



Source Commodity Markets Plc
Interim report and condensed
unaudited financial statements

For the half year ended 30 June 2012

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Directors and other information

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

Directors

Jennifer Coyne
Margaret Kennedy
Eimir McGrath (Irish - alternate director to Margaret Kennedy) (Appointed 11 April 2012)

Arranger & Portfolio adviser

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Interim Management Report

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

The Directors present their interim report and unaudited financial statements of Source Commodity Markets Plc (the "Company"), for the half-year ended 30 June 2012.

PRINCIPAL ACTIVITIES AND KEY EVENTS FOR THE FIRST SIX MONTHS

Source Commodity Markets Plc (the "Company") is a limited liability company, incorporated on 15 October 2008 in Ireland under the Companies Acts, 1963 to 2012 and has established the T-Bill Secured ETC Programme pursuant to which the Company may, from time to time, issue secured exchange traded commodity linked certificates (the "Certificates") on the terms set out in the prospectus and final terms in respect of the relevant Certificates. The aggregate number of Certificates outstanding under the Programme will not at any time exceed 5,000,000,000.

The Certificates are exchange-traded securities designed to replicate the performance of the commodity index specified in the relevant Final Terms (the "Commodity Index") as closely as possible. The Certificates are in bearer form and issued in series. Certificates of each series are secured, limited recourse obligations of the Company which rank equally among themselves. The net issuance proceeds of each series were used to purchase the US Treasury Bills comprising the collateral for such series and to enter into derivative contracts to enable tracking of the relevant Commodity Index. Upon each further issuance of Certificates of a series, the issue proceeds are used to acquire additional assets as collateral for such further issuance of Certificates.

Certificates may be sold to any one or more of Goldman Sachs International, Morgan Stanley & Co. International Plc, JP Morgan Securities Limited, Nomura International Limited and Merrill Lynch International (each an 'Authorised Participant' under the terms of the authorised participant agreements or such other authorised participants as may be appointed from time to time).

During the half year:

- the Company made a profit of \$475 (30 June 2011: \$Nil);
- the net gain on derivative financial instruments amounted to \$3,387,432 (30 June 2011: net loss of \$3,930,866);
- the total amount of Certificates issued during the period was \$116,696,917 (31 December 2011: \$374,917,268);
- the total amount of Certificates redeemed during the period was \$133,969,181 (31 December 2011: \$427,422,902);
- the total amount of US Treasury Bills acquired during the period was \$584,999,519 (31 December 2011: \$1,554,122,460); and
- the total amount of US Treasury Bills disposed of during the period was \$613,462,282 (31 December 2011: \$1,630,138,269).
- the following series were terminated; Series 8 Non Energy Total Return Index Linked Certificates; Series 12 Livestock Total Return Index Linked Certificates and Series 22 Ultra Light Energy Total Return Index Linked Certificates.

As at 30 June 2012,

- the Company's total certificates' indebtedness was \$162,060,614 (31 December 2011: \$187,253,009);
- the net assets was \$69,640 (31 December 2011: \$69,165); and
- the total nominal value of the US Treasury Bills was \$157,699,000 (31 December 2011: \$186,134,000).

CREDIT EVENTS

There were no credit events noted during the period.

FUTURE DEVELOPMENTS

The Directors expect the current level of activity to continue in the foreseeable future.

RESULTS AND DIVIDENDS FOR THE PERIOD

The results for the period are set out on page 5. No dividend is recommended by the Directors.

CHANGES IN DIRECTORS, SECRETARY AND REGISTERED OFFICE

On 17 April 2012, Eimir McGrath was appointed as alternate director to Margaret Kennedy. There has been no other change in directors, secretary or registered office during the period.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The Directors and secretary who held office on 30 June 2012 did not hold any share in the Company at that date, or during the period.

Interim Management Report (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

SUBSEQUENT EVENTS

There have been no significant events since the period end.

On behalf of the board

Jennifer Coyne
Director

Eimir McGrath
As alternate director for Margaret Kennedy

Date: 29 August 2012

Responsibility Statement

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

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 2012 have not been audited.

