

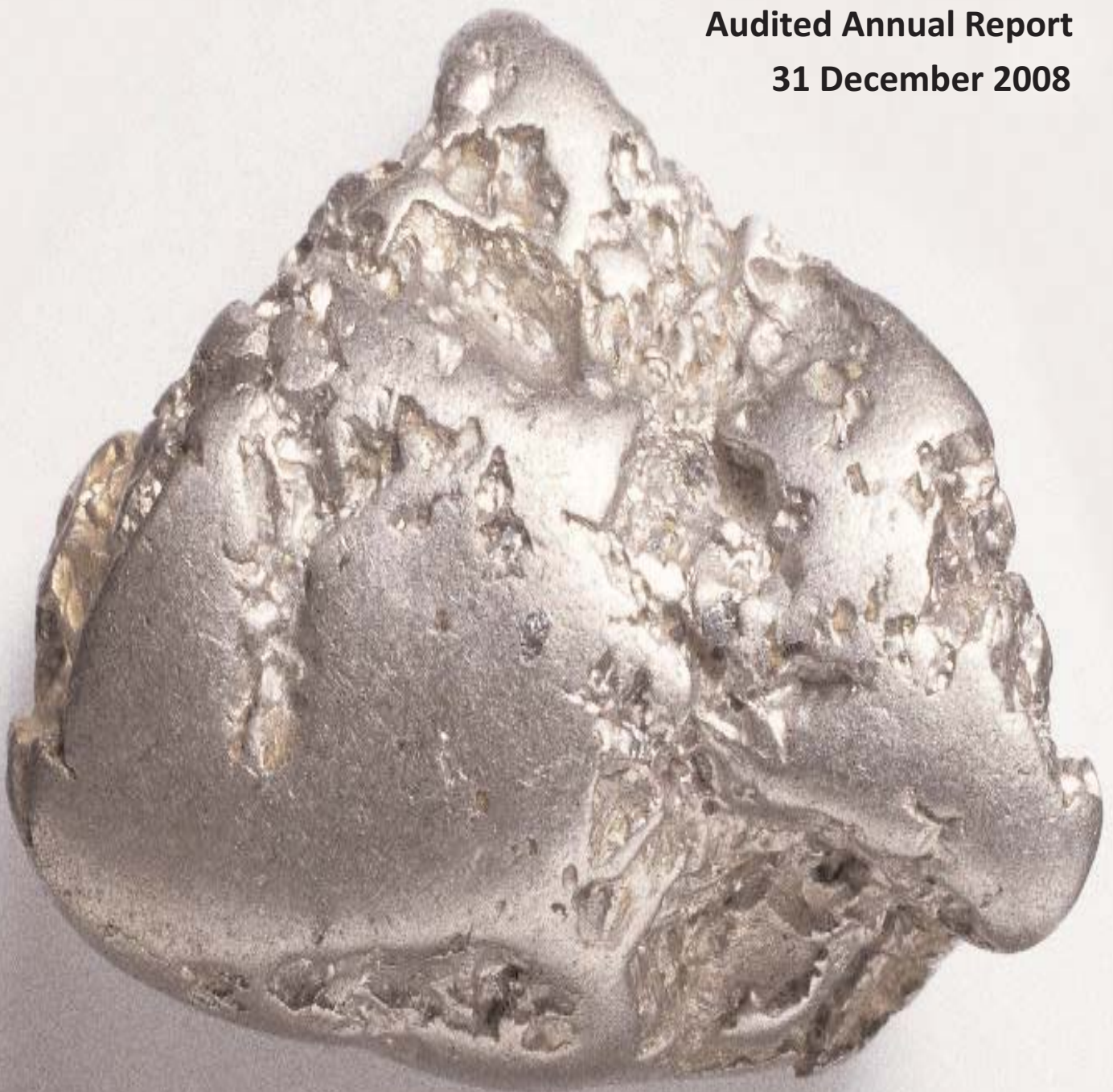


ETFS Metal Securities Australia Limited

(formerly Gold Bullion Securities Limited)

Audited Annual Report

31 December 2008



www.etfsecurities.com

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ETFS Metal Securities Australia Limited

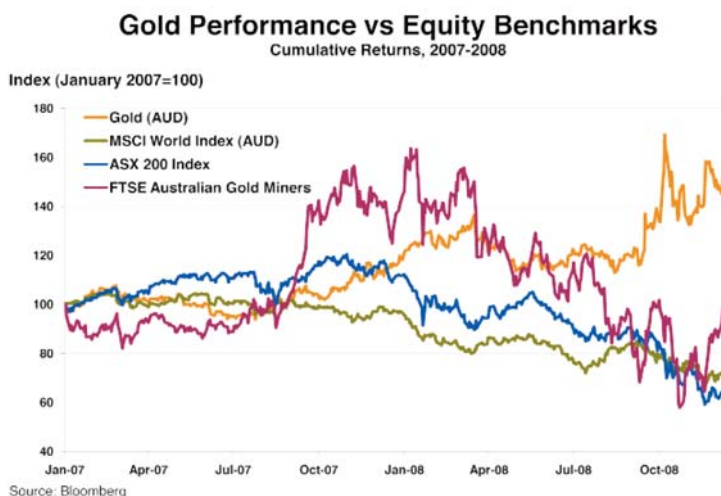
CHAIRMAN'S REPORT

Over the past year most financial markets have experienced price declines and increases in volatility not seen since the 1930's. As the subprime crisis has broadened into a full-scale global banking and economic crisis, governments and central banks have been forced to take extraordinary actions. Governments are substantially increasing fiscal spending and debt levels to offset a severe contraction in private sector growth, while major central banks are aggressively expanding their balance sheets in an attempt to unblock backed up credit markets and shore up faltering financial institutions. Financial markets have seen extremely sharp declines, with a number of key equity benchmarks, such as the S&P 500, now at levels last seen over ten years ago. Over the past year the ASX 200 Index has declined by 32%, and some sector indexes such as the ASX listed property (REIT) index are down by 59% or more.

