

**GOLDTM
BULLION
SECURITIES**
A WORLD GOLD COUNCIL INITIATIVE

Gold Bullion Securities Limited

Annual Report 2004



www.goldbullion.com

Contents

| | Page |
|----------------------------------|------|
| Chairman's Report | 1 |
| Directors' Report | 3 |
| Financial Statements | 6 |
| Directors' Declaration | 14 |
| Independent Audit Report | 15 |
| Reports on Gold Bullion Nominees | 16 |

GOLDRUSH

Investing in gold has never been easier. Craig Binnie reports



Mineweb

GOLD BULL 54.60

GOLD CROSS 0.058

Australia's Gold Bullion Securities have sold 200,000oz since listing on the ASX in March this year.

Gold bullion chairman Graham Tuckwell told *Platts* on Friday that 11.5 million tons of gold was being held on behalf of investors in a vault in London. Investors receive a redeemable preference share and a beneficial interest in around one tenth of an ounce of gold.

Tuckwell said daily trade in the securities was averaging A\$1.8 million.

Adding a sparkle to super

With the benefit of hindsight, Gold Bullion Limited (which deals upon the ASX's first stock exchange listed gold bullion securities), has highlighted that Australian superannuation funds would have been "better off" if they had invested a small amount in gold bullion rather than international shares in the last three years.

Performance figures obtained by Gold Bullion suggest a benchmark Australian portfolio would have lost 0.2% over the last three years, but the company claims this could have been turned into a gain of 1.6% if only 1% of the portfolio had been invested in gold rather than international shares. It estimates that working Australians would have been \$14 billion better off.



December 19, 2003

Gold - The Weekly Perspective
by Julian D. W. Phillips

That was the week that was:

The important news of the week of Soddos Russian. The important was that the market has accepted Trudistas are being dug up, the physical buying on the dips is seen from the demand in Russia, and looking higher into the higher \$4. The tone of the market is not that should we hold the \$, after all it is with yourself, would you rather be



RAISING THE BAR

Graham Tuckwell's Gold Bullion fund may be the start of something big

Gold bullion securities versus spot gold price



—Gold (US, ASX Close)
—Spot Gold (S&P, London AM Fix)

GOLD LEVER

MAX WALSH THE BOTTOM LINE

American economic unsustainability has weakened the US dollar and increased the attractiveness of gold. So an Australian financier's introduction of the world's first listed, bullion-buying fund couldn't have been better-timed.



Gold pile equals 4 jumbos - Sun City
A COMPANY which lets small investors speculate on gold prices has bought 19.6 tonnes of bullion on their behalf in just a fortnight.

Adding sparkle to your super

Gold could have lifted most super funds if it had replaced international shares

WORKERS would have been better off by up to \$14 billion if their super funds had invested a small amount in gold instead of international shares in the past three years.

Gold Bullion Limited says a benchmark portfolio that cut its exposure to international shares and replaced it with gold would have

have made 1.6 per cent a year over the past three years instead of averaging a loss of 0.2 per cent.

"The benefit of gold is that it is very different from the traditional asset classes and acts as an ideal counter-balance to them," says Graham Tuckwell, chairman of Gold Bullion Limited.

He says the introduction of gold to a portfolio tends to smooth the performance of super funds.

It works by slightly reducing the volatility in longer performance periods, but preserving losses of the style experienced in recent years.

International and local managed funds are beginning to realise the benefits of including gold as an asset class in their portfolios," he says.

Gold Bullion says more than \$10 million has already been invested in its new GOLD securities and interest is increasing.

GOLD is now the fifth most actively traded gold share on the ASX.

However, as it is not a top 100 listed company it cannot be purchased by members of the Australian Retirement Fund's new ASX 100 Index that allows members to have a say in how their money is invested.

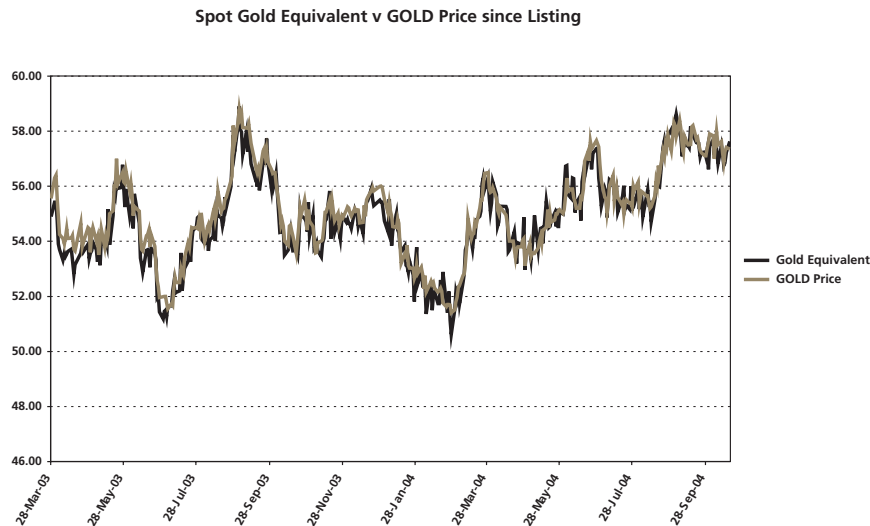


This is a collage of some of the press headlines and articles which the Company and Gold Bullion Securities have attracted recently.

CHAIRMAN'S REPORT

We are pleased to present our second Annual Report to the holders of Gold Bullion Securities (ASX code: GOLD) and the first report under our new name Gold Bullion Securities Limited ("the Company").

