

平成28年12月期 中間決算短信（平成28年1月1日～平成28年6月30日）

平成28年9月7日

銘柄名	コード番号	連動対象指標	上場取引所 東京証券取引所	
			主要投資資産	売買単位
ETFS金上場投資信託	1672	金価格	金	1
ETFS銀上場投資信託	1673	銀価格	銀	10
ETFS白金上場投資信託	1674	白金価格	白金	1
ETFSパラジウム上場投資信託	1675	パラジウム価格	パラジウム	1
ETFS貴金属バスケット上場投資信託	1676	貴金属バスケット価格 <sup>(注)</sup>	金・銀・白金・パラジウム	1

(注) 貴金属バスケット価格は、金価格、銀価格、白金価格、パラジウム価格に基づいて算出されます。  
 なお、ETFS貴金属バスケット上場投信の一口当たりの貴金属は、およそ0.04ファイン・トロイ・オンスの金、およそ1.2トロイ・オンスの銀、およそ0.01トロイ・オンスの白金、およそ0.02トロイ・オンスのパラジウムの合計です。

外国投資法人 イーティーエフエス・コモディティ・セキュリティーズ・リミテッド  
 代表者名 グラハム・タックウェル  
 管理会社 ETFセキュリティーズ・マネジメント・カンパニー・リミテッド  
 URL <http://www.etfsecurities.com/ETFSDocs/APDocuments.aspx>  
 代表者名 グラハム・タックウェル  
 問合せ先責任者 TMI 総合法律事務所（中川秀宣） TEL 03-6438-5660  
 有価証券半期報告書提出予定 平成27年9月30日提出(予定)  
 分配金支払い開始予定日 該当なし

I ファンドの運用状況

1. 2016年6月決算期の運用状況（平成28年1月1日～平成28年6月30日）

(1) 資産内訳

(百万円未満切捨て)

		主要投資資産		合計（資産）	
		金額	構成比	金額	構成比
ETFS金上場投資信託	2016年6月決算期	554,745	100	554,745	100
	2015年6月決算期	424,415	100	424,415	100
ETFS銀上場投資信託	2016年6月決算期	92,194	100	92,194	100
	2015年6月決算期	69,630	100	69,630	100
ETFS白金上場投資信託	2016年6月決算期	36,355	100	36,355	100
	2015年6月決算期	34,865	100	34,865	100
ETFSパラジウム上場投資信託	2016年6月決算期	21,556	100	21,556	100
	2015年6月決算期	29,660	100	29,660	100
ETFS貴金属バスケット上場投資信託	2016年6月決算期	13,015	100	13,015	100
	2015年6月決算期	18,532	100	18,532	100

(注) 主要投資資産は、平成28年6月30日午前零時（ロンドン時間2016年6月30日午後4時）現在のものとしてブルームバーグによって表示される為替レート（スポット・レート）（1米ドル=102.64円）に基づいて円換算しています。（以下同じ）

## (2) 設定・償還実績

		前営業期間末 発行済口数 (①)	設定口数 (②)	償還口数 (③)	当営業期間末 発行済口数 (①+②-③)
		千口	千口	千口	千口
ETFS金上場投資信託	2016年6月決算期	34,198	11,032	2,813	42,416
	2015年6月決算期	41,539	5,098	10,242	36,395
ETFS銀上場投資信託	2016年6月決算期	41,500	18,201	8,521	51,181
	2015年6月決算期	36,344	13,196	4,675	44,865
ETFS白金上場投資信託	2016年6月決算期	3,065	712	89	3,688
	2015年6月決算期	3,504	735	962	3,276
ETFSパラジウム上場投資信託	2016年6月決算期	3,530	476	277	3,730
	2015年6月決算期	5,012	260	787	4,486
ETFS貴金属バスケット上場投資信託	2016年6月決算期	1,245	115	0	1,360
	2015年6月決算期	1,461	646	25	2,082

