



# **Gold Bullion Securities Limited**

**Registered No: 87322**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2016**

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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 2016.

Directors

The names and particulars of the directors of the Company during or since the end of the financial period are:

Graham J Tuckwell - Chairman  
 Christopher J M Foulds (Appointed 20 October 2015)  
 Graeme D Ross  
 Joseph L Roxburgh  
 Mark K Weeks (Resigned 20 October 2015)

Directors' Interests

The following table sets out the directors' interest in Ordinary Shares as at the date of this report:

<u>Director</u>	<u>Ordinary Shares of Nil Par Value</u>
Graham J Tuckwell (as ultimate controlling party of ETF Securities Limited ("ETFSL"), the ultimate parent company)	100

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.

As at 30 June 2016, the Company had 32,134,181 (31 December 2015: 23,018,837) Gold Securities in issue, with assets under management of GBP 2,986.7 million (31 December 2015: GBP 1,572.3 million). The Company recognises its assets ("Gold Bullion") and financial liabilities ("Gold Securities") at fair value in the Condensed Statement of Financial Position.

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>GBP</b>	<b>GBP</b>
Creation and Redemption Fees	4,738	3,296
Management Fees	5,062,671	4,536,283
<b>Total Fee Income</b>	<b>5,067,409</b>	<b>4,539,579</b>

Under the terms of the service agreement with ETF Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to its income less its own administrative expenses, resulting in an operating result for the period of GBP Nil (30 June 2015: GBP Nil).

The gain or loss on Gold Securities and Gold Bullion is recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

### Review of Operations (continued)

The Company holds Gold Bullion to support the Gold Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the prospectus). Gold Bullion is marked to fair value using the latest quote provided by the London Bullion Market Association ("LBMA").

The Company has entered into contractual obligations to trade Gold Securities at set prices on each trading day. These prices are based on an agreed formula published in the prospectus.

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Gold Securities are listed to be the principal markets and as a result the fair value of the Gold Securities is the on-exchange price as quoted on those stock exchanges. As a result of the difference in valuation methodology between Gold Bullion and Gold Securities there is a mis-match between accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities. This gain or loss would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. This is presented in more detail in note 7 to these interim financial statements.

### Future Developments

#### *Referendum of the United Kingdom's ("UK's") membership of the European Union (the "EU Referendum")*

The EU referendum took place on 23 June 2016 and resulted in an overall vote to leave the European Union ("EU"). The EU referendum is non-binding and therefore in order to start the process to leave the EU, the British government will have to invoke Article 50 of the Lisbon Treaty ("Article 50"). Invoking Article 50 starts a two-year period during which a leaving agreement is negotiated setting out the arrangements for the withdrawal and outlining the UK's future relationship with the EU. The exact process for the UK's withdrawal is uncertain, although it is generally expected to take longer than two years as this would require the renegotiation of treaties and agreements, together with legislation changes.

The Company is domiciled in Jersey, outside of the EU, and the Gold Securities are distributed in the EU under the EU Prospectus Directive which requires their offering to the public to be approved by an EU Member State regulator. To date, the Company has chosen the UK Financial Conduct Authority ("FCA") as its member state regulator for these purposes. Request is then made to the FCA, as the chosen Member State regulator, for the passporting of the offering across the EU, once again, under the Prospectus Directive.

It is currently expected that the Company would select an alternate EU Member State regulator through which to seek approval and request passporting for its offering. As the Gold Securities already comply with the European wide requirements of the Prospectus Directive, this is not expected to cause any disruption or alteration to the terms or nature of the Gold Securities.

The Gold Securities continue to comply with all applicable laws and regulations. Continued assessment of the impact will be required throughout the withdrawal process should the United Kingdom leave the EU.

The directors are not aware of any other 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 interim financial statements.

### Dividends

There were no dividends declared or paid in the current or previous period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.



**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' 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.

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>GBP</b>	<b>GBP</b>
Graham J Tuckwell	Nil	Nil
Christopher J M Foulds	Nil	Nil
Graeme D Ross	4,000	3,750
Joseph L Roxburgh	Nil	Nil
Mark K Weeks	Nil	Nil

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Joseph L Roxburgh'.