During this period, ASX listed "GOLD" has performed strongly in absolute and relative terms, confirming gold's status as a portfolio diversifier and its role as a store of value during periods of uncertainty and instability.

2008 Marks Eight Consecutive Years of Positive Gold Returns

2008 marked the eighth consecutive year of positive returns for the gold price. GOLD rose from AUD\$95 to AUD\$125 in 2008, a 31% rise, outperforming the ASX 200 by 73%. Over the past three years GOLD has outperformed the ASX 200 by 98% and last year outperformed all but three stocks in the index.



GOLD Listing Opens Gold Market to Wide Range of Investors

The creation of physically-backed gold exchange traded commodities (ETCs) with the listing of GOLD in 2003, has changed the nature of gold investing, opening it up to a wide range of small and large investors that previously had limited access to the market. Since GOLD was first listed, the demand for gold ETCs and ETFs has soared, with assets rising nearly AUD\$50bn over the past six years.

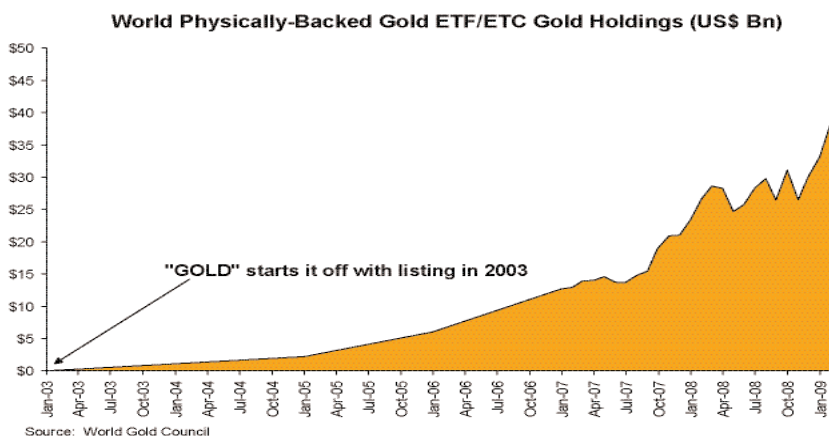
2008 saw a 68 tonne increase in gold ETC/ETF holdings[†], a 27% increase over 2007 levels. In US dollars, ETC holdings increased by 54%. Demand for gold as a store of value soared in the second half of 2008 as the public sought a safe haven from financial market volatility and rising concerns about the solvency of a number of financial institutions. Demand for bars, coins and other retail investment in gold rose by 359 tonnes, equivalent to an 88% annual increase, the largest on record. Although jewellery demand rose by 11% (US dollar terms) in 2008, in tonnage terms demand fell by 11%

[†] Calendar year Jan-Dec 2008

ETFS Metal Securities Australia Limited

(263 tonnes) as a higher gold price – particularly in local currency terms - caused purchases to slow. The slowdown in jewellery demand, however, has been more than offset by rising investment demand.

At the same time, new gold supply has been stagnating, with mine production in decline since 2001. In 2008, South African mine production fell to an 86 year low. Central bank gold sales have also dropped sharply, with official sector gold sales declining by 46% in 2008.



2009 Has Opened as Another Strong Year for GOLD

2009 has opened as another strong year for gold. Most analysts have been increasing their gold price targets with UBS, for example, estimating that the gold price has potential upside to USD\$2,500/oz. Others are less bullish, but the majority appear to agree that demand for gold will remain strong.

There are number of factors driving this view. The first is the expectation that financial, economic and potentially social instability will remain high as the global economy experiences its deepest downturn since World War Two. The move towards quantitative easing by major central banks is raising longer term concerns that higher inflation may erode the purchasing power of paper currencies. Tied to this are concerns of currency debasement through competitive devaluations. In addition, with government debt levels expected to rise sharply as fiscal balances deteriorate, there is concern that governments will be tempted to reduce their real debt burdens through high inflation. It remains to be seen how events unfold, but interest in gold as a safe haven, inflation hedge and portfolio diversifier will likely stay high as long as current uncertain economic and financial conditions continue.

Expansion of the Metals Product Offering

In response to increased investor demand for simple access to precious metals, we have created four additional metal products for trading on the Australian Stock Exchange:

- ETFS Physical Silver
- ETFS Physical Platinum
- ETFS Physical Palladium
- ETFS Physical PM Basket

As such, we changed the name of the company from Gold Bullion Securities Limited to ETFS Metal Securities Australia Limited.

These products are structured similarly to the GOLD security, being backed by physical metal held by HSBC in London (for gold and silver) and by its sub-custodian in Zurich (for platinum and palladium).

ETFs Metal Securities Australia Limited

This expanded offering replicates the product range which has been trading successfully on the London Stock Exchange and other exchanges in Europe for the last couple of years and which have amassed over USD\$3.0bn in assets. The metal bars must conform to the rules for Good Delivery of the London Bullion Market Association (LBMA) and the London Platinum Palladium Market (LPPM).

These new products give investors the opportunity to further diversify their portfolios with simple, accessible exposure to precious metals.

The expansion of the Company's product suite demonstrates our continuing belief that the investment case for physical precious metals remains strong.

A handwritten signature in blue ink, appearing to read 'Graham Tuckwell', with a large, stylized initial 'G'.

Graham Tuckwell
Chairman

30 March 2009

ETFS Metal Securities Australia Limited

DIRECTORS' REPORT

The directors of ETFS Metal Securities Australia Limited (the "Company") submit herewith the financial report of the company for the year ended 31 December 2008. 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 who held office during the financial year and until the date of this report are detailed below. Directors were in office for this entire period unless stated otherwise.

Mr Graham John Tuckwell	Non-Executive Chairman, appointed on 17 September 2002.
Dr Vincent William John FitzGerald	Non-Executive Director, appointed on 10 February 2003.
Mr James Elvis Burton	Non-Executive Director, appointed on 15 January 2007. Resigned 10 July 2008.
Mr Gregory John Burgess	Non-Executive Director and Company Secretary, appointed on 16 February 2006.

