ETFS EQUITY SECURITIES LIMITED

Registered No: 90959

Unaudited Interim Financial Report for the Six Months to 30 June 2015

CONTENTS

Directors' Report	1-2
Statement of Directors' Responsibilities	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Cash Flows	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8-13

DIRECTORS' REPORT

The directors of ETFS Equity Securities Limited ("ESL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2015.

Directors

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

Mr Graham J Tuckwell - Chairman
Mr Graeme D Ross
Mark K Weeks (appointed 17 October 2014)
Mr Joseph L Roxburgh

Directors' Interests

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

Director	***Ordinary Shares of Nil Par Value***
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	*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 number of classes, in aggregate, of Equity Securities in issue and admitted to trading on the following exchanges:

Security	London Stock Exchange	Borsa Italiana	Deutsche Börse
Short Equity Securities	1	5	2
Leveraged Equity Securities	1	5	2
Total Equity Securities	2	10	4

As at 30 June 2015, assets under management amounted to USD 53.4 (31 December 2014: USD 22.9 million). The Company recognises its financial assets (Equity Contracts) and financial liabilities (Equity Securities) at fair value in the Statement of Financial Position.

During the period, the Company generated income from creation and redemption fees, administration allowance and licence allowance as follows:

	30 June 2015	**30 June 2014**
	USD	**USD**
Creation and Redemption Fees	-	-
Administration Allowance and Licence Allowance	135,215	5,139
Total Fee Income	**135,215**	**5,139**

Under the terms of the service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to the administration allowance 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 2014: USD Nil).

Review of Operations (continued)

The gain or loss on Equity Securities and Equity Contracts is recognised in the 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 trade Equity 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 Equity Security.

IFRS 13 requires the Company to utilise the available market price for the Equity Securities as quoted on the open market. As a result of the difference in valuation methodology between Equity Contracts and Equity 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 Equity Contracts and the market price of Equity Securities. This gain or loss would be reversed on a subsequent redemption of the Equity Securities and cancellation of the corresponding Equity Contracts.

Future Developments

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

Dividends

There were no dividends declared or paid in the current or previous period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

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

Directors' 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.

	30 June 2015 GBP	**30 June 2014 GBP**
Mr Graham J Tuckwell - Chairman	Nil	Nil
Mr Graeme D Ross	3,750	3,750
Mr Joseph L Roxburgh	Nil	Nil
Mark K Weeks	Ni	Nil

On behalf of the directors

Joseph L Roxburgh
Director
Jersey
28 August 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare interim financial statements for each financial period. Under that law the directors have elected to prepare the interim financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Joseph L Roxburgh
Director

28 August 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Period ended 30 June 2015 Unaudited USD	Period ended 30 June 2014 Unaudited USD
Revenue	2	135,215	5,139
Expenses	2	(135,215)	(5,139)
Operating Result	2	-	-
Net Loss Arising on Contractual and Fair Value of Equity Contracts	5	(1,351,605)	159,182
Net Gain Arising on Fair Value of Equity Securities	6	1,184,203	(202,028)
Result and Total Comprehensive Income for the Period	6	(167,402)	(42,846)
[1] Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Equity Securities	1	167,402	42,846
Adjusted Result and Total Comprehensive Income for the Period		-	-

The directors consider the Company's activities as continuing.

[1] The definition of non-statutory adjustments is set out on page 10. This represents the movement in the difference between the agreed formula price of the Equity Contracts and the market price of Equity Securities.

The notes on pages 8 to 13 form part of these financial statement

STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2015	31 December 2014
		Unaudited	Audited
	Note	USD	USD
Current Assets			
Trade and Other Receivables	4	196,920	66,625
Equity Contracts	5	53,429,516	22,914,259
Amounts Receivable on Equity Contracts Awaiting Settlement	5	677,628	-
Total Assets		54,304,064	22,980,884
Current Liabilities			
Equity Securities	6	53,709,129	23,026,470
Amounts Payable on Equity Securities Awaiting Settlement	6	677,628	-
Trade and Other Payables	7	196,917	66,622
Total Liabilities		54,583,674	23,093,092
Equity			
Stated Capital	8	3	3
Revaluation Reserve		(279,613)	(112,211)
Total Equity		(279,610)	(112,208)
Total Equity and Liabilities		54,304,064	22,980,884

The financial statements on pages 4 to 13 were approved by the board of directors and signed on its behalf on 28 August 2015.

