

**ETFS METAL SECURITIES LIMITED**

**Registered No: 95996**

**Unaudited Interim Financial Report for the  
Six months to 30 June 2008**

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## ETFs METAL SECURITIES LIMITED

### DIRECTORS' REPORT

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The directors of ETFs Metal Securities Limited ("MSL"/"the Company") submit herewith the Unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2008.

#### Directors

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

#### **Mr Graham John Tuckwell — Chairman (appointed 22 February 2007)**

Mr Tuckwell is a founder and the chairman of Gold Bullion Securities Limited (Jersey) and Gold Bullion Securities Limited (Australia), which companies obtained the world's first listings of a commodity on a stock exchange. He is also founder and chairman of two other companies issuing exchange traded commodities, ETFs Oil Securities Limited and ETFs Commodity Securities Limited. Assets under management in those two companies is in excess of US\$2,900 billion. Mr Tuckwell was also the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm established more than eight years ago, which specialises in providing financial, technical and strategic advice to the resources industry. Mr Tuckwell no longer has any association with this Company. He has more than 20 years of corporate and investment banking experience. Prior to establishing Gold Bullion Securities Limited and Investor Resources Limited, Mr Tuckwell was Head of Mining Asia/Pacific at Salomon Brothers, Group Executive Director at Normandy Mining responsible for Strategy and Acquisitions and Head of Mergers and Acquisitions at Credit Suisse First Boston in Australia. He holds a Bachelor of Economics (Honours) and a Bachelor of Laws degree from the Australian National University.

#### **Dr. Vince FitzGerald — Non-Executive Director (appointed 22 February 2007)**

Dr FitzGerald is Chairman of The Allen Consulting Group Pty Ltd, an Australian consulting company in the fields of economics, public policy and economic and financial regulation. He has been a director of that company since 1989, soon after its foundation. Prior to that time, he was a senior government official in Canberra, his career involving assignments in the Departments of the Treasury, Prime Minister and Cabinet, Finance (Deputy Secretary), Trade (Secretary) and Employment, Education and Training (Secretary). He is a well known expert on the superannuation industry in Australia, and is a superannuation fund trustee. During the 10 years to 2004, Dr FitzGerald was a director of ING Australia Holdings Ltd and its subsidiaries, and was Chairman of its Audit and Risk Management Committees. He is a non-executive director of Gold Bullion Securities Limited in Jersey and Australia and chairs the group's Risk Management and Audit Committee. He holds a Bachelor of Economics (First class Honours in Econometrics) from the University of Queensland and a PhD in Economics from Harvard University.

#### **Graeme Ross — Non-Executive Director (appointed 22 February 2007)**

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Mr Ross graduated from Abertay University Dundee in 1980 and joined Arthur Young McClelland Moores in Perth, Scotland. He qualified as a chartered accountant in 1984 and joined KPMG Peat Marwick's practice in Jersey shortly afterwards. Graeme joined the Jersey practice of Rawlinson & Hunter, Chartered Accountants, in 1986 as a manager in the fund administration division. In 1994 he was admitted to the Jersey partnership. Graeme has been the managing director of R&H Fund Services (Jersey) Limited since 1996 and has in-depth knowledge and experience of the fund management industry and in particular retail funds. He has worked in the offshore fund management industry for 18 years and also served as a committee member of the Jersey Fund Managers Association for three years. Graeme is also a director of Computershare Investor Services (Channel Islands) Limited and one of his roles is to maintain the day to day operations of the Company and of both ETFs Oil Securities Limited and ETFs Commodity Securities Limited (he is a non-executive director of all three of those companies and of Gold Bullion Securities Limited in Jersey).

