BetaShares
Exchange Traded Funds

14 March 2016

Market Announcements Office
ASX Limited

INTERIM FINANCIAL REPORT 2015
BetaShares British Pound ETF
ASX code: POU

BetaShares Capital Ltd, the issuer of the Fund, is pleased to provide the Fund's Interim Financial Report for the half-year ending 31 December 2015.

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

BetaShares British Pound ETF
ASX Code: POU

ARSN 151 133 514

Condensed Interim Financial Report for the half-year ended 31 December 2015

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Condensed Interim Financial Report for the half-year ended 31 December 2015

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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares British Pound ETF ("the Fund"), present their report together with the condensed interim financial report of the Fund for the half-year ended 31 December 2015 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of BetaShares British Pound ETF 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 Fund is an exchange-traded managed investment fund that is quoted on the Australian Securities Exchange (ASX) and domiciled in Australia.

The Fund maintains its investment strategy to provide unitholders with a return that aims to track the change in value of the British Pound relative to the Australian Dollar, before taking into account fees and expenses. The Fund primarily invests its assets in bank deposit accounts denominated in British Pounds, allowing investors to gain exposure to the performance of the British Pound without the need to invest directly in the foreign exchange market. This is in accordance with the governing documents of the Fund.

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

There were no significant changes in the nature of the Fund's 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)
Howard Atkinson (appointed 2 March 2010, resigned 12 August 2015)
Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

Review and results of operations

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

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2015	31 December 2014
Operating profit before finance costs attributable to unitholders ($)	**2,297**	253,083

Directors' report (continued)

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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.

The future returns of the Fund, as measured by the Fund's net asset value per unit plus any distributions, are generally dependent upon the performance of the British Pound relative to the Australian Dollar. The Fund's investment objective and strategy remain unchanged, which is to track the performance of the British Pound relative to the Australian Dollar, before fees and expenses.

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
8 March 2016

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

To: the directors of BetaShares Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 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

T. Gilerman

Tanya Gilerman
Partner

Sydney

8 March 2016

Condensed interim statement of comprehensive income

	Notes	Half-year ended 31 December 2015 $	31 December 2014 $
Investment income			
Interest income		**21,789**	8,382
Net foreign exchange gains		**10,043**	257,322
Total net investment income		**31,832**	265,704
Expenses			
Management fees		**27,104**	11,396
Other expenses		**2,431**	1,225
Total operating expenses		**29,535**	12,621
Operating profit before finance costs for the half-year		**2,297**	253,083
Finance costs attributable to unitholders			
Change in net assets attributable to unitholders (total comprehensive income)	3	**2,297**	253,083

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

Condensed interim statement of financial position

	Notes	As at 31 December 2015 $	As at 30 June 2015 $
Assets			
Cash and cash equivalents	4	**9,075,206**	10,193,455
Receivables		**4,133**	3,540
Total assets		**9,079,339**	10,196,995
Liabilities			
Payables		**3,800**	7,044
Total liabilities (excluding net assets attributable to unitholders)		**3,800**	7,044
Net assets attributable to unitholders - liability	3	**9,075,539**	10,189,951

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

Condensed interim statement of changes in equity

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

Condensed interim statement of cash flows

	Half-year ended	
	31 December 2015	31 December 2014
	$	$
Cash flows from operating activities		
Interest received	**21,698**	8,248
Management fees paid	**(30,347)**	(11,281)
Other expense paid	**(2,734)**	(1,257)
Net cash outflow from operating activities	**(11,383)**	(4,290)
Cash flows from financing activities		
Proceeds from applications by unitholders	**4,736,722**	-
Payments for redemptions by unitholders	**(5,853,632)**	-
Net cash outflow from financing activities	**(1,116,910)**	-
Net decrease in cash and cash equivalents	**(1,128,293)**	(4,290)
Cash and cash equivalents at the beginning of the half-year	**10,193,455**	4,981,863
Effects of exchange rate changes on cash and cash equivalents	**10,044**	257,322
Cash and cash equivalents at the end of the half-year	**9,075,206**	5,234,895

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

1 General information

These condensed interim financial statements cover BetaShares British Pound ETF ("the Fund") as an individual entity. The Fund is a registered management investment scheme under the *Corporations Act 2001*. The Fund was registered on 24 May 2011 and commenced operations on 8 July 2011. The Responsible Entity cannot issue or reedem any units from the 80th anniversary of the day before the day the Fund commenced, if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law of equity. The Fund may be terminated in accordance with the provisions of the Fund's Constitution. The Fund is domiciled in Australia.

