

GOLD BULLION SECURITIES LIMITED

Registered No: 87322

**Unaudited Interim Financial Report for the
Six Months to 30 June 2012**

GOLD BULLION SECURITIES LIMITED
CONTENTS

Directors' Report	1-2
Statement of Directors' Responsibilities	3
Condensed Statement of Comprehensive Income	4
Condensed Statement of Financial Position	5
Condensed Statement of Cash Flows	6
Condensed Statement of Changes in Equity	7
Notes to the Financial Statements	8-12

GOLD BULLION SECURITIES LIMITED

DIRECTORS' REPORT

The directors of Gold Bullion Securities Limited ("GBS" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2012.

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

The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italia and NYSE Euronext Paris. The most recent rollover prospectus was issued on 1 September 2011.

As at 30 June 2012, the Company had 40,211,383 (31 December 2011: 40,046,346) Gold Securities in issue, with assets under management of GBP 3,966 million (31 December 2011: GBP 3,961 million). The Company recognises its assets ("Gold Bullion") and liabilities ("Gold Securities") at fair value in the condensed statement of financial position.

The Company generates income from Management Fees and Creation and Redemption Fees. During the period, the Company generated income as follows:

	<u>30 June 2012</u>	<u>30 June 2011</u>
	<u>GBP</u>	<u>GBP</u>
Management Fees	8,170,485	6,807,485
Creation and Redemption Fees	31,522	29,823
Total Fee Income	<u>8,202,007</u>	<u>6,837,308</u>

Under the terms of the Service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to its income less its own administrative expenses, resulting in an operating profit for the period of GBP Nil (30 June 2011: GBP Nil).

The gain or loss on Gold Securities and Gold Bullion 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 financial statements.

Dividends

The directors do not recommend the provision or payment of a dividend to holders of ordinary shares for the period ended 30 June 2012 (30 June 2011: Nil).

GOLD BULLION SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

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"))	100

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.

	<u>30 June 2012</u>	<u>30 June 2011</u>
	<u>GBP</u>	<u>GBP</u>
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	3,750
Mr Craig A Stewart	3,750	3,750
Mr Thomas K Quigley	Nil	Nil

On behalf of the directors



Graeme D Ross
Director
Jersey
17 August 2012

GOLD BULLION 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, 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



Graeme D Ross
Director

17 August 2012

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June	
		2012 Unaudited GBP	2011 Unaudited GBP
Revenue	2	8,202,007	6,837,308
Expenses			
Management Fees	2	(8,201,304)	(6,831,424)
Other Operating Expenses		(703)	(5,884)
Operating Profit	2	-	-
Net (Loss)/Gain Arising on Fair Value of Gold Bullion	8	(7,440,410)	106,879,909
Net Loss/(Gain) Arising on Fair Value of Gold Securities	9	7,440,410	(106,879,909)
Profit and Total Comprehensive Income for the Period		-	-

The directors consider the Company's activities are continuing.

The notes on pages 8 to 12 form part of these financial statements

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2012 Unaudited GBP	31 December 2011 Audited GBP
Current Assets			
Cash and Cash Equivalents		101,595	101,646
Gold Swing Bar	6	438,308	438,750
Trade and Other Receivables	7	1,354,610	1,405,979
Gold Bullion	8	3,965,639,544	3,961,470,417
Amounts Receivable Awaiting Settlement	9	4,664,029	-
Total Assets		3,972,198,086	3,963,416,792
Current Liabilities			
Gold Securities	9	3,965,639,801	3,961,470,676
Amounts Payable Awaiting Settlement	8	4,664,029	-
Trade and Other Payables	10	1,794,256	1,846,116
Total Liabilities		3,972,098,086	3,963,316,792
Equity			
Share Capital	11	100	100
Share Premium	11	99,900	99,900
Total Equity		100,000	100,000
Total Equity and Liabilities		3,972,198,086	3,963,416,792

The financial statements on pages 4 to 12 were approved by the board of directors and signed on its behalf on 17 August 2012.