**Joseph L Roxburgh**

Director

Jersey

30 August 2016

**Statement of Directors' Responsibilities**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the directors confirm that to the best of their knowledge that:

- the financial statements for the period ended 30 June 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with International Financial Reporting Standards as issued by the IASB; and
- the Directors' report gives a fair view of the development of the Company's business, financial position and the important events that have occurred during the period and their impact on these financial statements.

By order of the board



**Joseph L Roxburgh**  
Director

30 August 2016



	Notes	Period ended 30 June	
		2016 Unaudited GBP	2015 Unaudited GBP
Revenue	2	5,067,409	4,539,579
Expenses	2	(5,067,409)	(4,539,579)
<b>Operating Result</b>	2	<b>-</b>	<b>-</b>
Net Gain/(Loss) Arising on Contractual and Fair Value of Gold Bullion	6	680,515,700	(71,002,304)
Net (Loss)/Gain Arising on Fair Value of Gold Securities	7	(696,808,139)	71,303,121
<b>Result and Total Comprehensive Income for the Period</b>		<b>(16,292,439)</b>	<b>300,817</b>
<sup>1</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	1	16,292,441	(300,817)
<b>Adjusted Result and Total Comprehensive Income for the Period</b>		<b>-</b>	<b>-</b>

The directors consider the Company's activities as continuing.

<sup>1</sup> The definition of non-statutory adjustments is set out on page 11. This represents the movement in the difference between the agreed formula price of Gold Bullion and the market price of Gold Securities.

The notes on pages 9 to 16 form part of these financial statements

	Notes	As at	
		30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
<b>Current Assets</b>			
Gold Swing Bar	4	422,761	308,037
Trade and Other Receivables	5	1,150,846	674,373
Amounts Receivable on Gold Bullion Awaiting Settlement	6	5,319,009	3,110,746
Gold Bullion	6	2,986,737,059	1,572,315,513
<b>Total Assets</b>		<b>2,993,629,675</b>	<b>1,576,408,669</b>
<b>Current Liabilities</b>			
Gold Securities	7	3,000,368,480	1,569,654,495
Amounts Payable on Gold Securities Awaiting Settlement	7	5,319,009	3,110,746
Trade and Other Payables	8	1,473,607	882,410
<b>Total Liabilities</b>		<b>3,007,161,096</b>	<b>1,573,647,651</b>
<b>Equity</b>			
Share Capital	9	100	100
Share Premium	10	99,900	99,900
Revaluation Reserve		(13,631,421)	2,661,018
<b>Total Equity</b>		<b>(13,531,421)</b>	<b>2,761,018</b>
<b>Total Equity and Liabilities</b>		<b>2,993,629,675</b>	<b>1,576,408,669</b>

The financial statements on pages 5 to 16 were approved and authorised for issue by the board of directors and signed on its behalf on 30 August 2016.



**Joseph L Roxburgh**  
Director



	Period ended 30 June	
	2016 Unaudited GBP	2015 Unaudited GBP
<b>Operating Result for the Period</b>	-	-
Non Cash Movement Due to Revaluation of Gold Swing Bar	(114,725)	9,787
	<u>(114,725)</u>	<u>9,787</u>
<i>Changes in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	(83)	3
Increase/(Decrease) in Payables	114,725	(9,787)
Cash Used in Operations	<u>114,642</u>	<u>(9,784)</u>
<i>Cash Flows from Financing Activities</i>		
Increase/(Decrease) in Undated Zero Coupon Notes	83	(3)
Net Cash Used in Financing Activities	<u>83</u>	<u>(3)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Decrease in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	<u>-</u>	<u>-</u>

