUR	EUR
Net fair value gain/(loss) on ETC Securities	13,485,001	(150,345,036)
	<u>13,485,001</u>	<u>(150,345,036)</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-15	31-Dec-14
	EUR	EUR
Cash at bank	2	2
	<u>2</u>	<u>2</u>

**8 Other receivables**

	30-Jun-15	31-Dec-14
	EUR	EUR
Corporate benefit receivable due from Arranger	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

**9 Inventories held at fair value**

	30-Jun-15	31-Dec-14
	EUR	EUR
Inventories	1,867,892,250	1,655,948,151
	<u>1,867,892,250</u>	<u>1,655,948,151</u>

**Movement in inventories**

	30-Jun-15	31-Dec-14
	EUR	EUR
At beginning of the period/year	1,655,948,151	1,594,872,060
Additions during the period/year	401,806,649	612,892,882
Disposals during the period/year	(176,377,549)	(638,736,737)
Net changes in fair value during the period/year	(13,485,001)	86,919,946
At end of period/year	<u>1,867,892,250</u>	<u>1,655,948,151</u>

Series 14 was fully redeemed following a call redemption event on 17 April 2015.

Notes to the condensed interim financial statements (continued)  
For the half year ended 30 June 2015

## 10 Financial liabilities designated at fair value through profit or loss

	30-Jun-15		31-Dec-14	
	Nominal units issued	Fair value Amount EUR	Nominal units issued	Fair value Amount EUR
ETC Securities issued	20,609,000	1,867,892,250	18,624,000	1,655,948,151

**Movement in financial liabilities**

	30-Jun-15 EUR	31-Dec-14 EUR
At beginning of the period/year	1,655,948,151	1,594,872,060
Issue of financial liabilities during the period/year	401,806,649	612,892,882
Redemption of financial liabilities during the period/year	(176,377,549)	(638,736,737)
Net changes in fair value during the period/year	(13,485,001)	86,919,946
At end of period/year	1,867,892,250	1,655,948,151

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 2015 are as follows:

Series	Description	CCY	Maturity	30-Jun-15 Units Outstanding	30-Jun-15 NAV per unit (CCY)	30-Jun-15 Fair value EUR
Series 1	db Physical Gold ETC	USD	15-Jun-60	5,280,000	115.38	546,983,777
Series 2	db Physical Gold Euro Hedged ETC	EUR	15-Jun-60	5,865,000	89.87	527,079,544
Series 3	db Physical Silver ETC	USD	15-Jun-60	295,000	153.43	40,640,151
Series 4	db Physical Silver Euro Hedged ETC	EUR	15-Jun-60	570,000	115.70	65,946,681
Series 5	db Physical Platinum ETC	USD	15-Jun-60	575,000	105.38	54,409,204
Series 6	db Physical Platinum Euro Hedged ETC	EUR	15-Jun-60	355,000	79.01	28,048,123
Series 7	db Physical Palladium ETC	USD	15-Jun-60	595,000	66.18	35,358,302
Series 8	db Physical Palladium Euro Hedged ETC	EUR	15-Jun-60	255,000	48.77	12,437,175
Series 9	db Physical Gold ETC (EUR)	EUR	15-Jun-60	3,960,000	103.08	408,210,310
Series 10	db Physical Silver ETC (EUR)	EUR	15-Jun-60	405,000	137.31	55,610,844
Series 11	db Physical Rhodium ETC	USD	19-May-61	809,000	78.81	57,247,065
Series 12	db Physical Rhodium ETC (EUR)	EUR	19-May-61	285,000	70.45	20,079,240
Series 13	db Physical Gold GBP Hedged ETC	GBP	19-May-61	1,335,000	7.07	13,310,984
Series 16	db Physical Gold CHF Hedged ETC	CHF	05-Dec-62	25,000	105.52	2,530,850
				20,609,000		1,867,892,250

Series 14 was fully redeemed following a call redemption event on 17 April 2015.

Notes to the condensed interim financial statements (continued)  
For the half year ended 30 June 2015

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

The financial liabilities in issue at 31 December 2014 are as follows:

