

**ETFs METAL SECURITIES AUSTRALIA LIMITED**

**Registered No: ACN 101 465 383**

**Report and Financial Statements for the  
Half year ended 30 June 2011**

## ETFs METAL SECURITIES AUSTRALIA LIMITED

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# ETFS METAL SECURITIES AUSTRALIA LIMITED

## DIRECTORS' REPORT

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The directors of ETFS Metal Securities Australia Limited (the "Company") submit herewith the financial report of the Company for the period ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the Company are:

Mr Graham John Tuckwell - Chairman  
Dr Vincent William John FitzGerald  
Mr Gregory John Burgess

The above named directors held office during the period.

### Principal Activities

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

During the period there were no other significant changes in the nature of the Company's activities.

### Review of Operations

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 (formerly Gold Bullion Securities) commenced trading on the ASX on 28 March 2003. On 2 February 2009 ETFS Physical Gold was launched on the AQUA platform and was joined by ETFS Physical Platinum, ETFS Physical Palladium, ETFS Physical Silver and ETFS Physical Basket Securities.

A total of 24,411 (31 December 2010: 24,411) ETFS Physical Platinum securities, 23,280 (31 December 2010: 23,280) Physical Palladium securities, 1,587,492 (31 December 2010: 874,153) ETFS Physical Silver securities, 4,330,094 (31 December 2010: 4,525,538) ETFS Physical Gold securities and 52,975 (31 December 2010: 52,975) ETFS Physical Basket securities were in issue at 30 June 2011.

As part of a Group restructuring exercise the directors agreed to transfer the management responsibilities of the Company on 1 January 2011 from ETF Securites Limited ("ETFSL") to ETFS Management Company (Jersey) Limited ("ManJer"). ManJer advised that it was willing to continue to provide the services previously provided by ETFSL to the Company. The existing service agreement was therefore novated from ETFSL to ManJer on 1 January 2011.

For the period to 30 June 2011, 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 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 (30 June 2010: AUD nil).

## ETFS METAL SECURITIES AUSTRALIA LIMITED

### DIRECTORS' REPORT - CONTINUED

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#### Share Options Granted to Directors

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

#### Directors' Interests

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

Directors	Fully Paid Ordinary Shares
Graham John Tuckwell	<u>131,500</u>

#### 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 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 period were:

Directors	Held	Attended
Graham J Tuckwell	1	-
Gregory J Burgess	1	1
Vincent WJ FitzGerald	1	1

#### Remuneration Report

Under the Administration Services Deed Poll between the Company and 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.

The following table discloses the remuneration of the directors of the company which has been paid by the parent during the period to 30 June 2011.

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



## ETFS METAL SECURITIES AUSTRALIA LIMITED

### DIRECTORS' REPORT - CONTINUED

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#### Remuneration Report - continued

There were no executive directors and other executives during the financial period. Mr Tuckwell, Mr Burgess and Dr FitzGerald 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 4.

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



**Vincent WJ FitzGerald**

Director

Melbourne, 12 September 2011

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

12 September 2011

Dear Board Members

### **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 review of the financial statements of ETFS Metal Securities Australia Limited for the half-year ended 30 June 2011, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Paul Radici  
Partner  
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of ETFS Metal Securities Australia Limited, which comprises the condensed statement of financial position as at 30 June 2011, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 7 to 19.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the ETFS Metal Securities Australia limited's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ETFS Metal Securities Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Auditor's Independence Declaration*

In conducting our review, 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, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ETFS Metal Securities Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Paul Radici  
Partner  
Chartered Accountants  
Melbourne, 12 September 2011



## ETFS METAL SECURITIES AUSTRALIA LIMITED

### DIRECTORS' DECLARATION

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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; and
- 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;

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the directors



**Vincent WJ FitzGerald**  
Director

Melbourne, 12 September 2011

ETFs METAL SECURITIES AUSTRALIA LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period ended 30 June	
		2011 AUD	2010 AUD
<i>Revenue</i>		-	-
<i>Expenses</i>		-	-
<i>Profit Before Income Tax Expense</i>		-	-
Income Tax		-	-
<i>Profit for the Period Attributable to Equity Holders of the Company</i>		-	-
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		-	-

The directors consider the Company's activities are continuing.

Notes accompanying the financial statements are included on pages 12 to 19.