**Directors - continued**

**Craig Stewart — Non-Executive Director (appointed 22 February 2007)**

Mr Stewart graduated from Edinburgh University in 1987 with a degree in Politics and worked in commercial roles for two blue chip companies headquartered in London. In 1993, he joined Arthur Andersen's Audit and Business Advisory practice in Jersey and qualified as a chartered accountant in 1996. He has specialised in the investment fund sector and been particularly involved with retail, institutional and private equity funds. In 1997, he was promoted to manager with sole responsibility for Andersen's asset management clients in European offshore jurisdictions. He was also the manager on a significant number of consulting assignments including controls reviews, operational reviews, due diligence projects, benchmarking studies and forensic investigations. In April 2000, he joined Rawlinson & Hunter's fund administration division and in January 2001 he was promoted to Director of R&H Fund Services (Jersey) Limited. Craig is also a director of Computershare Investor Services (Channel Islands) Limited and a non-executive director of Gold Bullion Securities Limited (Jersey), ETFS Oil Securities Limited and ETFS Commodity Securities Limited.

**Dr. Leanne M. Baker — Non-Executive Director (appointed 22 February 2007)**

Dr. Baker is managing director of Investor Resources LLC, a U.S.-based corporate advisory firm that provides financial, investment banking and investor relations expertise to the natural resources industry. She holds her required U.S. regulatory licenses as an independent contractor with broker-dealer Ptoplava Securities Inc. She has more than 20 years of Wall Street research and banking experience, including managing the commodity research team at Philipp Brothers, Inc. in the 1980s and helping to build a metals and mining equity research/banking franchise at Salomon Brothers Inc in the 1990s. She also serves on the boards of directors of Agnico-Eagle Mines Ltd., Kimber Resources Inc., Reunion Gold Corporation and US Gold Corporation. Dr. Baker received her M.S. and Ph.D. degrees in mineral economics from Colorado School of Mines.

**Benjamin Cukier — Non-Executive Director (appointed 22 February 2007)**

Mr Cukier is a Member of Financial Technology Management II, L.L.C. with investment responsibilities in Business Services. Mr Cukier was previously with the Telecommunications and Media Team at Madison Dearborn Partners in Chicago. Prior to joining Madison Dearborn Partners, Mr Cukier was with McKinsey & Co. in New York, where he consulted to clients in the telecommunications, Internet, and healthcare industries. Prior to joining FTVentures, Mr Cukier spent a summer working in the Business Development group at Allegiance Telecom. Mr Cukier received his BS and BA from the University of Pennsylvania and an MBA from Stanford.

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**Jim Wiandt – Non-Executive Director (appointed 14 March 2008)**

Jim Wiandt is Editor of the Journal of Indexes and Publisher of IndexUniverse.com and Exchange-Traded Funds Report (ETFR). Wiandt also oversees the Index Research Group and Financial Technology and Design Group (FTDG) subsidiaries of Index Publications LLC, which provide research and consulting services to many companies in the index and ETF business. In his past, Wiandt has served as editor of IndexFunds.com and a researcher for Compton's encyclopaedia and has worked variously a writer and editor (as well as a legal assistant, teacher and Peace Corps volunteer) in Boston, Japan, New York, West Africa, Venezuela, San Francisco and now Spain. Jim lives with his wife and two young boys in San Sebastian, Spain.

## ETFS METAL SECURITIES LIMITED

### DIRECTORS' REPORT - CONTINUED

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#### Principal Activities

During the financial period there were no significant changes in the nature of the company's activities.

#### Review of Operations

A total of 3,988,327 ETFS Physical Platinum Securities, 2,319,540 ETFS Physical Palladium Securities, 9,426,261 ETFS Physical Silver Securities, 12,656,561 ETFS Physical Gold Securities and 1,380,051 ETFS Physical Basket Securities were in issue at 30 June 2008.

During the period, the Company generated Creation and Redemption fees connected with the issue of and redemption of ETFS Metal Securities. Income from these sources amounted to USD69,570 (31Dec07: USD73,764). In addition, the Company received management fee income, the management fee is quoted as a rate per annum of the Bullion held in custody. Income from this source amounted to USD1,941,628 (31Dec07: USD1,039,885). The Company has received interest in respect of a loan issued to ETFSL. Income received from this source amounted to USD8,847,222 (31Dec07: USD9,402,778). Total income received from these sources amounted to USD10,858,420 (31Dec07: USD10,516,427).

