

**ETFS METAL SECURITIES LIMITED**

**Registered No: 95996**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2009**

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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 2009.

#### 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.

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

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, 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 over 20 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 Gold Bullion Securities Limited (Jersey), ETFs Commodity Securities Limited and ETFs Oil Securities Limited, of which he is a non-executive director.

#### **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 1997. 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. In 2003 he was admitted to the Jersey Partnership of Rawlinson and Hunter. Craig is also a director of Computershare Investor Services (Channel Islands) Limited and a non-executive director of Gold Bullion Securities Limited (Jersey), ETFs Commodity Securities Limited and ETFs Oil Securities Limited.

## ETFS METAL SECURITIES LIMITED

### DIRECTORS' REPORT - CONTINUED

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#### Directors - continued

#### **Greg Burgess – Non-Executive Director (appointed 2 June 2009)**

Mr Burgess is a qualified accountant and is the Chief Financial Officer of the ETF Securities group of companies. He is responsible for all financial, administrative and company secretarial activities within the group, which includes a number of companies whose securities are listed on the London Stock Exchange and other exchanges throughout Europe. He was previously finance director of Investor Resources Limited and Chief Financial Officer of Wizard Information Services. He has held senior positions within the Australian Department of Finance and been internal auditor at Normandy Mining Limited. He holds a Bachelor of Arts (Accountancy) from the University of Canberra and is a Fellow of CPA Australia.

#### **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 3,107,426 ETFS Physical Platinum Securities, 2,876,944 ETFS Physical Palladium Securities, 17,044,955 ETFS Physical Silver Securities, 27,734,489 ETFS Physical Gold Securities and 1,428,866 ETFS Physical Basket Securities were in issue at 30 June 2009.

A total of 181,938 ETFS Physical Silver Securities and 652,371 ETFS Physical Gold Securities were awaiting creation at 30 June 2009.

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 USD114,302 (30 June 08: USD69,570). 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 USD5,969,088 (30 June 08: USD1,941,628). Total income received from these sources amounted to USD6,083,390 (30 June 08: USD2,011,198).

During the period the Company paid to ETFSL (ETF Securities Limited) a management fee of USD5,969,088 (30 June 08: USD1,941,628), the management fee is quoted as a rate per annum of the Bullion held in custody. Total expenditure from these sources amounted to USD5,969,088 (30 June 08: USD1,941,628).

#### **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**

During the period the Company made payments of dividends amounting to USD202,672. 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**

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.

ETFSL METAL SECURITIES LIMITED

DIRECTORS' REPORT - CONTINUED

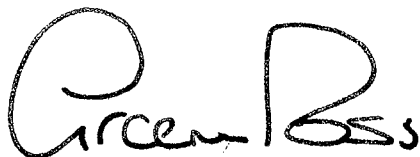
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**Directors' Remuneration**

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 2009</b>	<b>Fees 30 June 2008</b>
<b>Specified Directors:</b>		
Graham J Tuckwell	Nil	Nil
Graeme D Ross (paid by ETFSL)	£2,500	£2,500
Craig A Stewart (paid by ETFSL)	£2,500	£2,500
Vincent WJ FitzGerald (resigned 2 June 2009)	Nil	Nil
Leanne M Baker (resigned 2 June 2009)	Nil	Nil
Benjamin Cukier (resigned 2 June 2009)	Nil	Nil
Jim Wiandt (resigned 2 June 2009)	Nil	Nil
Greg Burgess (appointed 2 June 2009)	Nil	Nil