The notes on pages 9 to 16 form part of these financial statements

	Notes	Stated Capital GBP	Share Premium GBP	Retained Earnings GBP	Revaluation Reserve <sup>2</sup> GBP	Total Equity GBP	Adjusted Total Equity GBP
Audited Opening Balance at 1 January 2015		100	99,900	-	5,293,472	5,393,472	100,000
Result and Total Comprehensive Income for the Period		-	-	300,817	-	300,817	300,817
Transfer to Revaluation Reserve	7	-	-	(300,817)	300,817	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	7	-	-	-	-	-	(300,817)
<b>Unaudited Balance at 30 June 2015</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>5,594,289</b>	<b>5,694,289</b>	<b>100,000</b>
Unaudited Opening Balance at 1 July 2015		100	99,900	-	5,594,289	5,694,289	100,000
Result and Total Comprehensive Income for the Period		-	-	(2,933,271)	-	(2,933,271)	(2,933,271)
Transfer to Revaluation Reserve	7	-	-	2,933,271	(2,933,271)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	7	-	-	-	-	-	2,933,271
<b>Audited Balance at 31 December 2015</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>2,661,018</b>	<b>2,761,018</b>	<b>100,000</b>
Audited Opening Balance at 1 January 2015		100	99,900	-	2,661,018	2,761,018	100,000
Result and Total Comprehensive Income for the Period		-	-	(16,292,439)	-	(16,292,439)	(16,292,439)
Transfer to Revaluation Reserve	7	-	-	16,292,439	(16,292,439)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	7	-	-	-	-	-	16,292,439
<b>Unaudited Balance at 31 December 2015</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>(13,631,421)</b>	<b>(13,531,421)</b>	<b>100,000</b>

<sup>2</sup> This represents the difference between the agreed formula price of Gold Bullion and the market price of Gold Securities.

<sup>3</sup> The definition of non-statutory adjustments is set out on page 11.

The notes on pages 9 to 16 form part of these financial statements

## Notes to the Financial Statements

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### 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 2016 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. 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 accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015. 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 2015.

The presentation of interim financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. 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. The only key accounting judgement required to prepare these financial statements is in respect of the valuation of Gold Bullion and Gold Securities held at fair value through the profit or loss as disclosed in notes 6 and 7. Actual results could vary from these estimates.

This half yearly report has not been audited or reviewed by the Company’s auditors.

#### Accounting Standards

(a) *Standards, amendments and interpretations effective on 1 January 2016:*

The following new and revised Standards and Interpretations have been adopted in the current year which may have affected these financial statements. Details of other Standards and Interpretations adopted that have had no effect on these financial statements are set out in section (b).

- IAS 1 Presentation of Financial Statements (Disclosure Initiative)  
The amendments address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:
  - clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.
  - clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity’s share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
  - additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

## Notes to the Financial Statements (Continued)

## 1. Accounting Policies (continued)

## Accounting Standards (continued)

## (a) Standards, amendments and interpretations effective on 1 January 2016 (continued):

- Annual Improvements to IFRS:
  - Includes specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
  - Includes additional guidance in IFRS 7 to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
  - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits (IAS 9) should be denominated in the same currency as the benefits to be paid.
  - Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference (IAS 34).

## (b) Standards, amendments and interpretations effective on 1 January 2016 but not relevant to the Company:

- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) (applicable only to prospective sale or contribution of assets).
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Applying the Consolidation Exception.
- IFRS 11 Joint Arrangements (applicable only to prospective acquisitions in which the activities of the joint operations constitute businesses, as defined in IFRS 3).
- IFRS 14 Regulatory Deferral Accounts.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture.
- IAS 27 Separate Financial Statements.

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

- IFRS 2 Share-based Payments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (as amended in 2014) (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).
- IAS 7 Statement of Cash Flows (Disclosure Initiative) (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes (effective for annual periods beginning on or after 1 January 2017).

The directors intend to adopt IFRS 9 for the annual period beginning on 1 January 2018, and whilst the directors anticipate that these amendments may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements, a detailed analysis has not been undertaken.

The directors do not expect the adoption of the remaining standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

The directors have considered other standards and interpretations in issue but not effective and concluded that they would not have a material impact on the future financial periods when they become available.