Gold Bullion Securities are designed to track the spot price of gold. We have certainly achieved that objective, as illustrated in the following graph which compares the spot price of gold per Gold Bullion Security to the ASX price of GOLD:



The listing of gold on a stock exchange was a world-first achieved by your Company under the ownership of Investor Resources Limited, with the support of the World Gold Council. During the year we were pleased to further our relationship with the World Gold Council by merging the Company into a larger international group which has focused on obtaining listings of gold on other exchanges around the world. The new parent company, Gold Bullion Holdings Limited, is owned two-thirds by the World Gold Council and one-third by Investor Resources Holdings Pty Ltd.

As a result of these initiatives, a listing of gold on the London Stock Exchange was achieved in December 2003 and trust assets of the ASX and LSE products now total approximately US\$750 million.

The merger was accompanied by a change of name of your Company from Gold Bullion Limited to Gold Bullion Securities Limited, a change in the name of the main website from www.goldbullion.com.au to www.goldbullion.com and a change in the Company logo.

The new home page is now intended to be a single-entry point for investors globally to access gold bullion securities on their local stock exchange. Currently, two listings are shown - one for the ASX and one for the LSE - but in the next year we are planning for at least three more listings, thereby giving global investors a choice of five separate listings. All products will have the same essential characteristics of representing approximately one-tenth of one fine troy ounce of physical gold held by the Custodian Bank, HSBC Bank USA, in vaults in London in the form of allocated London Good Delivery bars.

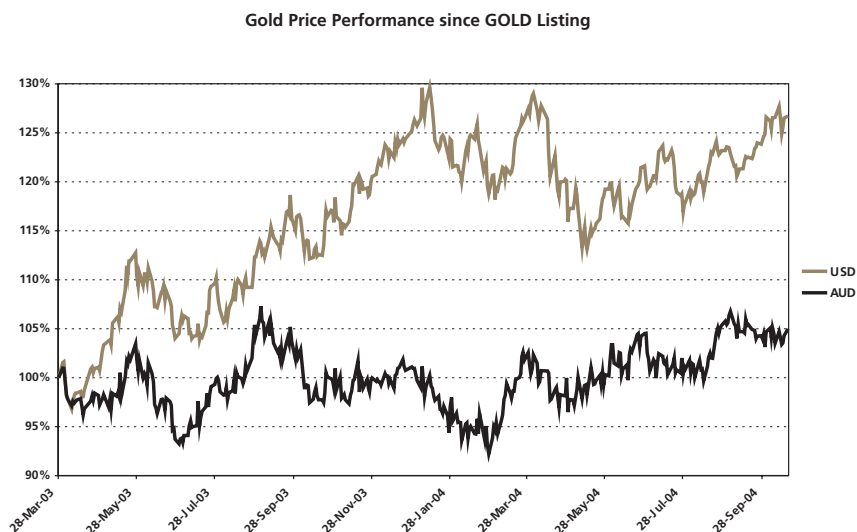
One of the benefits to holders of Gold Bullion Securities of the global roll-out is that it will result in a much greater awareness of the securities and the role of gold as an investment asset class.

Another benefit has been our ability to attract a major global distribution house to become involved in marketing Gold Bullion Securities. We have entered into negotiations with State Street Global Advisors ("SSgA"), the largest institutional money manager in the world, to distribute our securities through their global network and are confident a mutually satisfactory arrangement will be concluded. We believe accessing the distribution network of SSgA will increase substantially the penetration of Gold Bullion Securities. SSgA are one of the world's largest operators of Exchange Traded Funds ("ETF") and they operate the largest ETF in Australia (the second largest ETF being ours). We will make further announcements about our negotiations with SSgA in the coming months.

Whilst global trust assets have increased by more than seven times since the date of my report last year, the increase in trust assets in Australia has been modest. We believe there are three reasons for this:

1. The availability of the LSE product has diverted much of the previous international demand towards that product, whereas previously the ASX product benefited from being the only such product listed anywhere in the world;
2. We have undertaken very little marketing this year because of our international activities, being the listings and discussions on a global distribution agreement described above; and
3. The price of gold in A\$ terms has not increased as much as the price in US\$ terms due to the A\$ strengthening against the US\$.

The following graph shows the inter-bank gold price of gold since listing in both A\$ and US\$ terms:



Enclosed are the audited accounts for both the Company and the Trustee, Gold Bullion Nominees Pty Ltd. In presenting these accounts we would point out that the gold backing all Gold Bullion Securities on issue is beneficially owned by the holders of Gold Bullion Securities and not the Company or the Trustee. For this reason, that gold is not shown as an asset in the balance sheet (the Statement of Financial Position) of either the Company or the Trustee. Nonetheless, the existence of the gold is clearly stated in the notes to the accounts (see note 2 to the Trustee's accounts).

Through our web-site, we regularly update the list and details of every gold bar held by the Custodian Bank for holders of Gold Bullion Securities. Further, on two occasions during the year the directors arranged for representatives of the Company to visit HSBC's vault to check that all the gold bars on our list as supplied by HSBC were indeed stored in a separate pile within the vault and identified as held in the name of the Trustee. On both occasions our vault visit confirmed that everything was absolutely in order.

Graham J Tuckwell

22 October 2004

DIRECTORS' REPORT

The directors of Gold Bullion Securities Limited submit herewith the financial report of the Company for the financial year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

| | |
|------------------------------------|---|
| Mr Graham John Tuckwell | Chairman, Investment Banker, appointed on 17 September 2002 as an executive director and is Joint Managing Director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |
| Dr Vincent William John FitzGerald | Chairman of The Allen Consulting Group Pty Ltd, appointed on 10 February 2003 as a non-executive director and is non-executive director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |
| Mr Simon Frederick William Village | A Managing Director of the World Gold Council, appointed on 10 February 2003 as an executive director and is Joint Managing Director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |

The above named directors held office during and since the end of the financial year.

Principal Activities

The Company's principal activity during the course of the financial year was the continued issue of Gold Bullion Securities (GOLD), allowing investors to own and trade physical gold bullion through a listed security traded on the Australian Stock Exchange.