(注) 上記の設定・償還実績については、営業期末時点の未決済上場投信を含んでいません。

## (3) 基準価額

		総資産	負債(注)	資産	売買単位当たり基準価額 ( (③/当営業期間末 発行済口数) × 売買単位)
		百万円	百万円	百万円	円
ETFS金上場投資信託	2016年6月決算期	554,745	-	554,745	13,078
	2015年6月決算期	424,415	-	424,415	11,661
ETFS銀上場投資信託	2016年6月決算期	92,194	-	92,194	18,013
	2015年6月決算期	69,630	-	69,630	15,519
ETFS白金上場投資信託	2016年6月決算期	36,355	-	36,355	9,857
	2015年6月決算期	34,865	-	34,865	10,639
ETFSパラジウム上場投資信託	2016年6月決算期	21,556	-	21,556	57,786
	2015年6月決算期	29,660	-	29,660	66,115
ETFS貴金属バスケット上場投資信託	2016年6月決算期	13,015	-	13,015	9,569
	2015年6月決算期	18,532	-	18,532	8,897

(注1) 売買単位は、金、白金、パラジウム及び貴金属バスケットについては1口、銀については10口となります。

(注2) 貴金属証券の一単位当たりの資産は、証券1単位当たりの基準価額に基づいたものとなっています。証券1単位当たりの基準価額は、相応する証券1単位当たりの貴金属エンタイトルメントに対応する値決めによる価格を乗じたものとなります。各々の種類の貴金属にかかる証券の裏付けとなっている貴金属ごとの総価値は、相応する証券の残高と等しくなります。このために、純資産額は零となり、総資産額は、証券の裏付けとなる貴金属の総額と等しくなります。

## [参考] 外国投資法人の財政状態

	総資産額	総負債額	投資主持分類
	百万円	百万円	百万円
2016年6月決算期	765,817	767,704	-1,886
2015年6月決算期	606,784	605,994	789

(注1) 貴金属証券は、期限の定めのない、請求権の限定されている発行体による債務です。全出資口は、親会社であるイーティーエフ・セキュリティーズ・リミテッドにより保有されています。投資主持分類は、総資産額から総負債額を差し引いたものです。

2. 会計方針の変更

- ① 会計基準等の改正に伴う変更 有・無
- ② ①以外の変更 有・無



# **ETFS Metal Securities Limited**

**Registered No: 95996**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2016**

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**Directors' Report**

The directors of ETFS Metal Securities Limited ("MSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2016.

**Directors**

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

Graham J Tuckwell - Chairman  
 Christopher J M Foulds (Appointed 20 October 2015)  
 Graeme D Ross  
 Joseph L Roxburgh  
 Mark K Weeks (Resigned 20 October 2015)

**Directors' Interests**

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

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

**Principal Activities**

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

**Review of Operations**

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

	<b>London Stock Exchange</b>	<b>Borsa Italiana</b>	<b>Deutsche Börse</b>	<b>NYSE- Euronext Paris</b>	<b>Tokyo Stock Exchange</b>
ETFS Physical Platinum	✓	✓	✓	✓	✓
ETFS Physical Palladium	✓	✓	✓	✓	✓
ETFS Physical Silver	✓	✓	✓	✓	✓
ETFS Physical Gold	✓	✓	✓	✓	✓
ETFS Physical PM Basket	✓	✓	✓	✓	✓
ETFS Physical Swiss Gold	✓	✓	✓	-	-

As at 30 June 2016, assets under management amounted to USD 7,437.2 million (31 December 2015: USD 4,862.9 million). The Company recognises its assets ("Metal Bullion") and financial liabilities ("Metal 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:

	<b>30 June 2016 USD</b>	<b>30 June 2015 USD</b>
Creation and Redemption Fees	9,166	18,181
Management Fees	12,659,347	13,222,622
<b>Total Fee Income</b>	<b>12,668,513</b>	<b>13,240,803</b>

**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 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 (30 June 2015: USD Nil).

The gain or loss on Metal Securities and Metal Bullion is recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

The Company holds Metal Bullion to support the Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the prospectus). Metal Bullion is marked to fair value using the latest quote provided by the London Bullion Market Association ("LBMA").

The Company has entered into contractual obligations to trade Metal Securities at set prices on each trading day. These prices are based on an agreed formula published in the prospectus, and are equal to the published net asset value ("NAV") of each Metal Security.

