



ETFS METAL SECURITIES AUSTRALIA LIMITED

Registered No: ACN 101 465 383

**Report and Financial Statements for the
Year ended 31 December 2014**

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Directors

Graham J Tuckwell – Chairman
Greg J Burgess
Vincent W J FitzGerald

Registered Office

Level 27, AMP Centre
50 Bridge Street
Sydney, NSW 2000

Deputy Secretary

Graham J Tuckwell
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Legal Advisers

Baker & McKenzie
Level 27, AMP Centre
50 Bridge Street
Sydney, NSW 2000

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, VIC 3000

Trustee

Gold Bullion Nominees Pty Ltd
Level 27, AMP Centre
50 Bridge Street
Sydney, NSW 2000

Administrator

R&H Fund Services (Jersey) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Secretary

Greg J Burgess
Level 27, AMP Centre
50 Bridge Street
Sydney, NSW 2000

Deputy Secretary

Graeme Ross
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Registrar

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000

Custodian

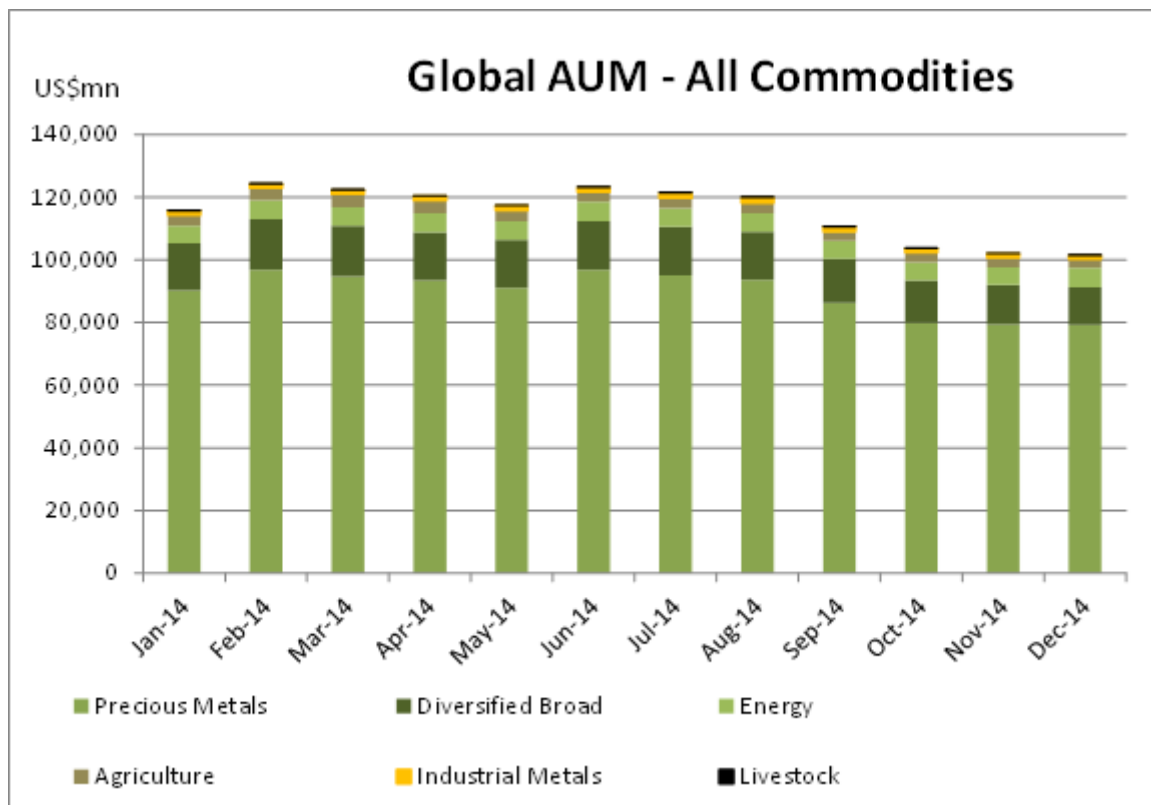
HSBC Bank PLC
8 Canada Square
London, E14 5HQ