A Gold Bullion Security is comprised of a Gold Bullion Share (a redeemable preference share issued at a nominal value of 1/1000th of a cent) which carries with it an entitlement to approximately 1/10th of one fine troy ounce of gold bullion held in the name of the Trustee, Gold Bullion Nominees Pty Ltd. The gold, to which the holder is entitled, is held by the Custodian Bank (HSBC Bank USA) in vaults in London.

During the financial year there were no significant changes in the nature of those activities.

Review of Operations

The Company was incorporated on 17 September 2002 and was admitted to the official list of the Australian Stock Exchange on 27 March 2003. Trading of Gold Bullion Securities on the Australian Stock Exchange commenced on 28 March 2003.

A total of 2,602,081 Gold Bullion Securities were on issue at 30 June 2004.

During the period, the Company generated Creation and Redemption fees connected with the issue of and redemption of Gold Bullion Securities. Income from these sources amounted to \$110,831. In addition, from 31 July 2003, the Company began to charge holders of outstanding Gold Bullion Securities a Monthly Gold Sales Charge (MGSC) calculated at 2/10,000ths per month of the total ounces of gold held on behalf of the Holders stored in the vaults of the Custodian, HSBC Bank USA, London Branch. Income from this source amounted to \$321,750.

Pursuant to an Administration Agreement between the Company and Investor Resources Limited ("IRL"), all the operating costs relating to the Company for the period 1 July 2003 to 30 November 2003 were paid for by IRL, and IRL charged the Company an administration fee in respect of these costs equal to the Creation and Redemption Fees and Monthly Gold Sales Charge ("MGSC") earned by the Company during the same period. Amounts paid to Investor Resources under this Agreement for the five months totalled \$197,055. This agreement was cancelled on 1 December 2003.

From 1 December 2003, pursuant to an Administration Agreement between the Company and Gold Bullion Holdings Limited ("Holdings") a UK registered company, all operating costs relating to the company were paid for by Holdings and Holdings charged the company an administration fee in respect of these costs equal to the Creation and Redemption Fees and MGSC earned by the Company during the period. Amounts paid to Holdings from 1 December 2003 to 30 June 2004 amounted to \$235,526.

Changes in State of Affairs

The success of ASX listed-GOLD on the Australian Stock Exchange paved the way for the listing of an additional new series of Gold Bullion Securities on the London Stock Exchange (LSE) in the UK. These additional securities are issued by a new company associated with Gold Bullion Securities Limited and trading on the LSE commenced on 9 December 2003. The management of the companies for the LSE listing are the same as for the ASX listing and the directors include all the directors for the ASX listing.

In conjunction with the LSE listing, Gold Bullion Securities Limited in Australia and the World Gold Council announced the formalisation of their relationship through a new company, Gold Bullion Holdings Limited ("Holdings") which at the end of the period owned both the LSE and ASX products. Holdings is owned 2/3rds by the World Gold Council and 1/3rd by Investor Resources Holdings Pty Ltd, and Graham Tuckwell and Simon Village are Joint Managing Directors. Holdings intends to develop, manage and market further listings of Gold Bullion Securities.

In addition, as part of these new arrangements:

- The Administration Agreement between Investor Resources Limited and Gold Bullion Limited and Gold Bullion Nominees Pty Ltd has been cancelled and a new Administration Agreement has been entered into with Holdings;
- Gold Bullion Limited has changed its name to Gold Bullion Securities Limited; and
- A new web-site has been launched for the new group at www.goldbullion.com.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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 years not already disclosed in this report or the attached financial report.

Dividends

The Directors do not recommend the provision or payment of a dividend to holders of Ordinary Shares for the period.

Share Options Granted to Directors

No share options were granted or issued to Directors or executives during the period.

Indemnification of Officers and Auditors

From formation on 17 September 2002 to 30 November 2003, IRL provided a written indemnity to the Directors of the Company, the Company Secretary and all executive officers of the Company against any liability incurred while performing the duties of a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. As from 1 December 2003 that indemnity is now given by Holdings.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Directors' Meetings

The number of Directors' meetings and the number of meetings attended by each Director of the Company during the financial year were:

Board of Directors

| Directors | Held | Attended |
|-----------------------|------|----------|
| Graham J Tuckwell | 4 | 4 |
| Vincent WJ FitzGerald | 4 | 3 |
| Simon FW Village | 4 | 3 |

Directors' Interests

The following table sets out each Director's interest in Ordinary shares as at the date of this report:

| Directors | Fully Paid Ordinary Shares |
|----------------------|----------------------------|
| Graham John Tuckwell | 83,367 |

Directors' Remuneration

Under the Administration Agreement between the Company, IRL (and from 1 December 2003, Holdings) and the Trustee (Gold Bullion Nominees Pty Ltd), IRL then Holdings provides or procures services to the Company in connection with the issue and management of Gold Bullion Securities. Pursuant to this agreement all the operating costs relating to the Company, which include remuneration of Directors and executives, are paid for by IRL, then Holdings. IRL, then Holdings, are paid a fee by the Company for this equal to the MGSC plus any Creation Fees and Redemption Fees earned by the Company from time to time.

