BetaShares
Exchange Traded Funds

16 March 2017

Market Announcements Office
ASX Limited

(TO BE RELEASED FOR EACH OF THE ASX CODES LISTED BELOW)

INTERIM FINANCIAL REPORT 2016

BetaShares Australian High Interest Cash ETF	**ASX code: AAA**
BetaShares British Pound ETF	**ASX code: POU**
BetaShares U.S. Dollar ETF	**ASX code: USD**

BetaShares Capital Ltd, the issuer of the Funds, is pleased to provide each Fund's Interim Financial Report for the half-year ending 31 December 2016.

Further information about the Funds can be obtained at www.betashares.com.au or by contacting BetaShares Client Services on 1300 487 577.

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Booklet 1

BetaShares Australian High Interest Cash ETF - ASX Code: AAA (ARSN 143 219 961)

BetaShares British Pound ETF - ASX Code: POU (ARSN 151 133 514)

BetaShares U.S. Dollar ETF - ASX Code: USD (ARSN 147 517 280)

Condensed Interim Financial Report

for the half-year ended 31 December 2016

Booklet 1
Condensed Interim Financial Report
for the half-year ended 31 December 2016

Contents

Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds") present their report together with the condensed interim financial report of the Funds for the half-year ended 31 December 2016 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Australian High Interest Cash ETF	Australian High Interest Cash ETF	1 July 2016 to 31 December 2016	143 219 961
BetaShares British Pound ETF	British Pound ETF	1 July 2016 to 31 December 2016	151 133 514
BetaShares U.S. Dollar ETF	U.S. Dollar ETF	1 July 2016 to 31 December 2016	147 517 280

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney, NSW 2000.

Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the half-year.

There were no significant changes in the nature of the Funds' activities during the half-year.

Directors

The following persons held office as directors of BetaShares Capital Ltd during the half-year or since the end of the half-year and up to the date of this report:

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)
Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

Review and results of operations

During the half-year, the Funds continued to invest in accordance with target asset allocations as set out in their governing documents and in accordance with the provisions of the Funds' Constitutions.

The results of operations of the Funds are disclosed in the condensed interim statements of comprehensive income. The income distributions payable by each of the Funds are disclosed in the condensed interim statements of financial position. The income distributions paid and payable by each of the Funds are disclosed in note 4 to the condensed interim financial statements.

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

(i) the operations of the Funds in future financial years;
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operation of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the condensed interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.

David Nathanson
Director

Alex Vynokur
Director

Sydney
13 March 2017

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of BetaShares Capital Limited, the Responsible Entity for the Schemes:

I declare that, to the best of my knowledge and belief, in relation to the review for the financial year half-year ended 31 December 2016 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Tim Aman

Tim Aman

Partner

Sydney

13 March 2017

Condensed interim statements of comprehensive income		**Australian High Interest Cash ETF[1]**		**British Pound ETF[1]**		**U.S. Dollar ETF[1]**	
	Notes	**31 December 2016 $'000**	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Investment income							
Interest income		**10,976**	10,106	**17**	22	**419**	121
Net foreign exchange gains/(losses)		**-**	-	**319**	10	**14,988**	22,296
Total net investment income/(loss)		**10,976**	10,106	**336**	32	**15,407**	22,417
Expenses							
Management fees		**875**	679	**52**	27	**1,231**	1,056
Other expenses		**35**	25	**4**	3	**36**	34
Total operating expenses		**910**	704	**56**	30	**1,267**	1,090
Operating profit/(loss)		**10,066**	9,402	**280**	2	**14,140**	21,327
Finance costs attributable to unitholders							
Distributions to unitholders	4	**(10,133)**	(9,481)	**-**	-	**-**	-
Change in net assets attributable to unitholders (total comprehensive income)	3	**(67)**	(79)	**280**	2	**14,140**	21,327

The above condensed interim statements of comprehensive income should be read in conjunction with the accompanying notes.

[1] *Refer to note 1 for the financial reporting period.*

Condensed interim statements of financial position

	Notes	Australian High Interest Cash ETF[1]		British Pound ETF[1]		U.S. Dollar ETF[1]	
		31 December 2016 $'000	30 June 2016 $'000	**31 December 2016 $'000**	30 June 2016 $'000	**31 December 2016 $'000**	30 June 2016 $'000
Assets							
Cash and cash equivalents	5	**1,047,915**	889,121	**36,337**	22,292	**529,319**	538,667
Receivables		**1,969**	1,867	**7**	4	**131**	130
Total assets		**1,049,884**	890,988	**36,344**	22,296	**529,450**	538,797
Liabilities							
Distributions payable	4	**1,756**	1,661	**-**	34	**-**	421
Other payables		**179**	159	**29**	4	**435**	198
Total liabilities (excluding net assets attributable to unitholders)		**1,935**	1,820	**29**	38	**435**	619
Net assets attributable to unitholders - liability	3	**1,047,949**	889,168	**36,315**	22,258	**529,015**	538,178

The above condensed interim statements of financial position should be read in conjunction with the accompanying notes.