Series	Description	CCY	Maturity	31-Dec-14 Units outstanding	31-Dec-14 NAV per unit (CCY)	31-Dec-14 Fair value EUR
Series 1	db Physical Gold ETC	USD	15-Jun-60	5,230,000	118.33	511,558,970
Series 2	db Physical Gold Euro Hedged ETC	EUR	15-Jun-60	4,815,000	92.64	446,047,578
Series 3	db Physical Silver ETC	USD	15-Jun-60	275,000	156.42	35,556,687
Series 4	db Physical Silver Euro Hedged ETC	EUR	15-Jun-60	520,000	118.99	61,874,470
Series 5	db Physical Platinum ETC	USD	15-Jun-60	475,000	118.56	46,549,474
Series 6	db Physical Platinum Euro Hedged ETC	EUR	15-Jun-60	255,000	89.39	22,794,724
Series 7	db Physical Palladium ETC	USD	15-Jun-60	775,000	78.19	50,088,773
Series 8	db Physical Palladium Euro Hedged ETC	EUR	15-Jun-60	380,000	57.93	22,012,327
Series 9	db Physical Gold ETC (EUR)	EUR	15-Jun-60	2,905,000	97.63	283,603,141
Series 10	db Physical Silver ETC (EUR)	EUR	15-Jun-60	405,000	128.81	52,166,242
Series 11	db Physical Rhodium ETC	USD	19-May-61	809,000	118.78	79,430,323
Series 12	db Physical Rhodium ETC (EUR)	EUR	19-May-61	285,000	97.76	27,862,036
Series 13	db Physical Gold GBP Hedged ETC	GBP	19-May-61	1,335,000	7.27	12,496,238
Series 14	db Physical Silver GBP Hedged ETC	GBP	19-May-61	135,000	9.42	1,638,200
Series 16	db Physical Gold CHF Hedged ETC	CHF	05-Dec-62	25,000	109.03	2,268,968
				18,624,000		1,655,948,151

Movement in fair values by Series for the half year ended 30 June 2015

Series	Description	Opening balance 01-Jan-15 EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance 30-Jun-15 EUR
Series 1	db Physical Gold ETC	511,558,970	83,305,066	(79,288,547)	31,408,288	546,983,777
Series 2	db Physical Gold Euro Hedged ETC	446,047,578	139,139,311	(37,354,043)	(20,753,302)	527,079,544
Series 3	db Physical Silver ETC	35,556,687	2,885,104	-	2,198,360	40,640,151
Series 4	db Physical Silver Euro Hedged ETC	61,874,470	6,640,830	-	(2,568,619)	65,946,681
Series 5	db Physical Platinum ETC	46,549,474	9,344,883	-	(1,485,153)	54,409,204
Series 6	db Physical Platinum Euro Hedged ETC	22,794,724	8,535,882	-	(3,282,483)	28,048,123
Series 7	db Physical Palladium ETC	50,088,773	1,345,216	(13,528,676)	(2,547,011)	35,358,302
Series 8	db Physical Palladium Euro Hedged ETC	22,012,327	1,461,515	(8,644,117)	(2,392,550)	12,437,175
Series 9	db Physical Gold ETC (EUR)	283,603,141	149,148,842	(35,814,328)	11,272,655	408,210,310
Series 10	db Physical Silver ETC (EUR)	52,166,242	-	-	3,444,602	55,610,844
Series 11	db Physical Rhodium ETC	79,430,323	-	-	(22,183,258)	57,247,065
Series 12	db Physical Rhodium ETC (EUR)	27,862,036	-	-	(7,782,796)	20,079,240
Series 13	db Physical Gold GBP Hedged ETC	12,496,238	-	-	814,746	13,310,984
Series 14	db Physical Silver GBP Hedged ETC	1,638,200	-	(1,747,838)	109,638	-
Series 16	db Physical Gold CHF Hedged ETC	2,268,968	-	-	261,882	2,530,850
		1,655,948,151	401,806,649	(176,377,549)	(13,485,001)	1,867,892,250

## Notes to the condensed interim financial statements (continued)

For the half year ended 30 June 2015

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

Movement in fair values by Series for the year ended 31 December 2014

Series	Description	Opening balance 01-Jan-14 EUR	Issuances EUR	Redemptions EUR	Net changes in fair values EUR	Closing balance 31-Dec-14 EUR
Series 1	db Physical Gold ETC	389,365,984	182,082,495	(108,588,862)	48,699,353	511,558,970
Series 2	db Physical Gold Euro Hedged ETC	478,194,401	178,340,539	(195,486,736)	(15,000,626)	446,047,578
Series 3	db Physical Silver ETC	50,962,371	5,890,947	(17,578,531)	(3,718,100)	35,556,687
Series 4	db Physical Silver Euro Hedged ETC	73,523,322	6,550,991	(3,056,109)	(15,143,734)	61,874,470
Series 5	db Physical Platinum ETC	56,903,022	49,006,338	(55,876,142)	(3,483,744)	46,549,474
Series 6	db Physical Platinum Euro Hedged ETC	27,890,652	7,667,922	(9,047,852)	(3,715,998)	22,794,724
Series 7	db Physical Palladium ETC	50,163,234	27,792,543	(41,172,873)	13,305,869	50,088,773
Series 8	db Physical Palladium Euro Hedged ETC	10,428,122	21,426,699	(11,576,900)	1,734,406	22,012,327
Series 9	db Physical Gold ETC (EUR)	293,328,615	94,279,597	(138,312,321)	34,307,250	283,603,141
Series 10	db Physical Silver ETC (EUR)	76,025,251	16,760,019	(35,677,808)	(4,941,220)	52,166,242
Series 11	db Physical Rhodium ETC	52,927,625	18,069,618	(16,375,268)	24,808,348	79,430,323
Series 12	db Physical Rhodium ETC (EUR)	18,881,747	5,025,174	(5,620,485)	9,575,600	27,862,036
Series 13	db Physical Gold GBP Hedged ETC	12,135,149	-	(366,850)	727,939	12,496,238
Series 14	db Physical Silver GBP Hedged ETC	1,887,612	-	-	(249,412)	1,638,200
Series 16	db Physical Gold CHF Hedged ETC	2,254,953	-	-	14,015	2,268,968
		1,594,872,060	612,892,882	(638,736,737)	86,919,946	1,655,948,151