The following table discloses the remuneration of the Directors of the Company which has been paid by IRL and Holdings during the financial period:

| Name | Primary Salary/Fees | Post Employment Super | Total |
|-------------------------------|------------------------|--------------------------|----------|
| Specified Directors: | | | |
| <i>Executive Directors</i> | | | |
| Graham J Tuckwell | Nil | Nil | Nil |
| Simon FW Village | Nil | Nil | Nil |
| <i>Non-Executive Director</i> | | | |
| Vincent WJ FitzGerald | \$30,000 | \$2,700 | \$32,700 |

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Graham J Tuckwell
Director

Melbourne, 23 September 2004

FINANCIAL STATEMENTS

Statement of Financial Performance for the Financial Year Ended 30 June 2004

| | Note | 2004 \$ | 2003 (3 months) \$ |
|---|------|----------------|--------------------------|
| <i>Revenue From Ordinary Activities</i> | | | |
| Creation and Redemption Fees | 2 | 110,831 | 53,870 |
| Monthly Gold Sales Charge | | 321,750 | - |
| | | <u>432,581</u> | <u>53,870</u> |
| <i>Expenses From Ordinary Activities</i> | | | |
| Administration expenses | 2 | <u>432,581</u> | <u>53,870</u> |
| <i>Profit From Ordinary Activities Before Income Tax Expense</i> | | | |
| Income tax expense relating to ordinary activities | | - | - |
| <i>Net Profit</i> | | | |
| <i>Total Changes In Equity Other Than Those Resulting From Transactions With Owners As Owners</i> | | | |
| | | - | - |

Statement of Financial Position as at 30 June 2004

| | Note | 2004 \$ | 2003 \$ |
|--|------|----------------|----------------|
| <i>Current Assets</i> | | | |
| Cash | | 17,997 | 13,661 |
| Creation Fees receivable | | 2,269 | 42,624 |
| Monthly Gold Sales Charge receivable | | 29,774 | - |
| <i>Total Current Assets</i> | | <u>50,040</u> | <u>56,285</u> |
| <i>Non-Current Assets</i> | | | |
| Loan to entity subject to common control | 6 | <u>249,900</u> | <u>249,900</u> |
| <i>Total Non-Current Assets</i> | | <u>249,900</u> | <u>249,900</u> |
| <i>Total Assets</i> | | <u>299,940</u> | <u>306,185</u> |
| <i>Current Liabilities</i> | | | |
| Administration fees payable to IRL | | - | 56,076 |
| Administration fees payable to Holdings | | 49,814 | - |
| <i>Total Current Liabilities</i> | | <u>49,814</u> | <u>56,076</u> |
| <i>Non-Current Liabilities</i> | | | |
| Other | 7 | <u>26</u> | <u>9</u> |
| <i>Total Non-Current Liabilities</i> | | <u>26</u> | <u>9</u> |
| <i>Total Liabilities</i> | | <u>49,840</u> | <u>56,085</u> |
| <i>Net Assets</i> | | <u>250,100</u> | <u>250,100</u> |
| <i>Equity</i> | | | |
| Contributed equity | 8 | <u>250,100</u> | <u>250,100</u> |
| <i>Total Equity</i> | | <u>250,100</u> | <u>250,100</u> |

Statement of Cash Flows for the Financial Year Ended 30 June 2004

| | Note | 2004 \$ | 2003 (3 months) \$ |
|---|------|------------|--------------------------|
| <i>Cash Flows From Operating Activities</i> | | | |
| Receipts from customers | | 147,806 | 8,209 |
| Proceeds from sale of Monthly Gold Sales Charge gold | | 291,976 | |
| Proceeds from application for Gold Bullion Securities | | 866,662 | 4,684,337 |
| Payments for gold bullion on behalf of holders of Gold Bullion Securities | | (865,763) | (4,679,094) |
| Payments to Suppliers (parent company) | | (436,362) | - |
| <i>Net cash provided by operating activities</i> | 13 | 4,319 | 13,452 |
| <i>Cash Flows From Investing Activities</i> | | | |
| Payment for gold bullion | | - | (249,900) |
| <i>Net cash provided by/(used in) investing activities</i> | | - | (249,900) |
| <i>Cash Flows From Financing Activities</i> | | | |
| Proceeds from issues of ordinary shares | | - | 250,100 |
| Proceeds from issue of Gold Bullion Shares | | 17 | 9 |
| <i>Net cash provided by/(used in) financing activities</i> | | 17 | 250,109 |
| <i>Net Increase In Cash Held</i> | | 4,336 | 13,661 |
| <i>Cash At The Beginning Of The Financial Period</i> | | 13,661 | - |
| <i>Cash At The End Of The Financial Period</i> | | 17,997 | 13,661 |

Notes to the financial statements are included on pages 8 to 13.

FINANCIAL STATEMENTS

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

1. Summary of Accounting Policies

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts Payable

Accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(c) Capital Gains Tax

No provision has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of these assets.

(d) Derivative Financial Instruments

The company entered into a derivative financial instrument to manage its exposure to movements in the market value of its loan of 420 fine troy ounces of gold. This derivative is recorded off balance sheet as it hedges the ultimate disposal of the gold loan receivable. It will be recorded simultaneously with the repayment of the underlying receivable. Further details of the derivative financial instruments are disclosed in note 12 to the financial statements.

(e) Income Tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Gold Bullion Shares

Gold Bullion Shares are redeemable preference shares and are recorded at their nominal value of 1/1000th of one cent each.

(h) Revenue Recognition

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(i) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

2. Profit From Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

| | 2004 \$ | 2003 \$ |
|----------------------------------|------------|------------|
| <i>(a) Operating Revenue</i> | | |
| Sales revenue: | | |
| Creation Fees | 110,231 | 53,670 |
| Redemption Fees | 600 | 200 |
| Monthly Gold Sales Charge (MGSC) | 321,750 | - |
| | 432,581 | 53,870 |

MGSC is calculated at 2/10,000ths of the total ounces of gold held on behalf of GBS holders per month (24 bps pa) and is deducted at the end of each month from the gold held on behalf of GBS holders stored in the vaults of HSBC USA, London. The MGSC for the financial period totalled 559.077 fine troy ounces of which 507.150 ounces were sold at the prevailing market price of A\$575.72 per ounce; and the remaining 51.927 ounces being receivable was valued at A\$573.37 per ounce as at 30 June 2004.