Manager

ETFS Management Company (Jersey) Limited
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Commodity markets suffered the largest price declines in 2014 since the financial crisis. Significant supply shocks across a range of commodities had an adverse impact on performance. Despite this, the sharp fall in the Australian dollar in the second half of the year benefitted Australian investors in USD denominated assets, boosting returns and insulating them from larger performance declines. Industrial commodities were negatively affected by concerns about China and emerging markets growth. China's growth remains robust around the 7% level. Inflationary pressures have evaporated and now Chinese policymakers appear poised to continue to provide support for the economy via a range of ways, from rate cuts to targeted spending plans. We expect that commodity prices have adjusted to this period of growth moderation. Healthy demand growth from the US and China, potential disappointments to current optimistic supply forecasts for a number of key commodities, and continued ample global liquidity should help provide a solid base for many commodities

In 2014 global commodity exchange traded product (ETP) assets fell by US\$20.6bn to US\$101.5bn. Close to 100% of the global commodity Assets Under Management (AUM) decline in 2014 was due to price declines, with net investor outflows a meagre US\$30mn, as investors appear to be rotating toward more cyclical commodity exposures.



Precious metals ETPs accounted for over 70% of the decline in global commodity ETP AUM in 2014, with AUM dropping by US\$14.8bn to US\$79bn. While gold ETPs represented the majority of the AUM drop of the sector, 74% of the decline was due to falling prices during the year. Indeed, the majority of the outflows came from US investors, likely a result of reduced defensive portfolio positioning.

2014 in Review

US Dollar strength has been a boon for Australian investors holding USD denominated assets. The rally in the US Dollar has been supported by a strong underlying economy enabling the US Federal Reserve to gradually remove the extraordinary stimulus measures in place due to the global financial crisis. By end-2014, the AUD had slumped 8% against the USD.

While the price of gold ended 2014 virtually unchanged, in Australian dollar (AUD) terms, ETFS Physical Gold surged 9% in 2014 due to a weakening of the AUD versus the US dollar during the year. Gold has retained its allure, particularly for non-US investors as lingering risks continue to threaten the nascent global economic recovery. ETFS Palladium was the best performing precious metal ETP as potential supply constraints and geopolitical concerns from Russia lifted prices by 23% over the year. Both ETFS Palladium and ETFS Gold outperformed Australian equity benchmarks in 2014. Other precious metals suffered as indications of faltering demand weighed on performance.

	Cumulative Returns (AUD)			
	1 Yr	3 Yrs	5 Yrs	10 Yrs
ETFS Physical Gold	9%	-2%	22%	165%
ETFS Physical Silver	-11%	-29%	3%	124%
ETFS Physical Platinum	-3%	11%	-9%	34%
ETFS Physical Palladium	23%	61%	127%	321%
ETFS Physical PM Basket	9%	8%	27%	146%

All returns, correlations and volatilities are based on actual index data or underlying commodity prices excluding fees. Returns are in AUD, dates are from 31 December 2004 to 31 December 2014, unless otherwise stated. Sharpe ratios are based on 10 year returns, 10 year volatility and a risk free rate of 1.63% (average of US 5Yr rates over 1 year).

Outlook 2015

Economic recovery to support cyclical commodity demand

Cyclical commodities are likely to be the main beneficiaries of the ongoing rise of economic activity in the US and China in 2015. With China continuing to stimulate its economy and budgeting for more commodity-intensive infrastructure spending we believe the outlook for cyclical commodities looks strong. Local governments in China were reluctant to make large spending decisions in 2014 because of the central government's clampdown on the use of third-party funding vehicles. Now that local governments are able to borrow under their own name, we believe commodity-intensive infrastructure spending will accelerate in 2015. Commodity performance has lagged traditional economic activity indicators like the US leading index amongst others, and we expect this to mean revert.

Supply likely to become constrained if price weakness persists

With so many commodities trading at or below their marginal cost of production, we believe that unless we see price increases, production will eventually be cut. While in the short-term companies and mines can continue to produce even if prices are trading below marginal costs, it is not sustainable in the long-term. Unprofitable operations will have to be shut down or downsized, reducing production to contain costs. In turn, tighter supply will drive better price performance. We expect the recent correction in commodity prices to be transitory and believe commodities are attractively valued at current levels. Most of the factors that have hit commodity prices over the past months are temporary, and we believe the price correction creates tremendous opportunities for medium to long-term investors.