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Metal Securities are listed to be the principal markets and as a result the fair value of the Metal Securities is the on-exchange price as quoted on those stock exchanges. As a result of the difference in valuation methodology between Metal Bullion and Metal Securities there is a mis-match between accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities. This gain or loss would be reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion. This is presented in more detail in note 6 to these interim financial statements.

**Future Developments***Referendum of the United Kingdom's ("UK's") membership of the European Union (the "EU Referendum")*

The EU referendum took place on 23 June 2016 and resulted in an overall vote to leave the European Union ("EU"). The EU referendum is non-binding and therefore in order to start the process to leave the EU, the British government will have to invoke Article 50 of the Lisbon Treaty ("Article 50"). Invoking Article 50 starts a two-year period during which a leaving agreement is negotiated setting out the arrangements for the withdrawal and outlining the UK's future relationship with the EU. The exact process for the UK's withdrawal is uncertain, although it is generally expected to take longer than two years as this would require the renegotiation of treaties and agreements, together with legislation changes.

The Company is domiciled in Jersey, outside of the EU, and the Metal Securities are distributed in the EU under the EU Prospectus Directive which requires their offering to the public to be approved by an EU Member State regulator. To date, the Company has chosen the UK Financial Conduct Authority ("FCA") as its member state regulator for these purposes. Request is then made to the FCA, as the chosen Member State regulator, for the passporting of the offering across the EU, once again, under the Prospectus Directive.

It is currently expected that the Company would select an alternate EU Member State regulator through which to seek approval and request passporting for its offering. As the Metal Securities already comply with the European wide requirements of the Prospectus Directive, this is not expected to cause any disruption or alteration to the terms or nature of the Metal Securities.

The Metal Securities continue to comply with all applicable laws and regulations. Continued assessment of the impact will be required throughout the withdrawal process should the United Kingdom leave the EU.

The directors are not aware of any other 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.

**Directors' Report (Continued)**

**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' 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.

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>GBP</b>	<b>GBP</b>
Graham J Tuckwell	Nil	Nil
Christopher J M Foulds	Nil	Nil
Graeme D Ross	4,000	3,750
Joseph L Roxburgh	Nil	Nil
Mark K Weeks	Nil	Nil

On behalf of the directors



**Joseph L Roxburgh**  
 Director  
 Jersey  
 30 August 2016



**Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the directors confirm that to the best of their knowledge that:

- the financial statements for the period ended 30 June 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with International Financial Reporting Standards as issued by the IASB; and
- the Directors' report gives a fair view of the development of the Company's business, financial position and the important events that have occurred during the period and their impact on these financial statements.

By order of the board

A handwritten signature in blue ink, appearing to read 'Joseph L Roxburgh'.

**Joseph L Roxburgh**  
Director

30 August 2016

		Period ended 30 June	
		2016	2015
	Notes	Unaudited USD	Unaudited USD
Revenue	2	12,668,513	13,240,803
Expenses	2	(12,668,513)	(13,240,803)
<b>Operating Result</b>	2	<b>-</b>	<b>-</b>
Net Gain/(Loss) Arising on Contractual and Fair Value of Metal Bullion	5	1,257,906,419	(254,408,268)
Net (Loss)/Gain Arising on Fair Value of Metal Securities	6	(1,283,421,221)	263,257,647
<b>Result and Total Comprehensive Income for the Period</b>		<b>(25,514,802)</b>	<b>8,849,379</b>
<sup>1</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	1	25,514,802	(8,849,379)
<b>Adjusted Result and Total Comprehensive Income for the Period</b>		<b>-</b>	<b>-</b>

The directors consider the Company's activities as continuing.

<sup>1</sup> The definition of non-statutory adjustments is set out on page 11. This represents the movement in the difference between the agreed formula price of Metal Bullion and the market price of Metal Securities.

