



ETFs Commodity Securities Limited

Registered No: 90959

**Unaudited Interim Financial Report for the
Six Months to 30 June 2017**

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Directors' Report

The directors of ETFS Commodity Securities Limited ("CSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2017.

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
 Graeme D Ross (Resigned 7 December 2016)
 Steven G Ross (Appointed 7 December 2016)
 Joseph L Roxburgh

Directors' Interests

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

<i>Director</i>	<i>Ordinary Shares of Nil Par Value</i>
Graham J Tuckwell (as majority shareholder of ETF Securities Limited ("ETFSL"))	2

Principal Activities

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

Review of Operations

As at 30 June 2017 the Company had the following number of classes, in aggregate, of Commodity Securities in issue and admitted to trading on the following exchanges:

	London Stock Exchange	Borsa Italiana	Deutsche Börse	NYSE- Euronext Paris	NYSE- Euronext Amsterdam	Tokyo Stock Exchange
Classic & Longer Dated Commodity Securities	55	34	41	9	-	14
Short & Leveraged Commodity Securities	86	86	27	4	4	-
Total Commodity Securities	141	120	68	13	4	14

As at 30 June 2017, the fair value of assets under management amounted to USD 3,716.6 million (31 December 2016: USD 3,336.0 million). The Company recognises its financial assets (Commodity Contracts) and financial liabilities (Commodity 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 licence allowance as follows:

	30 June 2017 USD	30 June 2016 USD
Creation and Redemption Fees	162,812	190,752
Management Fees and Licence Allowance	10,879,512	9,287,949
Total Fee Income	11,042,324	9,478,701

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 licence allowance 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 2016: USD Nil).

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

The Company has entered into contractual obligations to issue and redeem Commodity 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 class of Commodity 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 Commodity Securities are listed to be the principal market and as a result the fair value of the Commodity Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. As a result of the difference in valuation methodology between Commodity Contracts and Commodity Securities there is a mismatch between accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Commodity Contracts and the market price of Commodity Securities. This gain or loss would be reversed on a subsequent redemption of the Commodity Securities and cancellation of the corresponding Commodity Contracts. This is presented in more detail in note 7 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 British government invoked Article 50 of the Lisbon Treaty on 29 March 2017 which started the two-year period during which a leaving agreement is to be 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 Commodity 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 Commodity 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 Commodity Securities.

The Commodity Securities continue to comply with all applicable laws and regulations. Continued assessment of the impact will be required throughout the withdrawal process.

The board of directors (the "Board") 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.

Future Developments (continued)*Commodity Contract Counterparty changes*

Commodity Securities are backed by commodity contracts ("Commodity Contracts") with terms corresponding to the terms of Commodity Securities. Each time Commodity Securities are issued or redeemed, matching Commodity Contracts between the Company and a Commodity Contract Counterparty are created or cancelled by the Company. The Company has entered into Facility Agreements with UBS Securities AG, London Branch ("UBS") and Merrill Lynch Commodities, Inc ("Merrill Lynch") (together the "Commodity Contract Counterparties"), enabling the Company to create and cancel Commodity Contracts on an ongoing basis.

On 3 July 2017 the Company announced that it has entered into Facility Agreements with Citigroup Global Markets Limited ("Citigroup") appointing Citigroup as a commodity contract counterparty.

The Company also announced its intention to terminate the Facility Agreements with UBS effective on or before 4 October 2017 (the "Effective Date"). The Company has agreed with Citigroup arrangements under which the Commodity Contracts held with UBS will be effectively replaced by equivalent Commodity Contracts held with Citigroup, and there will be no requirement to redeem the Commodity Securities.

The Company has also entered into a novation agreement with Merrill Lynch and Merrill Lynch International ("MLI") under which the obligations of Merrill Lynch in respect of the Commodity Contracts entered into under its Facility Agreements with Merrill Lynch will be assumed by MLI, and has entered into Facility Agreements with MLI accordingly.