Principal Activities

The company's principal activities during the course of the financial period was the continued issue of ETFS Physical Gold (formerly Gold Bullion Securities), allowing investors to own and trade physical gold bullion through a listed security traded on the Australian Stock Exchange.

An ETFS Physical Gold Security is comprised of an ETFS Physical Gold Share (a redeemable preference share issued at a nominal value of 1/1,000th 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, N.A.) in vaults in London.

During the financial period 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 ("ASX") on 27 March 2003. Gold Bullion Securities (now ETFS Physical Gold) commenced trading on the ASX on 28 March 2003.

A total of 4,062,991 ETFS Physical Gold Securities were on issue at 31 December 2008.

For the year to 31 December 2008, the Company received no revenue, the Company's only expense was in relation to an income tax provision for its 2008 and 2009 tax liability.

Changes in State of Affairs

In late 2008, ETF Securities Limited ("ETFSL") purchased the Company from a joint venture entity associated with the World Gold Council and the founders. The Company is now a wholly owned subsidiary of ETFSL. The management team and controlling shareholders who founded the Company are the same persons who now run and own the parent company. ETFSL is a Jersey registered company, it has 128 exchange traded commodities listed on the London Stock Exchange and other exchanges in Europe, with total assets under management of approximately US\$9.0bn.

The Company is now issuing five separate types of Metal Security, being four classes of security designed to track the price of individual precious metals (gold, silver, platinum and palladium) and one designed to track the price of a basket of those metals (collectively, "the Metal Securities").

As part of the acquisition and the launch of the expanded range of commodities, the name of the Company was changed from Gold Bullion Securities Limited to ETFS Metal Securities Australia Limited in December 2008. On 11 December

ETFs Metal Securities Australia Limited

2008 the Company changed the name of Gold Bullion Securities to ETFs Physical Gold and received authorisation from the Australian Securities and Investments Commission ("ASIC") for four new classes of security - ETFs Physical Silver, ETFs Physical Platinum, ETFs Physical Palladium and ETFs Physical PM Basket, which are all now listed on the AQUA platform of the ASX along with ETFs Physical Gold.

Under the terms of the sale agreement, the Administration Services Deed Poll between Holders and the former owners was terminated on 17 October 2008 and ETFSL has notified that it has entered into an Administration Services Deed Poll with Holders effective from 18 October 2008, whereby, in consideration of creation and redemption fees and monthly gold sales charge being paid directly by Holders to ETFSL, ETFSL undertakes, for the benefit of the Holders, to procure the provision to the Holders and to the Company (as applicable) all services required to facilitate the Holders' investment in ETFs Metal Securities Australia Limited.

The above transfer of Deed Poll arrangements will not affect the day-to-day operations of the Company nor will it change in anyway Holders rights to ETFs Physical Metal products as outlined in the Prospectus.

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

Subsequent Events

Graeme Ross was appointed as an additional Company Secretary on 21 January 2009. Mr Ross is a Director of R&H Fund Services (Jersey) Limited, the company's administrator.

ETFs Physical Gold moved to the AQUA platform of the Australian Stock Exchange on 2 February 2009. On the same day, the Company's four new types of Metal Security also began trading on the AQUA platform.

As part of the acquisition and the launch of the expanded range of commodities, the name of the Company has been changed from Gold Bullion Securities Limited to ETFs Metal Securities Australia Limited. On 23 February 2009 the Company changed the name of its Gold Bullion Securities to ETFs Physical Gold and along with ETFs Physical Silver, ETFs Physical Platinum, ETFs Physical Palladium and ETFs Physical PM Basket are all listed on the AQUA platform of the Australian Stock Exchange. None of these new securities were on issue at 31 December 2008 and as a result there are no accounting policies relating to these new securities disclosed in the accounts. The Directors believe that the financial implications of issuing the new types of securities are minimal.

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 entity, the results of those operations, or the state of affairs of the company 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.

ETFs Metal Securities Australia Limited

Indemnification of Officers and Auditors

From 1 January to 17 July 2008 Gold Bullion Holdings (Jersey) Limited ("Holdings") and from 18 July to 31 December 2008 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 financial period were:

Board of Directors

Directors	Held	Attended
Graham J Tuckwell	3	2
Vincent WJ FitzGerald	3	3
James E Burton (up to 10 July 2008)	1	1
Gregory J Burgess	3	3

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	131,500

Remuneration Report

Under the Administration Services Deed Poll between the Company, ETFSL (and its predecessor) and the Trustee (Gold Bullion Nominees Pty Ltd), ETFSL (and its predecessor) provides or procures services to the Holders and Company 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 ETFSL (and its predecessor), which is paid a fee 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 the company or ETFSL and its predecessor Holdings. The parent company, ETFSL and Holdings have paid the following directors fees during the 2008 year:

Name	Short-term Employee Benefits Salary/Fees	Post- Employment Benefits Super	Total
<i>Non-Executive Directors</i>			
Graham J Tuckwell	Nil	Nil	Nil
Vincent WJ FitzGerald	\$30,000	\$2,700	\$32,700
James E Burton (Appointed on 15 Jan 2007)	Nil	Nil	Nil
Simon FW Village (Resigned 15 Jan 2007)	Nil	Nil	Nil
Gregory J Burgess	\$79,704	\$9,000	\$88,704

ETFs Metal Securities Australia Limited

There were no Executive Directors and other executives during the financial period. Non-executive directors' salaries and fees are not based on the financial performance of the company.

Non-audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditors Independence Declaration

The auditor's independence declaration is included on page 10.

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

A handwritten signature in black ink on a light yellow background. The signature is cursive and appears to read 'Vincent WJ FitzGerald'.

Vincent WJ FitzGerald

Director

Melbourne, 30 March 2009

ETFS Metal Securities Australia Limited

AUDITORS INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
ETFS Metal Securities Australia Limited
Level 3, 15 Queen St
MELBOURNE VIC 3000

30 March 2009

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.