Geopolitical risk and supply disruptions will remain in focus in 2015

While the geopolitical environment remains tense in a number of regions, and likely to weigh on the economic outlook, it is likely to be a supportive influence for a number of commodities. Demand for defensive assets like gold, primarily as a portfolio hedge will likely remain resilient, in view of the global risks, especially with the price of this hedge so close to the marginal cost of production. In our central scenario, we don't expect geopolitical risk to significantly interfere with continued economic growth and the demand for cyclical assets. At the same time, geopolitical risks could cause supply disruptions across a number of commodities particularly the Platinum Group Metals (PGMs) and oil. While supply remains abundant across most commodity sectors, contributing to price weakness, we feel that the most aggressive supply forecasts have already been priced in.

Supply shocks have played a central role in the metal sector in 2014, with South Africa suffering a 5-month long strike and Indonesia introducing an ore export ban

Significant production is located in emerging markets, which makes supply consistency an ongoing uncertainty. Supply disruptions are quite common in the commodity space and they are likely to continue to be a key driver of prices in 2015. Industrial metal and precious metal markets should also benefit from continued growth in Chinese demand (we feel that the negativity over a Chinese slowdown is overdone), and supply not achieving growth expectations of the market. As noted above, a worsening geopolitical outlook could also moderate some of the supply expectations for commodities, particularly in the energy and metals sectors, helping lift prices in 2015. The recent price weakness reflects transitory investor capitulation and we believe that a broad range of commodity markets appear attractively priced, particularly those linked to a cyclical upswing.

A handwritten signature in black ink, appearing to read 'Graham Tuckwell'.

Graham Tuckwell
Chairman
March 2015

The directors of ETFS Metal Securities Australia Limited (the "Company") submit herewith the annual report and financial statements of the Company for the year ended 31 December 2014. 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 and since the end of the financial year are:

Graham J Tuckwell - Chairman
 Vincent W J FitzGerald
 Greg J Burgess

Directors' Interests

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

Directors	Fully Paid Ordinary Shares
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	<u>136,380</u>

Principal Activities

The Company's principal activities during the course of the financial year was the continuing issue of ETFS Physical Gold Securities, ETFS Physical Palladium Securities, ETFS Physical Platinum Securities, ETFS Physical Silver Securities and ETFS Physical PM Basket Securities, allowing investors to own and trade that interest through a listed security traded on the Australian Stock Exchange ("ASX").

A Metal Security comprises of a Metal Share (a redeemable preference share issued at a nominal value of 1/1,000th of a cent) together with an approximate entitlement (in all cases) to either 1/10th of one troy ounce of platinum, 1/10th of one troy ounce of palladium, 1/10th of one fine troy ounce of gold bullion, 1 troy ounce of silver and a combination of 1/25th of one troy ounce of gold bullion, 1 1/5th of one troy ounce of silver, 1/100th of one troy ounce of platinum and 1/50th of one troy ounce of palladium for the basket security. The metals are held in the name of the Trustee, Gold Bullion Nominees Pty Ltd. The metal, to which the holder is entitled, is held by the Custodian Bank (HSBC Bank PLC) in vaults in London.

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

Under the Administration Services Deed Poll between the Company and ETFS Management Company (Jersey) Limited ("ManJer"), ManJer provides or procures services to the Holders in connection with the issue and management of the Company's Metal Securities. Pursuant to this Deed Poll all the operating costs relating to the Company (including compensation of directors and executives) are paid for by ManJer.

Review of Operations

The most recent rollover prospectus was issued on 23 December 2014. The Company was incorporated on 17 September 2002 and was admitted to the official list of the ASX on 27 March 2003. ETFS Physical Gold Securities (formerly Gold Bullion Securities) commenced trading on the ASX on 28 March 2003. On 2 February 2009 ETFS Physical Gold Securities was launched on the AQUA platform and was joined by ETFS Physical Platinum Securities, ETFS Physical Palladium Securities, ETFS Physical Silver Securities and ETFS Physical PM Basket Securities.

A total of 26,166 (2013: 26,166) ETFS Physical Platinum Securities, 16,833 (2013: 29,178) Physical Palladium Securities, 2,260,512 (2013: 2,330,232) ETFS Physical Silver Securities, 3,106,770 (2013: 3,421,297) ETFS Physical Gold Securities and 40,011 (2013: 50,261) ETFS Physical PM Basket Securities were in issue at 31 December 2014.