On behalf of the board

Jennifer Coyne
Director

Eimir McGrath
As alternate director for Margaret Kennedy

Date: 29 August 2012

Statement of Comprehensive Income

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR FROM 1 JANUARY 2012
TO 30 JUNE 2012**

	NOTES	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Interest income		31,091	130,251
Net gain/(loss) in fair value of financial assets designated at fair value through profit or loss	4	18,605	(195,809)
Net gain in fair value of financial liabilities designated at fair value through profit or loss	5	7,920,131	9,914,928
Net gain/(loss) on derivative financial instruments	6	3,387,432	(3,930,866)
Net swap expense – total return swaps	7	(10,791,328)	(5,200,446)
Other income	8	3,810	9,221
Other expenses	9	(569,108)	(727,279)
Operating profit before taxation		633	-
Tax on profit on ordinary activities	10	(158)	-
Profit for the period		475	-
Increase in net assets attributable to holders of equity shares from operations		475	-

On behalf of the board

Jennifer Coyne
Director

Eimir McGrath
As alternate director for Margaret Kennedy

Date: 29 August 2012

The accompanying notes to the financial statements on pages 9 to 18 form an integral part of these financial statements.

Statement of Financial Position

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTES	30 JUNE 2012 US\$	31 DECEMBER 2011 US\$
ASSETS			
Cash and cash equivalents	11	2,664,654	8,560,579
Other receivables	13	425,521	15,429,662
Derivative financial instruments	14	3,921,290	755,677
Financial assets designated at fair value through profit or loss	12	157,688,087	186,132,245
Total assets		164,699,552	210,878,163
LIABILITIES AND EQUITY			
Liabilities			
Other payables	16	2,569,298	23,334,170
Derivative financial instruments	14	-	221,819
Financial liabilities designated at fair value through profit or loss	15	162,060,614	187,253,009
Total liabilities		164,629,912	210,808,998
Shareholder's Funds-Equity			
Share capital	17	54,652	54,652
Retained earnings		14,988	14,513
Total equity		69,640	69,165
Total liabilities and equity		164,699,552	210,878,163

On behalf of the board

Jennifer Coyne
Director

Eimir McGrath
As alternate director for Margaret Kennedy

Date: 29 August 2012

The accompanying notes to the financial statements on pages 9 to 18 form an integral part of these financial statements.

Statement of Changes in Equity

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2012

	SHARE CAPITAL US\$	REVENUE RESERVES US\$	TOTAL EQUITY US\$
Balance as at 01 January 2011	54,652	14,513	69,165
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Balance as at 30 June 2011	54,652	14,513	69,165
<i>Comprehensive income for the period</i>			
Profit for the period	-	-	-
Balance as at 31 December 2011	54,652	14,513	69,165
<i>Comprehensive income for the period</i>			
Profit for the period	-	475	475
Balance as at 30 June 2012	54,652	14,988	69,640

On behalf of the board

Jennifer Coyne
Director

Eimir McGrath
As alternate director for Margaret Kennedy

Date: 29 August 2012

The accompanying notes to the financial statements on pages 9 to 18 form an integral part of these financial statements.

Statement of Cash Flows

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2012

	NOTES	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Cash flows from operating activities			
Profit before taxation		475	-
<i>Adjustments for:</i>			
Decrease/(increase) in other receivables		15,004,141	(23,190,078)
(Decrease)/increase in other payables		(20,764,872)	15,967,677
Fair value (gain)/loss on financial assets designated at fair value through profit or loss	4	(18,605)	195,809
Fair value gain on financial liabilities designated at fair value through profit or loss	5	(7,920,131)	(9,914,928)
Fair value (gain)/loss on derivative financial instruments	6	(3,387,432)	3,930,866
Net cash used in operating activities		(17,086,424)	(13,010,654)
Cash flows used in investing activities			
Purchase of financial assets designated at fair value through profit or loss	12	(584,999,519)	(841,071,872)
Proceeds from disposal of financial assets designated at fair value through profit or loss	12	613,462,282	837,090,932
Net cash generated from/(used in) investing activities		28,462,763	(3,980,940)
Cash flows from financing activities			
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	15	116,696,917	220,007,278
Redemption of financial liabilities designated at fair value through profit or loss	15	(133,969,181)	(212,558,740)
Net cash (used in)/generated from financing activities		(17,272,264)	7,448,538
Net decrease in cash and cash equivalents		(5,895,925)	(9,543,056)
Cash and cash equivalents at start of the period	11	8,560,579	10,812,112
Cash and cash equivalents at end of the period	11	2,664,654	1,269,056