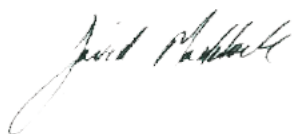
As lead audit partner for the audit of the financial statements of ETFS Metal Securities Australia Limited for the financial year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



David Maddock
Partner
Chartered Accountants

ETFS Metal Securities Australia Limited

INDEPENDENT AUDITORS REPORT

Report on the Financial Report

We have audited the accompanying financial report of ETFS Metal Securities Australia Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company as set out on page 13.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report and notes 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Auditor's 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 2008 and of its performance for the year ended on that date; and

ETFs Metal Securities Australia Limited

- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

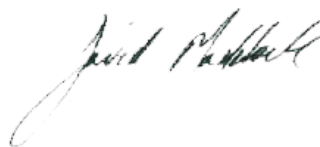
We have audited the Remuneration Report included in page 8 of the directors' report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Metal Securities Australia Limited for the year ended 31 December 2008, complies with section 300A of the Corporations Act 2001.



DELOITTE TOUCHE TOHMATSU



David Maddock

Partner
Chartered Accountants

Melbourne, 30 March 2009

ETFS Metal Securities Australia Limited

DIRECTORS' DECLARATION

The directors declare that:

- (a) 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;
- (b) 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; and
- (c) 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 black ink on a light yellow background. The signature is cursive and appears to read 'Vincent WJ FitzGerald'.

Vincent WJ FitzGerald

Director

Melbourne, 30 March 2009

ETFs Metal Securities Australia Limited

INCOME STATEMENT

for the Year Ended 31 December 2008

		Year Ended 31 December 2008	Year Ended 31 December 2007
	Note	\$	\$
<i>Revenue</i>			
Creation and Redemption Fees	3	-	12,750
Monthly Gold Sales Charge		-	598,002
		-	610,752
<i>Expenses</i>			
Administration expenses	3	-	610,752
<i>Profit Before Income Tax Expense</i>		-	-
Income tax expense	4	180,000	180,000
<i>Loss from continuing operations</i>		(180,000)	(180,000)
<i>Loss for the period attributable to equity holders of the company</i>		(180,000)	(180,000)

Notes accompanying the financial statements are included on pages 18 to 28.

ETFs Metal Securities Australia Limited

BALANCE SHEET

as at 31 December 2008

		31 December 2008	31 December 2007
	Note	\$	\$
<i>Current Assets</i>			
Cash		32,406	33,508
Receivable from parent entity	5	4,164	-
Receivable from Gold Bullion Holdings (Jersey) Limited	5	573,571	396,645
Gold Bar	6	522,491	400,042
<i>Total Current Assets</i>		<u>1,132,632</u>	<u>830,195</u>
<i>Total Assets</i>		1,132,632	830,195
<i>Current Liabilities</i>			
Gold Bar Loan payable	7	242,328	242,328
Other financial liabilities	8	280,163	157,714
Current Tax Payable	4	360,000	180,000
<i>Total Current Liabilities</i>		<u>882,491</u>	<u>580,042</u>
<i>Non-Current Liabilities</i>			
Other	9	41	53
<i>Total Non-Current Liabilities</i>		<u>41</u>	<u>53</u>
<i>Total Liabilities</i>		<u>882,532</u>	<u>580,095</u>
<i>Net Assets</i>		<u>250,100</u>	<u>250,100</u>
<i>Equity</i>			
Issued Capital	10	250,100	250,100
Equity contributions	11	360,000	180,000
Retained earnings		(360,000)	(180,000)
<i>Total Equity</i>		<u>250,100</u>	<u>250,100</u>

Notes accompanying the financial statements are included on pages 18 to 28.

ETFS Metal Securities Australia Limited

STATEMENT OF RECOGNISED INCOME AND EXPENSE for the Year ended 31 December 2008

	Year Ended 31 December 2008	Year Ended 31 December 2007
Note	\$	\$
<i>Net income recognised directly in equity</i>		-
Loss for the year	(180,000)	(180,000)
<i>Total recognised income and expense for the year</i>	(180,000)	(180,000)
<i>Attributable to:</i>		
Equity holders of the company	(180,000)	(180,000)

Notes accompanying the financial statements are included on pages 18 to 28.

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CASH FLOW STATEMENT for the Year Ended 31 December 2008

	Year Ended 31 December 2008	Year Ended 31 December 2008
Note	\$	\$
<i>Cash Flows From Operating Activities</i>		
Receipts from customers	-	27,000
Proceeds from Sale of Monthly Gold Sales		
Charge gold	-	691,513
Proceeds from applications for GBS	-	20,738,753
Payment for gold on behalf of Holders of GBS	-	(20,738,753)
Payments to Suppliers (parent company)	(4,164)	-
Payments to Suppliers (Gold Bullion Holdings (Jersey) Limited)	3,074	(713,819)
<i>Net cash (used in)/provided by operating activities</i>	16 (1,090)	4,694
<i>Cash Flows from Financing Activities</i>		
Payments from issue of Gold Bullion Shares	(12)	-
Proceeds from issue of Gold Bullion Shares	-	19
<i>Net cash provided by/(used in) financing activities</i>	(12)	19
<i>Net (Decrease)/Increase In cash and cash equivalents</i>	(1,102)	4,713
<i>Cash and Cash equivalents at the beginning of the Financial Year</i>	33,508	28,795
<i>Cash and Cash equivalents at the end of the Financial Year</i>	32,406	33,508

Notes accompanying the financial statements are included on pages 18 to 28.

ETFS Metal Securities Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2008

1. Summary of Accounting Policies

Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, accounting standards and interpretations and complies 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 30 March 2009.

Basis of preparation

This financial report has 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 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. 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.

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) Payable

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

(b) Income Tax

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

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.

(c) 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 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.

(d) 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 profit and loss account.

(e) Gold Bar Loan Payable

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

(f) ETFS Physical Gold Shares

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

(g) Revenue Recognition

Revenue relating to creation fees arising from the issue of ETFS Physical Gold Shares is recognised when the company has transferred the ownership to the buyer. Revenue from monthly gold sales charges are recognised as earned.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on 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 balance sheet.