For the year to 31 December 2014, the Company incurred no expenses and accrued no income.

Future Developments

The directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Dividends

The directors do not recommend the provision or payment of a dividend to holders of Ordinary Shares for the year (2013: AUD Nil).

Share Options Granted to Directors

No share options were granted or issued to directors or executives during the year.

Indemnification of Officers and Auditors

The Company 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.

The Company has not otherwise, during or since the financial year, 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 year were:

Directors	Held	Attended
Graham J Tuckwell	4	1
Greg J Burgess	4	4
Vincent WJ FitzGerald	4	4

Remuneration Report (Audited)

The following table discloses the remuneration of the directors of the Company which has been paid by the parent during the year to 31 December 2014.

Name	Short-term Employee Benefits Salary/Fees AUD	Post- Employment Benefits Super AUD	Total AUD
Specified Directors:			
Graham J Tuckwell	Nil	Nil	Nil
Greg J Burgess	Nil	Nil	Nil
Vincent WJ FitzGerald	Nil	Nil	Nil
Specified Company Secretary:			
Graeme D Ross	Nil	Nil	Nil
Greg J Burgess	Nil	Nil	Nil
Graham J Tuckwell	Nil	Nil	Nil

There have been no movements in key management personnel shareholdings during the year ended 31 December 2014.

Remuneration Report (Audited) (Continued)

There were no executive directors and other executives during the financial year. Mr Tuckwell, Dr FitzGerald and Mr Burgess were not entitled to receive any emoluments in respect of their directorships. None of the directors have agreed to waive or have waived any of their emoluments from the Company. The remuneration of the directors is not dependent on the satisfaction of a performance condition.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 9.

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

Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Vincent W J FitzGerald'.

Vincent W J FitzGerald

Director

Melbourne, 20 March 2015

The directors' declare that:

- 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;
- in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company;
- in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2; and
- the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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 blue ink, appearing to read 'Vincent W J FitzGerald'.

Vincent W J FitzGerald
Director
Melbourne, 20 March 2015

The Board of Directors
ETFS Metal Securities Australia Limited
Level 27, AMP Centre
50 Bridge Street
SYDNEY, NSW 2000

20 March 2015

Dear Board Members

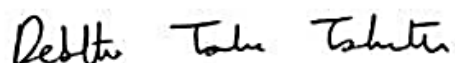
Independence Declaration – ETFS Metal Securities Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of ETFS Metal Securities Australia Limited.

As lead audit partner for the audit of the financial statements of ETFS Metal Securities Australia Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Independent Auditor's Report to the Directors of ETFS Metal Securities Australia Limited

We have audited the accompanying financial report of ETFS Metal Securities Australia Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company as set out on pages 12 to 26.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of ETFS Metal Securities Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of ETFS Metal Securities Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

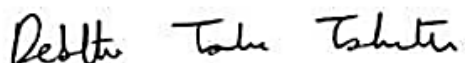
(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 31 December 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of ETFS Metal Securities Australia Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Melbourne, 20 March 2015

	Notes	Year ended 31 December	
		2014 AUD	2013 AUD
Revenue			
Net Gains/(Losses) on Financial Instruments		-	-
Expenses		-	-
Profit Before Income Tax Expense		-	-
Income Tax		-	-
Profit for the Year Attributable to Equity Holders of the Company		-	-
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		-	-

The directors consider the Company's activities are continuing.

The notes on pages 16 to 27 form part of these financial statements

		As at 31 December	
	Notes	2014 AUD	2013 AUD
Assets			
Current Assets			
Cash and Cash Equivalents		11,994	12,447
Receivable from Related Parties	6	395,820	395,372
Gold Bar	7	615,526	564,053
Total Current Assets		1,023,340	971,872
Total Assets		1,023,340	971,872
Liabilities			
Current Liabilities			
Gold Bar Loan Payable	8	242,328	242,328
Other Current Liabilities	9	373,198	321,725
Total Current Liabilities		615,526	564,053
Non-Current Liabilities			
Other	10	55	59
Total Non-Current Liabilities		55	59
Total Liabilities		615,581	564,112
Net Assets		407,759	407,760
Equity			
Issued Capital	11	250,100	250,100
Equity Contributions	12	360,000	360,000
Retained Earnings		(202,340)	(202,340)
Total Equity		407,760	407,760

The financial statements on pages 12 to 27 were approved by the board of directors and signed on its behalf on 20 March 2015.