During the period the Company paid to ETFSL (ETF Securities Limited) a management fee of USD1,941,628 (31Dec07: USD1,039,885), the management fee is quoted as a rate per annum of the Bullion held in custody. In addition, the Company has paid interest in respect of loan notes which it has issued to ETFSL. Income paid to this source amounted to USD8,847,222 (31Dec07: USD9,402,778). Total expenditure from these sources amounted to USD10,788,850 (31Dec07: USD10,442,663).

#### Subsequent Events

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

#### Dividends

The directors do not recommend the provision or payment of a dividend to holders of Ordinary Shares for the period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient retained reserves.

#### Employees

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The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

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#### Directors' Remuneration

The following table discloses the remuneration of the directors of the Company which has been paid by the Company or by the parent company, ETFSL, during the financial period:

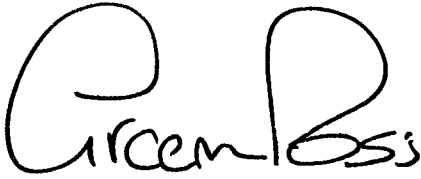
<b>Name</b>	<b>Fees 30 June 2008</b>	<b>Fees 31 December 2007</b>
<b>Specified Directors:</b>		
Graham J Tuckwell	Nil	Nil
Graeme D Ross (paid by ETFSL)	£2,500	£3,750
Craig A Stewart (paid by ETFSL)	£2,500	£3,750
Vincent WJ FitzGerald	Nil	Nil
Leanne M Baker	Nil	Nil
Benjamin Cukier	Nil	Nil
Jim Wiandt	Nil	Nil

ETFS METAL SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

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On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Graeme Ross'. The signature is stylized with large, rounded letters and a prominent 'G' and 'R'.

**Graeme Ross**  
Director

Jersey  
27 August 2008

## **ETFS METAL SECURITIES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the interim financial statements in accordance with applicable Jersey law and generally accepted accounting principles.

Jersey Company law requires the directors to prepare interim financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the interim financial statements comply with the Law and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The interim directors' report includes a fair review of the business and the associated risks and uncertainties for the period covered by the interim financial statements and the remaining six months of the financial year.

The interim directors' report also includes a fair review of all related party transactions that have occurred during the period covered by the interim financial statements.

ETFs METAL SECURITIES LIMITED

CONDENSED INCOME STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2008

	Note	Unaudited Six months to 30 June 2008 USD	Audited Period ended 31 December 2007 USD
<b>Revenue From Ordinary Activities</b>			
Increase in fair value of the Bullion	8	194,894,876	96,148,398
Creation and Redemption Fees	2	69,570	73,764
Interest Received and Receivable	3	8,848,568	9,403,185
Management Fee – Recharge to Note Holders	2	1,941,628	1,039,885
Exchange Gain		<u>222</u>	<u>-</u>
		<u>205,754,864</u>	<u>106,665,232</u>
<b>Expenses From Ordinary Activities</b>			
Increase in the fair value of the ETFs Metal Securities	9	194,894,876	96,148,398
Bank Charges	2	69	51
Exchange Loss		-	1,027
Management Fee	2	1,941,628	1,039,885
Finance Cost (5% Notes)	3	<u>8,847,222</u>	<u>9,402,778</u>
		<u>205,683,795</u>	<u>106,592,139</u>
<b>Profit From Ordinary Activities</b>	2	<u>71,069</u>	<u>73,093</u>
<b>Retained Profit</b>			
Retained profit brought forward		73,093	-
Profit from ordinary activities		<u>71,069</u>	<u>73,093</u>
<b>Retained Profit carried forward</b>		<u>144,162</u>	<u>73,093</u>

The directors consider the Company's activities to be continuing.

Under IAS 34 the results to 30 June 2007 should be included as a comparative, however there are no comparative figures available for this period. It is the Director's intention to include a complete set of comparatives in the next interim financial statements.