The accompanying notes to the financial statements on pages 9 to 18 form an integral part of these financial statements.

Notes to the Financial Statements

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

1. GENERAL INFORMATION

Source Commodities Markets Plc (the "Company") is a limited liability company, incorporated on 15 October 2008 in Ireland under the Companies Acts, 1963 to 2012 and has established the T-Bill Secured ETC Programme pursuant to which the Company may, from time to time, issue secured exchange traded commodity linked Certificates on the terms set out in the Prospectus and Final Terms in respect of the relevant Certificates. The aggregate number of Certificates outstanding under the Programme will not at any time exceed 5,000,000,000.

The Company has no direct employees.

2. BASIS OF PREPARATION

The condensed financial statements for the half year ended 30 June 2012 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

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 2011.

4. NET GAIN/(LOSS) IN FAIR VALUE OF FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Fair value gain/(loss) on financial assets designated at fair value through profit or loss	18,605	(195,809)
	18,605	(195,809)

5. NET GAIN IN FAIR VALUE OF FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Fair value gain on financial liabilities designated at fair value through profit or loss	7,920,131	9,914,928
	7,920,131	9,914,928

6. NET GAIN/(LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Unrealised fair value movement - total return swaps	3,387,432	(3,930,866)
	3,387,432	(3,930,866)

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

7. NET SWAP EXPENSE – TOTAL RETURN SWAPS

SERIES NAME	DESCRIPTION	PERIOD ENDED	PERIOD ENDED
		30 JUNE 2012 US\$	30 JUNE 2011 US\$
Series 1	Agriculture Total Return Index Linked Certificates	1,384,793	(2,605,666)
Series 2	S&P GSCI Total Return Index Linked Certificates	(631,468)	(198,170)
Series 3	Coffee Total Return Index Linked Certificates	(363,357)	294,782
Series 4	Corn Total Return Index Linked Certificates	149,561	1,300,185
Series 5	Cotton Total Return Index Linked Certificates	(89,707)	(546,554)
Series 6	Crude Total Return Index Linked Certificates	(208,301)	(105,926)
Series 7	Energy Total Return Index Linked Certificates	(1,937,616)	35,749
Series 8	Non Energy Total Return Index Linked Certificates	10,262	(41,901)
Series 9	Gold Total Return Index Linked Certificates	(720,823)	161,223
Series 10	Grains Total Return Index Linked Certificates	(45,200)	(1,756,130)
Series 11	Industrial Metals Total Return Index Linked Certificates	(2,370,692)	(391,576)
Series 12	Livestock Total Return Index Linked Certificates	(30,954)	(15,552)
Series 13	Natural Gas Total Return Index Linked Certificates	(213,398)	(140,254)
Series 14	Petroleum Total Return Index Linked Certificates	(535,327)	34,193
Series 15	Precious Metals Total Return Index Linked Certificates	(458,644)	2,950,182
Series 16	Silver Total Return Index Linked Certificates	200,732	281,369
Series 17	Softs Total Return Index Linked Certificates	(91,715)	(246,061)
Series 18	Soybeans Total Return Index Linked Certificates	119,612	(53,748)
Series 19	Sugar Total Return Index Linked Certificates	(76,439)	(255,287)
Series 20	Wheat Total Return Index Linked Certificates	1,453,893	(219,840)
Series 21	Light Energy Total Return Index Linked Certificates	(729,809)	(50,270)
Series 22	Ultra-Light Energy Total Return Index Linked Certificates	89,677	(159,748)
Series 23	Enhanced Oil Total Return Index Linked Certificates	(5,307,467)	(3,648,920)
Series 24	Aluminium Total Return Index Linked Certificates	(52,175)	11,025
Series 25	Copper Total Return Index Linked Certificates	(66,312)	(84,940)
Series 26	Zinc Total Return Index Linked Certificates	(14,201)	(37,787)
Series 27	Nickel Total Return Index Linked Certificates	(41,382)	289,176
Series 28	Brent Crude Oil Enhanced Total Return Index Linked Certificates	(214,871)	-
		(10,791,328)	(5,200,446)

