

ETFs OIL SECURITIES LIMITED

Registered No: 88371

**Unaudited Interim Financial Report for the
Six Months to 30 June 2011**

ETFS OIL SECURITIES LIMITED

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ETFS OIL SECURITIES LIMITED

DIRECTORS' REPORT

The directors of ETFS Oil Securities Limited ("OSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2011.

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
Mr Craig A Stewart
Mr Thomas K Quigley

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 Energy Securities issued and admitted to trading on the following exchanges:

Security	London Stock Exchange	Borsa Italia	Deutsche Börse	NYSE- Euronext Paris
Brent Energy Securities	5	1	1	1
WTI Energy Securities	5	1	1	1
Carbon Energy Securities	2	-	-	-
Total Energy Securities	12	2	2	2

As at 30 June 2011, assets under management amounted to USD 502.6 million (31 December 2010: USD 465.3 million). The Company recognises its assets (Energy Contracts) and liabilities (Energy Securities) at fair value in the condensed statement of financial position.

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

	30 June 2011 USD	30 June 2010 USD
Management Fees	1,373,783	1,063,056
Creation and Redemption Fees	32,331	54,721
Total Fee Income	1,406,114	1,117,777

ETFs OIL SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

Review of Operations (continued)

Under the terms of the service agreement with ETFs Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to the Management Fees and Creation and Redemption Fees, which, after taking into account other operating income and expenses, resulted in an operating profit of:

	30 June 2011	30 June 2010
	USD	USD
Operating Profit for the Period	<u>-</u>	<u>56,446</u>

The gain or loss on Energy Securities and Energy Contracts is recognised in the condensed statement of comprehensive income in line with the Company's accounting policy, these gains or losses offset each other.

Future Developments

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

Dividends

During the period the Company made payment of dividends amounting to USD Nil (30 June 2010: USD 139,212). There are no dividends declared for the period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

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

Directors' Interests

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

	<u>Ordinary Shares of Nil Par Value</u>
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	1,000

ETFS OIL SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

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. In the previous period the fees were paid by ETFSL.

	30 June 2011	30 June 2010
	GBP	GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	2,500
Mr Craig A Stewart	3,750	2,500
Mr Thomas K Quigley	Nil	Nil

On behalf of the Directors



Graeme D Ross
Director
Jersey
26 August 2011

ETFS OIL SECURITIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

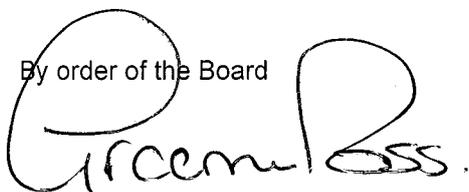
Company law requires the directors to prepare interim financial statements for each financial period. Under that law the directors have elected to prepare the interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

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, directors are also required to:

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

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

By order of the Board



Graeme D Ross
Director

26 August 2011

ETFS OIL SECURITIES LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June	
		2011 Unaudited USD	2010 Unaudited USD
Revenue	2	1,406,114	1,117,777
Expenses			
Fees to ETFSL	2	-	(1,063,056)
Fees to ManJer	2	(1,407,304)	-
Other Operating Income		1,190	1,725
Operating Profit	2	-	56,446
Net Gain Arising on Fair Value of Energy Contracts	7	67,429,810	31,328,113
Net Loss Arising on Fair Value of Energy Securities	8	(67,429,810)	(31,328,113)
Profit and Total Comprehensive Income for the Period		-	56,446

The directors consider the Company's activities are continuing.

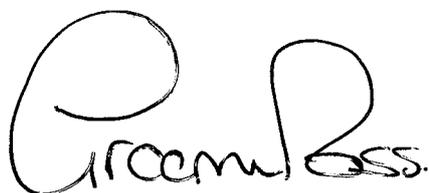
The notes on pages 9 to 12 form part of these financial statements

ETFS OIL SECURITIES LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2011	31 December 2010
		Unaudited USD	Audited USD
Current Assets			
Cash and Cash Equivalents		53,611	32,238
Trade and Other Receivables	6	238,868	218,001
Energy Contracts	7	502,606,890	465,309,004
Amounts Receivable Awaiting Settlement	7	9,852,272	1,294,327
Total Assets		512,751,641	466,853,570
Current Liabilities			
Energy Securities	8	502,606,890	465,309,004
Amounts Payable Awaiting Settlement	8	9,852,272	1,294,327
Trade and Other Payables		240,229	197,989
Total Liabilities		512,699,391	466,801,320
Equity			
Stated Capital	9	1,742	1,742
Retained Profits		50,508	50,508
Total Equity		52,250	52,250
Total Equity and Liabilities		512,751,641	466,853,570

The financial statements on pages 5 to 12 were approved by the board of directors and signed on its behalf on 26 August 2011.