(i) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible 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

ETFS Metal Securities Australia Limited

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.

(j) 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.

(k) Loans and receivables

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

(l) Derivative financial instruments

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 profit and loss account.

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.

2. Adoption of New and Revised Accounting Policies

In the current year 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 annual reporting periods beginning on 1 January 2008. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the company's accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

– IFRS 3 Business Combinations	Effective for annual reporting periods beginning on or after 1 July 2009
– AASB 8 Operating Segments	Effective for annual reporting periods beginning on or after 1 January 2009
– AASB 123 Borrowing Costs	Effective for annual reporting periods beginning on or after 1 January 2009
– AASB 101 Presentation of Financial Statements (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009
– AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	Effective for annual reporting periods beginning on or after 1 January 2009
– AASB 2008-1 Amendments to	Effective for annual reporting periods

ETFs Metal Securities Australia Limited

Australian Standards - Share based payments: Vesting conditions and cancellations	beginning on or after 1 January 2009
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Effective for annual reporting periods beginning on or after 1 January 2009
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Effective for annual reporting periods beginning on or after 1 January 2009
- AASB 2008-7 Amendments to Australian Accounting Standards Cost of an investment in a subsidiary jointly controlled entity or associate	Effective for annual reporting periods beginning on or after 1 January 2009
- IAS 27 Consolidated and Separate Financial Statements	Effective for annual reporting periods beginning on or after 1 July 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company.

3. Profit from Operations

(a) Revenue from continuing operations consisted of the following items:

	Year Ended 31 December 2008	Year Ended 31 December 2007
	\$	\$
<i>Revenue from the rendering of services:</i>		
Creation & Redemption Fees	-	12,750
Monthly Gold Sales Charge (MGSC)	-	598,002
	-	610,752

(b) Profit/(loss) before income tax has been arrived at after charging the following expenses. The line items below represent expenses from continuing operations.

	Year Ended 31 December 2008	Year Ended 31 December 2007
	\$	\$
<i>Administration expenses charged by related entity:</i>		
ETFSL (and formerly Gold Bullion Holdings (Jersey) Limited) - parent entity	-	610,752
	-	610,752

In late 2008, ETFSL purchased the Company from a joint venture entity associated with the World Gold Council and the founders. The Company is now a wholly owned subsidiary of ETFSL. The management team and controlling shareholders who founded the Company are the same persons who now run and own the parent company. ETFSL is a Jersey

ETFs Metal Securities Australia Limited

registered company, it has 128 exchange traded commodities listed on the London Stock Exchange and other exchanges in Europe, with total assets under management of approximately US \$9.0bn.

Under the terms of the sale agreement, the Administration Services Deed Poll between Holders and the former owners was terminated on 17 October 2008 and ETFSL has notified that it has entered into an identical Administration Services Deed Poll with Holders effective from 18 October 2008, whereby, in consideration of creation and redemption fees and monthly gold sales charge being paid directly by Holders to ETFSL, ETFSL undertakes, for the benefit of the Holders, to procure the provision to the Holders and to the Company (as applicable) all services required to facilitate the Holders' investment in ETFs Metal Securities Australia Limited.

The above transfer of Deed Poll arrangements will not affect the day to day operations of the Company nor will it change in anyway Holders rights to ETFs Physical Metal products as outlined in the Prospectus.

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

4. Income Tax

On 31 January 2007, the Company was advised by the Australian Taxation Office (ATO) that a tax audit of the Company's operations would be conducted on the period 1 July 2002 to 30 June 2006. In April 2008, ATO advised the period under review would be extended to 30 June 2007. At the date of this report, the ATO's review continues and a change in liability, if any, for Australian taxation has not been determined.

Holders of the Company's Metal Securities will be unaffected by the outcome of ATO's review as holders' rights and entitlements will remain unchanged. Under the terms of agreement between the Company and ETFSL, ETFSL (and its predecessor Gold Bullion Holdings (Jersey) Limited) will meet their proportional share of any liability of the Company's Australian corporate taxation should that outcome arise.

A further provision for income tax payable of \$180,000 (31 December 2007 : \$180,000) was recognised in the profit and loss based on the directors estimate of the tax liability in respect of the 2008 and 2009 tax years.

5. Amount Receivable from Parent

	31 December 2008	31 December 2007
	\$	\$
Loan to, and other amounts receivable from		
Gold Bullion Holdings (Jersey) Limited	573,571	396,645
ETF Securities Limited	4,164	-

This non-interest bearing loan and other receivables balance is provided as a short term facility with repayment of the outstanding balance expected during the course of the 2009 year.

6. Gold Bar

	31 December 2008	31 December 2007
	\$	\$
Gold Bar	522,491	400,042

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 \$1,244.03 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

ETFS Metal Securities Australia Limited

bar and the company's gold bar loan payable. Changes in the fair value of the gold bar asset are recognised in the profit and loss account.

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.

7. Gold Bar Loan Payable

	31 December 2008	31 December 2007
	\$	\$
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. (refer Note 6) no other security has been provided.

The loan has been recorded at amortised cost as at 31 December 2008 based on the market value of gold on 9 December 2004 of \$576.97 per ounce. The company intends to maintain the loan as long as the company continues to operate.

8. Other Current Liabilities

	31 December 2008	31 December 2007
	\$	\$
Gold Bar Loan Payable Embedded Derivative	280,163	157,714

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 balance date is based on the market value of gold at balance date of \$1,244.03 per ounce. The unrealised gain on movement in the Gold Bar for current year (refer to note 6) of \$122,449 is offset by the unrealised loss on movement in the Gold Loan Payable Embedded Derivative of \$122,449.

9. Other Non-Current Liabilities

	31 December 2008	31 December 2007
	\$	\$
ETFS Physical Gold (redeemable preference shares)	41	53

2,507,558 redeemable preference shares were issued and 3,784,759 were redeemed during the financial period. 4,062,991 redeemable preference shares were on issue at 31 December 2008. From 11 December 2008 these securities will be known as ETFS Physical Gold.