Joseph L Roxburgh
Director

The notes on pages 8 to 13 form part of these financial statement

STATEMENT OF CASH FLOWS

	Period ended 30 June	
	2015	**2014**
	Unaudited	**Unaudited**
	USD	**USD**
Operating Result for the Period	**-**	**-**
Changes in Operating Assets and Liabilities		
Increase in Receivables	(130,295)	(5,139)
Increase in Payables	130,295	5,139
Cash Generated from/(Used in) Operations	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period	-	-

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

The notes on pages 8 to 13 form part of these financial statement

STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital USD	Retained Earnings USD	Revaluation Reserve[2] USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2014		3	-	-	3	3
Result and Total Comprehensive Income for the Period		-	(42,846)	-	(42,846)	(42,846)
Transfer to Revaluation Reserve		-	42,846	(42,846)	-	-
[3] Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Equity Securities		-	-	-	-	42,846
Unaudited Balance at 30 June 2014		3	-	(42,846)	(42,843)	3
Unaudited Opening Balance at 1 July 2014		3	-	(42,846)	(42,843)	3
Result and Total Comprehensive Income for the Period		-	(69,365)	-	(69,365)	(69,365)
Transfer to Revaluation Reserve		-	69,365	(69,365)	-	-
[3] Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Equity Securities		-	-	-	-	69,365
Audited Balance at 31 December 2014		3	-	(112,211)	(112,208)	3
Audited Opening Balance at 1 January 2015		3	-	(112,211)	(112,208)	3
Result and Total Comprehensive Income for the Period		-	(167,402)	-	(167,402)	(167,402)
Transfer to Revaluation Reserve	6	-	167,402	(167,402)	-	-
[3] Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Equity Securities	6	-	-	-	-	167,402
Unaudited Balance at 30 June 2015		3	-	(279,613)	(279,610)	3

[2] This represents the difference between the agreed formula price of the Equity Contracts and the market price of Equity Securities.
[3] The definition of non-statutory adjustments is set out on page 10.

The notes on pages 8 to 13 form part of these financial statement

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 2015 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 2014. 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 2014.

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 Equity Contracts and Equity 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 2015 but not relevant to the Company:*

- Amendments to IFRS 10 Consolidated Financial Statements - Investment Entities
- Amendments to IFRS 12 Disclosure of Interests in Other Entities - Investment Entities
- Amendments to IAS 27 Separate Financial Statements - Investment Entities
- Amendments to IAS 36 Impairment of Assets - recoverable amount disclosures for non-financial assets
- Amendments to IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement - novation of derivatives and continuation of hedge accounting
- IFRIC 21 Levies

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

- IFRS 9 Financial Instruments (as amended in 2009)
- IFRS 9 Financial Instruments (as amended in 2010)
- IFRS 9 Financial Instruments (as amended in 2013) (hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
- Amendments to IFRS 11 Joint Arrangements - accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 16 Property, Plant and Equipment - clarification of acceptable methods of depreciation and amortisation and bringing bearer plants within scope (effective for annual periods beginning on or after 1 January 2016)

1. Accounting Policies (continued)

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

- IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendments to IAS 38 Intangible Assets - clarification of acceptable methods of depreciation and amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 41 Agriculture - bringing bearer plants into the scope of IAS 16 (effective for annual periods beginning on or after 1 January 2016)
- Annual Improvements to IFRS (effective for annual periods beginning on or after 1 July 2014)

The directors anticipate that the adoption of these standards in future periods will have no material financial impact; however the amendments may change the presentation of the financial statements. The directors have considered other new and revised standards and concluded that they would not have a material impact on the future financial periods when they become available.

Going Concern

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

Equity Securities and Contracts

i) Issuance and Redemption

The Company has entered into a Facility Agreement with Société Générale to permit the Company to purchase and redeem Equity Contracts at prices corresponding to Equity Securities issued or redeemed on the same day. Each time an Equity Security is issued or redeemed by the Company a corresponding number and value of Equity Contracts will be purchased or redeemed from Société Générale.

Financial assets and liabilities will be recognised and de-recognised on the trade date.

ii) Pricing

The Equity Contracts will be priced by reference to the value of the relevant indices published by the relevant Equity Index Sponsor, a Multiplier calculated by the Company and agreed with Société Générale and the Adjustment Factor. The multiplier takes into account the daily accrual of the Administration Allowance, the Licence Allowance and the Swap Spread and Collateral Cost payable to the Equity Contract Counterparty. The Adjustment Factor will only be relevant in specific circumstances as outlined in the prospectus.

IFRS 13 requires the Company to utilise the available market price of the Equity Securities as those Equity Securities are quoted on the open market. The Equity Securities are priced using the mid-market price on the statement of financial position date taken just before the final close of the market.