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

8. OTHER INCOME

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Bank interest	2,082	3,252
Foreign exchange gain	1,095	5,969
Corporate benefit	633	-
	3,810	9,221

9. OTHER EXPENSES

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Arranger fees	(569,108)	(727,279)
	(569,108)	(727,279)

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Profit on ordinary activities before tax – current tax	633	-
Current tax at 12.5%	(79)	-
Effect of:		
Income taxed at higher rates	(79)	-
Current tax charge	(158)	-

The Company will continue to be actively taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

11. CASH AND CASH EQUIVALENTS

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 31 DECEMBER 2011 US\$
Cash at bank	2,664,654	8,560,579

Cash balances are held with the following banks:

Wells Fargo Bank, N.A.	2,539,042	5,218,939
Deutsche Bank AG, London Branch	112,403	3,281,951
Bank of Ireland	13,209	59,689
	2,664,654	8,560,579

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	PERIOD ENDED 30 JUNE 2012 US\$	PERIOD ENDED 30 JUNE 2011 US\$
Financial assets reconciliation		
At start of period/year	186,132,245	262,362,300
Additions during the period/year *	584,999,519	1,554,122,460
Disposals during the period/year	(613,462,282)	(1,630,138,269)
Unrealised fair value movement	18,605	(214,246)
At end of the period/year	157,688,087	186,132,245

* Amount includes \$2,381,835 relating to US Treasury Bills purchased on 30 June 2012 but settled after the period end (31 December 2011: \$4,742,975).

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

SERIES NAME	DESCRIPTION	MATURITY DATE	NOMINAL	FAIR VALUE	NOMINAL	FAIR VALUE
			30 JUNE 2012 US\$	30 JUNE 2012 US\$	31 DECEMBER 2011 US\$	31 DECEMBER 2011 US\$
Series 1	US Treasury Bills	2012	25,674,000	25,672,222	34,975,000	34,974,669
Series 2	US Treasury Bills	2012	5,255,000	5,254,636	6,533,000	6,532,938
Series 3	US Treasury Bills	2012	1,321,000	1,320,909	1,021,000	1,020,990
Series 4	US Treasury Bills	2012	1,960,000	1,959,864	1,345,000	1,344,987
Series 5	US Treasury Bills	2012	484,000	483,966	700,000	699,993
Series 6	US Treasury Bills	2012	703,000	702,951	898,000	897,992
Series 7	US Treasury Bills	2012	8,712,000	8,711,396	7,334,000	7,333,931
Series 8	US Treasury Bills	2012	-	-	808,000	807,992
Series 9	US Treasury Bills	2012	40,286,000	40,283,210	21,969,000	21,968,792
Series 10	US Treasury Bills	2012	1,295,000	1,294,910	2,507,000	2,506,976
Series 11	US Treasury Bills	2012	13,328,000	13,327,077	8,452,000	8,451,920
Series 12	US Treasury Bills	2012	-	-	486,000	485,995
Series 13	US Treasury Bills	2012	1,073,000	1,072,926	965,000	964,991
Series 14	US Treasury Bills	2012	1,737,000	1,736,880	579,000	578,995
Series 15	US Treasury Bills	2012	19,533,000	19,531,647	16,421,000	16,420,845
Series 16	US Treasury Bills	2012	1,404,000	1,403,903	1,728,000	1,727,984
Series 17	US Treasury Bills	2012	704,000	703,951	1,541,000	1,540,985
Series 18	US Treasury Bills	2012	621,000	620,957	501,000	500,995
Series 19	US Treasury Bills	2012	2,471,000	2,470,829	1,943,000	1,942,982
Series 20	US Treasury Bills	2012	4,008,000	4,007,723	33,352,000	33,351,691
Series 21	US Treasury Bills	2012	7,583,000	7,582,483	8,663,000	8,662,919
Series 22	US Treasury Bills	2012	-	-	3,618,000	3,617,966
Series 23	US Treasury Bills	2012	14,336,000	14,335,007	25,244,000	25,243,761
Series 24	US Treasury Bills	2012	438,000	437,970	486,000	485,995
Series 25	US Treasury Bills	2012	3,213,000	3,212,777	3,285,000	3,284,969
Series 26	US Treasury Bills	2012	372,000	371,974	387,000	386,996
Series 27	US Treasury Bills	2012	351,000	350,976	393,000	392,996
Series 28	US Treasury Bills	2012	837,000	836,943	-	-
			157,699,000	157,688,087	186,134,000	186,132,245