Graeme D Ross
Director

The notes on pages 8 to 12 form part of these financial statements

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF CASH FLOWS

	Period ended 30 June	
	2012 Unaudited GBP	2011 Unaudited GBP
Operating Profit for the Period	-	-
Non Cash Movement Due to Revaluation of Bullion	442	(14,980)
	442	(14,980)
<i>Changes in Operating Assets and Liabilities</i>		
Decrease in Receivables	51,369	95,756
Decrease in Payables	(51,860)	(64,240)
Cash (Used in)/Generated from Operations	(491)	31,516
Cash Flows from Financing Activities		
Decrease in Undated Zero Coupon Notes	(2)	(32)
Net Cash Used in Financing Activities	(2)	(32)
Net (Decrease)/Increase in Cash and Cash Equivalents	<u>(51)</u>	<u>16,504</u>
Cash and Cash Equivalents at the Beginning of the Period	101,646	238,507
Net (Decrease)/Increase in Cash and Cash Equivalents	(51)	16,504
Cash and Cash Equivalents at the End of the Period	<u>101,595</u>	<u>255,011</u>

Gold Securities issued or redeemed by receipt / transfer of bullion has been excluded in the statement of cash flows.

The notes on pages 8 to 12 form part of these financial statements

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital GBP	Share Premium GBP	Retained Earnings GBP	Total Equity GBP
Audited Opening Balance at 1 January 2011	100	99,900	-	100,000
Total Comprehensive Income for the Period	-	-	-	-
Unaudited Balance at 30 June 2011	<u>100</u>	<u>99,900</u>	<u>-</u>	<u>100,000</u>
Audited Opening Balance at 1 January 2012	100	99,900	-	100,000
Total Comprehensive Income for the Period	-	-	-	-
Unaudited Balance at 30 June 2012	<u>100</u>	<u>99,900</u>	<u>-</u>	<u>100,000</u>

The notes on pages 8 to 12 form part of these 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 2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). 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 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2011. 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 2011.

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.

Accounting Standards

(a) Standards, amendments and interpretations effective on 1 January 2012:

- Various improvements to IFRSs issued in 2011

The adoption of the improvements and interpretation resulted in 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 2012 but not relevant to the Company:

- Various improvements to IFRSs issued in 2011
- IAS 12 "Income Taxes"

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

- IFRS 9 "Financial Instruments" (effective 1 January 2015)
- IFRS 10 "Consolidated Financial Statements" (effective 1 January 2013)
- IFRS 11 "Joint Arrangements" (effective 1 January 2013)
- IFRS 12 "Disclosure of Interest in Other Entities" (effective 1 January 2013)
- IFRS 13 "Fair Value Measurement" (effective 1 January 2013)
- Amendments to IFRS 1 "First Time Adoption" (effective 1 January 2013)
- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective 1 January 2013)
- Amendments to IAS 1 "Presentation of Financial Statements" (effective 1 July 2012)
- Amendments to IAS 19 "Employee Benefits" (effective 1 January 2013)
- Amendments to IAS 32 "Financial Instruments: Presentation" (effective 1 January 2014)
- IAS 27 (Revised May 2011) "Separate Financial Statements" (effective 1 January 2013)
- IAS 28 (Revised May 2011) "Investments in Associates and Joint Ventures" (effective 1 January 2013)
- Various improvements to IFRSs issued in 2011 (effective 1 January 2013)

GOLD BULLION SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****1. Accounting Policies - continued**

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 which is UK and Europe. All information relevant to the understanding of the Company's activities is included in these financial statements.