On behalf of the Directors



**Graeme Ross**  
Director

Jersey  
28 August 2009

## 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 2009

	Note	Unaudited Six months to 30 June 2009 USD	Restated Unaudited Six months to 30 June 2008 USD
<b>Revenue From Ordinary Activities</b>			
Increase in fair value of the Bullion	8	299,046,406	194,894,876
Creation and Redemption Fees	2	114,302	69,570
Interest Received and Receivable	3	415	1,346
Management Fee – Recharge to Note Holders	2	5,969,088	1,941,628
Exchange Gain		<u>14,528</u>	<u>222</u>
		<u>305,144,739</u>	<u>196,907,642</u>
<b>Expenses From Ordinary Activities</b>			
Increase in the fair value of the ETFS Metal Securities	9	299,046,406	194,894,876
Bank Charges	2	49	69
Management Fee	2	<u>5,969,088</u>	<u>1,941,628</u>
		<u>305,015,543</u>	<u>196,836,573</u>
<b>Profit From Ordinary Activities</b>	2	<u>129,196</u>	<u>71,069</u>
Dividends Payable		(202,672)	-
<b>(Loss)/Profit From Ordinary Activities after Dividends</b>		<u>(73,476)</u>	<u>71,069</u>
<b>Retained Profit</b>			
Retained profit brought forward		204,622	73,093
(Loss)/Profit from ordinary activities		<u>(73,476)</u>	<u>71,069</u>
<b>Retained Profit carried forward</b>		<u>131,146</u>	<u>144,162</u>

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

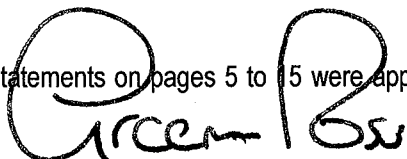
The notes on pages 9 to 15 form part of these financial statements

ETFs METAL SECURITIES LIMITED

CONDENSED BALANCE SHEET AS AT 30 JUNE 2009

	Note	Unaudited 30 June 2009 USD	Audited 31 December 2008 USD
<b>Current Assets</b>			
Inventories	8	3,426,188,508	1,985,390,511
Debtors	7	1,150,900	652,208
Creation and Redemption Fees Receivable		58,745	31,703
Cash and short-term deposits		72,401	172,919
Amounts receivable on ETFs Metal Securities Awaiting settlement	8	<u>63,009,241</u>	<u>15,109,772</u>
<b>Total Current Assets</b>		<u>3,490,479,795</u>	<u>2,001,357,113</u>
<b>Total Assets</b>		<u>3,490,479,795</u>	<u>2,001,357,113</u>
<b>Current Liabilities</b>			
<i>Financial Liabilities at fair value through profit or loss</i>			
ETFs Metal Securities in issue	9	3,376,753,835	1,970,289,255
ETFs Metal Securities awaiting settlement	9	49,434,673	15,101,256
Creditors	10	1,150,896	652,204
Amounts payable on inventories awaiting settlement	8	<u>63,009,241</u>	<u>15,109,772</u>
<b>Total Current Liabilities</b>		<u>3,490,348,645</u>	<u>2,001,152,487</u>
<b>Total Liabilities</b>		<u>3,490,348,645</u>	<u>2,001,152,487</u>
<b>Equity</b>			
Share Premium	11	4	4
Retained Profits		<u>131,146</u>	<u>204,622</u>
<b>Total Equity</b>		<u>131,150</u>	<u>204,626</u>
<b>Total Equity and Liabilities</b>		<u>3,490,479,795</u>	<u>2,001,357,113</u>

The financial statements on pages 5 to 15 were approved by the board of directors and signed on its behalf on 28 August 2009.



Graeme Ross  
Director



ETFs METAL SECURITIES LIMITED

CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2009

	Unaudited Period ended 30 June 2009 USD	Unaudited Period ended 30 June 2008 USD
<b><i>Cash Flows From Operating Activities</i></b>		
Creation and Redemption Fees received	87,260	62,581
Proceeds from the issue of ETFs Metal Securities	-	1,662,123,469
Payment on redemption of ETFs Metal Securities	-	(414,325,062)
Payment for purchase of Bullion	-	(1,662,123,469)
Proceeds on redemption of Bullion	-	414,325,062
Bank charges paid	<u>(49)</u>	<u>(69)</u>
<i>Net cash provided by operating activities</i>	87,211	62,512
<b><i>Cash Flows From Investing Activities</i></b>		
Dividends paid	<u>(202,672)</u>	<u>-</u>
<i>Net cash provided by financing activities</i>	(202,672)	-
<b><i>Cash Flows From Investing Activities</i></b>		
Bank interest received	<u>415</u>	<u>1,667</u>
<i>Net cash provided by investing activities</i>	415	1,667
<b><i>Net (Decrease)/Increase in Cash and Cash Equivalents</i></b>	<b>(115,046)</b>	<b>64,179</b>
<i>Exchange adjustment on revaluation of bank account</i>	14,528	222
<i>Cash and Cash Equivalents at the beginning of the period</i>	<u>172,919</u>	<u>36,902</u>
<b><i>Cash and Cash Equivalents at the end of the period</i></b>	<b><u>72,401</u></b>	<b><u>101,303</u></b>

