

ETF5 HEDGED METAL SECURITIES LIMITED

Registered No: 108311

**Unaudited Interim Financial Report for the
Six Months to 30 June 2013**

ETFS HEDGED METAL SECURITIES LIMITED
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ETFS HEDGED METAL SECURITIES LIMITED
DIRECTORS' REPORT

The directors of ETFS Hedged Metal Securities Limited ("HMSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2013.

Directors

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

Mr Graham J Tuckwell - Chairman
 Mr Graeme D Ross
 Mr Craig A Stewart (resigned 21 June 2013)
 Mr Joseph L Roxburgh
 Mr Mark K Weeks (appointed 21 June 2013)

Principal Activities

The Company's principal activity is the listing and issue of currency-hedged metal securities ("Currency-Hedged Metal Securities") comprising sixteen separate types of Currency-Hedged Metal Securities: four separate classes of Australian Dollar; four separate classes of Euro; four separate classes of Singapore Dollar; and four separate classes of Sterling individual securities. The Company may make available other types of Currency-Hedged Metal Securities including basket securities each comprising two or more classes of individual securities in specified proportions.

Currency-Hedged Metal Securities are denominated in a specified currency and, pursuant to one or more Metal Adjustment Agreement with one or more FX Counterparties, the Metal Entitlement of each individual security will be adjusted daily by an amount of bullion which reflects the daily movement of an index tracking the variation in the exchange rate between United States Dollars and the currency of denomination of the individual security, as well as being adjusted for the deduction of applicable fees.

Each Currency-Hedged Metal Security is backed by physical metal ("Metal Bullion") held in custody by designated custodians. The Metal Bullion is held and settled in accordance with the standards set down by the London Platinum and Palladium Market ("LPPM") (for platinum and palladium) and the London Bullion Market Association ("LBMA") (for gold and silver).

Review of Operations

During the period, the Company had the following number of classes, in aggregate, of Currency-Hedged Metal Securities in issue and admitted to trading on the following exchanges:

Security	London Stock Exchange	Borsa Italia	Deutsche Börse
EUR Hedged Metal Securities	-	1	1
GBP Hedged Metal Securities	1	-	-
Total Currency-Hedged Metal Securities	1	1	1

As at 30 June 2013, assets under management amounted to USD 5.6 million (31 December 2012: USD Nil). The Company recognises its assets ("Metal Bullion") and liabilities ("Currency-Hedged Metal Securities") at fair value in the Condensed Statement of Financial Position.

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

	30 June 2013 USD	31 December 2012 USD
Creation and Redemption Fees	2,313	-
Management Fees and Hedging Fees	14,856	-
Total Fee Income	17,169	-

ETFS HEDGED METAL SECURITIES LIMITED
DIRECTORS' REPORT – CONTINUED

Review of Operations - continued

Under the terms of the service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to the management fees and hedging fees and creation and redemption fees, which, after taking into account other operating income and expenses, resulted in an operating result for the period of USD Nil (31 December 2012: USD Nil).

The gain or loss on Currency-Hedged Metal Securities and Metal Bullion 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

There were no dividends declared or paid in the current or previous 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.

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 interest in Ordinary Shares as at the date of this report:

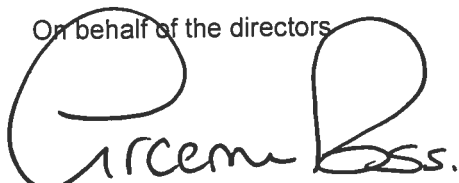
Director	Ordinary Shares of Nil Par Value
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	<u>2</u>

Directors' Remuneration

No director has a service contract with the Company and details of the directors' remuneration which has been paid by ManJer on behalf of the Company for the period is disclosed below. Mr Craig A Stewart resigned on 21 June 2013, but received his fee to 30 June 2013.

	30 June 2013	31 December 2012
	GBP	GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	Nil
Mr Craig A Stewart	3,750	Nil
Mr Joseph L Roxburgh	Nil	Nil
Mr Mark K Weeks	Nil	Nil

On behalf of the directors



Graeme D Ross
Director
Jersey
27 August 2013

ETFS HEDGED METAL SECURITIES 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 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 period.

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.

By order of the Board



Graeme D Ross
Director

27 August 2013

ETFs HEDGED METAL SECURITIES LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June 2013 Unaudited USD	Year ended 31 December 2012 Audited USD
Revenue	2	17,169	-
Expenses	2	(17,169)	-
Operating Result	2	-	-
Net Loss Arising on Fair Value of Metal Bullion	5	(1,573,972)	-
Net Gain Arising on Fair Value of Currency-Hedged Metal Securities	6	1,573,972	-
Result and Total Comprehensive Income for the Period/Year		-	-

The directors consider the Company's activities as continuing.