Vincent WJ FitzGerald
Director

	Notes	Year ended 31 December	
		2014 AUD	2013 AUD
Cash Flows Used In Operating Activities			
Payments to Related Parties		(449)	(1,408)
Net Cash Used in Operating Activities	17	(449)	(1,408)
Cash Flows Used By Financing Activities			
Payment Made for Trading of Metal Securities		(4)	(3)
Net Cash Used by Financing Activities		(4)	(3)
Net Decrease in Cash and Cash Equivalents		(453)	(1,411)
Cash and Cash Equivalents at the Beginning of the Year		12,447	13,858
Cash and Cash Equivalents at the End of the Year		11,994	12,447

The notes on pages 16 to 27 form part of these financial statements

	Issued Capital AUD	Retained Earnings AUD	Other Reserves AUD	Total Equity AUD
Opening Balance at 1 January 2013	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Year	-	-	-	-
Balance at 31 December 2013	250,100	(202,340)	360,000	407,760
Opening Balance at 1 January 2014	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Year	-	-	-	-
Balance at 31 December 2014	250,100	(202,340)	360,000	407,760

The notes on pages 16 to 27 form part of these financial statements

1. General Information

ETFS Metal Securities Australia Limited (the “Company”) is a public company incorporated and operating in Australia and admitted to the official list of the Australian Stock Exchange (ASX) under the AQUA rules. The Company’s Metal Securities are quoted on the ASX under the following codes:

ETFS Physical Gold	GOLD
ETFS Physical Silver	ETPMAG
ETFS Physical Platinum	ETPMPT
ETFS Physical Palladium	ETPMPD
ETFS Physical PM Basket	ETPMPM

The address of the registered office and principal place of business is Level 27, AMP Centre, 50 Bridge Street, Sydney, NSW 2000.

The ETF Securities Group, of which the Company is a part, specialises in the development and issuance of Exchange Traded Products (“ETPs”). ETPs are transparent securities designed to track the value (before fees and expenses) of the underlying commodity, index or currency while providing market liquidity for the investor.

The purpose of the Company is to provide a vehicle that permits trading of the Metal Securities, not to make gains from trading in the underlying Metal Bullion assets themselves. The Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the underlying assets, therefore from a commercial perspective gains and losses in respect of Contracts will always be offset by an equal and opposite loss or gain on the Securities. Further details regarding the risks of the Company are disclosed in note 16.

ETPs typically are not actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No trading or management of futures contracts is required of the Company because the Company has entered into arrangements to acquire an equivalent asset exposure to the underlying assets from a third party which fully hedges the exposure of the Company.

The Company has entered into an Administration Services Deed Poll with ETFS Management Company (Jersey) Limited (“ManJer”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company. Pursuant to the Administration Services Deed Poll between the Company and ManJer all the operating costs relating to the Company, including gold storage, gold insurance, marketing and administration costs, are incurred and paid by ManJer to enable the continued operation of the Company.

ManJer is entitled to:

- (1) A Management Fee which is calculated by applying a fixed percentage to the contractual value of debt Securities in issue on a daily basis; and
- (2) Creation and Redemption Fees on the issue and redemption of the Securities.

No Creation or Redemption Fees are payable when investors trade in the Securities on a listed market such as the Australia Stock Exchange.

2. Accounting Policies

Statement of Compliance

These financial statements are a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, accounting standards and interpretations and comply with other requirements of the law. Accounting standards include Australian equivalents to International Financial Reporting standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 20 March 2015.

Basis of Preparation

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, see note 6. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Standards, amendments and interpretations effective on 1 January 2014:

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Company's operations and effective for the current reporting period:

- AASB 1031 'Materiality'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 139 'Financial Instruments: Recognition and Measurement'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - a) Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - b) Part C: 'Materiality'

No significant impact on the amounts reported in these financial statements is expected from the adoption of these Standards and Interpretations.

2. Accounting Policies (Continued)

Basis of Preparation (continued)

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.

Standards and Interpretations in issue not yet effective

A number of new standards, amendments to standards and interpretations have been issued at the reporting date but are not yet effective. The Company has not yet assessed the impact of these standards and does not intend to early adopt any of the standards prior the effective date.