The notes on pages 9 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 2009

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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>Unaudited 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 at 1 January 2009	4	204,622	204,626
Loss for the period	<u>-</u>	<u>(73,476)</u>	<u>(73,476)</u>
<b>Unaudited Balance at 30 June 2009</b>	<b><u>4</u></b>	<b><u>131,146</u></b>	<b><u>131,150</u></b>

The notes on pages 9 to 15 form part of these financial statements

## 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 2009 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 2008 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 2008. 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 2008.

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 2008.

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 2009:***

IFRS 8, Operating Segments

IAS 23, Borrowing Costs. Revised

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

IFRIC 14, The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

**ETFS METAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2009 - 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 2009 USD	Unaudited Period ended 30 June 2008 USD
a) Revenue from ordinary activities includes:		
Creation and Redemption Fees	114,302	69,570
Management Fee – Recharge to Note Holders	<u>5,969,088</u>	<u>1,941,628</u>
	<u>6,083,390</u>	<u>2,011,198</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 2009 USD	Unaudited Period ended 30 June 2008 USD
b) Expenses include:		
Bank Charges	49	69
Management Fee	<u>5,969,088</u>	<u>1,941,628</u>
	<u>5,969,137</u>	<u>1,941,697</u>

**3. Net Finance Costs**

	Unaudited Period ended 30 June 2009 USD	Unaudited Period ended 30 June 2008 USD
Interest Receivable	<u>415</u>	<u>1,346</u>

## ETFs METAL SECURITIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2009 - CONTINUED

#### 4. Directors' Remuneration

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

- Mr Graham John Tuckwell
- Dr Vincent William John FitzGerald (resigned 2 June 2009)
- Mr Graeme David Ross
- Mr Craig Andrew Stewart
- Dr Leanne Baker (resigned 2 June 2009)
- Mr Benjamin Cukier (resigned 2 June 2009)
- Mr Jim Wiandt (resigned 2 June 2009)
- Mr Greg Burgess (appointed 2 June 2009)

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 2009 Fees	Unaudited Period ended 30 June 2008 Fees
<b>Specified Directors:</b>		
Graham J Tuckwell	Nil	Nil
Vincent W J FitzGerald (resigned 2 June 2009)	Nil	Nil
Graeme D Ross (paid by ETFSL)	£2,500	£2,500
Craig A Stewart (paid by ETFSL)	£2,500	£2,500
Leanne Baker (resigned 2 June 2009)	Nil	Nil
Benjamin Cukier (resigned 2 June 2009)	Nil	Nil
Greg Burgess (appointed 2 June 2009)	Nil	Nil

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

#### 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 the prior year and was therefore exempt from Jersey income tax on non-Jersey source income and bank interest (by concession). A £600 annual exempt company fee was paid by the company. This fee was paid by ETFSL and is not recognised within these financial statements. As from 1 January 2009 the exempt company regime no longer applies. The general rate of income tax for companies resident in Jersey is now 0%.

#### 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 2009 USD	Audited 31 December 2008 USD
Unpaid share premium (see note 13)	4	4
Management Fee receivable	<u>1,150,896</u>	<u>652,204</u>
	<u>1,150,900</u>	<u>652,208</u>

ETFs METAL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2009 - CONTINUED

8. Inventories

	Unaudited 30 June 2009 USD	Audited 31 December 2008 USD
Inventories held at fair value as security for securities issued:		
Platinum	384,590,173	153,492,032
Palladium	78,537,298	31,242,808
Silver	258,718,854	153,425,699
Gold	<u>2,640,967,323</u>	<u>1,632,128,716</u>
	<u>3,362,813,648</u>	<u>1,970,289,255</u>
Inventories awaiting settlement:		
Palladium	-	(2,562,710)
Gold	60,865,735	17,663,966
Silver	<u>2,509,125</u>	<u>-</u>
	<u>63,374,860</u>	<u>15,101,256</u>

The amount of Platinum held on behalf of holders of ETFs Physical Platinum Securities at the period end was 321,563.689 ounces. The Platinum is recorded at market value using the AM fix on 30 June 2009 quoted by the London Platinum and Palladium Market of USD1,196 per troy ounce.