The US Treasury Bills have upon initial recognition been designated at fair value through profit or loss when the Company holds related derivatives at fair value through profit or loss, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise. The US Treasury Bills of each series are held in separate custodian accounts as collateral for Certificates issued by the Company.

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the swap counterparty or the Certificate holders.

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

MATURITY ANALYSIS	30 JUNE	31 DECEMBER
	2012	2011
	US\$	US\$
Less than 1 year	157,688,087	186,132,245
1-2 years	-	-
2-5 years	-	-
Over 5 years	-	-
	157,688,087	186,132,245

The financial assets are secured in favour of Deutsche Trustee Company Limited for the benefit of itself and the Certificate holders.

13. OTHER RECEIVABLES

	30 JUNE	31 DECEMBER
	2012	2011
	US\$	US\$
Other receivables	370,205	15,429,662
Swap receivable	54,683	-
Corporate benefit receivable	633	-
	425,521	15,429,662

Other receivables include:

- US Treasury Bills sold on 30 June 2012 which were settled after the period end, amounting to Nil (2011: \$15,429,662);
- Certificates issued on 30 June 2012 which were settled after the period end, amounting to \$370,205 (2011: Nil).

All receivables are current since collection is expected in one year or less.

14. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

	30 JUNE	31 DECEMBER
	2012	2011
	US\$	US\$
Total return swaps	3,921,290	533,858

DERIVATIVE FINANCIAL ASSETS BY COUNTERPARTY

Goldman Sachs	2,321,441	384,883
Morgan Stanley	1,095,965	228,871
Merrill Lynch	497,244	141,923
JPMorgan	6,640	-
	3,921,290	755,677

DERIVATIVE FINANCIAL LIABILITIES BY COUNTERPARTY

Goldman Sachs	-	(111,851)
Morgan Stanley	-	(87,920)
Merrill Lynch	-	(20,317)
JPMorgan	-	(1,731)
	-	(221,819)

The total notional value of total return swaps outstanding at the period end was \$158,351,379 (31 December 2011: \$185,542,901).

The Company enters into a derivative contract for each series issued either to reduce the mismatch between the amounts payable in respect of the Certificates and return from the US Treasury Bills held as collateral or to mitigate its exposure to market risk (interest rate risk and currency risk) within the Company. Net swap expense for the year ended 30 June 2012 is \$10,791,328 (30 June 2011: net swap expense of \$5,200,446).

SWAP TRANSACTION

The fair value of the derivatives relates to total return swaps.

Total return swaps

The Certificates are linked to the relevant Commodity Index by the Issuer entering into total return swaps with the swap counterparties referencing such Commodity Index. Each time Certificates are issued, redeemed or repurchased, corresponding swap transaction(s) will be entered into (or existing swap transaction(s) will be upsized) or terminated (or downsized), as applicable.

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

15. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL LIABILITIES RECONCILIATION	30 JUNE	31 DECEMBER
	2012	2011
	US\$	US\$
At start of period/year	187,253,009	269,742,575
Issued during the period/year*	116,696,917	374,917,268
Redeemed during the period/year	(133,969,181)	(427,422,902)
Net change in fair value	(7,920,131)	(29,983,932)
At end of the period/year	162,060,614	187,253,009

*Amount includes \$370,205 (31 December 2011: \$3,355,443) relating to Certificates issued on 30 June 2012 which were settled after the period end.