The Company issues ETFS Physical Gold Securities which are comprised of a ETFS Physical Gold Share of nominal value (the "Metal Share") 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 "Metal Entitlement"). The Metal Share is a redeemable preference share issued by the Company at a nominal value of 1/1,000th of one cent and the Metal Shares are quoted on the Australian Stock Exchange. Each time the holder transfers an ETFS Physical Gold Share to a new holder, the beneficial interest in the gold bullion transfers to the new holder.

ETFS Metal Securities Australia Limited

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 (398,653.998 fine troy ounces) at 31 December 2008 is held in the name of the Trustee for the benefit of the holders.

Holders of ETFS Physical Gold have the right to vote:

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

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

10. Issued Capital

	31 December 2008	31 December 2007
	\$	\$
250,100 fully paid ordinary shares (2007: 250,100)	250,100	250,100

All ordinary shares issued by ETFS Metal Securities Australia Limited carry one vote per share without restriction and carry the right to dividends.

ETFS acquired the entire share capital of Gold Bullion Securities Limited from Gold Bullion Holdings (Jersey) Limited on 18th July 2008. Therefore, all Ordinary shares are now held by ETF Securities Limited, a Jersey registered company.

	31 December 2008		31 December 2007	
	No.	\$	No.	\$
<i>Fully Paid Ordinary Shares</i>				
Balance at beginning of financial year	250,100	250,100	250,100	250,100
Balance at end of financial year	250,100	250,100	250,100	250,100

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

11. Equity Contribution

	31 December 2008	31 December 2007
	\$	\$
Equity Contribution	360,000	360,000

ETFS Metal Securities Australia Limited

The equity contribution from the parent entity was receivable by the company at the year end and will be used by the company to settle the tax liability arising for the periods to 31 December 2008.

12. Contingent Liabilities and Contingent Assets

The Company does not have material contingent liabilities or contingent assets at 31 December 2008.

13. Economic Support

Pursuant to the Administration Services Deed Poll 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 to enable the continued operation of the Company.

14. Related Party Disclosures

As a result of ETF Securities Limited acquiring the entire share capital of Gold Bullion Securities Limited on 18th July 2008 from Gold Bullion Holdings (Jersey) Limited, the immediate and ultimate parent and controlling entity of the Company is now ETF Securities Limited, a Jersey company registered No: 88370.

15. Financial Instruments

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, liquidity 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 2008. The cash of the company comprises highly liquid deposits that earn interest at a variable rate of 2.5%. Interest credited on deposits is income 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 3 and 13, all of the operating costs relating to the Company, including gold storage, gold insurance, 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.

ETFs Metal Securities Australia Limited

(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.

(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 and 7, 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.

16. Notes To Cash Flow Statement

	31 December 2008	31 December 2007
	\$	\$
Reconciliation of Profit for the period to Net Cash Flows From Operating Activities		
<i>Loss for the year</i>	(180,000)	(180,000)
<i>Changes in net assets and liabilities</i>		
<i>(Increase)/decrease in assets:</i>		
Current receivables	(1,090)	4,694
<i>Increase/(decrease) in liabilities:</i>		
Current payables		-
Current tax payable	180,000	180,000
<i>Net cash (used in)/from operating activities</i>	(1,090)	4,694

17. Key management personnel compensation

The following table discloses the remuneration of the directors of ETFSL during the year ended 31 December 2008 and the year ended 31 December 2007. Remuneration is paid by Gold Bullion Holdings (Jersey) Limited and from 18 July 2008 onwards by ETFSL.

Year Ended 31 December 2008

Name	Short-term Employee Benefits Salary/Fees	Post- Employment Benefits Super	Other Benefits	Total
<i>Non-Executive Directors</i>				
Graham J Tuckwell	Nil	Nil	Nil	Nil
Vincent WJ FitzGerald	\$30,000	\$2,700	Nil	\$32,700
Simon FW Village (resigned on 15 Jan 07)	Nil	Nil	Nil	Nil
Gregory J Burgess	\$79,704	\$9,000	Nil	\$88,704
James E Burton (appointed on 15 Jan 07)	Nil	Nil	Nil	Nil
Total	\$109,704	\$11,700	Nil	\$121,404

ETFS Metal Securities Australia Limited

Year Ended 31 December 2007

Name	Short-term Employee Benefits Salary/Fees	Post- Employment Benefits Super	Other Benefits	Total
<i>Non-Executive Directors</i>				
Graham J Tuckwell	Nil	Nil	Nil	Nil
Vincent WJ FitzGerald	\$30,000	\$2,700	Nil	\$32,700
Simon FW Village (resigned on 15 Jan 07)	Nil	Nil	Nil	Nil
Gregory J Burgess	\$137,650	\$19,000	Nil	\$156,650
James E Burton (appointed on 15 Jan 07)	Nil	Nil	Nil	Nil
Total	\$167,650	\$21,700	Nil	\$189,350

The following table sets out the beneficial interests in Ordinary shares of the directors and other members of key management personnel as at 31 December 2008:

Directors	Fully Paid Ordinary Shares
Graham John Tuckwell	131,500

ETFS acquired the entire share capital of the Company from Holdings on 18 July 2008. Therefore, all Ordinary shares are now held by ETFS. Graham Tuckwell is the ultimate controlling party of ETFS.

18. Remuneration of Auditors

	31 December 2008 \$	31 December 2007 \$
Auditor of the parent entity		
Audit or review of the financial report	10,000	10,000

The auditor of ETFS Metal Securities Australia Limited is Deloitte Touche Tohmatsu.

19. Subsequent Events

Graeme Ross was appointed as an additional Company Secretary on 21 January 2009. Mr Ross is a Director of R&H Fund Services (Jersey) Limited, the company's administrator.

ETFS Physical Gold moved to the AQUA platform of the Australian Stock Exchange on 2 February 2009. On the same day, the Company's four new types of Metal Security also began trading on the AQUA platform.