- AASB 9 'Financial Instruments' and the relevant amending standards (effective from 1 January 2018);
- AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' (effective from 1 January 2017);
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle' (effective from 1 January 2016);
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101' (effective from 1 January 2016);
- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality' (effective from 1 July 2015);
- AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent' (effective from 1 July 2015).

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

Goods and Services Tax

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

- 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
- 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 gross 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.

2. Accounting Policies (Continued)

Income Tax

(i) Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Current and deferred tax is recognised as an expense or income in the income statement except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Gold Bar

The gold bar asset is a hedged item in a designated fair value hedge and is recorded at fair value. Changes in fair value are recognised in the statement of profit or loss and other comprehensive income.

Gold Bar Loan Payable

The gold bar loan is repayable in gold. This loan is recorded at amortised cost.

Payables

Trade payables and other accounts payable are recognised when the parent Company becomes obliged to make future payments resulting from the purchase of goods and services.

ETFS Redeemable Preference Shares

ETFS Metal Shares are redeemable preference shares and are recorded at their nominal value of 1/1,000th of one cent each.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2. Accounting Policies (continued)

Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Loans and Receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Derivative Financial Instruments

(i) Gold Bar Loan Payable Embedded Derivative

The Company has a gold loan bar payable that is denominated in gold. This loan is recorded at amortised cost in the current year.

Due to this loan being settled in gold, the value of the loan is linked to the market price of gold. Therefore an embedded derivative exists in respect of the loan. The embedded derivative is re-measured to its fair value at each reporting date. Movements in the fair value are recognised in the statement of profit or loss and other comprehensive income.

(ii) Fair-Value Hedge

Changes in the fair value of derivatives (including those that are based on the market value of gold) that are designated and qualify as fair value hedges are recorded in profit and loss immediately, together with any changes in the value of the hedged asset or liability that is attributable to the hedged risk. Hedge accounting is discontinued when the hedged asset is disposed or no longer qualifies for hedge accounting.

3. Revenue and costs

For the year to 31 December 2014, the Company incurred no expenses and accrued no income.

Capital reserves will remain at \$250,100; sufficient to maintain on-going operations and the continuing issue of the Company's Metal Securities.

4. Income Tax

Under the terms of the Administration Services Deed Poll between Holders and ManJer, the creation and redemption fees and monthly gold sales charge are paid directly by Holders to the management company and the management company pays all expenses required to facilitate the Holders' investment in ETFS Metal Securities Australia Limited. This arrangement means the Company has received no income and incurred no liabilities or expenses.

5. Remuneration of Auditors

	As at 31 December	
	2014	2013
	AUD	AUD
Audit of the Financial Statements	19,014	18,460

The Audit Fee is paid by ManJer.

6. Amount Receivable from Related Parties

	As at 31 December	
	2014	2013
	AUD	AUD
Amount Receivable from ETFSL (Parent)	309,181	309,181
Amount Receivable from ManJer	86,639	86,191
Amount Receivable from Related Parties	395,820	395,372

The amount receivable from related parties reflects costs incurred by the related parties that have been settled by the Company. These amounts are reimbursed to the Company by the related parties. Refer to note 15. Related Party Disclosures.

7. Gold Bar

	As at 31 December	
	2014	2013
	AUD	AUD
Gold Bar	615,526	564,053

The gold bar asset has been recorded at fair value. The fair value of the gold bar at reporting date is based on the market value of gold at reporting date of AUD 1,465.54 (2013: AUD 1,342.98) per ounce.

The gold bar asset has been recorded at fair value on the basis that a fair value hedge exists between the Company's gold bar and the Company's gold bar loan payable. Changes in the fair value of the gold bar asset are recognised in the statement of profit or loss and other comprehensive income. The gold bar is classified as a Level 1 financial instrument. Refer to Note 16 for definitions of the fair value hierarchy.

The Company's gold bar has been made available for use by Gold Bullion Nominees Pty Ltd, an entity subject to common control. Gold Bullion Nominees Pty Ltd uses this bar to facilitate the movement of gold between unallocated and allocated physical stocks of gold and ensures all Holders' receive gold in allocated form.