[1] *Refer to note 1 for the financial reporting period.*

Condensed interim statements of changes in equity

The Funds' net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Funds have no equity and no items of changes in equity have been presented for the current or comparative period.

Condensed interim statements of cash flows	**Australian High Interest Cash ETF[1]**		**British Pound ETF[1]**		**U.S. Dollar ETF[1]**	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Cash flows from operating activities						
Interest received	**10,876**	9,309	**16**	22	**411**	68
Management fees paid	**(842)**	(672)	**(27)**	(30)	**(997)**	(1,025)
Other expenses paid	**(50)**	(26)	**(6)**	(3)	**(26)**	(44)
Net cash inflow/(outflow) from operating activities	**9,984**	8,611	**(17)**	(11)	**(612)**	(1,001)
Cash flows from financing activities						
Proceeds from applications by unitholders	**309,208**	85,219	**22,810**	4,737	**26,478**	84,197
Payments for redemptions by unitholders	**(151,099)**	-	**(9,033)**	(5,854)	**(49,797)**	(13,816)
Distributions paid	**(9,299)**	(8,708)	**(34)**	-	**(405)**	-
Net cash inflow/(outflow) from financing activities	**148,810**	76,511	**13,743**	(1,117)	**(23,724)**	70,381
Net increase/(decrease) in cash and cash equivalents	**158,794**	85,122	**13,726**	(1,128)	**(24,336)**	69,380
Cash and cash equivalents at the beginning of the half-year	**889,121**	705,646	**22,292**	10,193	**538,667**	408,683
Effects of foreign currency exchange rate changes on cash and cash equivalents	**-**	-	**319**	10	**14,988**	22,296
Cash and cash equivalents at the end of the half-year	**1,047,915**	790,768	**36,337**	9,075	**529,319**	500,359
Non-cash financing activities						
Units issued upon reinvestment of distributions	**739**	690	**-**	-	**16**	-

The above condensed interim statements of cash flows should be read in conjunction with the accompanying notes.

[1] Refer to note 1 for the financial reporting period.

Contents of the notes to the condensed interim financial statements

1 General information

These condensed interim financial statements cover the following managed investment funds ("the Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Funds commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Funds may be terminated in accordance with the provisions of their Constitutions. The Funds are domiciled in Australia.

Abbreviated Fund name	Registered date	Commenced operations	Financial reporting period
Australian High Interest Cash ETF	3 May 2010	6 March 2012	1 July 2016 to 31 December 2016
British Pound ETF	9 June 2011	8 July 2011	1 July 2016 to 31 December 2016
U.S. Dollar ETF	3 December 2010	1 February 2011	1 July 2016 to 31 December 2016

The Responsible Entity of the Funds is BetaShares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney, NSW 2000.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 13 March 2017. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

The condensed interim financial statements are presented in Australian dollars, which is the Funds' functional currency.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all years presented.

(a) Basis of preparation

These general purpose condensed interim financial statements have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting,* other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any continuous disclosure requirements of the *Corporations Act 2001*.

The Funds operated solely in one segment which is the business of investment management within Australia.

The condensed interim financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The condensed interim statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgement

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(b) Changes in accounting policy and transition

There were no changes in the accounting policies of the Funds during the financial half-year.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 reporting periods and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

(i) AASB 9 *Financial instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The directors do not expect this to have a significant impact on the recognition and measurement of the Funds' financial instruments. The derecognition rules have not been changed from the previous requirements, and the Funds do not apply hedge accounting. The Funds have not yet decided when to adopt AASB 9.

(ii) AASB 15 *Revenue from Contracts with Customers,* (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Funds' main sources of income are interest, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Funds' accounting policies or the amounts recognised in the condensed interim financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future reporting periods and on foreseeable future transactions.

3 Net assets attributable to unitholders

As stipulated within the Constitution of each Fund, each unit represents a right to an individual share in the relevant Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit of a Fund has the same rights attaching to it as all other units of the Fund (subject to applicable ASIC relief).