30 JUNE 2012

SERIES NAME	DESCRIPTION	UNITS OUTSTANDING 30 JUNE 2012	NAV PER UNIT 30 JUNE 2012 US\$	FAIR VALUE 30 JUNE 2012 US\$
Series 1	Agriculture Total Return Index Linked Certificates	369,106	71.15	26,262,627
Series 2	S&P GSCI Total Return Index Linked Certificates	124,215	43.98	5,463,065
Series 3	Coffee Total Return Index Linked Certificates	12,116	113.33	1,373,138
Series 4	Corn Total Return Index Linked Certificates	118,807	16.56	1,967,402
Series 5	Cotton Total Return Index Linked Certificates	18,757	27.41	514,133
Series 6	Crude Total Return Index Linked Certificates	6,285	119.71	752,380
Series 7	Energy Total Return Index Linked Certificates	97,307	93.93	9,140,203
Series 9	Non Energy Total Return Index Linked Certificates	477,603	85.70	40,931,985
Series 10	Grains Total Return Index Linked Certificates	27,984	46.76	1,308,479
Series 11	Industrial Metals Total Return Index Linked Certificates	95,233	144.89	13,797,912
Series 13	Natural Gas Total Return Index Linked Certificates	1,922,997	0.57	1,089,837
Series 14	Petroleum Total Return Index Linked Certificates	85,503	21.42	1,831,479
Series 15	Precious Metals Total Return Index Linked Certificates	986,412	20.14	19,865,628
Series 16	Silver Total Return Index Linked Certificates	14,678	98.24	1,441,969
Series 17	Softs Total Return Index Linked Certificates	7,744	93.55	724,444
Series 18	Soybeans Total Return Index Linked Certificates	14,678	43.20	634,117
Series 19	Sugar Total Return Index Linked Certificates	100,668	24.66	2,482,129
Series 20	Wheat Total Return Index Linked Certificates	204,109	19.82	4,045,185
Series 21	Light Energy Total Return Index Linked Certificates	242,438	32.20	7,805,791
Series 23	Enhanced Oil Total Return Index Linked Certificates	96,978	156.58	15,184,776
Series 24	Aluminium Total Return Index Linked Certificates	6,532	69.29	452,577
Series 25	Copper Total Return Index Linked Certificates	73,599	45.35	3,337,379
Series 26	Zinc Total Return Index Linked Certificates	4,007	101.18	405,414
Series 27	Nickel Total Return Index Linked Certificates	8,238	44.55	366,963
Series 28	Brent Crude Oil Enhanced Index Linked Certificates	6,000	146.93	881,602
		5,121,994		162,060,614

Notes to the Financial Statements (continued)

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15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