The new Facility Agreements with Citigroup and with MLI are on similar terms to the existing Facility Agreements with the existing Commodity Contract Counterparties. It is intended that the Facility Agreements with Citigroup and MLI will also become effective on the Effective Date.

The value of Commodity Securities and the ability of the Company to repay the redemption price is dependent on the receipt of such amount from the Commodity Contract Counterparties and may be affected by the credit rating attached to the Commodity Contract Counterparties.

To cover the credit risk under the Commodity Contracts, the Commodity Contract Counterparties are obliged to place an equivalent amount of collateral into a pledge account with the Bank of New York Mellon based on the total outstanding value of the Commodity Contracts at the end of the previous trading day. In the event of default by a Commodity Contract Counterparties, the Company has rights which it can exercise over the amounts placed in this pledge account.

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' Report (Continued)

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the ETF Securities Group do not receive separate remuneration in their capacity as directors of the Company. R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") receives a fee in respect of the directors of the Company who are employees of R&H.

The directors' fees which have been paid by ManJer on behalf of the Company for the period:

	30 June 2017	30 June 2016
	GBP	GBP
Graham J Tuckwell	Nil	Nil
Christopher J M Foulds	Nil	Nil
Steven G Ross	4,000	Nil
Graeme D Ross	Nil	4,000
Joseph L Roxburgh	Nil	Nil

On behalf of the directors



Joseph L Roxburgh
 Director
 Jersey
 30 August 2017

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") and applicable law.

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 interim 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 interim financial statements; and
- prepare the interim 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 interim financial statements for the period ended 30 June 2017 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 interim financial statements.

By order of the Board



Joseph L Roxburgh

Director

30 August 2017

Condensed Statement of Profit or Loss and Other Comprehensive Income

	Notes	Period ended 30 June	
		2017 Unaudited USD	2016 Unaudited USD
Revenue	2	11,042,324	9,478,701
Expenses	2	(11,042,324)	(9,478,701)
Operating Result		-	-
Net (Loss)/Gain Arising on Contractual and Fair Value of Commodity Contracts	6	(277,415,834)	380,731,463
Net Gain/(Loss)Gain Arising on Fair Value of Commodity Securities	7	315,284,062	(416,515,029)
Result and Total Comprehensive Income for the Period		37,868,228	35,783,566
¹ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	1	(37,868,228)	(35,783,566)
Adjusted Result and Total Comprehensive Income for the Period		-	-

The directors consider the Company's activities as continuing.

¹ An explanation of the non-statutory adjustment is set out on page 12. This represents the movement in the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities.

The notes on pages 10 to 18 form part of these condensed interim financial statements

Condensed Statement of Financial Position

		As at	
		30 June 2017	31 December 2016
		Unaudited	Audited
	Notes	USD	USD
Current Assets			
Trade and Other Receivables	5	2,056,724	1,938,258
Commodity Contracts	6	3,709,771,043	3,335,980,666
Amounts Receivable on Commodity Securities Awaiting Settlement	7	23,758,962	30,555,135
Amounts Receivable on Commodity Contracts Awaiting Settlement	6	30,510,428	36,641,685
Total Assets		3,766,097,157	3,405,115,744
Current Liabilities			
Commodity Securities	7	3,676,889,126	3,340,966,977
Amounts Payable on Commodity Contracts Awaiting Settlement	6	23,758,962	30,555,135
Amounts Payable on Commodity Securities Awaiting Settlement	7	30,510,428	36,641,685
Trade and Other Payables	8	2,056,722	1,938,256
Total Liabilities		3,733,215,238	3,410,102,053
Equity			
Stated Capital	9	2	2
Revaluation Reserve		32,881,917	(4,986,311)
Total Equity		32,881,919	(4,986,309)
Total Equity and Liabilities		3,766,097,157	3,405,115,744

The condensed interim financial statements on pages 6 to 18 were approved and authorised for issue by the board of directors and signed on its behalf on 30 August 2017.