The notes on pages 10 to 15 form part of these financial statements

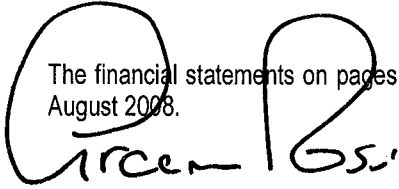


ETFS METAL SECURITIES LIMITED

CONDENSED BALANCE SHEET AS AT 30 JUNE 2008

	Note	Unaudited 30 June 2008 USD	Audited 31 December 2007 USD
<b>Non-Current Assets</b>			
Loan Receivable	14	350,000,000	350,000,000
<b>Current Assets</b>			
Inventories	8	2,384,734,557	942,041,274
Debtors	7	411,699	325
Creation and Redemption Fees Receivable		42,859	35,870
Cash and short-term deposits		<u>101,303</u>	<u>36,902</u>
<b>Total Current Assets</b>		<u>2,385,290,418</u>	<u>942,114,371</u>
<b>Total Assets</b>		<u>2,735,290,418</u>	<u>1,292,114,371</u>
<b>Current Liabilities</b>			
<i>Financial Liabilities at fair value through profit or loss</i>			
ETFS Metal Securities in issue	9	2,384,734,557	942,041,274
Creditors	10	<u>411,695</u>	<u>-</u>
<b>Total Current Liabilities</b>		<u>2,385,146,252</u>	<u>942,041,274</u>
<b>Non-Current Liabilities</b>			
Loan Notes 5% due 2012	11	<u>350,000,000</u>	<u>350,000,000</u>
<b>Total Liabilities</b>		<u>2,735,146,252</u>	<u>1,292,041,274</u>
<b>Equity</b>			
Share Premium	12	4	4
Retained Profits		<u>144,162</u>	<u>73,093</u>
<b>Total Equity</b>		<u>144,166</u>	<u>73,097</u>
<b>Total Equity and Liabilities</b>		<u>2,735,290,418</u>	<u>1,292,114,371</u>

The financial statements on pages 6 to 15 were approved by the board of directors and signed on its behalf on 27 August 2008.

  
Graeme Ross  
Director

The notes on pages 10 to 15 form part of these financial statements

ETFs METAL SECURITIES LIMITED

CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2008

	Unaudited Period ended 30 June 2008 USD	Audited Period ended 31 December 2007 USD
<b>Cash Flows From Operating Activities</b>		
Creation and Redemption Fees received	62,581	37,894
Proceeds from the issue of ETFs Metal Securities	1,662,123,469	896,577,723
Payment on redemption of ETFs Metal Securities	(414,325,062)	(50,684,847)
Payment for purchase of Bullion	(1,662,123,469)	(896,577,723)
Proceeds on redemption of Bullion	414,325,062	50,684,847
Bank charges paid	(69)	(51)
<i>Net cash provided by operating activities</i>	62,512	37,843
<b>Cash Flows From Investing Activities</b>		
Bank interest received	1,667	86
<i>Net cash provided by investing activities</i>	1,667	86
<b>Net Increase in Cash and Cash Equivalents</b>	64,179	37,929
<i>Exchange adjustment on revaluation of bank account</i>	222	(1,027)
<i>Cash and Cash Equivalents at the beginning of the period</i>	36,902	-
<b>Cash and Cash Equivalents at the end of the period</b>	101,303	36,902

Under IAS 34 the results to 30 June 2007 should be included as a comparative, however there are no comparative figures available for this period. It is the Director's intention to include a complete set of comparatives in the next interim financial statements.

The notes on pages 10 to 15 form part of these financial statements

ETFS METAL SECURITIES LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS TO 30 JUNE 2008

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	Share Premium USD	Retained profit USD	Total equity USD
Opening Balance at 1 January 2008	4	73,093	73,097
Profit for the period	<u>-</u>	<u>71,069</u>	<u>71,069</u>
<b>Balance at 30 June 2008</b>	<b><u>4</u></b>	<b><u>144,162</u></b>	<b><u>144,166</u></b>
Opening Balance	-	-	-
Profit for the period	-	73,093	73,093
Share premium issued	<u>4</u>	<u>-</u>	<u>4</u>
<b>Balance at 31 December 2007</b>	<b><u>4</u></b>	<b><u>73,093</u></b>	<b><u>73,097</u></b>

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The notes on pages 10 to 15 form part of these financial statements

## ETFS METAL SECURITIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008

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#### 1. Accounting Policies

The main accounting policies of the Company are described below.

