

GOLD BULLION SECURITIES LIMITED

Registered No: 87322

**Unaudited Interim Financial Report for the
Six Months to 30 June 2010**

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 Shareholders' 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 2010.

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 Greg J Burgess
Mr Graeme D Ross
Mr Craig A Stewart

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 and Amsterdam). The most recent rollover prospectus was issued on 15 October 2009.

As at 30 June 2010, the Company had 40,778,559 (31 December 2009: 40,826,573) Gold Securities in issue, with assets under management of GBP 3,286 million (31 December 2009: GBP 2,730 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:

	30 June 2010	30 June 2009
	GBP	GBP
Management Fees	5,955,376	4,506,053
Creation and Redemption Fees	39,116	30,557
Total Fee Income	<u>5,994,492</u>	<u>4,536,610</u>

Under the terms of the service agreement with ETF Securities Limited ("ETFSL"), 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 2009: 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 2010 (30 June 2009: 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 sub-contractors 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 ETFSL)	100

Directors' Remuneration

The following table discloses the remuneration of the directors of the Company which has been paid by ETFSL on behalf of the company:

	<u>30 June 2010 Fees</u>	<u>30 June 2009 Fees</u>
	GBP	GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Greg J Burgess	Nil	Nil
Mr Graeme D Ross	2,500	2,500
Mr Craig A Stewart	2,500	2,500

On behalf of the Directors



Graeme D Ross
Director
Jersey
27 August 2010

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, 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.

As required by the Disclosure and Transparency Rules of the UK Listing Authority, the directors confirm to the best of their knowledge that:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Directors' Report includes a fair review of the developments and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



Graeme D Ross
Director

27 August 2010

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June	
		Unaudited 2010 GBP	Unaudited 2009 GBP
Revenue	2	5,994,492	4,536,610
Expenses			
Service fees	2	(5,999,371)	(4,532,455)
Other operating income/(expense)		4,879	(4,155)
Operating Profit	2	-	-
Net gain arising on fair value of Gold Bullion	8	555,432,832	150,674,028
Net loss arising on fair value of Gold Securities	9	(555,432,832)	(150,674,028)
Profit and total comprehensive income for the period		-	-

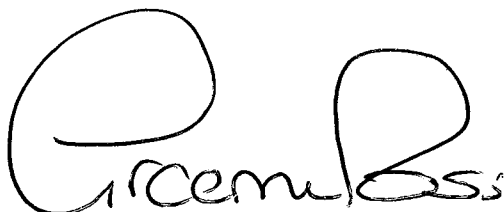
The directors consider the Company's activities are continuing.

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

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		Unaudited	Audited
		30 June 2010	31 December 2009
		GBP	GBP
Current Assets			
Cash and Cash Equivalents		207,349	164,845
Gold Swing Bar	6	355,184	294,199
Trade and Other Receivables	7	1,136,453	987,493
Gold Bullion	8	3,285,853,504	2,730,420,672
Total Assets		3,287,552,490	2,731,867,209
Current Liabilities			
Gold Securities	9	3,285,853,775	2,730,420,927
Trade and Other Payables	10	1,598,715	1,346,282
Total Liabilities		3,287,452,490	2,731,767,209
Equity			
Share Capital	11	100	100
Share Premium	11	99,900	99,900
Retained Profits		-	-
Total Equity		100,000	100,000
Total Equity and Liabilities		3,287,552,490	2,731,867,209

The financial statements on pages 4 to 12 were approved by the board of directors and signed on its behalf on 27 August 2010.



Graeme D Ross
 Director

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

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF CASH FLOWS

	Period ended 30 June	
	Unaudited	Unaudited
	2010	2009
	GBP	GBP
Cash flows from operating activities		
Cash receipts from operations	38,352	38,265
Payments of expenses	-	(35)
Net increase in cash and cash equivalents	<u>38,352</u>	<u>38,230</u>
Cash and cash equivalents at the beginning of the period	164,845	15,433
Net increase in cash and cash equivalents	38,352	38,230
Exchange adjustment on revaluation of bank accounts	4,152	(3,817)
Cash and cash equivalents at the end of the period	<u>207,349</u>	<u>49,846</u>

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

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

GOLD BULLION SECURITIES LIMITED**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share Capital GBP	Share Premium GBP	Retained Earnings GBP	Total Equity GBP
Audited opening balance at 1 January 2009	100	99,900	103,336	203,336
Total comprehensive income for the period	-	-	-	-
Unaudited balance at 30 June 2009	<u>100</u>	<u>99,900</u>	<u>103,336</u>	<u>203,336</u>
Audited opening balance at 1 January 2010	100	99,900	-	100,000
Total comprehensive income for the period	-	-	-	-
Unaudited balance at 30 June 2010	<u>100</u>	<u>99,900</u>	<u>-</u>	<u>100,000</u>

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

1. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation of Financial Statements

The interim financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. 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 interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009 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 2009. 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 2009.

This half yearly report has not been audited or reviewed by the 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. The accounting policies appropriate to the company are detailed below.

Adoption of New and Revised Standards

Standards, amendments and interpretations effective on 1 January 2010 but not relevant to the company:

Amendments to IAS 39 and IFRIC 9	Embedded derivatives;
Amendments to IAS 39 and IFRS 7	Reclassification of financial assets;
Amendments to IAS 39	Financial instruments: Presentation
Amendments to IFRS 1	First-time adoption of IFRS and IAS 27 Consolidated and separate financial statements;
Amendments to IFRS 2	Share-based payment;
IFRIC 12	Service concession arrangements;
IFRIC 15	Agreements for construction of real estates;
IFRIC 16	Hedges of a net investment in a foreign operation;
IFRIC 17	Distributions of non-cash assets to owners; and
IFRIC 18	Transfers of assets from customers.

