

ETFS FOREIGN EXCHANGE LIMITED

Registered No: 103518

**Unaudited Interim Financial Report for the
Six Months to 30 June 2010**

ETFS FOREIGN EXCHANGE LIMITED

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ETFS FOREIGN EXCHANGE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of ETFS Foreign Exchange Limited ("FXL"/the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2010.

Directors

The names and particulars of the directors of the Company during or since the end of the financial period are:

Mr Graham J Tuckwell - Chairman	(appointed 1 July 2009)
Mr Greg J Burgess	(appointed 1 July 2009)
Mr Graeme D Ross	(appointed 1 July 2009)
Mr Craig A Stewart	(appointed 1 July 2009)

Principal Activities

During the period there were no significant changes in the nature of the Company's activities.

Review of Operations

As at 30 June 2010, assets under management amounted to USD 150.5 million (31 December 2009: USD 31.9 million). The Company recognises its assets (Currency Contracts) and liabilities (Currency Securities) at fair value in the condensed statement of financial position.

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	USD	USD
Management Fees	179,164	8,510
Creation and Redemption Fees	19,632	5,714
Total Fee Income	<u>198,796</u>	<u>14,224</u>

Under the terms of the Administration Service Deed Poll with ETF Securities Limited ("ETFSL"), the Company accrued expenses equal to the Management Fee, which, after taking into account other operating income and expenses, resulted in an operating profit of:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	USD	USD
Operating Profit for the Period	<u>3,421</u>	<u>5,622</u>

The gain or loss on Currency Securities and Currency Transactions is recognised in the condensed statement of comprehensive income in line with the Company's accounting policy, these gains or losses offset each other.

Future Developments

The directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached interim financial statements.

Dividends

During the period the Company made payment of dividends amounting to USD 16,395 (31 December 2009: USD nil). There are no dividends declared for the period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves and that the Company can meet its liabilities as they fall due following payment of the dividend.

ETFSL FOREIGN EXCHANGE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Directors' Interests

The following table sets out the only director's interests in Ordinary shares as at the date of this report:

	<u>Ordinary Shares of Nil Par Value</u>
Graham J Tuckwell (as controlling party of ETFSL)	2

Directors' Remuneration

The following table discloses the remuneration of the directors of the Company, which has been paid by ETFSL:

	<u>30 June 2010</u>	<u>31 December 2009</u>
	<u>Fees</u>	<u>Fees</u>
	<u>GBP</u>	<u>GBP</u>
Mr Graham J Tuckwell (appointed 1 July 2009)	Nil	Nil
Mr Greg J Burgess (appointed 1 July 2009)	Nil	Nil
Mr Graeme D Ross (appointed 1 July 2009)	2,500	2,500
Mr Craig A Stewart (appointed 1 July 2009)	2,500	2,500

On behalf of the Directors



Graeme D Ross
Director
Jersey
27 August 2010

ETFS FOREIGN EXCHANGE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the interim financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare interim financial statements for each financial period. Under that law the directors have elected to prepare the interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the directors are also required to:

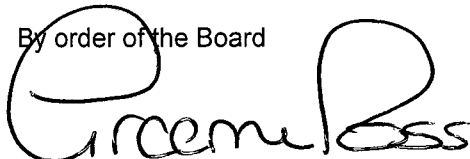
- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

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 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.

As required by the Disclosure and Transparency Rules of the UK Listing Authority, the directors confirm to the best of their knowledge that:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Directors' Report includes a fair review of the developments and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



Graeme D Ross
Director

27 August 2010

ETF5 FOREIGN EXCHANGE LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Period ended	
		Unaudited 30 June 2010 USD	Unaudited 31 December 2009 USD
Revenue	2	198,796	14,224
Expenses			
Fees to ETF5L	2	(179,164)	(8,510)
Other operating expenses		(16,211)	(92)
Operating Profit	2	<u>3,421</u>	<u>5,622</u>
Net gain arising on fair value of Currency Transactions	7	484,159	579,065
Net loss arising on fair value of Currency Securities	8	(484,159)	(579,065)
Profit and total comprehensive income for the period		<u><u>3,421</u></u>	<u><u>5,622</u></u>

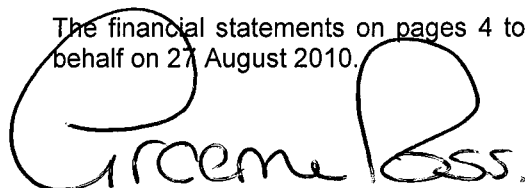
The directors consider the Company's activities are continuing.