The amount of Palladium held on behalf of holders of ETFs Physical Palladium Securities at the period end was 312,897.603 ounces. The Palladium is recorded at market value using the AM fix on 30 June 2009 quoted by the London Platinum and Palladium Market of USD251 per troy ounce.

The amount of Silver held on behalf of holders of ETFs Physical Silver Securities at the period end was 18,559,458.688 ounces. The Silver is recorded at market value using the fix on 30 June 2009 quoted by the London Bullion Market Association of USD13.94 per troy ounce.

The amount of Gold held on behalf of holders of ETFs Physical Gold Securities at the period end was 2,806,554.009 ounces. The Gold is recorded at market value using the AM fix on 30 June 2009 quoted by the London Bullion Market Association of USD941 per fine troy ounce.

At the period end there were 179,994.584 ounces of silver awaiting creation of securities, as well as 64,681.971 ounces of gold awaiting creation of securities, with trade dates before the period end and settlement dates after the period end. The net amount receivable on completion of these trades is USD63,009,241, and their fair value at year end is USD63,374,860.

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

	Platinum		Palladium		Silver	
	Ounces	USD	Ounces	USD	Ounces	USD
Balance b/f	170,736.410	153,492,032	170,260.534	31,242,808	14,219,249.276	153,425,699
Value of creations	282,245.004	320,325,953	167,597.146	37,081,447	6,541,668.097	86,958,743
Value of redemptions	(130,776.808)	(148,171,102)	(24,371.411)	(4,921,963)	(2,160,229.878)	(29,640,238)
Management fee	(640.917)	(738,976)	(588.666)	(139,185)	(41,228.807)	(563,138)
Movement in fair value	<u>-</u>	<u>59,682,266</u>	<u>-</u>	<u>15,274,191</u>	<u>-</u>	<u>48,537,788</u>
Balance c/f	<u>321,563.689</u>	<u>384,590,173</u>	<u>312,897.603</u>	<u>78,537,298</u>	<u>18,559,458.688</u>	<u>258,718,854</u>

ETFs METAL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2009 - CONTINUED

8. Inventories continued

	Gold		Total	Total
	Ounces	USD	30 June 2009 USD	31 December 2008 USD
Balance b/f	1,886,854.008	1,632,128,717	1,970,289,256	942,041,274
Value of creations	1,225,854.582	1,117,990,155	1,562,356,298	2,920,968,048
Value of redemptions	(301,329.837)	(280,210,808)	(462,944,111)	(1,466,766,114)
Ounces held awaiting receipt of securities	-	-	-	2,569,693
Management fee	(4,824.743)	(4,492,902)	(5,934,201)	(7,752,973)
Movement in fair value	-	175,552,161	299,046,406	(420,770,673)
Balance c/f	2,806,554.01	2,640,967,323	3,362,813,648	1,970,289,255

9. ETFs Metal Securities in Issue

	Unaudited 30 June 2009 USD	Audited 31 December 2008 USD
Fair Value at designation as fair value through profit or loss	3,077,707,429	2,391,059,928
Change in fair value	299,046,406	(420,770,673)
ETFs Metal Securities in issue	<u>3,376,753,835</u>	<u>1,970,289,255</u>
Fair value of ETFs Metal Securities awaiting settlement at period/year end	<u>49,434,673</u>	<u>15,101,256</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