| | 2004 \$ | 2003 \$ |
|---|------------|------------|
| <i>(b) Expenses</i> | | |
| Administration expenses charged by related entities | | |
| Investor Resources Limited (former parent entity) | 197,055 | 53,870 |
| Gold Bullion Holdings Limited (parent entity) | 235,526 | - |
| | 432,581 | 53,870 |

Pursuant to an Administration Agreement between the Company and Investor Resources Limited from 1 July 2003 to 30 November 2003, all the operating costs relating to the activities of the Company, including gold storage, gold insurance, marketing and administration costs, were incurred by, and paid for by, Investor Resources Limited and Investor Resources Limited charged the Company an administration fee in respect of these costs equal to the Creation and Redemption Fees and Monthly Gold Sales Charge earned by the Company during the period. Amounts paid to Investor Resources Limited under this Agreement for the five month period totalled \$197,055. This Administration Agreement was cancelled on 1 December 2003.

From 1 December 2003, pursuant to an Administration Agreement between the Company and Gold Bullion Holdings Limited ("Holdings"), all the operating costs similar to that stated above were paid for by Holdings and Holdings charged the Company an administration fee equal to the fees and MGSC earned by the Company during the period. Amounts paid to Holdings under this Agreement for the period 1 December 2003 to 30 June 2004 totalled \$235,526.

3. Directors' Remuneration

The Directors of Gold Bullion Securities during the financial year were:

- Mr Graham John Tuckwell
- Dr Vincent William John FitzGerald
- Mr Simon Frederick William Village

The parent entity reviews and revises remuneration packages of all specified directors from time-to-time. The following table discloses the remuneration of the Specified Directors of the Company which have been paid by IRL and Holdings during the financial period:

| Name | Primary Salary/Fees | Post Employment Super | Total |
|-------------------------------|------------------------|--------------------------|----------|
| Specified Directors: | | | |
| <i>Executive Directors</i> | | | |
| Graham J Tuckwell | Nil | Nil | Nil |
| Simon FW Village | Nil | Nil | Nil |
| <i>Non-Executive Director</i> | | | |
| Vincent WJ FitzGerald | \$30,000 | \$2,700 | \$32,700 |

The Company has no Specified Executives.

4. Remuneration of Auditors

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| Auditing of the annual and half-year financial reports | 26,000 | 34,000 |

The fees paid or payable in respect of the Company for the financial year are paid by the parent entity.

5. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the year.

6. Other Non-Current Assets

| | 2004 \$ | 2003 \$ |
|---|------------|------------|
| Loans to entity subject to common control | 249,900 | 249,900 |

The Company loaned a 420 fine troy ounce gold bar to Gold Bullion Nominees Pty Ltd, an entity subject to common control. The loan has been recorded at cost, does not accrue interest, and is repayable on demand. The company intends to hold the loan as long as the company continues to operate.

7. Other Non-Current Liabilities

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| Gold Bullion Shares (redeemable preference shares) | 26 | 9 |

1,997,125 redeemable preference shares were issued and 327,370 were redeemed during the financial period. 2,602,081 redeemable preference shares were on issue at 30 June 2004.

The Company issues Gold Bullion Securities which comprise a Gold Bullion Share of nominal value and a beneficial interest in a separate trust that owns physical gold bullion which entitles the holder to approximately 1/10th of a fine troy ounce of gold per share. The Gold Bullion Share is a redeemable preference share issued by the Company at a nominal value of 1/1000th of one cent and the Gold Bullion Shares are quoted on the Australian Stock Exchange. Each time the holder transfers a Gold Bullion Share to a new holder, the beneficial interest in the gold bullion transfers to the new holder.

The Trustee of the gold is Gold Bullion Nominees Pty Ltd, a special purpose company established to facilitate the offer of Gold Bullion Securities. The owners and directors of the Trustee are the same as that of the Company.

Ownership of the underlying gold bullion (259,635.642 fine troy ounces) at 30 June 2004 is held in the name of the Trustee for the benefit of the holders.

Holders of Gold Bullion Securities have the right to vote:

- on any proposal that affects rights attached to the Gold Bullion Security (except the issue of new Gold Bullion Securities, or the redemption of the Gold Bullion Securities on issue);
- on any proposal to wind up the Company; and
- during the winding up of the Company.

Holders of Gold Bullion Securities are not entitled to:

- any right to the payment of any dividends;
- any rights of participation in any surplus assets and profits of the Company; or
- priority of payment of capital or dividends in relation to other classes of shares, except on the winding up of the Company.

Gold Bullion Securities are redeemable at any time (in accordance with the terms of Redemption) by the holder. Gold Bullion Securities can also be compulsorily redeemed by the Company on provision of 30 days notice or in the case of insolvency. Therefore an investment in Gold Bullion Securities may be redeemed earlier than desired by the holder.

8. Contributed Equity

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| 250,100 fully paid ordinary shares (2003: 250,100) | 250,100 | 250,100 |

All ordinary shares issued by Gold Bullion Securities Limited carry one vote per share without restriction and carry the right to dividends. All ordinary shares are held by the parent entity, Gold Bullion Holdings Limited, a UK registered company.

| | 2004 | | 2003 | |
|--|---------|---------|---------|---------|
| | No. | \$ | No. | \$ |
| Fully Paid Ordinary Shares | | | | |
| Balance at beginning of financial year | 250,100 | 250,100 | - | - |
| Issue of shares | - | - | 250,100 | 250,100 |
| Balance at end of financial year | 250,100 | 250,100 | 250,100 | 250,100 |

9. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2004.

10. Economic Support

Pursuant to the Administration Agreement between the Company and the parent entity, all the operating costs relating to the Company, including gold storage, gold insurance, marketing and administration costs, are incurred by the parent entity and paid by the parent entity which charges the Company an administration fee in respect of these costs only to the extent of income earned from Application, Redemption and Monthly Gold Sales Charge fees. This agreement can be terminated by either party on 30 days written notice. The Company has received a letter from the directors of the parent entity stating that it does not intend to terminate the Agreement within the next twelve months.