The notes on pages 8 to 11 form an integral part of these financial statements

ETFS FOREIGN EXCHANGE LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		Unaudited	Audited
		30 June 2010	31 December 2009
		USD	USD
Current Assets			
Trade and Other Receivables	6	196,720	14,135
Currency Contracts	7	150,530,165	31,853,689
Amounts Receivable Awaiting Settlement	7	17,934,760	-
Total Assets		<u>168,661,645</u>	<u>31,867,824</u>
Current Liabilities			
Currency Securities	8	150,530,165	31,853,689
Amounts Payable Awaiting Settlement	8	17,934,760	-
Trade and Other Payables		187,674	8,510
Total Liabilities		<u>168,652,599</u>	<u>31,862,199</u>
Equity			
Stated Capital	9	3	3
Retained Profits		9,043	5,622
Total Equity		<u>9,046</u>	<u>5,625</u>
Total Equity and Liabilities		<u>168,661,645</u>	<u>31,867,824</u>

The financial statements on pages 4 to 11 were approved by the board of directors and signed on its behalf on 27 August 2010.



Graeme Ross
 Director

The notes on pages 8 to 11 form an integral part of these financial statements

ETFS FOREIGN EXCHANGE LIMITED
CONDENSED STATEMENT OF CASH FLOWS

	Period ended	
	Unaudited 30 June 2010 USD	Audited 31 December 2009 USD
Cash flows from operating activities		
Cash receipts from operations	-	-
Payments to ETFSL	-	-
Net proceeds from issue of Securities	164,933,254	31,274,624
Net payments for dealing in Currency Transactions	(164,933,254)	(31,274,624)
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the period	-	-
Net increase in cash and cash equivalents	-	-
Exchange adjustment on revaluation of bank accounts	-	-
Cash and cash equivalents at the end of the period	<u>-</u>	<u>-</u>

The notes on pages 8 to 11 form an integral part of these financial statements

ETFS FOREIGN EXCHANGE LIMITED**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<u>Stated Capital USD</u>	<u>Retained Earnings USD</u>	<u>Total Equity USD</u>
Audited opening balance at 1 July 2009	-	-	-
Shares issued in the period	3	-	3
Total comprehensive income for the period	-	5,622	5,622
Audited balance at 31 December 2009	<u>3</u>	<u>5,622</u>	<u>5,625</u>
Audited opening balance at 1 January 2010	3	5,622	5,625
Total comprehensive income for the period	-	3,421	3,421
Unaudited balance at 30 June 2010	<u>3</u>	<u>9,043</u>	<u>9,046</u>

The notes on pages 8 to 11 form an integral part of these financial statements

1. Accounting Policies

The main accounting policies of the Company are described below.

Basis of preparation

The interim financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The interim financial statements have been prepared on a historical cost basis, except for financial instruments which have been designated as financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the period ended 31 December 2009. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2009.

This half yearly report has not been audited or reviewed by auditors.

The presentation of interim financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Standards, amendments and interpretations effective on 1 January 2010 but not relevant to the company:

Amendments to IAS 39 and IFRIC 9	Embedded derivatives;
Amendments to IAS 39 and IFRS 7	Reclassification of financial assets;
Amendments to IAS 39	Financial instruments: Presentation
Amendments to IFRS 1	First-time adoption of IFRS and IAS 27 Consolidated and separate financial statements;
Amendments to IFRS 2	Share-based payment;
IFRIC 12	Service concession arrangements;
IFRIC 15	Agreements for construction of real estates;
IFRIC 16	Hedges of a net investment in a foreign operation;
IFRIC 17	Distributions of non-cash assets to owners; and
IFRIC 18	Transfers of assets from customers.

Segmental Reporting

The Company has not provided segmental information as the Company has only one business or product group and geographical segment. All information relevant to the understanding of the Company's activities is included in these financial statements.

ETF5 FOREIGN EXCHANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2010****2. Operating Profit**

Operating profit for the period comprised:

	Period ended	
	Unaudited 30 June 2010	Audited 31 December 2009
	USD	USD
Creation and Redemption Fees	19,632	5,714
Management Fee	179,164	8,510
Total Income	198,796	14,224
Fees to ETFSL	(179,164)	(8,510)
Net Foreign Exchange Gain / (Loss)	184	(92)
Dividend Paid	(16,395)	-
Total Operating Expenses	(195,375)	(8,602)
Operating Profit	3,421	5,622

3. Directors' Remuneration

The following table discloses the remuneration of the directors of the Company. All directors' fees were met by ETFSL.