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

The interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The interim financial statements have been prepared on a historical cost basis, except for financial instruments which have been designated as financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The interim accounts should be read in conjunction with the annual financial statements for the year ended 31 December 2007 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2007.

This half yearly report has not been audited or reviewed by auditors.

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007.

The presentation of interim financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The accounting policies appropriate to the company are detailed below.

##### ***Standards, amendments and interpretations not impacting on the company, issued but not effective for the period ended 30 June 2008:***

IAS 23, Borrowing Costs. Revised

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IAS 32, Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation

IFRIC 11, IFRS2: Group and Treasury Share Transactions

IFRIC 12, Service Concession Arrangements

IFRIC 13, Customer Loyalty Programmes

ETFS METAL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008 - CONTINUED

1. Accounting Policies - continued

**Segmental Reporting**

The Company has not provided segment information, as the Company has only one business/geographical segment and all information relevant to the understanding of the Company's activities is included in these interim financial statements.

**Inventories**

Inventories are valued at fair value less cost to sell, in accordance with IAS 2 paragraph 3b, to ensure that the inventory value matches the liability due to holders of the Debt Securities.

2. Profit from Ordinary Activities

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

	Unaudited Period ended 30 June 2008 USD	Audited Period ended 31 December 2007 USD
a) Revenue from ordinary activities includes:		
Creation and Redemption Fees	69,570	73,764
Management Fee – Recharge to Note Holders	<u>1,941,628</u>	<u>1,039,885</u>
	<u>2,011,198</u>	<u>1,113,649</u>

The Creation and Redemption Fees are receivable from the Authorised Participants. The amount received was £500 for each day that an Authorised Participant creates and/or redeems, regardless of the number of creations and/or redemptions that they issue and/or redeem.

	Unaudited Period ended 30 June 2008 USD	Audited Period ended 31 December 2007 USD
b) Expenses include:		
Bank Charges	69	51
Management Fee	<u>1,941,628</u>	<u>1,039,885</u>
	<u>1,941,697</u>	<u>1,039,936</u>

3. Net Finance Costs

	Unaudited Period ended 30 June 2008 USD	Audited Period ended 31 December 2007 USD
Interest Receivable	8,848,568	9,403,185
Finance Cost (5% Notes)	<u>(8,847,222)</u>	<u>(9,402,778)</u>
	<u>1,346</u>	<u>407</u>

## ETFSL METAL SECURITIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008 - CONTINUED

#### 4. Directors' Remuneration

The directors of ETFSL Metal Securities Limited during the period were:

- Mr Graham John Tuckwell
- Dr Vincent William John FitzGerald
- Mr Graeme David Ross
- Mr Craig Andrew Stewart
- Dr Leanne Baker
- Mr Benjamin Cukier
- Mr Jim Wiandt

The parent entity reviews and revises remuneration packages of all specified directors from time-to-time. The following table discloses the remuneration of the directors of the Company, and details of whether these have been paid by the Company or ETFSL (the parent company) during the period:

	Unaudited Period ended 30 June 2008 Fees	Audited Period ended 31 December 2007 Fees
<b>Specified Directors:</b>		
Graham J Tuckwell	Nil	Nil
Vincent W J FitzGerald	Nil	Nil
Graeme D Ross (paid by ETFSL)	£2,500	£3,750
Craig A Stewart (paid by ETFSL)	£2,500	£3,750
Leanne Baker	Nil	Nil
Benjamin Cukier	Nil	Nil

Mr Tuckwell and Mr Cukier are not entitled to receive any emoluments in respect of their Directorships.

No fees have been paid to any of the Director's during the period.

#### 5. Jersey Exempt Company

Under Article 123A of the Income Tax (Jersey) law 1961, as amended, the Company has obtained Jersey exempt company status for 2008 and is therefore exempt from Jersey income tax on non-Jersey source income and bank interest (by concession). A £600 annual exempt company fee is payable by the company. This fee is paid by ETFSL and is not recognised within these financial statements. A general zero rate of corporate income tax is due to be introduced in 2009.