Condensed Statement of Financial Position

		As at	
		30 June 2016	31 December 2015
	Notes	Unaudited USD	Audited USD
<b>Current Assets</b>			
Trade and Other Receivables	4	1,828,723	1,753,307
Metal Bullion	5	7,437,208,700	4,862,900,530
Amounts Receivable on Securities Awaiting Settlement	6	22,169,596	-
<b>Total Assets</b>		<b>7,461,207,019</b>	<b>4,864,653,837</b>
<b>Current Liabilities</b>			
Metal Securities	6	7,455,590,039	4,855,767,067
Amounts Payable on Bullion Awaiting Settlement	5	22,169,596	-
Trade and Other Payables	7	1,828,719	1,753,303
<b>Total Liabilities</b>		<b>7,479,588,354</b>	<b>4,857,520,370</b>
<b>Equity</b>			
Stated Capital	8	4	4
Revaluation Reserve	6	(18,381,339)	7,133,463
<b>Total Equity</b>		<b>(18,381,335)</b>	<b>7,133,467</b>
<b>Total Equity and Liabilities</b>		<b>7,461,207,019</b>	<b>4,864,653,837</b>

The financial statements on pages 5 to 15 were approved and authorised for issue by the board of directors and signed on its behalf on 30 August 2016.



**Joseph L Roxburgh**  
Director



	Period ended 30 June	
	2016	2015
	Unaudited USD	Unaudited USD
<b>Operating Result for the Period</b>	-	-
<i>Changes in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	(75,416)	120,623
Increase/(Decrease) in Payables	75,416	(120,623)
Cash Generated from Operations	-	-
<i>Cash Flows from Financing Activities</i>		
Dividends Paid	-	-
Net Cash Used in Financing Activities	-	-
<b>Net Increase in Cash and Cash Equivalents</b>	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Increase in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	-	-

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

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve <sup>2</sup> USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2015		4	-	(1,158,596)	(1,158,592)	4
Result and Total Comprehensive Income for the Period		-	8,849,379	-	8,849,379	8,849,379
Transfer to Revaluation Reserve	6	-	(8,849,379)	8,849,379	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	6	-	-	-	-	(8,849,379)
<b>Unaudited Balance at 30 June 2015</b>		<b>4</b>	<b>-</b>	<b>7,690,783</b>	<b>7,690,787</b>	<b>4</b>
Unaudited Opening Balance at 1 July 2015		4	-	7,690,783	7,690,787	4
Result and Total Comprehensive Income for the Period		-	(557,320)	-	(557,320)	(557,320)
Transfer to Revaluation Reserve	6	-	557,320	(557,320)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	6	-	-	-	-	557,320
<b>Audited Balance at 31 December 2015</b>		<b>4</b>	<b>-</b>	<b>7,133,463</b>	<b>7,133,467</b>	<b>4</b>
Audited Opening Balance at 1 January 2016		4	-	7,133,463	7,133,467	4
Result and Total Comprehensive Income for the Period		-	(25,514,802)	-	(25,514,802)	(25,514,802)
Transfer to Revaluation Reserve	6	-	25,514,802	(25,514,802)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	6	-	-	-	-	25,514,802
<b>Unaudited Balance at 30 June 2016</b>		<b>4</b>	<b>-</b>	<b>(18,381,339)</b>	<b>(18,381,335)</b>	<b>4</b>

<sup>2</sup> This represents the difference between the agreed formula price of Metal Bullion and the market price of Metal Securities.

<sup>3</sup> The definition of non-statutory adjustments is set out on page 11.

The notes on pages 9 to 15 form 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 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the 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 accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015. 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 2015.

The presentation of interim financial statements in conformity with IFRSs 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.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key accounting judgement required to prepare these financial statements is in respect of the valuation of Metal Bullion and Metal Securities held at fair value through the profit or loss as disclosed in notes 5 and 6. Actual results could vary from these estimates.

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

### Accounting Standards

#### (a) Standards, amendments and interpretations effective on 1 January 2016:

The following new and revised Standards and Interpretations have been adopted in the current year which may have affected these financial statements. Details of other Standards and Interpretations adopted that have had no effect on these financial statements are set out in section (b).