Joseph L Roxburgh
Director

The notes on pages 10 to 18 form part of these condensed interim financial statements



	Period ended 30 June	
	2017 Unaudited USD	2016 Unaudited USD
Operating Result for the Period	-	-
<i>Changes in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	(118,466)	304,262
Increase/(Decrease) in Payables	118,466	(304,262)
Cash Generated from Operating Activities	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period	-	-

Commodity Securities are issued through a receipt of cash directly with the Commodity Contract Counterparties or redeemed by the transfer of cash directly by the Commodity Contract Counterparties. Cash flows in respect of the issue and redemption of Commodity Securities and the creation and cancellation of Commodity Contracts have been netted off in the Condensed Statement of Cash Flows.

	Notes	Stated Capital USD	Retained Earnings USD	Revaluation Reserve ² USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2016		2	-	26,703,684	26,703,686	2
Result and Total Comprehensive Income for the Period		-	(35,783,566)	-	(35,783,566)	(35,783,566)
Transfer to Revaluation Reserve		-	35,783,566	(35,783,566)	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities		-	-	-	-	35,783,566
Unaudited Balance at 30 June 2016		2	-	(9,079,882)	(9,079,880)	2
Unaudited Opening Balance at 1 July 2016		2	-	(9,079,882)	(9,079,880)	2
Result and Total Comprehensive Income for the Period		-	4,093,571	-	4,093,571	4,093,571
Transfer to Revaluation Reserve		-	(4,093,571)	4,093,571	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities		-	-	-	-	(4,093,571)
Audited Balance at 31 December 2016		2	-	(4,986,311)	(4,986,309)	2
Audited Opening Balance at 1 January 2017		2	-	(4,986,311)	(4,986,309)	2
Result and Total Comprehensive Income for the Period		-	37,868,228	-	37,868,228	37,868,228
Transfer to Revaluation Reserve	7	-	(37,868,228)	37,868,228	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Commodity Securities	7	-	-	-	-	(37,868,228)
Unaudited Balance at 30 June 2017		2	-	32,881,917	32,881,919	2

² This represents the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities.

³ An explanation of the non-statutory adjustment is set out on page 12.

The notes on pages 10 to 18 form part of these condensed interim 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 2017 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 2016. 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 for the year ended 31 December 2016.

The presentation of interim financial statements in conformity with International Financial Reporting Standards (“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. 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 interim financial statements is in respect of the valuation of Commodity Contracts and Commodity Securities held at fair value through profit or loss as disclosed in notes 6 and 7. Actual results could vary from these estimates.

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

Going Concern

The nature of the Company’s business dictates that the outstanding Commodity 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 Commodity Securities will coincide with the cancellation of an equal amount of Commodity Contracts, no net liquidity risk is considered to arise. All other expenses of the Company are met by ETFS Management Company (Jersey) Limited (“ManJer”); therefore the directors consider the Company to be a going concern for the foreseeable future and have prepared the interim financial statements on this basis.

Accounting Standards

(a) *Standards, amendments and interpretations effective on 1 January 2017 and adopted in the period:*

In preparing the interim financial statements the Company has adopted all new or revised Standards, Amendments and Interpretations, including:

- IAS 7 Statement of Cash Flows (Disclosure Initiative).
- IAS 12 Income Taxes.
- IFRS 12 Disclosure of Interests in Other Entities (as part of the Annual Improvements to IFRS).

Of those Standards and Interpretations adopted in the current period, none have resulted in any significant effect on these interim financial statements.

1. Accounting Policies (continued)**Accounting Standards (continued)***(b) New and revised standards, amendments and interpretations in issue but not yet effective:*

The Company has not applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

- IFRS 2 Share-based Payments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 4 Insurance Contracts (overlay approach to be applied when IFRS 9 is first applied, deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date).
- IFRS 9 Financial Instruments (as amended in 2014) (effective for annual periods beginning on or after 1 January 2018).
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no effective date set).
- 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).
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021).
- IAS 40 Investment Property (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRS.

The directors intend to adopt IFRS 9 for the period beginning on 1 January 2018. The directors have undertaken a preliminary assessment of the impact of adopting IFRS 9 and have concluded that there would be no impact on the amounts reported in respect of the Company's financial instruments. Disclosures in the financial statements will be amended as necessary to meet the requirements of the standard.