11. Related Party Disclosures

The UK parent entity is Gold Bullion Holdings Limited, registered No: 4842906. The ultimate parent entity is the World Gold Council based in London which controls 66 ²/₃% of Holdings issued capital.

12. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Significant Terms and Conditions

The company acquired one "London Good Delivery" gold bar (of 420 fine troy ounces) and loaned the bar to Gold Bullion Nominees Pty Ltd, an entity subject to common control and Trustee for the Trust that holds the gold bullion in which the holders of the Gold Bullion Securities have a beneficial interest. This gold bar facilitates the effective administration of the Trust's allocated gold accounts by acting as a swing factor and ensuring that all holders of Gold Bullion Securities receive allocated gold bullion bars. The Trustee uses the gold bar swing factor to provide any difference necessary to make up a London good delivery bar. The loan to Gold Bullion Nominees Pty Ltd was recorded at cost.

(c) Interest Rate Risk

The company does not have significant exposure to interest rate risk as at 30 June 2004, except short term surplus cash which earns 2.5% interest.

(d) Net Fair Value

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The following table details the net fair value of financial assets and financial liabilities:

| | Carrying Amount | Net Fair Amount | Carrying Amount | Net Fair Value |
|--|--------------------|--------------------|--------------------|-------------------|
| | 2004 | 2004 | 2003 | 2003 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| <i>Not Readily Traded</i> | | | | |
| Favourable gold swap (pay 420 fine troy ounces of gold; receive \$249,900) | - | 9,083 | - | 31,735 |

The above financial assets have been valued on the basis that they can be settled on demand.

Financial Assets Carried in Excess of Net Fair Value

As detailed in the above table, loans denominated in fine troy ounces of gold are recorded in the statement of financial position in excess of their net fair value. The company intends to hold these financial assets as long as the company continues to operate.

To mitigate the exposure to movements in the value of gold upon return of the gold loan by Gold Bullion Nominees Pty Ltd to the Company, the Company has a swap agreement with Investor Resources Holdings Pty Ltd (shareholder in the parent entity). Pursuant to the swap agreement, on the date which the above gold loan to Gold Bullion Nominees is repaid, the Company pays the parent 420 ounces of gold and Investor Resources Holdings Pty Ltd pays the Company \$249,900, whereby the carrying amount of the gold loan will be fully recovered.

13. Notes To The Statement of Cash Flows

(a) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| Profit from ordinary activities after related income tax | - | - |
| Changes in net assets and liabilities | | |
| (Increase)/decrease in assets: | | |
| Current receivables | 10,581 | (42,624) |
| Increase/(decrease) in liabilities: | | |
| Current payables | 6,262 | 56,076 |
| Net cash from operating activities | 4,319 | 13,452 |

The proceeds from applications for Gold Bullion Securities \$866,662 and payments for gold bullion on behalf of holders of Gold Bullion Securities \$865,763 disclosed in the Statement of Cash Flows reflect funds received into, and used to purchase gold from, the Company's Application Accounts. Gold bullion was also received from Applicants by the Company during the year but this is not included in the Statement of Cash Flows as it is not cash. In addition, gold was deposited by certain Applicants directly with the Trustee. When combining all three ways in which gold was deposited into the Trustee's account and after allowing for redemptions, a total of 259,635.642 fine troy ounces were for Holders in the Trustee's account as at 30 June 2004.

14. Impacts of adopting the Australian equivalents to International Financial Reporting Standards

In accordance with the Financial Reporting Council's strategic directive, the Company will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the Company's first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

The directors of the Company have not yet performed a study of the impact of A-IFRS, however, based on a preliminary review of A-IFRS requirements, the directors believe that the adoption of A-IFRS will not have a significant impact on the Company.

15. Additional Company Information

Gold Bullion Securities Limited is a public company incorporated and operating in Australia and admitted to the official list of the Australian Stock Exchange (ASX) under the debt listing rules. The Company's Gold Bullion Securities (ASX Code: GOLD) are quoted on the ASX. The company's addresses are as follows:

Registered Office

Level 3
15 Queen Street
Melbourne VIC 3000
Australia

Principal Place of Business

Level 3
15 Queen Street
Melbourne VIC 3000
Australia

DIRECTORS' DECLARATION

The Directors' declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Graham J Tuckwell

Director

Melbourne, 23 September 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GOLD BULLION SECURITIES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Gold Bullion Securities Limited, for the financial year ended 30 June 2004 as set out on pages 6 to 14.

The directors of Gold Bullion Securities Limited are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of Gold Bullion Securities Limited. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of Gold Bullion Securities Limited's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Gold Bullion Securities Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of Gold Bullion Securities Limited's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



C Biermann

Partner

Chartered Accountants

Melbourne, 23 September 2004

The following shaded pages contain
the Financial Statements and the Independent Audit Report on
Gold Bullion Nominees Pty Ltd,
being the Trustee for all gold held on trust
for holders of Gold Bullion Securities

DIRECTORS' REPORT

The directors of Gold Bullion Nominees Pty Ltd submit herewith the financial report of the Company for the financial year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

| | |
|------------------------------------|---|
| Mr Graham John Tuckwell | Chairman, Investment Banker, appointed on 20 September 2002 as an executive director and is Joint Managing Director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |
| Dr Vincent William John FitzGerald | Chairman of The Allen Consulting Group Pty Ltd, appointed on 10 February 2003 as a non-executive director and is non-executive director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |
| Mr Simon Frederick William Village | A Managing Director of the World Gold Council, appointed on 10 February 2003 as an executive director and is Joint Managing Director of the parent entity, Gold Bullion Holdings Limited, a UK registered company. |

The above named directors held office during and since the end of the financial year.