## 11 Share capital – equity

Authorised:

10,000 ordinary shares of GBP 1 each

	30-Jun-15 GBP	31-Dec-14 GBP
10,000 ordinary shares of GBP 1 each	10,000	10,000

Issued and fully paid

2 ordinary shares of GBP 1 each

	EUR	EUR
2 ordinary shares of GBP 1 each	2	2
	2	2

As at 30 June 2015 and 31 December 2014, the ordinary share capital was held by the following non-beneficial nominees:

	30-Jun-15 GBP	31-Dec-14 GBP
Elian Nominees (Jersey) Limited	1	1
Naille Nominees (Jersey) Limited	1	1
	2	2

The authorised share capital of the Company is GBP 10,000 out of which 2 ordinary shares have been issued and fully 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 2015**

**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**

Elian Corporate Director 3 Limited (Formerly Ogier Corporate Director (Jersey) 3 Limited) and Elian Corporate Director 4 Limited (Formerly 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. Elian Corporate Director (Jersey) 3 Limited changed its name from Ogier Corporate Director (Jersey) 3 Limited, and Elian Corporate Director (Jersey) 4 Limited changed its name from Ogier Corporate Director (Jersey) 4 Limited on 26 September 2014. Subsequent to this, Elian Corporate Director (Jersey) 3 Limited was renamed as Elian Corporate Director 3 Limited, and Elian Corporate Director (Jersey) 4 Limited was renamed as Elian Corporate Director 4 Limited with effect from 15 April 2015. Both are part of the Elian group of companies. No fee was charged or paid to the Elian Group during the period under review by the Company for the provision of directors. Most expenses of the Company are borne by the Arranger, Deutsche Bank AG, London Branch, including fees paid to Elian.

Product fees accrued for the period ended 30 June 2015 due to Deutsche Bank AG, London branch in its capacity as Arranger amounted to EUR 4,273,987 (31 December 2014: EUR 9,565,644).

Carl McConnell, 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 30 June 2015, corporate benefit fees amounting to EUR 30,000 (31 December 2014: EUR 30,000) were receivable from the Arranger, Deutsche Bank AG, London Branch.

As at 30 June 2015, the number of ETC Securities held by Deutsche Bank AG, London Branch, as authorised participant was 1,544,356 units (EUR 104,611,491) (31 December 2014: EUR 114,533,726 for 1,688,239 units).

**14 Ultimate controlling party**

The directors of the Company consider Elian Corporate Trustee (Jersey) Limited (formerly 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***

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.

***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:

- Operational risk;
- Credit risk;
- Market risk; and
- Liquidity and cash flow 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.

**Notes to the condensed interim financial statements (continued)**  
**For the half year ended 30 June 2015**

**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, other receivables and inventories 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 comprises three types of risk: interest rate risk, currency risk 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 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) and Swiss Franc (CHF).

The Company is not exposed to net 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.

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

	Average rate - year ended			Closing rate		
	30-Jun-15	31-Dec-14	30-Jun-14	30-Jun-15	31-Dec-14	30-Jun-14
USD-EUR	0.8523	0.7772	0.7496	0.8979	0.8266	0.7305
GBP- EUR	1.3287	1.2461	1.2093	1.4103	1.2876	1.2493
CHF-EUR	0.9479	0.8236	0.8186	0.9594	0.8324	0.8235

(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 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 price risk is ultimately borne by the ETC Security holders.

*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.

**Notes to the condensed interim financial statements (continued)**  
**For the half year ended 30 June 2015**

**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 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.

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 2015.

**16 Operating expenses**

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

**17 Subsequent events**

There has been no 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 2014 and the comparative information for the Statement of financial position is as at 31 December 2014.

**19 Approval of financial statements**

The board of directors approved these condensed interim financial statements on ..... 27 August ..... 2015.

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