- IAS 1 Presentation of Financial Statements (Disclosure Initiative)  
The amendments address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:
  - clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.
  - clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
  - additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

**Notes to the Financial Statements (Continued)****1. Accounting Policies (continued)****Accounting Standards (continued)***(a) Standards, amendments and interpretations effective on 1 January 2016 (continued):*

- Annual Improvements to IFRS:
  - Includes specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
  - Includes additional guidance in IFRS 7 to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
  - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits (IAS 9) should be denominated in the same currency as the benefits to be paid.
  - Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference (IAS 34).

*(b) Standards, amendments and interpretations effective on 1 January 2016 but not relevant to the Company:*

- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) (applicable only to prospective sale or contribution of assets).
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Applying the Consolidation Exception.
- IFRS 11 Joint Arrangements (applicable only to prospective acquisitions in which the activities of the joint operations constitute businesses, as defined in IFRS 3).
- IFRS 14 Regulatory Deferral Accounts.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture.
- IAS 27 Separate Financial Statements.

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

- IFRS 2 Share-based Payments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (as amended in 2014) (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).
- IAS 7 Statement of Cash Flows (Disclosure Initiative) (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes (effective for annual periods beginning on or after 1 January 2017).

The directors intend to adopt IFRS 9 for the annual period beginning on 1 January 2018, and whilst the directors anticipate that these amendments may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements, a detailed analysis has not been undertaken.

The directors do not expect the adoption of the remaining standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

The directors have considered other standards and interpretations in issue but not effective and concluded that they would not have a material impact on the future financial periods when they become available.

**1. Accounting Policies (continued)****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 Metal Securities. The conditions of issue are set out in the Trust Instrument. Each time a Metal Security is issued or redeemed by the Company a corresponding 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

Metal Bullion is priced using the appropriate fixing price from the London Bullion Market Association (“LBMA”).

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Metal Securities are listed to be the principal markets and as a result the fair value of the Metal Securities is the on-exchange price as quoted on those stock exchanges. The Metal Securities are priced using the mid-market price on the statement of financial position date taken just at the time the relevant bullion fix price is set.

Consequently a difference arises between the value of Metal Bullion (based on the agreed formula price) and Metal Securities (at market value) presented in the Condensed Statement of Financial Position. This difference is reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion.

## iii) Designation at fair value through Profit or Loss

Metal Securities comprise a financial instrument and are designated at fair value through the profit or loss upon initial recognition. This is in order to enable gains or losses on both the Metal Security and Metal Bullion to be recorded in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Through the mis-matched accounting values, the results of the Company reflect a gain or loss which represents the movement in the cumulative difference between the agreed formula value of the Metal Bullion and the market price of Metal Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. The results of the Company are adjusted through the presentation of a non-statutory movement entitled ‘Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Metal Securities’.

**Metal Bullion**

The Company holds Metal Bullion equal to the amount due to holders of Metal Securities solely for the purposes of meeting its obligations under the Metal Securities. The Metal Bullion held is marked to fair value and movements are recorded through profit or loss.

The fair value is calculated using the latest quote provided by the LBMA.

**Going Concern**

The nature of the Company’s business dictates that the outstanding Metal Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. Generally only Security Holders who have entered into an authorised participant agreement with the Company (“Authorised Participant”) can submit applications and redemptions directly with the Company. As the redemption of Metal Securities would coincide with the payment of an equal amount (in value) 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 and have prepared the financial statements on this basis.



1. Accounting Policies (continued)

Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (“CODM”) in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the board of directors. A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has not provided segmental information as the Company has only one business or product group, precious metals, and one geographical segment which is 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 comprised:

	Period ended 30 June	
	2016 Unaudited USD	2015 Unaudited USD
Creation and Redemption Fees	9,166	18,181
Management Fees	12,659,347	13,222,622
<b>Total Revenue</b>	<b>12,668,513</b>	<b>13,240,803</b>
Management Fees to ManJer	(12,668,513)	(13,240,803)
<b>Total Operating Expenses</b>	<b>(12,668,513)</b>	<b>(13,240,803)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

3. Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate applicable to the Company for the foreseeable future is zero percent.

