

GOLD BULLION SECURITIES LIMITED

Registered No: 87322

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

GOLD BULLION SECURITIES LIMITED

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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 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

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 8 October 2010.

As at 30 June 2011, the Company had 37,367,486 (31 December 2010: 40,705,203) Gold Securities in issue, with assets under management of GBP 3,425 million (31 December 2010: GBP 3,601 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 2011	30 June 2010
	GBP	GBP
Management Fee	6,807,485	5,955,376
Creation and Redemption Fees	29,823	39,116
Total Fee Income	<u>6,837,308</u>	<u>5,994,492</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 2010: 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.

GOLD BULLION SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

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 2011 (30 June 2010: nil).

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	100
(as controlling party of ETF Securities Limited ("ETFSL"))	

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.

	<u>30 June 2011</u>	<u>30 June 2010</u>
	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

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.

By order of the Board



Graeme D Ross
Director

26 August 2011

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June	
		2011 Unaudited GBP	2010 Unaudited GBP
Revenue	2	6,837,308	5,994,492
Expenses			
Service Fees	2	(6,831,424)	(5,999,371)
Other Operating (Expense)/Income		(5,884)	4,879
Operating Profit	2	-	-
Net Gain Arising on Fair Value of Gold Bullion	8	106,879,909	555,432,832
Net Loss Arising on Fair Value of Gold Securities	9	(106,879,909)	(555,432,832)
Result and Total Comprehensive Income for the Period		-	-

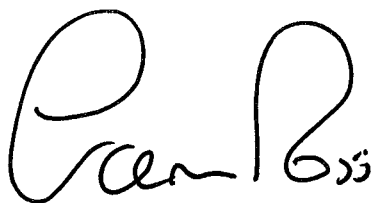
The directors consider the Company's activities are continuing.

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 2011 Unaudited GBP	31 December 2010 Audited GBP
Current Assets			
Cash and Cash Equivalents		255,011	238,507
Gold Swing Bar	6	405,732	390,752
Trade and Other Receivables	7	1,174,038	1,269,794
Gold Bullion	8	3,425,400,894	3,600,935,164
Amounts Receivable Awaiting Settlement	8	5,647,269	-
Total Assets		3,432,882,944	3,602,834,217
Current Liabilities			
Gold Securities	9	3,425,401,127	3,600,935,429
Amounts Payable Awaiting Settlement	9	5,647,269	-
Trade and Other Payables	10	1,734,548	1,798,788
Total Liabilities		3,432,702,944	3,602,734,217
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		3,432,882,944	3,602,834,217

The financial statements on pages 4 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 8 to 12 form part of these financial statements

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF CASH FLOWS

	Period ended 30 June	
	2011	2010
	Unaudited GBP	Unaudited GBP
Cash Flows from Operating Activities		
Cash Receipts from Operations	21,812	38,352
Cash Generated from Operations	<u>21,812</u>	<u>38,352</u>
Finance Charges	(64)	-
Net Cash Generated from Operating Activities	<u>21,748</u>	<u>38,352</u>
Net Increase in Cash and Cash Equivalents	<u>21,748</u>	<u>38,352</u>
Cash and Cash Equivalents at the Beginning of the Period	238,507	164,845
Net Increase in Cash and Cash Equivalents	21,748	38,352
Exchange Adjustment	(5,244)	4,152
Cash and Cash Equivalents at the End of the Period	<u>255,011</u>	<u>207,349</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 part of these financial statements

GOLD BULLION SECURITIES LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Earnings	Total Equity
	GBP	GBP	GBP	GBP
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>
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>

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

GOLD BULLION 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 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 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. The accounting policies appropriate to the company are detailed below.

Adoption of New and Revised Standards

(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, Gold Securities, and one geographical segment. All information relevant to the understanding of the Company's activities is included in these financial statements.

GOLD BULLION SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. Operating Profit

Operating profit for the period comprised:

	Period ended 30 June	
	Unaudited	Unaudited
	2011	2010
	GBP	GBP
Creation and Redemption Fees	29,823	39,116
Management Fees	6,807,485	5,955,376
Total Revenue	6,837,308	5,994,492
Service Fees	(6,831,424)	(5,999,371)
Net Foreign Exchange (Loss)/Gain	(5,820)	4,879
Net Finance Charges	(64)	-
Total Operating Expenses	(6,837,308)	(5,994,492)
Operating Profit	-	-

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 period the fees were met by ETFSL.

	Period ended 30 June	
	2011	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

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.

GOLD BULLION SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****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 2011 of GBP 943.562 per oz (31 December 2010: GBP 908.725 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 overdraft as long as the Company continues to operate.

7. Trade and Other Receivables

	As at	
	30 June 2011 Unaudited GBP	31 December 2010 Audited GBP
Gold Sales Charges	1,160,816	1,247,171
Creation and Redemption Fees	13,222	22,623
	1,174,038	1,269,794

8. Gold Bullion

	30 June 2011	31 December 2010
	Unaudited GBP	Audited GBP
Change in Fair Value for the Period/Year	106,879,909	851,538,599
Gold Bullion	3,425,400,894	3,600,935,164

At the period end, 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 5,647,269 (31 December 2010: GBP Nil).

All Gold Bullion assets have been valued using the AM fix on 30 June 2011 as quoted by the LBMA.

9. Gold Securities in Issue

	30 June 2011	31 December 2010
	Unaudited GBP	Audited GBP
Change in Fair Value for the Period/Year	106,879,909	851,538,599
Gold Securities	3,425,401,127	3,600,935,429

At the period end, there were certain securities awaiting the 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 5,647,269 (31 December 2010: GBP Nil).

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2011, there were 37,367,486 (31 December 2010: 40,705,203) Gold Securities outstanding, with a face value, in aggregate, of GBP 237 (31 December 2010: GBP 265).

GOLD BULLION SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10. Trade and Other Payables

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
	GBP	GBP
Amounts due to ETFSL	158,279	1,405,451
Fees Payable to ManJer	1,168,048	-
Trade and Other Payables	2,489	2,585
Gold Loan	405,732	390,752
	<u>1,734,548</u>	<u>1,798,788</u>

11. Share Capital

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
	GBP	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.

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 2011.

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.

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

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
	GBP	GBP
Fees Payable	<u>158,279</u>	<u>1,405,451</u>

GOLD BULLION SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. Related Party Disclosures – continued

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

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
	GBP	GBP
Fees Payable	1,168,048	-

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 37,820), 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.

14. Ultimate Controlling Party

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