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

1. Accounting Policies (continued)

Equity Securities and Contracts

iii) Designation at fair value through Profit or Loss

Each Equity Security and Equity Contract comprises a financial instrument whose redemption price is linked to the performance of the relevant Equity Index.

These instruments 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 Equity Securities and Equity Contracts to be recorded in the 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 Equity Contracts and the market price of Equity 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 Equity Securities'.

Segmental Reporting

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, Equity Securities, and one geographical segment which is 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	
	2015	**2014**
	Unaudited	**Unaudited**
	USD	**USD**
Creation and Redemption Fees	-	-
Administration Allowance	122,923	4,672
Licence Allowance	12,292	467
Total Revenue	135,215	5,139
Administration Allowance and Licence Allowance to ManJer	(135,215)	(5,139)
Total Operating Expenses		
Operating Result	-	-

3. Taxation

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

4. Trade and Other Receivables

	As at	
	30 June 2015	**31 December 2014**
	Unaudited	**Audited**
	USD	**USD**
Administration Allowance and Licence Allowance	196,917	66,622
Stated Capital	3	3
	196,920	66,625

5. Equity Contracts

	As at	
	30 June 2015	**31 December 2014**
	Unaudited	**Audited**
	USD	**USD**
Change in Fair Value for the Period	(1,351,605)	(2,474,658)
Equity Contracts at Market Fair Value	53,429,516	22,914,259

As at 30 June 2015, there were certain Equity Contracts awaiting the creation or redemption of Equity Securities 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 677,628 (31 December 2014: USD Nil).

6. Equity Securities

Whilst the Equity 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, and are equal to the published net asset values ("NAV") of each class of Equity Security. Therefore, the actual contractual issue and redemption of Equity Securities occur at a price that corresponds to gains or losses on the Equity Contracts. As a result the Company has no net exposure to gains or losses on the Equity Securities and Equity Contracts.

The Company measures the Equity Securities at their transferable value in accordance with IFRS 13 rather than their settlement value as described in the prospectus. The transferable value is deemed to be the prices quoted on stock exchanges or other markets where the Equity Securities are listed or traded. However Equity Contracts are valued based on the agreed formula (which corresponds to the published NAVs of each class of Equity Security).

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

	As at	
	30 June 2015	**31 December 2014**
	Unaudited	**Audited**
	USD	**USD**
Change in Fair Value for the Year	1,184,203	2,362,447
Equity Securities at Market Fair Value	53,709,129	23,026,470

6. Equity Securities (continued)

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

	As at	
	30 June 2015	31 December 2014
	Unaudited	Audited
	USD	USD
Change in Fair Value for the Year	1,351,605	2,474,658
Equity Securities at Contractual Redemption Value	53,429,516	22,914,259

The gain or loss on the difference between the agreed formula price of the Equity Contracts and the market price of Equity Securities would be reversed on a subsequent redemption of the Equity Securities and cancellation of the corresponding Equity Contracts.

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

	Period Ended 30 June 2015 Unaudited USD	Year Ended 31 December 2014 Audited USD
Net Gain Arising on Contractual and Fair Value of Equity Contracts	(1,351,605)	(2,474,658)
Net Loss Arising on Fair Value of Equity Securities	1,184,203	2,362,447
	(167,402)	(112,211)

As at 30 June 2015, there were certain Equity Securities awaiting creation or redemption 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 677,628 (31 December 2014: USD Nil).

7. Trade and Other Payables

	As at	
	30 June 2015	31 December 2014
	Unaudited	Audited
	USD	USD
Administration Allowance and Licence Allowance Payable to ManJer	196,917	66,622

8. Stated Capital

	As at	
	30 June 2015 Unaudited USD	31 December 2014 Audited USD
2 Shares of No Par Value, Issued at GBP 1 Each	3	3

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.

Administration Allowance and Licence Allowance expense to ManJer during the period:

	Period Ended 30 June 2015 Unaudited USD	Year Ended 31 December 2014 Audited USD
Administration Allowance and Licence Allowance	135,215	66,622

The following balances were due to ManJer at period end:

	As at	
	30 June 2015 Unaudited USD	31 December 2014 Audited USD
Administration Allowance and Licence Allowance	196,917	66,622

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 3,750 (30 June 2014: GBP 3,750).

As at 30 June 2014, USD 3 is receivable from HoldCo.

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 6,750 (30 June 2014: GBP 19,500), of which GBP 3,375 (30 June 2014: GBP 9,750) 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.

etf

Securities