8. Gold Bar Loan Payable

	As at 31 December	
	2014	2013
	AUD	AUD
Gold Bar Loan Payable	242,328	242,328

The Company has a Gold Loan Agreement with HSBC Bank USA, N.A. for the loan of a 420 fine troy ounce London good delivery gold bar. The Agreement signed on 9 December 2004 provides a no-interest at call facility which is denominated in gold. Apart from the gold bar made available to Gold Bullion Nominees Pty Ltd which remains in the vaults of HSBC Bank USA, N.A. no other security has been provided.

The loan has been recorded at amortised cost as at 31 December 2014 based on the market value of gold on 9 December 2004 of AUD 576.97 per ounce.

9. Other Current Liabilities

	As at 31 December	
	2014	2013
	AUD	AUD
Gold Bar Loan Payable Embedded Derivative	373,198	321,725

Due to the Gold Bar Loan Payable being settled in gold, the value of the loan is linked to the market price of gold. Therefore an embedded derivative exists in respect of the loan. The embedded derivative has been re-measured to fair value at reporting date. The fair value of the embedded derivative at the reporting date is based on the market value of gold at the reporting date of AUD 1,465.54 (2013: AUD 1,342.98) per ounce. The unrealised gain on movement in the Gold Bar for the current year (refer to note 6) of AUD 51,473 (2013: AUD 109,666) is offset by the unrealised gain on movement in the Gold Loan Payable Embedded Derivative of AUD 51,473 (2013: AUD 109,666).

10. Other Non-Current Liabilities

	As at 31 December	
	2014	2013
	AUD	AUD
Redeemable Preference Shares	55	59

Redeemable preference shares include issued Metal Securities. A Metal Security comprises of a Metal Share of nominal value plus a Beneficial Interest in the relevant amount of bullion (the Metal Entitlement), which is held in a Separate Trust for each Holder. A Metal Share is a redeemable preference share with a nominal value of 1/1,000th of one cent which carries with it a right to the Metal Entitlement applicable to that class of share. The Metal Share exists in order to provide a class of "share" which is tradable on the Australian Stock Exchange. The economic value of each Metal Security lies in the Metal Entitlement which is carried around with each Metal Share. Whenever there is a transfer in ownership of a Metal Share, there is a corresponding transfer in the ownership of the Metal Entitlement applicable to that Metal Share. The Trustee of the metals is Gold Bullion Nominees Pty Ltd, a special purpose company established to facilitate the offer of Metal Securities. The owners and directors of the Trustee are the same as that of the Company.

10. Other Non-Current Liabilities (Continued)

The Metal Securities on issue at 31 December 2014 comprised the following:

	<u>Platinum</u>	<u>Palladium</u>	<u>Silver</u>	<u>Gold</u>	<u>Basket</u>
Number of Securities on Issue at 31 December 2013	26,166	29,178	2,330,232	3,421,297	50,261
Created During the Year	-	-	-	52,108	-
Redeemed During the Year	-	(12,345)	(69,720)	(366,635)	(10,250)
Number of Securities on Issue at 31 December 2014	26,166	16,833	2,260,512	3,106,770	40,011

Ownership of the Metals (2,929.136 troy ounces of platinum, 2,411.426 troy ounces of palladium, 299,158.873 fine troy ounces of gold and 2,241,510.731 troy ounces of silver) at 31 December 2014 is held in the name of the Trustee for the benefit of the holders.

Holders of Metal Securities have the right to vote:

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

Holders of Metal 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.

Shares of Metal Securities are redeemable at any time (in accordance with the terms of Redemption) by the holder. Metal 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 Metal Securities may be redeemed earlier than desired by the holder.

11. Issued Capital

	<u>As at 31 December</u>	
	<u>2014</u>	<u>2013</u>
	<u>AUD</u>	<u>AUD</u>
250,100 Fully Paid Ordinary Shares (2013: 250,100)	250,100	250,100

All ordinary shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All Ordinary shares are held by ETF Securities Limited, a Jersey registered Company.

	<u>2014</u>		<u>2013</u>	
	<u>No.</u>	<u>AUD</u>	<u>No.</u>	<u>AUD</u>
<i>Fully Paid Ordinary Shares</i>				
Balance at Beginning of Financial Year	250,100	250,100	250,100	250,100
Movement in the Year	-	-	-	-
<i>Balance at End of Financial Year</i>	<u>250,100</u>	<u>250,100</u>	<u>250,100</u>	<u>250,100</u>

12. Equity Contribution

	As at 31 December	
	2014	2013
	AUD	AUD
Equity Contribution	360,000	360,000

The equity contribution received from the parent entities in prior years was used to settle an income tax liability.