As part of the acquisition and the launch of the expanded range of commodities, the name of the Company has been changed from Gold Bullion Securities Limited to ETFS Metal Securities Australia Limited. On the 23 February 2009 the Company changed the name of its Gold Bullion Securities to ETFS Physical Gold and along with ETFS Physical Silver, ETFS Physical Platinum, ETFS Physical Palladium and ETFS Physical PM basket are all listed on the AQUA platform of the Australian Stock Exchange. None of these new securities were on issue at 31 December 2008 and as a result there are no accounting policies relating to these new securities disclosed in the accounts. The Directors believe that the financial implications of issuing the new types of securities are minimal.

There has not been any other 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 entity, the results of those operations, or the state of affairs of the

ETFs Metal Securities Australia Limited

company in future financial years.

20. 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 AQUA trading 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 address and principal place of business is as follows:

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

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

Contents	Page number
Directors' Report	31
Income Statement	34
Statement of recognised income and expense	35
Notes to the Financial Statements	36
Directors' Declaration	40
Auditors Independence Declaration	41
Independent Auditors Report	42

Gold Bullion Nominees Pty Ltd

DIRECTORS' REPORT

The directors of Gold Bullion Nominees Pty Ltd submit herewith the financial report of the Company for the financial year ended 31 December 2008. 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 the financial period and until the date of this report are detailed below. Directors were in office for this entire period unless otherwise stated.

Mr Graham John Tuckwell	Non-Executive Chairman, appointed on 20 September 2002.
Mr James Elvis Burton	Non-Executive Director, appointed on 15 January 2007. Resigned 10 July 2008.
Dr Vincent William John FitzGerald	Non-Executive Director, appointed on 10 February 2003.
Mr Gregory John Burgess	Non-Executive Director, appointed 16 February 2006 & Company Secretary, appointed on 17 September 2002.

Principal Activities

Gold Bullion Nominees Pty Ltd (the "Trustee", the "Company") was established to facilitate the offer of ETFS Physical Gold (formerly Gold Bullion Securities) by ETFS Metal Securities Australia Limited ("MSAL", formerly Gold Bullion Securities Limited). The owners and directors of the Trustee are the same as that of ETFS Metal Securities Australia Limited. An ETFS Physical Gold Security is comprised of an ETFS Physical Gold Share of nominal value (issued by MSAL) 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 on behalf of the holders of ETFS Physical Gold. Each time the holder transfers an ETFS Physical Gold 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 ETFS Physical Gold. This consisted of the management of the Trustee's gold bullion account held with the custodian bank, HSBC Bank USA, N.A. in London.

Changes in State of Affairs

On 18 July 2008, the Jersey parent entity Gold Bullion Holdings (Jersey) Limited agreed to sell to ETF Securities Limited ("ETFS") the management and control of the Company and its related entity, Gold Bullion Securities Limited (renamed ETFS Metal Securities Australia Limited). The Company has continued to provide Trustee services in respect of the securities issued by MSAL, although it is proposed during 2009 that the Trustee become ETF Securities Limited – the parent company. ETFS is an entity regulated by the Jersey Financial Services Commission ("JFSC") and the appointment of ETFS as Trustee is subject to the approval of the JFSC.

Upon ETFS becoming the Trustee, the Company whilst remaining incorporated will wind down activity and become dormant.

During the year there was no other significant change in the state of affairs of the company.

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.

Gold Bullion Nominees Pty Ltd

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 1 January to 17 July 2008 the holding company, Gold Bullion Holdings (Jersey) Limited ('Holdings') and ETFS from 18 July to 31 December 2008 has 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 financial year were:

Board of Directors

Directors	Held	Attended
Graham J Tuckwell	1	1
Vincent WJ FitzGerald	1	1
James E Burton	1	1
Gregory J Burgess	1	1

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 Tuckwell	100

Directors' Remuneration

The following table discloses the remuneration of the directors of the company which has been paid by the holding company; Gold Bullion Holdings (Jersey) Limited up until 18 July 2008 and by ETFS for the remainder of the year:

Gold Bullion Nominees Pty Ltd

Name	Salary/Fees	Super	Total
Non-Executive Directors			
Graham J Tuckwell	Nil	Nil	Nil
James E Burton	Nil	Nil	Nil
Vincent WJ FitzGerald	Nil	Nil	Nil
Gregory John Burgess	Nil	Nil	Nil

Remuneration paid in the prior period was also nil.

There were no Executive Directors during the financial period.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 41.

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, 30 March 2009

Gold Bullion Nominees Pty Ltd

INCOME STATEMENT

for the Financial Year ended 31 December 2008

		31 December 2008	31 December 2007
	Note	\$	\$
<i>Revenue</i>		-	-
		-	-
<i>Expenses</i>		-	-
		-	-
<i>Profit Before Income Tax Expense</i>		-	-
Income tax expense		-	-
<i>Profit for continuing operations</i>		-	-
<i>Profit for the period</i>		-	-

Notes accompanying the financial statements are included on pages 36 to 39.

BALANCE SHEET

as at 31 December 2008

		31 December 2008	31 December 2007
	Note	\$	\$
<i>Current Assets</i>			
Cash		100	100
<i>Total Current Assets</i>		100	100
<i>Net Assets</i>		100	100
<i>Equity</i>			
Contributed equity	7	100	100
<i>Total Equity</i>		100	100

Notes accompanying the financial statements are included on pages 36 to 39.

Gold Bullion Nominees Pty Ltd

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the Year ended 31 December 2008

	Year Ended	Year Ended
	31 December 2008	31 December 2007
Note	\$	\$
<i>Net income recognised directly in equity</i>	-	-
Profit for the period	-	-
<i>Total recognised income and expense for the period</i>	-	-
<i>Attributable to:</i>		
Equity holders of the parent	-	-
<i>Effects of changes in accounting policy:</i>		
Equity holders of the parent	-	-

Notes accompanying the financial statements are included on pages 36 to 39.

CASH FLOW STATEMENT

for the Financial Year ended 31 December 2008

	Year Ended	Year Ended
	31 December 2008	31 December 2007
Note	\$	\$
<i>Cash At The Beginning Of The Financial Period</i>	100	100
<i>Cash At The End Of The Financial Period</i>	100	100

Notes accompanying the financial statements are included on pages 36 to 39.