31 DECEMBER 2011

SERIES NAME	DESCRIPTION	UNITS OUTSTANDING 31 DECEMBER 2011	NAV PER UNIT 31 DECEMBER 2011 US\$	FAIR VALUE 31 DECEMBER 2011 US\$
Series 1	Agriculture Total Return Index Linked Certificates	519,096	67.78	35,186,293
Series 2	S&P GSCI Total Return Index Linked Certificates	137,215	47.67	6,540,884
Series 3	Coffee Total Return Index Linked Certificates	6,616	156.44	1,034,991
Series 4	Corn Total Return Index Linked Certificates	92,344	15.34	1,416,857
Series 5	Cotton Total Return Index Linked Certificates	21,691	32.95	714,706
Series 6	Crude Total Return Index Linked Certificates	6,285	143.13	899,551
Series 7	Energy Total Return Index Linked Certificates	68,985	106.02	7,313,692
Series 8	Non Energy Total Return Index Linked Certificates	32,969	24.85	819,229
Series 9	Gold Total Return Index Linked Certificates	260,531	84.47	22,006,061
Series 10	Grains Total Return Index Linked Certificates	60,253	41.92	2,525,947
Series 11	Industrial Metals Total Return Index Linked Certificates	57,073	150.91	8,613,031
Series 12	Livestock Total Return Index Linked Certificates	22,720	21.83	495,867
Series 13	Natural Gas Total Return Index Linked Certificates	1,222,997	0.76	930,632
Series 14	Petroleum Total Return Index Linked Certificates	24,333	24.09	586,279
Series 15	Precious Metals Total Return Index Linked Certificates	826,583	20.18	16,684,172
Series 16	Silver Total Return Index Linked Certificates	17,714	100.37	1,777,894
Series 17	Softs Total Return Index Linked Certificates	14,853	106.13	1,576,411
Series 18	Soybeans Total Return Index Linked Certificates	14,678	34.58	507,584
Series 19	Sugar Total Return Index Linked Certificates	76,941	25.50	1,961,803
Series 20	Wheat Total Return Index Linked Certificates	1,863,112	18.02	33,569,497
Series 21	Light Energy Total Return Index Linked Certificates	260,181	33.37	8,682,364
Series 22	Ultra-Light Energy Total Return Index Linked Certificates	123,161	29.52	3,635,875
Series 23	Enhanced Oil Total Return Index Linked Certificates	133,249	188.39	25,103,247
Series 24	Aluminium Total Return Index Linked Certificates	6,532	76.45	499,373
Series 25	Copper Total Return Index Linked Certificates	74,683	44.91	3,354,352
Series 26	Zinc Total Return Index Linked Certificates	4,007	99.94	400,458
Series 27	Nickel Total Return Index Linked Certificates	8,238	50.49	415,959
		5,957,040		187,253,009

The financial liabilities have been classified as having a maturity of less than 1 year as the Certificates can be redeemed at the option of the Certificate holders. The final maturity date of the Certificates is 20 April 2059.

Certificates issued for a particular series are designated at fair value through profit and loss when the related US Treasury Bills and derivatives are fair valued or when they contain embedded derivatives that significantly modify cash flows that otherwise would be required

to be separated.

The Company's obligations under the Certificates issued and related derivative financial instruments are secured by collateral held as stated in note 12.

In the event that the accumulated losses prove not to be recoverable during the life of the Certificates issued, this will reduce the obligation to the holders of the Certificates issued by the Company.

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

16. OTHER PAYABLES

	30 JUNE 2012 US\$	31 DECEMBER 2011 US\$
Other payables	2,503,045	23,252,069
Arranger fee payable	66,095	82,101
Tax payable	158	-
	2,569,298	23,334,170

Other payables include:

- Certificates redeemed on 30 June 2012 which were settled after the period end, amounting to Nil (2011: \$15,236,619);
- US Treasury Bills purchased on 30 June 2012 which were settled after the period end amounting to \$2,381,835 (2011: \$4,742,975);
- Payable to Swap Counterparty on 30 June 2012 is \$10,078 (2011: \$3,161,343); and
- Payable to Wells Fargo on 30 June 2012 amounting to \$111,132 (2011: \$111,132).

17. SHARE CAPITAL

	30 JUNE 2012 €	31 DECEMBER 2011 €
AUTHORISED:		
100,000 shares of € 1 each	100,000	100,000
ISSUED AND FULLY PAID:	US\$	US\$
40,000 shares of € 1 each	54,652	54,652

18. OWNERSHIP OF COMPANY

The principal shareholder of the Company is Deutsche International Finance (Ireland) Limited which holds 39,994 shares in Trust. A Board of Directors has been appointed at the date of inception to manage the day to day affairs of the Company. The Board has considered who the ultimate controlling party of the Company is. The Board has concluded that no individual party involved in the structure as identified on page 1 has the power to alter, in any way, the strategic investment objective of the series as set out in the series' prospectus. Substantially all the risks and rewards of the Company are transferred to the Certificate holders.