**ETFS METAL SECURITIES AUSTRALIA LIMITED**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

		<b>As at</b>	
		<b>30 June</b>	<b>31 December</b>
		<b>2011</b>	<b>2010</b>
	<u>Notes</u>	<u>AUD</u>	<u>AUD</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank Balances		315,938	319,237
Receivable from Related Parties	4	91,878	88,577
Gold Bar	5	596,188	580,283
<b>Total Current Assets</b>		<u>1,004,004</u>	<u>988,097</u>
<b>Total Assets</b>		<u>1,004,004</u>	<u>988,097</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Gold Bar Loan Payable	6	242,328	242,328
Other Current Liabilities	7	353,860	337,955
<b>Total Current Liabilities</b>		<u>596,188</u>	<u>580,283</u>
<b>Non-Current Liabilities</b>			
Other	8	56	54
<b>Total Non-Current Liabilities</b>		<u>56</u>	<u>54</u>
<b>Total Liabilities</b>		<u>596,244</u>	<u>580,337</u>
<b>Net Assets</b>		<u>407,760</u>	<u>407,760</u>
<b>Equity</b>			
Issued Capital	9	250,100	250,100
Equity Contributions	10	360,000	360,000
Retained Earnings		(202,340)	(202,340)
<b>Total Equity</b>		<u>407,760</u>	<u>407,760</u>

The financial statements on pages 8 to 19 were approved by the board of directors and signed on its behalf on 12 September 2011.



**Vincent WJ FitzGerald**  
Director

Notes accompanying the financial statements are included on pages 12 to 19.

**ETFS METAL SECURITIES AUSTRALIA LIMITED****CONDENSED STATEMENT OF CHANGES IN EQUITY**

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	<b>Stated Capital AUD</b>	<b>Retained Earnings AUD</b>	<b>Other Reserves AUD</b>	<b>Total Equity AUD</b>
Balance at 1 January 2010	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Period	-	-	-	-
Balance at 30 June 2010	<u>250,100</u>	<u>(202,340)</u>	<u>360,000</u>	<u>407,760</u>
Balance at 1 January 2011	250,100	(202,340)	360,000	407,760
Total Comprehensive Income for the Period	-	-	-	-
Balance at 30 June 2011	<u>250,100</u>	<u>(202,340)</u>	<u>360,000</u>	<u>407,760</u>

Notes accompanying the financial statements are included on pages 12 to 19.



**ETFS METAL SECURITIES AUSTRALIA LIMITED****CONDENSED STATEMENT OF CASH FLOWS**

		<b>Period ended 30 June</b>	
	<b>Notes</b>	<b>2011 AUD</b>	<b>2010 AUD</b>
<b>Cash Flows from Operating Activities</b>			
Payments to Related Parties		<u>(3,301)</u>	<u>(7,195)</u>
Net Cash Used in Operating Activities	14	(3,301)	(7,195)
<b>Cash Flows from Financing Activities</b>			
Receipts from/(Payment) for Trading of Metal Securities		<u>2</u>	<u>(7)</u>
Net Cash (Used In)/Provided by Financing Activities		2	(7)
<b>Net Decrease in Cash and Cash Equivalents</b>		(3,299)	(7,202)
Cash and Cash Equivalents at the Beginning of the Period		319,237	374,046
<b>Cash and Cash Equivalents at the End of the Period</b>		<u>315,938</u>	<u>366,844</u>

Notes accompanying the financial statements are included on pages 12 to 19.

# ETFS METAL SECURITIES AUSTRALIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Summary of Accounting Policies

#### ***Statement of compliance***

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### ***Basis of preparation***

The condensed financial statements have been prepared on the basis of historical cost, 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 noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 31 December 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

In the current period, 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 its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the company's 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:

#### ***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.

#### ***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).

## ETFs METAL SECURITIES AUSTRALIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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#### 1. Summary of Accounting Policies - continued

##### *Income Tax (continued)*

##### (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.

##### *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 condensed 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.

##### *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 Condensed Statement of Comprehensive Income.

##### *Gold Bar Loan Payable*

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

##### *ETFs Redeemable Preference Shares*

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



## ETFS METAL SECURITIES AUSTRALIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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#### 1. Summary of Accounting Policies - continued

##### *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 Condensed Statement of Financial Position.

##### *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 period.

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 Condensed Statement of 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.



## ETFs METAL SECURITIES AUSTRALIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. Revenue and costs

For the period to 30 June 2011, 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.

#### 3. 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.

#### 4. Amount Receivable from Related Parties

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Amount Receivable from ETFSL (Parent)	88,577	88,577
Amount Receivable from ManJer	3,301	-
Total Receivable from Related Parties	91,878	88,577

The amount receivable from related parties reflect the operating costs incurred by the Company which are reimbursed, less any fees or payments due. The loan is non-interest bearing and has no time scale for repayment.