Segmental Reporting

The Company has not provided segmental information as the Company has only one business or product group, Gold Securities, and one geographical segment. 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	
	Unaudited	Unaudited
	2010	2009
	GBP	GBP
Creation and Redemption Fees	39,116	30,557
Management Fees	5,955,376	4,506,053
Total Income	5,994,492	4,536,610
Service Fees	(5,999,371)	(4,532,455)
Finance Charges	-	(338)
Net Foreign Exchange Gain/(Loss)	4,879	(3,817)
Total Operating Expenses	(5,994,492)	(4,536,610)
Operating Profit	-	-

3. Directors' Remuneration

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

	Period ended 30 June	
	2010	2009
	GBP	GBP
Mr Graham J Tuckwell	Nil	Nil
Mr Greg Burgess	Nil	Nil
Mr Graeme D Ross	2,500	2,500
Mr Craig A Stewart	2,500	2,500

4. Taxation

With effect from the 2009 year of assessment, Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods will be 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.

6. Gold Swing Bar

The Company has an overdraft 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 Bullion Securities. The gold is recorded at market value using the last quote provided by the LBMA being the AM fix rate on 30 June 2010 of GBP 826.009 (31 December 2009: GBP 684.184). 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 overdraft as long as the Company continues to operate.

7. Trade and Other Receivables

	Unaudited	Audited
	30 June 2010	31 December 2009
	GBP	GBP
Management Fees Receivable	1,111,903	964,613
Creation and Redemption Fees Receivable	24,550	22,880
	<u>1,136,453</u>	<u>987,493</u>

8. Gold Bullion

Bullion held by the Company is subject to a fixed charge in favour of the Trustee to secure the obligations owed by the Company to the Trustee and the holders of Gold Securities. The Gold Bullion held can be analysed as follows:

	Unaudited	Audited
	30 June 2010	31 December 2009
	GBP	GBP
Fair value on delivery	2,730,420,672	2,395,692,872
Change in fair value	555,432,832	334,727,800
Gold Bullion	<u>3,285,853,504</u>	<u>2,730,420,672</u>

All Gold Bullion assets have been valued using the AM fix on 30 June 2010 as quoted by the LBMA being the last fix price available for the period.

GOLD BULLION SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010****9. Gold Securities in Issue**

	Unaudited 30 June 2010 GBP	Audited 31 December 2009 GBP
Fair value on issue	2,730,420,943	2,395,693,127
Change in fair value	555,432,832	334,727,800
Gold Securities	<u>3,285,853,775</u>	<u>2,730,420,927</u>

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2010, there were 40,778,559 (31 December 2009: 40,826,573) Gold Securities outstanding, with a face value, in aggregate, of GBP 271 (31 December 2009: GBP 255).

Whilst the Gold Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Gold Security. Therefore Gold Securities are classified as level 2 financial liabilities as they are calculated using third party pricing sources supported by observable, verifiable inputs.

	Fair value Unaudited 30 June 2010 GBP	Fair value Audited 31 December 2009 GBP
Level 2	<u>3,285,853,775</u>	<u>2,730,420,927</u>

There are no financial assets or liabilities classified in levels 1 or 3. There were no reclassifications between levels during the period.

10. Trade and Other Payables

	Unaudited 30 June 2010 GBP	Audited 31 December 2009 GBP
Fees payable to ETFSL	1,240,877	1,049,592
Trade and other payables	2,654	2,491
Gold loan	355,184	294,199
	<u>1,598,715</u>	<u>1,346,282</u>

11. Share Capital

	Unaudited 30 June 2010 GBP	Audited 31 December 2009 GBP
Share Capital (100 fully paid ordinary shares)	100	100
Share Premium	99,900	99,900
	<u>100,000</u>	<u>100,000</u>

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.

GOLD BULLION SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

12. Contingent Liabilities and Contingent Assets

The company does not have any material contingent liabilities or contingent assets at 30 June 2010.

13. Related Party Disclosures

The immediate and ultimate parent company is ETFSL, a Jersey registered company.

Entities and individuals which have a significant influence over the Company, either through the ownership of ETFSL 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:

	Unaudited 30 June 2010	Unaudited 31 December 2009
	GBP	GBP
Fees payable at the end of the period	<u>(1,240,877)</u>	<u>(1,049,592)</u>

As disclosed in note 3 above, ETFSL paid Directors' fees in respect of the Company of GBP 5,000 (30 June 2009: GBP 5,000).

Graeme D Ross is a director of R&H Fund Services (Jersey) Limited, the administrator, and Computershare Investor Services (Jersey) Limited, the registrar. During the period, R&H Fund Services (Jersey) Limited charged ETFSL secretarial and administration fees in respect of the Company of GBP 18,750 (31 December 2009: GBP 33,750), of which GBP 9,375 (31 December 2009: GBP 18,750) was outstanding at the period end. Computershare charged ETFSL fees in respect of the Company of GBP 6,182 (31 December 2009: GBP 10,000), of which GBP 3,091 (31 December 2009: GBP 3,000) was outstanding at the period end.

Graham J Tuckwell, Graeme D Ross and Craig A Stewart are also directors of the parent company, ETFSL.

14. Ultimate Controlling Party

The ultimate controlling party is Graham Tuckwell.