Graeme D Ross
Director

The notes on pages 9 to 12 form part of these financial statements

ETFS OIL SECURITIES LIMITED

CONDENSED STATEMENT OF CASH FLOWS

	Period ended 30 June	
	2011	2010
	Unaudited USD	Unaudited USD
Cash flows from operating activities		
Cash Receipts from Operations	218,713	59,061
Payments to ETFSL	(197,991)	(32,382)
Net Proceeds from Issue of Contracts/Securities	(30,131,924)	23,306,056
Net Payments for Dealing in Securities/Contracts	30,131,924	(23,306,056)
Cash Generated from Operations	<u>20,722</u>	<u>26,679</u>
Bank Interest Received	17	199
Bank Charges Paid	(24)	(226)
Net Cash Generated from Operating Activities	<u>20,715</u>	<u>26,652</u>
Cash Flows from Financing Activities		
Dividends Paid	-	(139,212)
Net Cash Used in Financing Activities	-	(139,212)
Net Increase in Cash and Cash Equivalents	<u>20,715</u>	<u>(112,560)</u>
Cash and Cash Equivalents at the Beginning of the Period	32,238	329,827
Net Increase in Cash and Cash Equivalents	20,715	(112,560)
Exchange Adjustment	658	(8,712)
Cash and Cash Equivalents at the End of the Period	<u>53,611</u>	<u>208,555</u>

The notes on pages 9 to 12 form part of these financial statements

ETFS OIL SECURITIES LIMITED**CONDENSED STATEMENT OF CHANGES IN EQUITY**

	Stated Capital	Retained Earnings	Total Equity
	USD	USD	USD
Audited Opening Balance at 1 January 2010	1,742	10,000	11,742
Total Comprehensive Income for the Period	-	56,446	56,446
Unaudited Balance at 30 June 2010	<u>1,742</u>	<u>66,446</u>	<u>68,188</u>
Audited Opening Balance at 1 January 2011	1,742	50,508	52,250
Total Comprehensive Income for the Period	-	-	-
Unaudited Balance at 30 June 2011	<u>1,742</u>	<u>50,508</u>	<u>52,250</u>

The notes on pages 9 to 12 form part of these financial statements

ETFS OIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

The interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The interim financial statements have been prepared on a historical cost basis, except for financial instruments which have been designated as financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010. 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 2010.

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

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

(a) Standards, amendments and interpretations effective on 1 January 2011:

- Various improvements to IFRSs issued in 2010 (Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011)
- IAS 24 (revised in 2009) 'Related Party Disclosures' (effective 1 January 2011)

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

(b) Standards, amendments and interpretations effective on 1 January 2011 but not relevant to the Company:

- IFRIC 14 'Prepayments of a Minimum Funding Requirement' (effective January 2011)

(c) Standards, amendments and interpretations that are not yet effective:

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' (effective 1 July 2011)
- IFRS 9 (as amended in 2010) 'Financial Instruments' (effective 1 January 2013)

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

Segmental Reporting

The Company has not provided segmental information as the Company has only one business or product group and one geographical segment and all information relevant to the understanding of the Company's activities is included in these interim financial statements.

ETFFS OIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. Operating Profit

Operating profit for the period comprised:

	Period ended 30 June	
	2011	2010
	Unaudited USD	Unaudited USD
Creation and Redemption Fees	32,331	54,721
Management Fee	1,373,783	1,063,056
Total Income	1,406,114	1,117,777
Fees to ETFSL	-	(1,063,056)
Fees to ManJer	(1,407,304)	-
Net Finance Charges	(7)	(98)
Net Foreign Exchange Gain	1,197	1,823
Total Operating Expenses	(1,406,114)	(1,061,331)
Operating Profit	-	56,446

3. Directors' Remuneration

The following table discloses the remuneration of the directors of the Company. All directors' fees were met by ManJer. In the previous year the fees were met by ETFSL.

	Period ended 30 June	
	2011	2010
	Unaudited GBP	Unaudited GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	2,500
Mr Craig A Stewart	3,750	2,500
Mr Thomas K Quigley	Nil	Nil

4. Taxation

Profits arising in the Company are subject to tax at the rate of zero per cent.

5. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the period in respect of employees.

ETFFS OIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

6. Trade and Other Receivables

	As at	
	30 June 2011 Unaudited USD	31 December 2010 Audited USD
Creation and Redemption Fees	16,866	20,012
Management Fee	222,002	197,989
	238,868	218,001

7. Energy Contracts

Energy Contracts held as at the period end can be analysed as follows:

	30 June 2011	31 December 2010
	Unaudited USD	Audited USD
Change in Fair Value for the Period/Year	67,429,810	58,419,535
Energy Contracts	502,606,890	465,309,004

At the period end there were certain amounts of Energy Contracts awaiting the redemption of securities with trade dates before the period end and settlement dates after the period end. The amount receivable on completion of these trades is USD 9,852,272 (31 December 2010: USD 1,294,327).

8. Energy Securities

	30 June 2011	31 December 2010
	Unaudited USD	Audited USD
Change in Fair Value for the Period/Year	67,429,810	58,419,535
Energy Securities	502,606,890	465,309,004

At the period end there were certain Energy Securities awaiting the redemption with trade dates before the period end and settlement dates after the period end. The amount payable on completion of these trades is USD 9,852,272 (31 December 2010: USD 1,294,327).

9. Stated Capital

	As at	
	30 June 2011 Unaudited USD	31 December 2010 Audited USD
1,000 Shares Issued at GBP 1 Each	1,742	1,742

The Company has an unlimited capital of no par value shares.

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

ETFSL OIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2011.

11. Related Party Disclosures

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.

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.

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

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
	USD	USD
Management Fees	-	197,989

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

Management Fees	240,229	-
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As disclosed in note 3 above, ManJer paid Directors' fees in respect of the Company of GBP 7,500 (30 June 2010: GBP 5,000).

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H Fund Services (Jersey) Limited charged ManJer (ETFSL in respect of 2010) secretarial and administration fees in respect of the Company of GBP 11,400 (31 December 2010: GBP 37,811), of which GBP 1,875 (31 December 2010: GBP 9,375) was outstanding at the period end.

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

12. Ultimate Controlling Party

The ultimate controlling party is Graham J Tuckwell, through his majority shareholding in ETFSL.