The notes on pages 8 to 12 form part of these financial statements

ETFs HEDGED METAL SECURITIES LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2013 Unaudited USD	31 December 2012 Audited USD
Current Assets			
Trade and Other Receivables	4	16,381	3
Metal Bullion	5	5,612,000	-
Total Assets		5,628,381	3
Current Liabilities			
Currency-Hedged Metal Securities	6	5,612,000	-
Trade and Other Payables	7	16,378	-
Total Liabilities		5,628,378	
Equity			
Stated Capital	8	3	3
Total Equity		3	3
Total Equity and Liabilities		5,628,381	3

The financial statements on pages 4 to 12 were approved by the board of directors and signed on its behalf on 27 August 2013.



Graeme D Ross
Director

The notes on pages 8 to 12 form part of these financial statements

ETFS HEDGED METAL SECURITIES LIMITED
CONDENSED STATEMENT OF CASH FLOWS

	Period ended 30 June 2013 Unaudited USD	Year ended 31 December 2012 Audited USD
Operating Result for the Period/Year	-	-
<i>Changes in Operating Assets and Liabilities</i>		
Increase in Receivables	(16,378)	-
Increase in Payables	16,378	-
Cash Used in Operations	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Period/Year	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period/Year	-	-

Currency-Hedged Metal Securities issued or redeemed by receipt/transfer of Metal Bullion have been netted off in the Condensed Statement of Cash Flows.

The notes on pages 8 to 12 form part of these financial statements

ETFS HEDGED METAL SECURITIES LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY

	Stated Capital USD	Retained Earnings USD	Total Equity USD
Audited Opening Balance at 1 January 2012	3	-	3
Total Comprehensive Income for the Year	-	-	-
Audited Balance at 31 December 2012	<u>3</u>	<u>-</u>	<u>3</u>
Audited Opening Balance at 1 January 2013	3	-	3
Total Comprehensive Income for the Period	-	-	-
Unaudited Balance at 30 June 2013	<u>3</u>	<u>-</u>	<u>3</u>

The notes on pages 8 to 12 form part of these financial statements

ETFS HEDGED METAL SECURITIES LIMITED

NOTES TO THE 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 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

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 annual financial statements for the year ended 31 December 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

This half yearly report has not been audited or reviewed by the Company's auditors.

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

Accounting Standards

(a) *Standards, amendments and interpretations effective on 1 January 2013:*

- IFRS 13 "Fair Value Measurement"
- Amendments to IFRS 7 "Financial Instruments: Disclosures"
- Various improvements to IFRSs issued in 2011

The adoption of the improvements and interpretation resulted in additional disclosures but did not have an impact on the Company's financial position or performance.

(b) *Standards, amendments and interpretations effective on 1 January 2013 but not relevant to the Company:*

- Various improvements to IFRSs issued in 2011

(c) *Standards, amendments and interpretations that are in issue but not yet effective:*

- IFRS 9 "Financial Instruments" (effective 1 January 2015)
- Amendments to IAS 32 "Financial Instruments: Presentation" (effective 1 January 2014)

The directors anticipate that the adoption of these standards in future periods will have no material financial impact; however the amendments may change the presentation of the financial statements. The directors have considered other new and revised standards and they believe that they are not relevant to the Company's activities.

Going Concern

The nature of the Company's business dictates that the outstanding Currency-Hedged Metal Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Currency-Hedged Metal Securities will coincide with the redemption of an equal amount of Metal Bullion, no liquidity risk is considered to arise. All other liabilities are met by ManJer; therefore the directors consider the Company to be a going concern for the foreseeable future and have prepared the financial statements on this basis.

ETFS HEDGED METAL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. Accounting Policies - continued

Currency-Hedged Metal Securities

i) Issuance and Redemption

The Company has entered into a Trust Instrument with The Law Debenture Trust Corporation plc ("Law Debenture") to permit the Company to issue Currency-Hedged Metal Securities. The conditions of issue are set out in the Trust Instrument. Each time a Currency-Hedged Metal Security is issued or redeemed by the Company a matching amount of Metal Bullion is transferred into or from the relevant secured account held by the Custodian.

Financial liabilities are recognised and de-recognised on the trade date.

ii) Pricing

When a Currency-Hedged Metal Security is created it is physically backed by a corresponding amount of allocated Metal Bullion as required by the metal entitlement of the security. The metal entitlement is adjusted on a daily basis by a Daily Hedging Variation, which is designed to reflect the movement in the relevant Morgan Stanley Precious Metal (MSPM) Indices to incorporate the corresponding currency hedge on each Pricing Day in physical precious metal terms.

The exposure to the index is achieved through a Currency Transaction which settles in Metal Bullion. This ensures that Metal Bullion equal to the amount due to holders of Currency-Hedged Metal Securities is held for the purposes of meeting its obligations under the Currency-Hedged Metal Securities.

Currency-Hedged Metal Securities and Metal Bullion are valued on a daily basis using the COMEX price of appropriate Futures Contract adjusted by an Exchange for Physical Metal.

iii) Designation at fair value through Profit or Loss

Currency-Hedged Metal Securities in issue are designated at fair value through the profit or loss upon initial recognition. This is in order to eliminate the measurement mismatch with Metal Bullion enabling gains or losses on both the Currency-Hedged Metal Security and Metal Bullion to be recorded in the Condensed Statement of Comprehensive Income.