Gold Bullion Nominees Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2008

1 Statement of Significant Accounting Policies

Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, accounting standards and interpretations and complies with other requirements of the law. Accounting standards include Australian equivalents to the 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 30 March 2009.

Basis of preparation

This financial report has 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 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. 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.

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) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on 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 balance sheet.

2 Adoption of New and Revised Accounting Policies

In the current year 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 annual reporting periods beginning on 1 January 2008. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the company's accounting policies.

Gold Bullion Nominees Pty Ltd

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

— IFRS 3 Business Combinations	Effective for annual reporting periods beginning on or after 1 July 2009
— AASB 8 Operating Segments	Effective for annual reporting periods beginning on or after 1 January 2009
— AASB 123 Borrowing Costs	Effective for annual reporting periods beginning on or after 1 January 2009
— AASB 101 Presentation of Financial Statements (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009
— IAS 27 Consolidated and Separate Financial Statements	Effective for annual reporting periods beginning on or after 1 July 2009
— AASB 2007-4 Amendments to Australian Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation	Effective for annual reporting periods beginning on or after 1 July 2007
— AASB 2007-7 Amendments to Australian Accounting Standards Effective for annual reporting periods beginning on or after 1 July 2007	Effective for annual reporting periods beginning on or after 1 July 2007
— Interpretation 11 Group and Treasury Share Transactions	Effective for annual reporting periods beginning on or after 1 March 2007

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company.

3 Non-Current Assets

The Trustee held on behalf of holders of ETFS Physical Gold 398,653.998 fine troy ounces of gold with a market value at balance date of \$495,937,533. All the gold bullion was held in the name of the Trustee and the 398,653.998 ounces of gold was not brought to account by the Trustee because the holders of ETFS Physical Gold (and not the Trustee) hold the beneficial interest in this gold.

The gold was held as 991 London Good Delivery bars totalling 399,033.396 fine troy ounces of gold.

The gold held for holders of ETFS Physical Gold represents 98.1184% of 1/10th of a fine troy ounce entitlement with respect to the 4,062,991 ETFS Physical Gold on issue at 31 December 2008.

Gold Bullion Nominees Pty Ltd

4 Directors' Remuneration

The Directors of ETFS Metal Securities Australia Limited during the financial year were:

- Mr Graham John Tuckwell
- Mr James Elvis Burton (resigned 10 July 2008)
- Dr Vincent William John FitzGerald
- Gregory John Burgess

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

Name	Salary/Fees	Super	Total
Specified Directors			
<i>Non-Executive Directors</i>			
Graham J Tuckwell	Nil	Nil	Nil
James Elvis Burton (up to 10 July 2008)	Nil	Nil	Nil
Vincent WJ FitzGerald	Nil	Nil	Nil
Gregory J Burgess	Nil	Nil	Nil

The remuneration of the Directors of the Company in the prior financial year was also nil.

The Company has no Executives.

5 Remuneration of Auditors

	31 December 2008	31 December 2007
	\$	\$
Auditing of the annual financial reports	3,000	3,000

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

6 Employee Benefits

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

7 Contributed Equity

	31 December 2008	31 December 2007
	\$	\$
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.

Gold Bullion Nominees Pty Ltd

ETF Securities Limited (a Jersey registered company) acquired the entire share capital of ETFS Metal Securities Australia Limited (formerly Gold Bullion Securities Limited) from Gold Bullion Holdings (Jersey) Limited on 18 July 2008. Therefore, all Ordinary shares are now held by ETF Securities Limited.

	2008	2007
	No.	No.
<i>Fully Paid Ordinary Shares</i>		
Balance at beginning of period	100	100
Issue of shares	-	-
<i>Balance at end of period</i>	100	100

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

8 Related Party Disclosures

As a result of ETF Securities Limited acquiring the entire share capital of Gold Bullion Securities Limited on 18 July 2008 from Gold Bullion Holdings (Jersey) Limited, the immediate and ultimate parent and controlling entity of the Company is now ETF Securities Limited, a Jersey company registered No: 88370.

9 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.

10 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 27, AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia

Gold Bullion Nominees Pty Ltd

DIRECTORS' DECLARATION

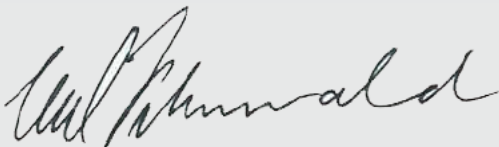
The Directors' declare that:

(a) 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

(b) 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.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Vincent WJ FitzGerald', written in a cursive style.

Vincent WJ FitzGerald

Director

Melbourne, 30 March 2009

Gold Bullion Nominees Pty Ltd

AUDITORS INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia
DX 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

The Board of Directors
Gold Bullion Nominees Pty Ltd
Level 3, 15 Queen St
MELBOURNE VIC 3000

30 March 2009

Dear Board Members

Gold Bullion Nominees Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gold Bullion Nominees Pty Ltd.

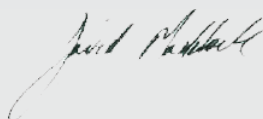
As lead audit partner for the audit of the financial statements of Gold Bullion Nominees Pty Ltd for the financial year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



David Maddock
Partner
Chartered Accountants

Gold Bullion Nominees Pty Ltd

INDEPENDENT AUDITORS REPORT

We have audited the accompanying financial report of Gold Bullion Nominees Pty Ltd, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company as set out on pages 6 to 12.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report and notes 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Auditor's Opinion

In our opinion:

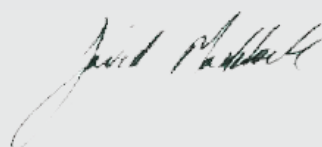
- (a) the financial report of Gold Bullion Nominees Pty Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

Gold Bullion Nominees Pty Ltd

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



DELOITTE TOUCHE TOHMATSU



David Maddock

Partner

Chartered Accountants

Melbourne, 30 March 2009



www.etfsecurities.com