#### 6. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the period in respect of employees.

#### 7. Debtors

	Unaudited 30 June 2008 USD	Audited 31 December 2007 USD
Unpaid share premium (see note 14)	4	4
Accrued Income	-	321
Management Fee receivable	<u>411,695</u>	<u>-</u>
	<u>411,699</u>	<u>325</u>

**ETFS METAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008 - CONTINUED**

**8. Inventories**

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
Inventories held at fair value as security for securities issued:		
Platinum	846,721,732	213,997,340
Palladium	120,507,250	15,686,076
Silver	194,465,121	182,275,061
Gold	<u>1,223,040,454</u>	<u>530,082,797</u>
	<u>2,384,734,557</u>	<u>942,041,274</u>

The amount of Platinum held on behalf of holders of ETFS Physical Platinum Securities at the period end was 410,233.398 ounces. The Platinum is recorded at market value using the PM fix on 30 June 2008 quoted by the London Platinum and Palladium Market of USD2,064 per troy ounce.

The amount of Palladium held on behalf of holders of ETFS Physical Palladium Securities at the period end was 258,045.504 ounces. The Palladium is recorded at market value using the PM fix on 30 June 2008 quoted by the London Platinum and Palladium Market of USD467 per troy ounce.

The amount of Silver held on behalf of holders of ETFS Physical Silver Securities at the period end was 11,017,853.865 ounces. The Silver is recorded at market value using the fix on 30 June 2008 quoted by the London Bullion Market Association of USD17.65 per troy ounce.

The amount of Gold held on behalf of holders of ETFS Physical Gold Securities at the period end was 1,314,743.836 ounces. The Gold is recorded at market value using the PM fix on 30 June 2008 quoted by the London Bullion Market Association of USD930.25 per fine troy ounce.

The movement in the bullion held in the period can be analysed as follows:

	<b>Platinum</b>		<b>Palladium</b>		<b>Silver</b>	
	<b>Ounces</b>	<b>USD</b>	<b>Ounces</b>	<b>USD</b>	<b>Ounces</b>	<b>USD</b>
Balance b/f	139,959.019	213,997,340	42,975.550	15,686,076	12,349,258.859	182,275,061.000
Value of creations	327,603.200	632,093,507	294,329.538	141,268,639	4,466,542.972	78,171,737
Value of redemptions	(57,328.821)	(111,647,019)	(79,259.584)	(36,445,897)	(5,797,947.966)	(97,956,477)
Movement in fair value	-	112,277,904	-	(1,568)	-	31,974,800
Balance c/f	<u>410,233.398</u>	<u>846,721,732</u>	<u>258,045.504</u>	<u>120,507,250</u>	<u>11,017,853.865</u>	<u>194,465,121</u>

	<b>Gold</b>	
	<b>Ounces</b>	<b>USD</b>
Balance b/f	633,691.329	530,082,797
Value of creations	872,387.359	810,589,586
Value of redemptions	(191,334.852)	(168,275,669)
Movement in fair value	-	50,643,740
Balance c/f	<u>1,314,743.836</u>	<u>1,223,040,454</u>

**ETFS METAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008 - CONTINUED**

**9. ETFS Metal Securities in Issue**

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
Fair Value at designation as fair value through profit or loss	2,189,839,681	845,892,876
Change in fair value	<u>194,894,876</u>	<u>96,148,398</u>
ETFS Metal Securities in issue	<u>2,384,734,557</u>	<u>942,041,274</u>

The Company issues ETFS Metal Securities which are undated secured limited recourse debt obligations issued by the Company, which entitles the Security Holder to require the redemption of the security and on the settlement date receive an amount of Bullion equal to the Metal entitlement of that date.