#### 5. Gold Bar

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Gold Bar	596,188	580,283

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 1,419.49 (31 December 2010: AUD 1,381.63) per ounce.

The gold bar asset has been recorded at fair value on the basis that the 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 Condensed Statement of Comprehensive Income.

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 Holder's receive gold in allocated form.

**ETFS METAL SECURITIES AUSTRALIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**6. Gold Bar Loan Payable**

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Gold Bar Loan Payable	242,328	242,328

The Company has a Gold Loan Agreement with HSBC 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 USA, N.A. no other security has been provided.

The loan has been recorded at amortised cost as at 30 June 2011 based on the market value of gold on 9 December 2004 of AUD 576.97 per ounce.

**7. Other Current Liabilities**

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Gold Bar Loan Payable Embedded Derivative	353,860	337,955

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 1,419.49 (31 December 2010: AUD 1,381.63) per ounce. The unrealised gain on movement in the Gold Bar for the current period of AUD 15,905 (31 December 2010: AUD 64,448) is offset by the unrealised loss on movement in the Gold Loan Payable Embedded Derivative of AUD 15,905 (31 December 2010: AUD (64,448)).

**8. Other Non-Current Liabilities**

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Redeemable Preference Shares	56	54

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 1/1,000<sup>th</sup> 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 ASX. 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.



## ETFS METAL SECURITIES AUSTRALIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 8. Other Non-Current Liabilities - continued

The Metal Securities on issue at 30 June 2011 comprised the following:

	Platinum	Palladium	Silver	Gold	Basket
<b>Number of Securities on Issue at 31 December 10</b>	<b>24,411</b>	<b>23,280</b>	<b>874,153</b>	<b>4,525,538</b>	<b>52,975</b>
Created During the Period	-	-	929,084	-	-
Redeemed During the Period	-	-	(215,745)	(195,444)	-
<b>Number of Securities on Issue at 30 June 11</b>	<b><u>24,411</u></b>	<b><u>23,280</u></b>	<b><u>1,587,492</u></b>	<b><u>4,330,094</u></b>	<b><u>52,975</u></b>

Ownership of the Metals (2,934.692 troy ounces of platinum, 3,346.268 troy ounces of palladium, 422,742.654 fine troy ounces of gold and 1,630,965.632 troy ounces of silver) at 30 June 2011 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.

#### 9. Issued Capital

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
250,100 Fully Paid Ordinary Shares (31 December 2010: 250,100)	<u>250,100</u>	<u>250,100</u>

All ordinary shares issued by ETFS Metal Securities Australia Limited 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.

**ETFs METAL SECURITIES AUSTRALIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**9. Issued Capital – continued**

	30 June 2011		31 December 2010	
	No.	AUD	No.	AUD
<i>Fully Paid Ordinary Shares</i>				
Balance at Beginning of Financial Period/Year	250,100	250,100	250,100	250,100
Movement in the Period/Year	-	-	-	-
<i>Balance at End of Financial Period/Year</i>	<u>250,100</u>	<u>250,100</u>	<u>250,100</u>	<u>250,100</u>

**10. Equity Contribution**

	As at	
	30 June 2011	31 December 2010
	AUD	AUD
Equity Contribution	<u>360,000</u>	<u>360,000</u>

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

**11. Contingent Liabilities and Contingent Assets**

The Company does not have any material contingent liabilities or contingent assets at 30 June 2011.

**12. 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.

**13. Related Party Disclosures**

The immediate and ultimate parent and controlling entity of the Company is ETF Securities Limited, a Jersey Company registered No: 88370.

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

**14. Notes To Cash Flow Statement**

	Period ended 30 June	
	2011	2010
	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>		
<i>(Increase)/Decrease in Assets:</i>		
Current Receivables	(3,301)	(7,202)
<i>Net Cash Used in Operating Activities</i>	<u>(3,301)</u>	<u>(7,202)</u>



## ETFS METAL SECURITIES AUSTRALIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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#### 15. 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.

The fair value of the gold bar at reporting date is based on the market value of gold at reporting date being AUD 1,419.49 per ounce. The market value of gold at 9 September 2011 increased to AUD 1,773.21 (the latest available gold price prior to signing), an increase of 25%. This increase impacts the value of the gold bar held at 12 September 2011 to AUD 744,747, and the corresponding value of the embedded derivative that exists in respect of the gold bar loan to AUD 502,419.

#### 16. Additional Company Information

ETFS Metal Securities Australia Limited is a public company incorporated and operating in Australia and admitted to the official list of the ASX under the debt listing 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	ETPMPPM

The Company's registered addresses and principal place of business is as follows:

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