Principal Activities

Gold Bullion Nominees Pty Ltd (the "Trustee", the "Company") was established to facilitate the offer of Gold Bullion Securities by Gold Bullion Securities Limited. The owners and directors of the Trustee are the same as that of Gold Bullion Securities Limited. A Gold Bullion Security is comprised of a Gold Bullion Share of nominal value (issued by Gold Bullion Securities Limited) which carries with it an entitlement to approximately 1/10th of one fine troy ounce of gold bullion held in the name of the Trustee. Each time the holder transfers a Gold Bullion Share to a new holder, the beneficial interest in the gold bullion transfers to the new holder.

During the financial year there were no significant changes in the nature of those activities.

Review of Operations

The Company continued to provide Trustee services connected with the offer of Gold Bullion Securities. This consisted of the management of the Trustee's gold bullion account held with the custodian bank, HSBC Bank USA in London.

Changes in State of Affairs

The success of ASX listed-GOLD on the Australian Stock Exchange paved the way for the listing of an additional new series of Gold Bullion Securities on the London Stock Exchange (LSE) in the UK. These additional securities are issued by a new company associated with Gold Bullion Securities Limited and trading on the LSE commenced on 9 December 2003. The management of the companies for the LSE listing are the same as for the ASX listing and the directors include all the directors for the ASX listing.

In conjunction with the LSE listing, Gold Bullion Securities Limited in Australia and the World Gold Council announced the formalisation of their relationship through a new company, Gold Bullion Holdings Limited ("Holdings") which at the end of the period owned both the LSE and ASX products. Holdings is owned 2/3rds by the World Gold Council and 1/3rd by Investor Resources Holdings Pty Ltd, and Graham Tuckwell and Simon Village are Joint Managing Directors. Holdings intends to develop, manage and market further listings of Gold Bullion Securities.

As part of these new arrangements, the Administration Agreement between Investor Resources Limited ("IRL"), Gold Bullion Securities Limited and Gold Bullion Nominees Pty Ltd has been cancelled and a new Administration Agreement has been entered into with Holdings.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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 years not already disclosed in this report or the attached financial report.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Share Options Granted to Directors

No share options were granted or issued to Directors or executives during the period.

Indemnification of Officers and Auditors

From formation on 17 September 2002 to 30 November 2003, IRL provided a written indemnity to the Directors of the Company, the Company Secretary and all executive officers of the Company against any liability incurred while performing the duties of a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. As from 1 December 2003 that indemnity is now given by Holdings.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Directors' Meetings

The number of Directors' meetings and the number of meetings attended by each Director of the Company during the financial year were:

Board of Directors

| Directors | Held | Attended |
|-----------------------|------|----------|
| Graham J Tuckwell | 1 | 1 |
| Vincent WJ FitzGerald | 1 | 1 |
| Simon FW Village | 1 | 1 |

Directors' Interests

The following table sets out each Director's interest in Ordinary shares as at the date of this report:

| Directors | Fully Paid Ordinary Shares |
|----------------------|----------------------------|
| Graham John Tuckwell | 33 |

Directors' Remuneration

The following table discloses the remuneration of the Directors of the Company which has been paid by IRL and Holdings during the financial period:

| Name | Primary Salary/Fees | Post Employment Super | Total |
|-------------------------------|---------------------|-----------------------|-------|
| Specified Directors: | | | |
| <i>Executive Directors</i> | | | |
| Graham J Tuckwell | Nil | Nil | Nil |
| Simon FW Village | Nil | Nil | Nil |
| <i>Non-Executive Director</i> | | | |
| Vincent WJ FitzGerald | Nil | Nil | Nil |

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Graham J Tuckwell
Director

Melbourne, 23 September 2004

Statement of Financial Performance for the Financial Year ended 30 June 2004

| | Note | 2004 \$ | 2003 (9 months) \$ |
|---|------|------------|--------------------------|
| <i>Revenue From Ordinary Activities</i> | | | |
| Unrealised gain on loan from Gold Bullion Securities Limited | | 9,083 | 31,735 |
| <i>Expenses From Ordinary Activities</i> | | | |
| Unrealised loss on gold bullion | | (9,083) | (31,735) |
| <i>Profit From Ordinary Activities Before Income Tax</i> | | | |
| Income tax expense relating to ordinary activities | | - | - |
| <i>Net Profit</i> | | | |
| <i>Total Changes In Equity Other Than Those Resulting From Transactions With Owners As Owners</i> | | | |
| | | - | - |

Statement of Financial Position as at 30 June 2004

| | Note | 2004 \$ | 2003 \$ |
|---|------|------------|------------|
| <i>Current Assets</i> | | | |
| Cash | | 100 | 100 |
| <i>Total Current Assets</i> | | 100 | 100 |
| <i>Non-Current Assets</i> | | | |
| Gold bullion | 2 | 240,817 | 218,165 |
| <i>Total Non-Current Assets</i> | | 240,817 | 218,165 |
| <i>Total Assets</i> | | 240,917 | 218,265 |
| <i>Non-Current Liabilities</i> | | | |
| Loan from Gold Bullion Securities Limited | | 240,817 | 218,165 |
| <i>Total Non-Current Liabilities</i> | | 240,817 | 218,165 |
| <i>Total Liabilities</i> | | 240,817 | 218,165 |
| <i>Net Assets</i> | | 100 | 100 |
| <i>Equity</i> | | | |
| Contributed equity | 6 | 100 | 100 |
| <i>Total Equity</i> | | 100 | 100 |

Statement of Cash Flows for the Financial Year ended 30 June 2004

| | Note | 2004 \$ | 2003 (9 months) \$ |
|--|------|------------|--------------------------|
| <i>Cash Flows From Financing Activities</i> | | | |
| Proceeds from issues of equity securities | | - | 100 |
| <i>Net Increase In Cash Held</i> | | - | 100 |
| <i>Cash At The Beginning Of The Financial Period</i> | | 100 | - |
| <i>Cash At The End Of The Financial Period</i> | | 100 | 100 |

Notes to the financial statements are included on pages 20 to 22.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

1 Statement of Significant Accounting Policies

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Gold assets are recorded at the market value of gold at balance date.