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.

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 reports information on its operations for each of the Company's business segments only, as the Company only has one geographic segment which is Europe. In addition the Company has no single major customer from which greater than 10% of revenue is generated. The directors believe that there are two segments comprising Classic & Longer Dated and Short & Leveraged – and results of each are disclosed separately in note 3.

1. Accounting Policies (continued)**Commodity Securities and Commodity Contracts**

i) Issue and Redemption

The Company has entered into facility agreements with UBS Securities AG, London Branch ("UBS") and Merrill Lynch Commodities, Inc ("Merrill Lynch") (collectively the "Commodity Contract Counterparties"). The Facility Agreements permit the Company to create and cancel Commodity Contracts at prices equivalent to Commodity Securities issued or redeemed on the same day. Each time a Commodity Security is issued or redeemed by the Company a corresponding number and value of Commodity Contracts are created from or cancelled with UBS or Merrill Lynch. Refer to note 12 for further information in respect of changes to the Commodity Contract Counterparties.

Financial assets and liabilities are recognised and de-recognised on the transaction date.

ii) Pricing

The Commodity Contracts are priced by reference to the value of the commodity indices calculated and published by Bloomberg L.P. or Bloomberg Finance L.P. (together "Bloomberg") and a multiplier calculated by the Company and agreed with the Commodity Contract Counterparties. The multiplier takes into account the daily accrual of the management fee, licence allowance and swap spread as well as the incremental capital enhancement component of the Commodity Security, and is the same across all Commodity Securities of the same type (i.e. all Classic Commodity Securities use the same multiplier). This price is calculated based on the formula set out in the prospectus, and is referred to as the 'Contractual Value'.

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 Commodity Securities are listed to be the principal market and as a result the fair value of the Commodity Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Commodity Securities are priced using the closing mid-market price on the Statement of Financial Position date.

Consequently a difference arises between the value of Commodity Contracts (at Contractual Value) and Commodity Securities (at market value) presented in the Condensed Statement of Financial Position. This difference is reversed on a subsequent redemption of the Commodity Securities and cancellation of the corresponding Commodity Contracts.

iii) Designation at fair value through Profit or Loss

Each Commodity Security and Commodity Contract comprises a financial instrument whose redemption or cancellation price is linked to the performance of the relevant commodity index adjusted by the applicable fees and expenses.

These instruments are designated at fair value through profit or loss upon initial recognition. This is in order to enable gains or losses on both the Commodity Securities and Commodity Contracts 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 Contractual Value (based on the formula set out in the prospectus) of the Commodity Contracts and the market price of Commodity 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 Value (as set out in the Prospectus) of Commodity Securities'.

Notes to the Condensed Interim Financial Statements (Continued)

2. Operating Result

Operating result for the period comprised:

	Period ended 30 June	
	2017 Unaudited USD	2016 Unaudited USD
Management Fees	9,982,624	8,544,812
Licence Allowance	896,888	743,137
Creation and Redemption Fees	162,812	190,752
Total Revenue	11,042,324	9,478,701
ManJer Fees	(11,042,324)	(9,478,701)
Total Operating Expenses	(11,042,324)	(9,478,701)
Operating Result	-	-

3. Segmental Reporting

The Company has two operating segments; Classic & Longer Dated and Short & Leveraged. The Company earns revenues from each of these sources.

For the period ended 30 June 2017 Unaudited	Classic & Longer Dated USD	Short & Leveraged USD	Central USD	Total USD
Management Fees	7,596,386	2,386,238	-	9,982,624
Licence Allowance	775,141	121,747	-	896,888
Creation and Redemption Fees	84,571	78,241	-	162,812
Total Revenue	8,456,098	2,586,226	-	11,042,324
Total Operating Expenses	8,456,098	2,586,226	-	11,042,324
Segmental Result	-	-	-	-
For the period ended 30 June 2016 Unaudited	Classic & Longer Dated USD	Short & Leveraged USD	Central USD	Total USD
Management Fees	6,020,682	2,524,130	-	8,544,812
Licence Allowance	614,355	128,782	-	743,137
Creation and Redemption Fees	91,464	99,288	-	190,752
Total Revenue	6,726,501	2,752,200	-	9,478,701
Total Operating Expenses	(6,726,501)	(2,752,200)	-	(9,478,701)
Segmental Result	-	-	-	-

Additional information relating to the assets and liabilities associated with these securities is disclosed in notes 6 and 7.