Metal Bullion and Currency-Hedged Metal Securities Awaiting Settlement

The issue and redemption of Currency-Hedged Metal Securities, and the transfer in and out of Metal Bullion, is accounted for on the trade date ("T"). Where settlement pricing is applied, the trade will not settle until T+3. Where trades are awaiting settlement at the year end, the monetary amount due to be settled is separately disclosed within the relevant assets and liabilities on the Condensed Statement of Financial Position.

Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Fees received for the issue and redemption of securities are recognised at the date on which the transaction becomes legally binding. All other income and expenses are recognised on an accruals basis.

Metal Bullion Receivable and Payable

Management fees receivable are accrued by applying a fixed percentage to the market value of debt securities in issue on a daily basis. These fees are receivable in Metal Bullion, recorded at fair value at the Statement of Financial Position date using the latest quote provided by either the LPPM or the LBMA. Movements in fair value are recorded in the Condensed Statement of Comprehensive Income.

ETFS HEDGED METAL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. Accounting Policies - continued

Metal Bullion Receivable and Payable - continued

Management fees payable are also accrued based on the income accrued in accordance with the agreement with ManJer. These fees (related to management fees received) are payable in Metal Bullion, recorded at fair value at the Statement of Financial Position date using the latest quote provided by the LPPM or the LBMA. Movement in fair value are recorded in the Condensed Statement of Comprehensive Income.

Segmental Reporting

The Company has not provided segmental information as the Company has only one business or product group, Currency-Hedged Metal Securities, and geographical segment which is the UK and Europe. All information relevant to the understanding of the Company's activities is included in these financial statements.

2. Operating Result

Operating result for the period/year comprised:

	Period ended 30 June 2013 Unaudited USD	Year ended 31 December 2012 Audited USD
Creation and Redemption Fees	2,313	
Management Fees	9,521	-
Hedging Fees	5,335	
Total Revenue	17,169	-
Management Fees to ManJer	(17,169)	-
Total Operating Expenses	(17,169)	-
Operating Result	-	-

3. Taxation

The Company is subject to Jersey Income Tax at the rate of 0%.

4. Trade and Other Receivables

	As at	
	30 June 2013 Unaudited USD	31 December 2012 Audited USD
Amounts Receivable on Stated Capital	3	3
Creation and Redemption Fees	1,522	-
Management Fees and Hedging Fees	14,856	-
	16,381	3

ETFS HEDGED METAL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. Metal Bullion

	As at	
	30 June 2013 Unaudited USD	31 December 2012 Audited USD
Change in Fair Value for the Period/Year	(1,573,972)	-
Metal Bullion Held	5,612,000	-

As at 30 June 2013, there were no amounts of Metal Bullion awaiting the creation or (redemption) of Currency-Hedged Metal Securities with trade dates before the period end and settlement dates in the following period (31 December 2012: USD Nil).

6. Currency-Hedged Metal Securities

	As at	
	30 June 2013 Unaudited USD	31 December 2012 Audited USD
Change in Fair Value for the Period/Year	1,573,972	-
Currency-Hedged Metal Securities	5,612,000	-

As at 30 June 2013, there were no Currency-Hedged Metal Securities awaiting (creation) or redemption with trade dates before the period end and settlement dates in the following period (31 December 2012: USD Nil).

7. Trade and Other Payables

	As at	
	30 June 2013 Unaudited USD	31 December 2012 Audited USD
Management Fees Payable to ManJer	16,378	-

8. Stated Capital

	As at	
	30 June 2013 Unaudited USD	31 December 2012 Audited USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	3	3

The Company can issue an unlimited capital of nil par value shares.

All shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All shares are held by ETFS Holdings (Jersey) Limited ("HoldCo").

ETFS HEDGED METAL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. Related Party Disclosures

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

Management Fees paid to ManJer during the period:

	As at	
	30 June 2013	31 December 2012
	Unaudited	Audited
	USD	USD
Management Fees	17,169	-

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

	As at	
	30 June 2013	31 December 2012
	Unaudited	Audited
	USD	USD
Management Fees Payable	16,378	-

At 30 June 2013, USD 3 (31 December 2012: USD 3) is receivable from HoldCo.

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 7,500 (31 December 2012: GBP Nil).

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H charged ManJer secretarial and administration fees in respect of the Company of GBP 29,500 (31 December 2012: GBP Nil), of which GBP 14,750 (31 December 2012: GBP Nil) was outstanding at the period end.

Craig A Stewart was appointed as director of ManJer on 18 July 2013. Graeme D Ross was a director of ManJer until 21 June 2013.

Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo.

10. Ultimate Controlling Party

The immediate parent company is HoldCo, a Jersey registered company. The ultimate controlling party is Graham J Tuckwell through his shareholding in ETFSL. ETFSL is the parent company of HoldCo.