The ETFS Metal Securities are quoted on the London Stock Exchange, Euronext SA, Borsa Italiana, the Frankfurt Stock Exchange and Euronext Amsterdam. 3,204,406 ETFS Physical Platinum Securities were issued and 538,346 were redeemed, during the period, 2,784,211 ETFS Physical Palladium Securities were issued and 731,763 were redeemed during the period, 3,453,809 ETFS Physical Silver Securities were issued and 5,433,886 were redeemed during the period, 8,413,325 ETFS Physical Gold Securities were issued and 1,782,493 were redeemed during the period and 859,463 ETFS Physical Basket Securities were issued and 300,000 were redeemed during the period to 30 June 2008.

The combined entitlement to platinum held on behalf of Holders of ETFS Physical Platinum Securities amounted to 410,233.398oz. The securities are recorded at fair value and the company's liability using the PM fix rate on 30 June 2008 quoted by the London Platinum and Palladium Market is USD846,721,732.

The combined entitlement to palladium held on behalf of Holders of ETFS Physical Palladium Securities amounted to 258,045,504oz. The securities are recorded at fair value and the company's liability using the PM fix rate on 30 June 2008 quoted by the London Platinum and Palladium Market is USD120,507,250.

The combined entitlement to silver held on behalf of Holders of ETFS Physical Silver Securities amounted to 11,017,853.865oz. The securities are recorded at fair value and the company's liability using the fix rate on 30 June 2008 quoted by the London Bullion Market Association is USD194,465,121.

The combined entitlement to gold held on behalf of Holders of ETFS Physical Gold Securities amounted to 1,314,743.836oz. The securities are recorded at fair value and the company's liability using the PM fix rate on 30 June 2008 quoted by the London Bullion Market Association is USD1,223,040,454.

**10. Creditors**

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
Management Fee payable to ETFS	<u>411,695</u>	<u>-</u>

**11. Loan Notes**

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
Loan Notes 5% due 2012	<u>350,000,000</u>	<u>350,000,000</u>



**ETFS METAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2008 - CONTINUED**

**12. Stated Capital**

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
2 shares @ £1 each	<u>4</u>	<u>4</u>

The Company has an unlimited capital of no par value shares.

All shares issued by ETFS Metal Securities Limited carry one vote per share without restriction and carry the right to dividends. All shares are held by the parent entity, ETFSL, a Jersey registered company.

	<b>No.</b>	<b>Stated Capital</b>	
		<b>30 June 2008 USD</b>	<b>31 December 2007 USD</b>
<b>Balance at beginning of period/year</b>	2	4	-
Movement during the period/year	-	-	<u>4</u>
<b>Balance at end of period/year</b>	<u>2</u>	<u>4</u>	<u>4</u>

**13. Contingent Liabilities and Contingent Assets**

The Company does not have any material contingent liabilities or contingent assets at 30 June 2008.

**14. Related Party Disclosures**

The immediate and ultimate parent company is ETFSL, a Jersey company registered No: 88370.

Entities which have a significant influence over the Company through the ownership of ETFSL shares, or by virtue of being a director or trustee of the Company or the holding company are related parties of ETFS Metal Securities Limited.

The Company also pays a management fee to ETFSL, under a Service Agreement.

	<b>Unaudited 30 June 2008 USD</b>	<b>Audited 31 December 2007 USD</b>
The following balances were due (to)/from ETFSL at the period end:		
Loan receivable	350,000,000	350,000,000
Share premium receivable	4	4
Management fee	<u>411,695</u>	<u>-</u>
	<u>350,411,699</u>	<u>350,000,004</u>

The loan is interest free and there is no set date for repayment.

As disclosed in note 4 above, ETF Securities Limited paid Directors fees in respect of the Company of £5,000 (31Dec07: £7,500).

Graeme Ross and Craig Stewart are directors of Computershare Investor Services (Channel Islands) Limited, the registrar and R&H Fund Services (Jersey) Limited, the administrator. During the period, ETF Securities Limited paid registrar, secretarial and administration fees to the registrar and administrator of £12,500 (31Dec07: £16,183). £12,500 (31Dec07: £10,000) was outstanding at the period end.

Benjamin Cukier is also a Partner of FTVentures (L.P.) ("FTV"). FTV own the majority of the preference shares in the Company's holding company, ETFSL.

**15. Ultimate Controlling Party**

The ultimate controlling party is Graham Tuckwell.