**1. Accounting Policies (continued)****Going Concern**

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. Generally only Security Holders who have entered into an authorised participant agreement with the Company ("Authorised Participant") can submit applications and redemptions directly with the Company. As the redemption of Gold Securities would coincide with the payment of an equal amount (in value) of Gold Bullion, no liquidity risk is considered to arise. All other liabilities are met by ManJer; therefore the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

**Gold Securities****i) Issuance and Redemption**

The Company has entered into a Trust Instrument with The Law Debenture Trust Corporation plc ("Law Debenture") to permit the Company to issue Gold Securities. The conditions of issue are set out in the Trust Instrument. Each time a Gold Security is issued or redeemed by the Company a corresponding amount of Gold Bullion is transferred into or from the relevant secured account held by the Custodian.

Financial liabilities are recognised and de-recognised on the trade date.

**ii) Pricing**

Gold Bullion is priced on a daily basis based on the Gold Entitlement of each class of security and the value of the Bullion using the appropriate fixing price from the London Bullion Market Association ("LBMA").

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Gold Securities are listed to be the principal markets and as a result the fair value of the Gold Securities is the on-exchange price as quoted on those stock exchanges. The Gold Securities are priced using the mid-market price on the statement of financial position date taken at the time the gold fix is set.

Consequently a difference arises between the value of Gold Bullion (based on the agreed formula price) and Gold Securities (at market value) presented in the Condensed Statement of Financial Position. This difference is reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

**iii) Designation at fair value through Profit or Loss**

The Gold Securities comprise a financial instrument and are designated at fair value through the profit or loss upon initial recognition. This is in order to enable gains or losses on both the Gold Security and Gold Bullion to be recorded in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Through the mis-matched accounting values, the results of the Company reflect a gain or loss which represents the movement in the cumulative difference between the agreed formula value of the Gold Bullion and the market price of Gold Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. The results of the Company are adjusted through the presentation of a non-statutory movement entitled 'Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Gold Securities'.

**Gold Swing Bar**

The Gold Swing Bar is denominated in gold ounces and marked to fair value at the period/year end with movements recognised in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements (Continued)

1. Accounting Policies (continued)

Gold Bullion

The Company holds Gold Bullion equal to the amount due to holders of Gold Securities solely for the purpose of meeting its obligations under the Gold Securities. The Gold Bullion held is marked to fair value and movements are recorded in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

The fair value is calculated using the latest quote provided by the LBMA.

Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (“CODM”) in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the board of directors. A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has not provided segmental information as the Company has only one business or product group, issuing Gold Securities, 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 result

Operating result for the period comprised:

	Period ended 30 June	
	2016 Unaudited GBP	2015 Unaudited GBP
Creation and Redemption Fees	4,738	3,296
Management Fees	5,062,671	4,536,283
<b>Total Revenue</b>	<b>5,067,409</b>	<b>4,539,579</b>
Management Fees to ManJer	(5,067,409)	(4,539,579)
<b>Total Operating Expenses</b>	<b>(5,067,409)</b>	<b>(4,539,579)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

3. Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate applicable to the Company for the foreseeable future is zero percent.

## Notes to the Financial Statements (Continued)

## 4. Gold Swing Bar

The Company has a loan facility with HSBC Bank USA, N.A. giving the Company the rights, interest and title to a gold bar. The 430 ounce gold bar 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 London Bullion Market Association ("LBMA") being the PM fix rate on 30 June 2016 of GBP 983.166 per oz (31 December 2015: AM fix of GBP 716.364 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 Profit of Loss and Other Comprehensive Income. The loan is repayable on demand. The Company intends to maintain the loan as long as the Company continues to operate.

## 5. Trade and Other Receivables

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
Management Fees	1,041,067	562,151
Creation and Redemption Fees	9,593	12,036
Other Receivables	100,186	100,186
	<b>1,150,846</b>	<b>674,373</b>

## 6. Gold Bullion

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
Change in Fair Value for the Period/Year	<b>680,515,700</b>	<b>(156,659,059)</b>
Gold Bullion Held at Fair Value	<b>2,986,737,059</b>	<b>1,572,315,513</b>

As at 30 June 2016, there were certain amounts of Gold Bullion awaiting the creation or redemption of Gold Securities with trade dates before the period end and settlement dates in the following period:

- The amount receivable on completion of these trades is GBP 5,319,009 (31 December 2015: GBP 3,110,746).