Notes to the Condensed Interim Financial Statements (Continued)

4. 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.

5. Trade and Other Receivables

	As at 30 June 2017 Unaudited USD	31 December 2016 Audited USD
Management Fees and Licence Allowance	1,972,988	1,848,661
Creation and Redemption Fees	83,734	89,595
Due from Parent	2	2
	2,056,724	1,938,258

The fair value of these receivables is equal to the carrying value.

6. Commodity Contracts

30 June 2017	Change in Fair Value Unaudited USD	Fair Value Unaudited USD
Classic & Longer Dated Commodity Contracts	(218,899,361)	3,196,631,945
Short & Leveraged Commodity Contracts	(58,516,473)	519,966,768
Total Commodity Contracts	(277,415,834)	3,716,598,713
31 December 2016	Change in Fair Value Audited USD	Fair Value Audited USD
Classic & Longer Dated Commodity Contracts	309,635,244	2,875,532,891
Short & Leveraged Commodity Contracts	53,492,131	460,447,775
Total Commodity Contracts	363,127,375	3,335,980,666

As at 30 June 2017, there were certain Commodity Contracts awaiting settlement in respect of the creation or redemption of Commodity Securities with transaction dates before the period end and settlement dates in the following period:

- The amount payable on Commodity Contracts as a result of unsettled creations of Commodity Securities is USD 23,758,962 (31 December 2016: USD 30,555,135).
- The amount receivable on Commodity Contracts as a result of unsettled redemptions of Commodity Securities is USD 30,510,428 (31 December 2016: USD 36,641,685).

7. Commodity Securities

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

The Company measures the Commodity Securities at their market value in accordance with IFRS 13 rather than their Contractual Value (as described in the prospectus). The market value is deemed to be the prices quoted on stock exchanges or other markets where the Commodity Securities are listed or traded. However Commodity Contracts are valued based on the agreed formula set out in the prospectus

The fair values and movements in unrealised gains/losses during the period based on prices available on the open market as recognised in the interim financial statements are:

30 June 2017	Change in Fair Value Unaudited USD	Fair Value Unaudited USD
Classic & Longer Dated Commodity Securities	252,619,110	3,165,598,817
Short & Leveraged Commodity Securities	62,664,952	518,446,247
Total Commodity Securities	315,284,062	3,684,045,064

The contractual redemption values and movements in unrealised gains/losses during the period based on the contractual settlement values are:

30 June 2017	Change in Contractual Value Unaudited USD	Contractual Value Unaudited USD
Classic & Longer Dated Commodity Securities	218,899,361	3,196,631,945
Short & Leveraged Commodity Securities	58,516,473	519,966,768
Total Commodity Securities	277,415,834	3,716,598,713

The gain or loss on the difference between the Contractual Value of the Commodity Contracts and the market price of Commodity Securities would be reversed on a subsequent redemption of the Commodity Securities and cancellation of the corresponding Commodity Contracts.

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 2017 Unaudited USD	Year Ended 31 December 2016 Audited USD
Net (Loss)/Gain Arising on Contractual and Fair Value of Commodity Contracts	(277,415,834)	363,127,375
Net Gain/(Loss) Arising on Fair Value of Commodity Securities	315,284,062	(394,817,370)
	37,868,228	(31,689,995)

Notes to the Condensed Interim Financial Statements (Continued)

7. Commodity Securities (continued)

As at 30 June 2017, there were certain Commodity Securities awaiting settlement in respect of creations or redemptions with trade dates before the period end and settlement dates in the following period:

- The amount payable as a result of unsettled redemptions of Commodity Securities is USD 30,510,428 (31 December 2016: USD 36,641,685).
- The amount receivable as a result of unsettled creations of Commodity Securities is USD 23,758,962 (31 December 2016: USD 30,555,135).