4. Trade and Other Receivables

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Management Fees	1,803,894	1,727,500
Creation and Redemption Fees	24,829	25,807
	<b>1,828,723</b>	<b>1,753,307</b>

**5. Metal Bullion**

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Change in Fair Value for the Period/Year	<u>1,257,906,419</u>	<u>(889,021,774)</u>
Metal Bullion at Fair Value	<u>7,437,208,700</u>	<u>4,862,900,530</u>

As at 30 June 2016, there were certain amounts of Metal Bullion awaiting the creation or redemption of Metal Securities with trade dates before the period end and settlement dates in the following period:

- The amount payable as a result of unsettled creations at the period end was USD 22,169,596 (31 December 2015: USD Nil).

All Metal Bullion assets have been valued using the PM fix on 30 June 2016 as quoted by the LBMA being the last fix prices available for the period.

**6. Metal Securities**

Whilst the Metal Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade at set prices on each trading day. These prices are based on an agreed formula of each class of Metal Securities. Therefore, the actual contractual issue and redemption of Metal Securities occur at a price that corresponds to gains or losses on the Metal Bullion. As a result the Company has no net exposure to gains or losses on the Metal Securities and Metal Bullion.

The Company measures the Metal Securities at their market value in accordance with IFRS 13 rather than their settlement value as described in the prospectus. The market value is deemed to be the prices quoted on stock exchanges or other markets where the Metal Securities are listed or traded. However Metal Bullion is valued based on the agreed formula of each class of Metal Securities, and applies the published bullion prices published by the LBMA.

The fair values and changes thereof during the period/year based on prices available on the open market as recognised in the financial statements are:

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Change in Fair Value for the Period/Year	<u>(1,283,421,221)</u>	<u>897,313,834</u>
Metal Securities at Fair Value	<u>7,455,590,039</u>	<u>4,855,767,066</u>

Notes to the Financial Statements (Continued)

6. Metal Securities (continued)

The contractual redemption values changes thereof during the period/year based on the contractual settlement values are:

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Change in Contractual Redemption Value for the Period/Year	<u>(1,257,906,419)</u>	<u>889,021,774</u>
Metal Securities at Contractual Redemption Value	<u>7,437,208,700</u>	<u>4,862,900,530</u>

The gain or loss on the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities would be reversed on a subsequent redemption of the Metal Securities and transfer of the corresponding Metal Bullion.

The mismatched accounting values are as shown below and represent the non-statutory adjustment presented in the Condensed Statement of Profit or Loss and Other Comprehensive Income:

	Period ended 30 June 2016 Unaudited USD	Year ended 31 December 2015 Audited USD
Net Gain/(Loss) Arising on Contractual and Fair Value of Metal Bullion	1,257,906,419	(889,021,774)
Net (Loss)/Gain Arising on Fair Value of Metal Securities	(1,283,421,221)	897,313,833
	<u>(25,514,802)</u>	<u>8,292,059</u>

As at 30 June 2016, there were certain Metal Securities awaiting creation or redemption with trade dates before the period end and settlement dates in the following period:

- The amount receivable as a result of unsettled creations at the period end was USD 22,169,596 (31 December 2015: USD Nil).

7. Trade and Other Payables

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Management Fees Payable to ManJer	<u>1,828,719</u>	<u>1,753,303</u>

**8. Stated Capital**

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	<u>4</u>	<u>4</u>

The Company can issue an unlimited capital of nil par value shares in accordance with its Memorandum of Association.

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”).

**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:*

	Period ended 30 June	
	2016 Unaudited USD	2015 Unaudited USD
Management Fees	<u>12,668,513</u>	<u>13,240,803</u>

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

	As at	
	30 June 2016 Unaudited USD	31 December 2015 Audited USD
Management Fees Payable	<u>1,828,719</u>	<u>1,753,303</u>

As disclosed in the Directors’ Report, ManJer paid directors’ fees in respect of the Company of GBP 4,000 (30 June 2015: GBP 3,750).

Graeme D Ross is a director 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 45,750 (30 June 2015: GBP 38,250), of which GBP 22,875 (30 June 2015: GBP 19,125) was outstanding at the period end.

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

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