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Australian High Interest Cash ETF				British Pound ETF			
	31 December 2016 Units '000	31 December 2015 Units '000	**31 December 2016 $'000**	31 December 2015 $'000	**31 December 2016 Units '000**	31 December 2015 Units '000	**31 December 2016 $'000**	31 December 2015 $'000
Net assets attributable to unitholders								
Opening balance	**17,756**	14,079	**889,168**	705,021	**1,251**	501	**22,258**	10,190
Applications	**6,170**	1,700	**309,208**	85,219	**1,425**	225	**22,810**	4,737
Redemptions	**(3,015)**	-	**(151,099)**	-	**(525)**	(275)	**(9,033)**	(5,854)
Units issued upon reinvestment of distributions	**15**	14	**739**	690	**-**	-	**-**	-
Change in net assets attributable to unitholders	**-**	-	**(67)**	(79)	**-**	-	**280**	2
Closing balance	**20,926**	15,793	**1,047,949**	790,851	**2,151**	451	**36,315**	9,075

	U.S. Dollar ETF			
	31 December 2016 Units '000	31 December 2015 Units '000	**31 December 2016 $'000**	31 December 2015 $'000
Net assets attributable to unitholders				
Opening balance	**41,061**	32,036	**538,178**	408,561
Applications	**2,050**	6,175	**26,478**	84,197
Redemptions	**(3,800)**	(1,000)	**(49,797)**	(13,816)
Units issued upon reinvestment of distributions	**1**	-	**16**	-
Change in net assets attributable to unitholders	**-**	-	**14,140**	21,327
Closing balance	**39,312**	37,211	**529,015**	500,269

Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of eligible unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to extend the period allowed for satisfaction of redemption of units or reject or spread redemptions in specified circumstances.

4 Distributions to unitholders

The distributions for the half-year were as follows:

	Australian High Interest Cash ETF				British Pound ETF			
	31 December 2016 $'000	**31 December 2016 CPU**	31 December 2015 $'000	31 December 2015 CPU	**31 December 2016 $'000**	**31 December 2016 CPU**	31 December 2015 $'000	31 December 2015 CPU
Distributions paid - July	**1,909**	**9.91**	1,512	10.74	-	-	-	-
Distributions paid - August	**1,483**	**8.31**	1,490	10.58	-	-	-	-
Distributions paid - September	**1,715**	**9.17**	1,540	10.21	-	-	-	-
Distributions paid - October	**1,587**	**8.12**	1,594	10.23	-	-	-	-
Distributions paid - November	**1,683**	**8.01**	1,664	10.53	-	-	-	-
Distributions payable - December	**1,756**	**8.39**	1,681	10.64	-	-	-	-
Total distributions	**10,133**		9,481		-		-	

	U.S. Dollar ETF			
	31 December 2016 $'000	**31 December 2016 CPU**	31 December 2015 $'000	31 December 2015 CPU
Distributions paid - July	-	-	-	-
Distributions paid - August	-	-	-	-
Distributions paid - September	-	-	-	-
Distributions paid - October	-	-	-	-
Distributions paid - November	-	-	-	-
Distributions payable - December	-	-	-	-
Total distributions	-		-	

5 Cash and cash equivalents

	Australian High Interest Cash ETF		British Pound ETF		U.S. Dollar ETF	
	31 December 2016 $'000	30 June 2016 $'000	**31 December 2016 $'000**	30 June 2016 $'000	**31 December 2016 $'000**	30 June 2016 $'000
Cash and cash equivalents	**1,047,915**	889,121	**36,337**	22,292	**529,319**	538,667
Total	**1,047,915**	889,121	**36,337**	22,292	**529,319**	538,667

6 Fair value measurements

The Funds are an exchange traded funds (ETF) that primarily invest in bank deposit accounts denominated in Australian dollars, Euros, U.S. dollars and British pounds. As a result, the Funds do not hold any assets and liabilities to be measured at fair value according to the fair value hierarchy as at 31 December 2016 and 30 June 2016.

7 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial report.

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are trivial and domestic in nature.

8 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the condensed interim statements of financial position as at 31 December 2016 or on the results and cash flows of the Funds for the period ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2016 and 30 June 2016.

Directors' declaration

BetaShares Capital Ltd present the Directors' Declaration in respect of the following funds:

BetaShares Australian High Interest Cash ETF
BetaShares British Pound ETF
BetaShares U.S. Dollar ETF

In the opinion of the directors of BetaShares Capital Ltd, the Responsible Entity of the Funds:

(a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:

(i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Funds' financial positions as at 31 December 2016 and of their performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of BetaShares Capital Ltd.

David Nathanson
Director

Alex Vynokur
Director

Sydney
13 March 2017

KPMG

Independent Auditor's Review Report

To the Unitholders of the following Schemes ("the Schemes"):

BetaShares Australian High Interest Cash ETF

BetaShares British Pound ETF

BetaShares U.S. Dollar ETF

Conclusion

We have reviewed the accompanying ***Condensed Interim Financial Report*** of the Schemes.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed interim Financial Report of the Schemes is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 31 December 2016 and of their performance for the Half-year Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Interim Financial Report*** comprises:

- Condensed Statements of financial position as at 31 December 2016
- Condensed Statements of profit or loss and other comprehensive income
- Condensed Statements of changes in equity and Condensed Statements of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Scheme are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that are free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Reports based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Interim Financial Report are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Schemes' financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Schemes, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial reports.

A review of Condensed Interim Financial Reports consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Tim Aman

Partner

Sydney

13 March 2017