13. Contingent Liabilities and Contingent Assets

The Company does not have material contingent liabilities, contingent assets or commitments at 31 December 2014.

14. Economic Support

Pursuant to the Administration Services Deed Poll between the Company and ManJer, all the operating costs relating to the Company, including gold storage, gold insurance, marketing and administration costs, are incurred and paid by ManJer to enable the continued operation of the Company.

15. Related Party Disclosures

The immediate and ultimate parent Company is ETF Securities Limited ("ETFSL"), a Jersey registered company.

ETF Management Company (Jersey) Limited was appointed as the manager as of 1 January 2011.

Refer to note 6 Amount Receivable from Related Parties.

16. Financial Risk Management

Financial Risk Factors

The Company undertakes transactions in a limited range of financial instruments including cash assets and receivables. These transactions and activities result in exposure to a number of financial risks, including market risk (interest rate risk, foreign currency risk), liquidity risk, credit risk, and fair value risk.

These financial risks are managed such to mitigate inappropriate volatility of financial performance and maintain an optimal capital structure that enables the continued issue of the Metal Securities, allowing investors to own and trade physical metals through listed Securities traded on the ASX.

Significant accounting policies, terms and conditions of financial instruments are disclosed in notes 1, 7 and 8. Details of foreign currency risk, interest rate risk, credit risk and fair values are detailed below.

a) Interest Rate Risk

The Company does not have significant exposure to interest rate risk as at 31 December 2014. There is currently no interest paid on deposits of the parent Company. An increase or decrease in interest rates would not affect the net profit or equity of the Company.

The Company regularly reassess market conditions, the financial risk, and the terms of deposits so as to optimise return on capital.

b) Liquidity Risk

Liquidity risk includes the risk that, as a result of deficiencies in managing operational liquidity, the Company has insufficient funds to settle a transaction; or it is forced to sell financial assets at a value less than what they are worth.

The Company has a limited liquidity risk exposure. As detailed in Notes 2 and 13, all of the operating costs relating to the Company, including gold storage, gold insurance, and marketing and administration costs, are incurred and paid by the parent entity and all amounts receivable from holders in respect of Securities creations, Securities redemptions and holders gold interests are now earned by the parent Company.

The liquidity risk of the Company is managed by determining, in cooperation with the parent Company, the optimal timing of settlement of net receivables from the parent entity.

c) Credit Risk

The Company does not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial report represents the Company's maximum exposure to credit risk.

16. Financial Risk Management (continued)

Financial Risk Factors (continued)

d) Fair Value and Foreign Currency Risk

The carrying amount of financial assets and financial liabilities recorded in the financial statements are recorded at their fair values.

As disclosed in Notes 6, 7 and 8, the Company's exposure to movements in the fair value of the Gold Bar asset due to changes in the market price of gold and changes in the AUD to USD exchange rate is offset by the embedded derivative in respect of the Gold Bar Loan Payable which is settled in gold. Therefore the Company has no net exposure to fair value changes in respect of the Gold Bar asset.

The valuation techniques for financial liabilities and the Redeemable Preference Shares are disclosed in notes 9 and 10 respectively.

e) Three tier hierarchy of fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2014		
	Level 1 AUD	Level 2 AUD	Level 3 AUD
Gold Bar	615,526		
Other Financial Liabilities	(373,198)	-	-
Redeemable Preference Shares	(56)	-	-
	31 December 2013		
	Level 1 AUD	Level 2 AUD	Level 3 AUD
Gold Bar	564,053		
Other Financial Liabilities	(321,725)	-	-
Redeemable Preference Shares	(59)	-	-

There were no transfers of financial instruments between Levels during the year.

17. Notes to Cash Flow Statement

	Year ended 31 December	
	2014	2013
	AUD	AUD
Reconciliation of Profit/(Loss) for the Period to Net Cash Flows from Operating Activities		
<i>Profit/(Loss) for the Period</i>	-	-
<i>Changes in Net Assets and Liabilities:</i>		
Increase in Current Receivables	(449)	(1,408)
<i>Net Cash Used in Operating Activities</i>	<u>(449)</u>	<u>(1,408)</u>

18. Ultimate Controlling Party

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

19. Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