19. RELATED PARTY TRANSACTIONS

Both directors are employees of Deutsche International Corporate Services (Ireland) Limited, which is the administrator of the Company and a related company of Deutsche International Finance (Ireland) Limited. During the period, the Company incurred a fee of €17,500 (30 June 2011: €17,500) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited. Jennifer Coyne, as director of the Company, had an interest in this fee in her capacity as director of Deutsche International Corporate Services (Ireland) Limited.

The Directors are of the view that there are no other related party transactions requiring disclosure. The Directors received no remuneration from the Company in the year (2011: Nil).

20. FINANCIAL RISK MANAGEMENT

Source Commodity Markets Plc (the "Company") is a limited liability company, incorporated in Ireland under the Companies Acts, 1963 to 2012 and has established the T-Bill Secured ETC Programme pursuant to which the Company may, from time to time, issue secured exchange traded commodity linked certificates on the terms set out in the Prospectus and Final Terms in respect of the relevant Certificates. The aggregate number of Certificates outstanding under the Programme will not at any time exceed 5,000,000,000.

Risk management framework

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

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

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, personnel 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 to corporate behaviour.

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited. Wells Fargo Bank N.A acts as banker, portfolio administrator and custodian for the Company. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer the securities might be temporarily impaired.

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 derivative financial assets and financial assets designated at fair value through profit or loss, which represents the Company's maximum exposure to credit risk.

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The Certificates are linked to the relevant Commodity Index by the Company entering into total return swaps with the swap counterparties referencing such Commodity Index. Market risk embodies the potential for both gains and losses and price risk. The Certificate holders are therefore exposed to the market risk of the assets portfolio. The Company uses short term Treasury Bills and total return swaps to manage its market risk.

(i) Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the financial assets to secure interest payments on the financial liabilities. The value of the Treasury Bills reflects market conditions and is sensitive to the implied yield of the assets. This risk is offset in part by the funding leg of the commodity swaps,

and the Company manages the risk by endeavouring to ensure that the portfolio of Treasury Bills it holds corresponds to the portfolio of Treasury Bills used to construct the yield assumptions used in determining the performance of the commodity indices. The Company does not consider interest rate risk to be significant to the Company as any fluctuation in the value of Treasury Bills as a result of interest rate moves that is not offset by the funding leg of the commodity swaps will be borne by the Certificate holders.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to currency risk is not significant and is limited to share capital issued of €40,000 (\$54,652) and the bank balance of €10,434 (\$13,209). All other financial assets and financial liabilities are denominated in US Dollars.

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the Certificate 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 by investing in short term Treasury Bills. The Company will only repay the Certificate holders to the extent that proceeds are available from the Treasury Bills. This means that all substantial risks and rewards associated with the financial assets are ultimately borne by the Certificate holders.

All of the Company's liabilities have a maturity profile of less than one year and therefore, the carrying amount and the gross contractual cashflows are equal to the fair value of each liability as stated in the statement of financial position.

Notes to the Financial Statements (continued)

Interim Report and condensed unaudited Financial Statements for the half year ended 30 June 2012

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values hierarchy

The Company's financial assets, derivative financial instruments and financial liabilities issued are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Although the Directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

For recognised fair values of financial assets measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity as any change in fair value will be borne by the Certificate holders due to the limited recourse nature of the financial liabilities issued by the Company.

The Commodity linked Certificates are exchange traded. As such, the commodity linked Certificates are classified as Level 2 in the fair value hierarchy.

This announcement has been issued through the Companies Announcement Service of the Irish Stock Exchange.

21. OPERATING EXPENSES

Costs associated with the Company are paid by Source UK Services Limited.

As at 30 June 2012, the amount payable to the arranger is \$66,095 (31 December 2011; \$82,101)

No director fees were paid during the period (2011: Nil).

22. CAPITAL RISK MANAGEMENT

The Company view the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the programme memorandum and in each of the series memorandum agreements. Share capital of €40,000 (\$54,652) was issued in line with Irish 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.

23. COMPARATIVES

In line with IAS 34, the comparative information for the Statement of comprehensive income, Statement of cash flows and Statement of changes in equity are for the period ended 30 June 2011 and the comparative information for the Statement of financial position is 31 December 2011.

24. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements on 29 August 2012.



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