31 December 2016	Change in Fair Value Audited USD	Fair Value Audited USD
Classic & Longer Dated Commodity Securities	(332,047,111)	2,878,292,696
Short & Leveraged Commodity Securities	(62,770,259)	462,674,281
Total Commodity Securities	(394,817,370)	3,340,966,977

31 December 2016	Change in Contractual Value Audited USD	Contractual Value Audited USD
Classic & Longer Dated Commodity Securities	(309,635,244)	2,875,532,891
Short & Leveraged Commodity Securities	(53,492,131)	460,447,775
Total Commodity Securities	(363,127,375)	3,335,980,666

8. Trade and Other Payables

	As at	
	30 June 2017 Unaudited USD	31 December 2016 Audited USD
ManJer Fees Payable	2,056,722	1,938,256

The fair value of these payables is equal to the carrying value.

9. Stated Capital

	As at	
	30 June 2017 Unaudited USD	31 December 2016 Audited USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	2	2

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"). ETF Securities Limited ("ETFSL") is the parent company of HoldCo.

10. Related Party Disclosures

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

Fees charged by ManJer during the period:

	Period Ended 30 June	
	2017 Unaudited USD	2016 Unaudited USD
ManJer Fees	<u>11,042,324</u>	<u>9,478,701</u>

The following balances were due to ManJer at period end:

	As at	
	30 June 2017 Unaudited USD	31 December 2016 Audited USD
ManJer Fees Payable	<u>2,056,722</u>	<u>1,938,256</u>

The following balances were due from HoldCo at the period/year end:

	As at	
	30 June 2017 Unaudited USD	31 December 2016 Audited USD
Due from Parent	<u>2</u>	<u>2</u>

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 4,000 (30 June 2016: GBP 4,000).

Steven G Ross is a director of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 159,484 (30 June 2016: GBP 141,604), of which GBP 79,742 (30 June 2016: GBP 70,802) 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. Christopher J M Foulds is the Compliance Officer of ManJer.

11. Ultimate Controlling Party

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

The value of the Commodity Contracts backing the Commodity Securities is wholly attributable to the holders of the Commodity Securities.

12. Events Occurring After the Reporting Period

Commodity Securities are backed by commodity contracts (“Commodity Contracts”) with terms corresponding to the terms of Commodity Securities. Each time Commodity Securities are issued or redeemed, matching Commodity Contracts between the Company and a Commodity Contract Counterparty are created or cancelled by the Company. The Company has entered into Facility Agreements with UBS Securities AG, London Branch (“UBS”) and Merrill Lynch Commodities, Inc (“Merrill Lynch”) (together the “Commodity Contract Counterparties”), enabling the Company to create and cancel Commodity Contracts on an ongoing basis.

On 3 July 2017 the Company announced that it has entered into Facility Agreements with Citigroup Global Markets Limited (“Citigroup”) appointing Citigroup as a commodity contract counterparty.

The Company also announced its intention to terminate the Facility Agreements with UBS effective on or before 4 October 2017 (the “Effective Date”). The Company has agreed with Citigroup arrangements under which the Commodity Contracts held with UBS will be effectively replaced by equivalent Commodity Contracts held with Citigroup, and there will be no requirement to redeem the Commodity Securities.

The Company has also entered into a novation agreement with Merrill Lynch and Merrill Lynch International (“MLI”) under which the obligations of Merrill Lynch in respect of the Commodity Contracts entered into under its Facility Agreements with Merrill Lynch will be assumed by MLI, and has entered into Facility Agreements with MLI accordingly.

The new Facility Agreements with Citigroup and with MLI are on similar terms to the existing Facility Agreements with the existing Commodity Contract Counterparties. It is intended that the Facility Agreements with Citigroup and MLI will also become effective on the Effective Date.

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