	Platinum	Palladium	Silver	Gold	Basket
<b>Number of securities in issue at 31 Dec 08</b>	<b>1,618,151</b>	<b>1,509,923</b>	<b>13,096,506</b>	<b>18,579,682</b>	<b>1,034,258</b>
Created in 2009	2,772,319	1,537,211	5,676,455	12,039,767	773,278
Redeemed in 2009	(1,283,044)	(170,190)	(1,728,006)	(2,884,960)	(378,670)
<b>Number of securities in issue At 30 June 09</b>	<b>3,107,426</b>	<b>2,876,944</b>	<b>17,044,955</b>	<b>27,734,489</b>	<b>1,428,866</b>
Transfer basket securities to Corresponding metals	142,887	285,773	1,714,639	571,546	
<b>Total at 30 June 09</b>	<b>3,250,313</b>	<b>3,162,717</b>	<b>18,759,594</b>	<b>28,306,035</b>	
Metal entitlement at 30 Jun 09	0.098933158	0.098933158	0.989331565	0.099150374	-
<b>Entitlement to metal (ounces)</b>	<b>321,563.689</b>	<b>312,897.603</b>	<b>18,559,458.688</b>	<b>2,806,554.01</b>	-
FV rate quoted by LBMA/LPPM At 30 Jun 09 (USD per ounce)	1,196.00	251.00	13.94	941.00	-
<b>Fair value of securities in issue at 30 June 09 (USD)</b>	<b>384,590,173</b>	<b>78,537,298</b>	<b>258,718,854</b>	<b>2,640,967,323</b>	-

ETFs METAL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2009 - CONTINUED

10. Creditors

	Unaudited 30 June 2009 USD	Audited 31 December 2008 USD
Management Fee payable to ETFs	<u>1,150,896</u>	<u>652,204</u>

11. Stated Capital

	Unaudited 30 June 2009 USD	Audited 31 December 2008 USD
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.

		Stated Capital	
	No.	30 June 2009 USD	31 December 2008 USD
Balance at beginning of period/year	2	4	4
Movement during the period/year	-	-	-
Balance at end of period/year	<u>2</u>	<u>4</u>	<u>4</u>

12. Contingent Liabilities and Contingent Assets

The Company does not have any material contingent liabilities or contingent assets at 30 June 2009.

13. 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.

	Unaudited 30 June 2009 USD	Unaudited 30 June 2008 USD
The following balances were due (to)/from ETFSL at the period end:		
Share premium receivable	4	4
Management fee	<u>1,150,896</u>	<u>652,204</u>
	<u>1,150,900</u>	<u>652,208</u>

As disclosed in note 4 above, ETF Securities Limited paid Directors fees in respect of the Company of £5,000 (30 June 08: £5,000).

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 £37,500 (30 June 08: £12,500). £18,750 (30 June 08: £12,500) was outstanding at the period end.

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



**14. Ultimate Controlling Party**

The ultimate controlling party is Graham Tuckwell.

**15. Off-balance sheet intercompany loan and loan notes**

Under the UCITS directive, a UCITS Fund subscribing to ETFSL Metal Securities Limited is prohibited from holding more than 10 per cent of the debt securities issued by MSL, debt securities include Metal Securities and loan notes. MSL proposed to issue a 5% unsecured limited recourse note due 2012 to ETFSL. The issue of these will increase the number of securities in issue, which will in turn increase the number of securities that a UCITS Fund will be able to subscribe for.

ETFSL and ETFSL Metal Securities Limited therefore entered into an Intercompany Loan Agreement on 18 April 2007. The principal amount of the loan was USD150,000,000, the loan is a 5% unsecured limited recourse loan due 2012. The loan was further increased to USD350,000,000 on 9 August 2007.

Interest is accrued on the loan due from ETFSL and loan notes due to ETFSL of USD350,000,000 at a rate of 5% per annum annually in arrears and is due on each interest payment date per the term of the loan agreement and conditions of the loan notes.

No physical cash was exchanged in respect of the loan and the loan notes or on the related interest. Both parties did not feel that there would be any benefit to either party in transferring the money as the key terms and conditions, being the principal amount, the interest and the repayments terms, were identical for both the intercompany loan and the loan note agreements. Both parties also felt that it would be more beneficial to avoid the large back charges that would be incurred in moving such monies.

The loan notes and the loan are not disclosed on a gross basis in the primary statements and have effectively been offset against each other. This is a result of the key terms of both the loan and loan notes being identical. There is no impact on the profit for the period as the interest received for the loan exactly matches the interest which would be paid on the loan notes. In addition, no interest amounts were paid/received during the period. As a result, in the opinion of the directors, offsetting the intercompany loan and loan notes, along with any related interest amounts, reflects the substance of the transaction.