	Period ended	
	Unaudited 30 June 2010	Audited 31 December 2009
	GBP	GBP
Mr Graham J Tuckwell (appointed 1 July 2009)	Nil	Nil
Mr Greg J Burgess (appointed 1 July 2009)	Nil	Nil
Mr Graeme D Ross (appointed 1 July 2009)	2,500	2,500
Mr Craig A Stewart (appointed 1 July 2009)	2,500	2,500

4. Taxation

With effect from the 2009 year of assessment, Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods will be subject to tax at the rate of zero per cent.

5. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the period in respect of employees.

ETFS FOREIGN EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2010

6. Trade and Other Receivables

	Unaudited 30 June 2010	Audited 31 December 2009
	USD	USD
Management Fee Receivable	187,674	8,510
Creation and Redemption Fees Receivable	9,043	5,622
Stated Capital Receivable	3	3
	<u>196,720</u>	<u>14,135</u>

7. Currency Transactions

The number of Currency Transactions at the period end can be analysed as follows:

	Unaudited 30 June 2010	Audited 31 December 2009
	USD	USD
Fair Value on Purchase	151,014,324	31,274,624
Change in Fair Value	(484,159)	579,065
Currency Contracts	<u>150,530,165</u>	<u>31,853,689</u>

At the period end, there were certain amounts of Currency Transactions awaiting the creation/(redemption) of securities with trade dates before the period end and settlement dates in the following period. The amount (payable)/receivable on completion of these trades is USD 17,934,760 (31 December 2009: USD nil).

8. Currency Securities

	Unaudited 30 June 2010	Audited 31 December 2009
	No.	No.
Fair value on purchase	151,014,324	31,274,624
Change in fair value	(484,159)	579,065
Currency Securities	<u>150,530,165</u>	<u>31,853,689</u>

At the period end, there were certain amounts of Currency Transactions awaiting the creation/(redemption) of securities with trade dates before the period end and settlement dates in the following period. The amount (payable)/receivable on completion of these trades is USD 17,934,760 (31 December 2009: USD nil).

Whilst the Currency Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Currency Security. Therefore Currency Securities are classified as level 2 financial liabilities and Currency Transactions as level 2 financial assets as they are calculated using third party pricing sources supported by observable, verifiable inputs.

	Fair Value Unaudited 30 June 2010	Fair Value Audited 31 December 2009
	USD	USD
Level 2	<u>150,530,165</u>	<u>31,853,689</u>

There are no financial assets or liabilities classified in levels 1 or 3. There were no reclassifications between levels during the period.

ETFSL FOREIGN EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2010

9. Stated Capital

	Unaudited 30 June 2010 USD	Audited 31 December 2009 USD
2 shares of nil value	<u>3</u>	<u>3</u>

On incorporation, ETFSL acquired the total issued share capital of the Company at GBP 1 per share. All shares issued by ETFSL Foreign Exchange Limited carry one vote per share without restriction and carry the right to dividends. The stated capital is not fully paid.

10. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2010.

11. Related Party Disclosures

The immediate and ultimate parent company is ETFSL, a Jersey company.

Entities and individuals which have a significant influence over the Company, either through ownership of ETFSL shares or by virtue of being a director of the Company, are related parties.

The following balances were due to ETFSL at the period end:

	Unaudited 30 June 2010 USD	Audited 31 December 2009 USD
Fees payable at the end of the period	(187,674)	(8,510)
Stated capital receivable	3	3
Net amounts due to ETFSL	<u>(187,671)</u>	<u>(8,507)</u>

As disclosed in note 3 above, ETFSL paid directors' fees in respect of the Company of GBP 5,000 (31 December 2009: GBP 5,000).

Graeme D Ross is a director of R&H Fund Services (Jersey) Limited ("R&H"), the administrator, and Computershare Investor Services (Jersey) Limited, the registrar. During the period, R&H Fund Services (Jersey) Limited charged ETFSL secretarial and administration fees in respect of the Company of GBP 50,000 (31 December 2009: GBP 45,000), of which GBP 25,000 (31 December 2009: GBP 22,500) was outstanding at period end. Computershare charged ETFSL fees in respect of the Company of GBP 17,082 (31 December 2009: GBP 8,350), of which GBP 8,541 (31 December 2009: GBP 8,350) was outstanding at period end.

Graham J Tuckwell, Graeme D Ross and Craig A Stewart are also directors of the parent company, ETFSL.

12. Ultimate Controlling Party

As the majority shareholder in the Company's parent entity, ETFSL, the ultimate controlling party is Graham J Tuckwell.