All Gold Bullion assets have been valued using the PM fix on 30 June 2016 as quoted by the LBMA being the last fix price available for the period.

## Notes to the Financial Statements (Continued)

## 7. Gold Securities in Issue

Whilst the Gold Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade at set prices on each trading day, based on an agreed formula. Therefore, the actual contractual issue and redemption of Gold Securities occur at a price that corresponds to gains or losses on the Gold Bullion. As a result the Company has no net exposure to gains or losses on the Gold Securities and Gold Bullion.

The Company measures the Gold Securities at their market value in accordance with IFRS 13 rather than their settlement value as described in the prospectus. The market value is deemed to be the prices quoted on stock exchanges or other markets where the Gold Securities are listed or traded. However Gold Bullion is valued based on the agreed formula.

The fair values and changes thereof during the period/year based on prices available on the open market as recognised in the financial statements are:

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
Change in Fair Value for the Period/Year	<u>(696,808,139)</u>	<u>154,026,605</u>
Gold Securities at Fair Value	<u>3,000,368,480</u>	<u>1,569,654,495</u>

The contractual redemption values and changes thereof during the period/year based on the contractual settlement values are:

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
Change in Contractual Redemption Value for the Period/Year	<u>680,515,700</u>	<u>156,659,059</u>
Gold Securities at Contractual Redemption Value	<u>2,986,737,059</u>	<u>1,572,315,513</u>

The gain or loss on the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

The mismatched accounting values are as shown below and represent the non-statutory adjustment presented in the Condensed Statement of Profit or Loss and Other Comprehensive Income:

	Period Ended 30 June 2016 Unaudited GBP	Year Ended 31 December 2015 Audited GBP
Net Gain/(Loss) Arising on Contractual and Fair Value of Gold Bullion	680,515,700	(156,659,059)
Net (Loss)/Gain Arising on Contractual Redemption Value of Gold Securities	(696,808,139)	154,026,605
	<u>(16,292,439)</u>	<u>(2,632,454)</u>

## Notes to the Financial Statements (Continued)

**7. Gold Securities in Issue (continued)**

As at 30 June 2016, there were certain Gold Securities awaiting creation or redemption with trade dates before the period end and settlement dates in the following period:

- The amount payable on completion of these trades is GBP 5,319,009 (31 December 2015: GBP 3,110,746).

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2016, there were 32,134,181 (31 December 2015: 23,018,837) Gold Securities outstanding, with a face value, in aggregate, of GBP 239 (31 December 2015: GBP 156).

**8. Trade and Other Payables**

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
Management Fees Payable to ManJer	1,050,846	574,373
Gold Loan	422,761	308,037
	<b>1,473,607</b>	<b>882,410</b>

**9. Stated Capital**

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
100 Shares	<b>100</b>	<b>100</b>

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

All 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").

**10. Share Premium**

	As at	
	30 June 2016 Unaudited GBP	31 December 2015 Audited GBP
100 Shares of GBP 1 Each, Issued at GBP 1,000 Each	<b>99,900</b>	<b>99,900</b>

## Notes to the Financial Statements (Continued)

**11. Related Party Disclosures**

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:*

	Period ended 30 June	
	2016	2015
	Unaudited	Unaudited
	GBP	GBP
Management Fees	<b>5,067,409</b>	<b>4,539,579</b>

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

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	GBP	GBP
Management Fees Payable	<b>950,660</b>	<b>474,187</b>

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 4,000 (30 June 2015: GBP 3,750).

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 19,500 (30 June 2015: GBP 19,500), of which GBP 9,750 (30 June 2015: GBP 9,750) was outstanding at the period end.

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

**12. Ultimate Controlling Party**

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.

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