2. Operating Profit

Operating profit for the period comprised:

	Period ended 30 June	
	2012	2011
	Unaudited GBP	Unaudited GBP
Management Fees	8,170,485	6,807,485
Creation and Redemption Fees	31,522	29,823
Total Revenue	8,202,007	6,837,308
Management Fees	(8,201,304)	(6,831,424)
Net Foreign Exchange Loss	(669)	(5,820)
Net Finance Charges	(34)	(64)
Total Operating Expenses	(8,202,007)	(6,837,308)
Operating Profit	-	-

3. Directors' Remuneration

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

	Period ended 30 June	
	2012	2011
	Unaudited GBP	Unaudited GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	3,750
Mr Craig A Stewart	3,750	3,750
Mr Thomas K Quigley	Nil	Nil

4. Taxation

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

GOLD BULLION SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

5. Employee Benefits

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

6. Gold Swing Bar

The Company has a loan facility with HSBC Bank USA, NA giving the Company the rights, interest and title to a gold bar. The 430 ounce gold bar held by the Company at the period end was held for the purpose of facilitating the allocation of gold to holders of Gold Securities. The gold is recorded at market value using the last quote provided by the LBMA being the PM fix rate on 29 June 2012 of GBP 1,019.32 per oz (31 December 2011: GBP 1,020.35 per oz). The loan is denominated in gold ounces and marked to fair value at the period end with movements recognised in the condensed statement of comprehensive income. The overdraft is repayable on demand. The Company intends to maintain the loan as long as the Company continues to operate.

7. Trade and Other Receivables

	As at	
	30 June 2012	31 December 2011
	Unaudited	Audited
	GBP	GBP
Management Fees	1,336,040	1,375,247
Creation and Redemption Fees	18,570	30,732
	<u>1,354,610</u>	<u>1,405,979</u>

8. Gold Bullion

	As at	
	30 June 2012	31 December 2011
	Unaudited	Audited
	GBP	GBP
Change in Fair Value for the Period/Year	<u>(7,440,410)</u>	<u>373,386,222</u>
Gold Bullion	<u>3,965,639,544</u>	<u>3,961,470,417</u>

At 30 June 2012, there were certain amounts of bullion awaiting the redemption of securities with trade dates before the period end and settlement dates in the following period. The amount payable on completion of these trades is GBP 4,664,029 (31 December 2011: GBP Nil).

All Gold Bullion assets have been valued using the PM fix on 29 June 2012 as quoted by the LBMA.

GOLD BULLION SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

9. Gold Securities in Issue

	As at	
	30 June 2012 Unaudited GBP	31 December 2011 Audited GBP
Change in Fair Value for the Period/Year	(7,440,410)	373,386,222
Gold Securities	3,965,639,801	3,961,470,676

At 30 June 2012, there were certain securities awaiting redemption with trade dates before the period end and settlement dates in the following period. The amount receivable on completion of these trades is GBP 4,664,029 (31 December 2011: GBP Nil).

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2012, there were 40,211,383 (31 December 2011: 40,046,346) Gold Securities outstanding, with a face value, in aggregate, of GBP 257 (31 December 2011: GBP 259).

10. Trade and Other Payables

	As at	
	30 June 2012 Unaudited GBP	31 December 2011 Audited GBP
Fees Payable to ManJer	1,353,387	1,404,778
Trade and Other Payables	2,561	2,588
Gold Loan	438,308	438,750
	1,794,256	1,846,116

11. Equity

	As at	
	30 June 2012 Unaudited GBP	31 December 2011 Audited GBP
Share Capital (100 fully paid ordinary shares)	100	100
Share Premium	99,900	99,900
	100,000	100,000

The Company has an Authorised capital of 10,000 Ordinary shares of £1 each.

All ordinary 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").

12. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2012.

GOLD BULLION SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

13. 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.

Management Fees paid to ManJer during the period:

	As at	
	30 June 2012	31 December 2011
	Unaudited USD	Audited USD
Management Fees	8,201,304	15,040,572

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

	As at	
	30 June 2012	31 December 2011
	Unaudited USD	Audited USD
Management Fees Payable	1,353,386	1,404,778

As disclosed in note 3 above, ManJer paid directors' fees in respect of the Company of GBP 7,500 (30 June 2011: GBP 7,500).

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 charged ManJer secretarial and administration fees in respect of the Company of GBP 18,750 (30 June 2011: GBP 11,400), of which GBP 9,375 (30 June 2011: GBP 1,875) was outstanding at the period end.

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

14. Ultimate Controlling Party

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