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

The objective of the Fund is to earn a return that tracks the change in value of the British Pound relative to the Australian Dollar, before fees and expenses. The Fund primarily invests its assets in a deposit account denominated in British Pounds with JP Morgan Chase Bank N.A. Interest earned from this account, if any, will accrue to the benefit of the Fund and its unitholders.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 8 March 2016. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

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, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose condensed interim financial statements for the half-year ended 31 December 2015 have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting*, other authoritative pronoucements 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 period ended 30 June 2015 and any continous disclosure requirements of the *Corporations Act 2001*.

The Fund is organised into one main segment which operated solely in the business of investment management within Australia.

The nature of the Fund's operation is such that income and expenses are incurred in a manner which is not impacted by any form of seasonality.

The condensed interim financial statements are prepared based on an accruals concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid through out the half-year. It is prepared on the basis of fair value measurement of assets and liabilities except otherwise stated.

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgements

The preparation of a condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods. The Responsible Entity's assessment of the impact of these new standards (to the extent relevant to the Fund) 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 Fund's financial instruments. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. The Fund has 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 Fund's main sources of income are interest and gains on foreign exchange from cash balances. 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 Fund's accounting policies or the amounts recognised in the financial statements.

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

3 Net assets attributable to unitholders

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

	As at			
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Net assets attributable to unitholders	**No. of units**	No. of units	**$**	$
Opening balance	**501,135**	276,135	**10,190,152**	4,979,737
Applications	**225,000**	-	**4,736,722**	-
Redemptions	**(275,000)**	-	**(5,853,632)**	-
Change in net assets attributable to unitholders	**-**	-	**2,297**	253,083
Closing balance	**451,135**	276,135	**9,075,539**	5,232,820

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the 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 has the same rights attaching to it as all other units of the Fund (subject to applicable ASIC relief).

4 Cash and cash equivalents

	As at	
	31 December 2015	30 June 2015
	$	$
Cash and cash equivalents	**9,075,206**	10,193,455
Total	**9,075,206**	10,193,455

5 Fair value measurements of financial instruments

The Fund is an exchange traded fund (ETF) that primarily invests in a bank deposit account denominated in British Pounds. As a result, the Fund does not hold any assets and liabilities to be measured according to the fair value hierarchy as at 31 December 2015 and 30 June 2015.

6 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 or withdraw from the Fund. 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.

7 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 Fund disclosed in the condensed interim statement of financial position as at 31 December 2015 or on the results and cash flows of the Fund for the half-year ended on that date.

8 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2015 and 30 June 2015.

Directors' declaration

In the opinion of the directors of the BetaShares Capital Ltd, the Responsible Entity of BetaShares British Pound ETF:

(a) the condensed interim financial statements and notes set out on pages 5 to 12 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 Fund's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.

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

Signed in accordance with a resolution of the directors of BetaShares British Pound ETF.

David Nathanson
Director

Alex Vynokur
Director

Sydney
8 March 2016

Independent auditor's review report to the unitholders of BetaShares British Pound ETF

Report on the financial report

We have reviewed the accompanying condensed interim financial report of BetaShares British Pound ETF (the Scheme), which comprises the condensed interim statement of financial position as at 31 December 2015, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the half-year ended on that date, notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of BetaShares Capital Limited (the Responsible Entity) 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* and for such internal control as the directors determine is necessary to enable the preparation of the condensed interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the condensed interim financial report 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 is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2015 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 BetaShares British Pound ETF, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a condensed interim financial report 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

Conclusion

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 BetaShares British Pound ETF is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Scheme's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney

8 March 2016