(b) Loan from Gold Bullion Securities Limited

The Trustee has borrowed a 420 fine troy ounce gold bar from Gold Bullion Securities Limited. The loan is denominated in fine troy ounces of gold and is recorded at the market value of gold at balance date. The bar is stored at HSBC USA Bank in London and is used to ensure all holders (of Gold Bullion Securities) receive an entitlement to "allocated" gold in accordance with the Bare Trust Deed.

(c) Date of Incorporation

The Trustee was incorporated on 20 September 2002 and accordingly 2003 comparative figures shown cover the nine month period from incorporation.

2 Non-Current Assets

As at 30 June 2004, the Trustee held 420 fine troy ounces of gold with a market value at balance date of \$240,817 for its own account.

The Trustee also held 259,635.642 fine troy ounces of gold with a market value at balance date of \$148,868,300 on behalf of holders of Gold Bullion Securities. All the gold bullion was held in the name of the Trustee and the 259,635.642 ounces of gold was not brought to account by the Trustee because the holders of Gold Bullion Securities had the beneficial interest in this gold.

The gold was held as 645 London Good Delivery bars totalling 259,719.909 fine troy ounces of gold (which were held in "allocated" form) and the balance of 335.733 fine troy ounces of gold was held in unallocated form (all of which was for the account of the Trustee). The gold held for holders represents approximately 1/10th of a fine troy ounce entitlement with respect to the 2,602,081 Gold Bullion Securities on issue at 30 June 2004.

3 Directors' Remuneration

The Directors of Gold Bullion Securities during the financial year were:

- Mr Graham John Tuckwell
- Dr Vincent William John FitzGerald
- Mr Simon Frederick William Village

The following table discloses the remuneration of the Specified Directors of the Company during the financial period:

| Name | Primary Salary/Fees | Post Employment Super | Total |
|-------------------------------|------------------------|--------------------------|-------|
| Specified Directors: | | | |
| <i>Executive Directors</i> | | | |
| Graham J Tuckwell | Nil | Nil | Nil |
| Simon FW Village | Nil | Nil | Nil |
| <i>Non-Executive Director</i> | | | |
| Vincent WJ FitzGerald | Nil | Nil | Nil |

The Company has no Specified Executives.

4 Remuneration of Auditors

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| Auditing of the annual financial reports | 3,500 | 4,000 |

The fees paid or payable in respect of the Company for the financial year are paid by the parent entity.

5 Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the year.

6 Contributed Equity

| | 2004 \$ | 2003 \$ |
|--------------------------------|------------|------------|
| 100 fully paid ordinary shares | 100 | 100 |

All ordinary shares issued by Gold Bullion Nominees Pty Ltd carry one vote per share without restriction and carry the right to dividends. All ordinary shares are held by the parent entity, Gold Bullion Holdings Limited.

| | 2004 No. | 2003 No. |
|---|-------------|-------------|
| <i>Fully Paid Ordinary Shares</i> | | |
| Balance at beginning of financial year | 100 | - |
| Issue of shares | - | 100 |
| Balance at end of financial year | 100 | 100 |

7 Related Party Disclosures

The UK parent entity is Gold Bullion Holdings Limited, registered no: 4842906. The ultimate parent entity is the World Gold Council based in London which controls 66 ²/₃% of Holdings issued capital.

8 Impacts of adopting the Australian equivalents to International Financial Reporting Standards

In accordance with the Financial Reporting Council's strategic directive, the Company will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the Company's first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

The directors of the Company have not yet performed a study of the impact of A-IFRS, however, based on a preliminary review of A-IFRS requirements, the directors believe that the adoption of A-IFRS will not have a significant impact on the Company.

9 Additional Company Information

Gold Bullion Nominees Pty Ltd is a proprietary company, incorporated and operating in Australia.

Registered Office and Principal Place of Business

Level 3

15 Queen Street

Melbourne VIC 3000

Australia

DIRECTORS' DECLARATION

The Directors' declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'Graham J Tuckwell', written in a cursive style.

Graham J Tuckwell

Director

Melbourne, 23 September 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GOLD BULLION NOMINEES PTY LTD

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Gold Bullion Nominees Pty Ltd, for the financial year ended 30 June 2004 as set out on pages 19 to 23.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Gold Bullion Nominees Pty Ltd is in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



C Biermann

Partner

Chartered Accountants

Melbourne, 23 September 2004

Corporate Directory

Registered Office of the Company

Level 3, 15 Queen Street
Melbourne VIC 3000

Directors

Graham Tuckwell
Dr Vince FitzGerald
Simon Village

Secretary

Greg Burgess

Custodian Bank

HSBC Bank USA
8 Canada Square
London E14 5HQ

Share Registry

ASX Perpetual Registrars Limited
Level 8, 580 George Street
Sydney NSW 2000

Legal Advisers

Baker & McKenzie
Level 26, AMP Centre
50 Bridge Street
Sydney NSW 2000

Auditors

Deloitte Touche Tohmatsu
505 Bourke Street
Melbourne VIC 3000



www.goldbullion.com

Gold Bullion Securities are the sole obligation of Gold Bullion Securities Limited and Gold Bullion Nominees Pty Ltd. The World Gold Council does not provide any guarantee in respect of Gold Bullion Securities and is not responsible or liable for Gold Bullion Securities or any acquisition of Gold Bullion Securities in any way.

