



Gold Bullion Securities Limited

Registered No: 87322

**Unaudited Interim Financial Report for the
Six Months to 30 June 2021**

Gold Bullion Securities Limited



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Gold Bullion Securities Limited

Directors' Report



The directors of Gold Bullion Securities Limited ("GBS" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2021.

Directors

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

Stuart Bell
Christopher Foulds
Steven Ross
Peter Ziemba

Directors' Interests

No director has an interest in the Shares of the Company as at the date of this report.

Principal Activities

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

Review of Operations

The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italia, the Euronext Brussels and the NYSE Euronext Paris.

As at 30 June 2021, the Company had 22,454,222 (31 December 2020: 26,181,830) Gold Securities in issue, with assets under management of USD 3,678.2 million (31 December 2020: USD 4,623.2 million). The Company recognises its assets ("Gold Bullion") and financial liabilities ("Gold Securities") at fair value in the Condensed Statement of Financial Position.

The Company holds Gold Bullion to support the Gold Securities as determined by the Gold Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Gold Bullion is marked to fair value using the latest price published by the London Bullion Market Association ("LBMA").

The Company has entered into contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The issue and redemption transactions are processed through a direct transfer of Gold Bullion between the Authorised Participant and the Custodian, however the accounting value recorded in respect of each creation and redemption applies the price published by the LBMA on the transaction date.

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider the stock exchanges where the Gold Securities are listed to be the principal market and as a result the fair value of the Gold Securities is the on-exchange price as quoted on the stock exchange demonstrating active trading with the highest trading volume on each day that the price is obtained. As a result of the difference in valuation between Gold Bullion and Gold Securities there is a mismatch between the values recognised, and the results of the Company reflect a gain or loss on the difference between the value of the Gold Bullion (through the application of the price published by the LBMA against the Gold Entitlement and referred to within this financial statements as the "Contractual Value") and the price of Gold Securities.

The gain or loss on Gold Securities and Gold Bullion is recognised through profit or loss in line with the Company's accounting policy.

Gold Bullion Securities Limited**Directors' Report (Continued)****Review of Operations (continued)**

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	30 June 2021	30 June 2020
	USD	USD
Creation and Redemption Fees	2,693	8,250
Management Fees	7,947,091	8,778,927
Total Fee Income	7,949,784	8,787,177

Non-GAAP Performance Measures

Under the terms of the service agreement with WisdomTree Management (Jersey) Limited ("ManJer" or the "Manager"), the Company accrued expenses equal to the Management Fee and creation and redemption fees, which after taking into account other operating income and expenses, resulted in a result before fair value movements for the period of USD Nil (30 June 2020: USD Nil).

As the difference in the valuation of Gold Bullion (held to support the Gold Securities) and Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion, the Company presents an adjusted Statement of Profit or Loss and Total Comprehensive Income and an adjusted Statement of Changes in Equity in note 10 of the financial statements.

Coronavirus disease (COVID-19)

The COVID-19 pandemic continues to persist and the ultimate duration of the pandemic and its short-term and long-term impact on the global economy is unknown. National governments and supranational organisations in multiple states continue taking steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. COVID-19 has created market turmoil and increased market volatility generally. Mutations in the virus, a setback in vaccine distribution and negative global economic consequences arising from the pandemic, amongst other factors, could have a future adverse impact on the global financial markets. The steps outlined above, and public sentiment, may affect both the volatility and prices of Gold Bullion and hence the prices of the Gold Securities, and such effects may be significant and may be long-term in nature.

The directors are closely monitoring the advice and developments relating to the spread of COVID-19, which is fluid and rapidly changing. The WisdomTree group has implemented, and continues to implement, measures to maintain the ongoing safety and well-being of employees, whilst continuing to operate business as usual.

Future Developments

The board of directors (the "Board") 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 interim financial statements.

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree group do not receive separate remuneration in their capacity as directors of the Company. R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") receives a fee in respect of the directors of the Company who are employees of R&H.

Gold Bullion Securities Limited**Directors' Report (Continued)**

The directors' fees which have been paid by ManJer on behalf of the Company for the period:

	30 June 2021	30 June 2020
	GBP	GBP
Stuart Bell	Nil	Nil
Christopher Foulds	4,000	1,680
Hilary Jones (resigned 15 April 2021)	Nil	2,320
Steven Ross	4,000	4,000
Peter Ziemba	Nil	Nil

Going Concern

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by Approved Applicants and in certain circumstances by individual holders and also, in certain circumstances, may be compulsorily redeemed by the Company. As the redemption of Gold Securities will always coincide with the transfer of an equal amount (in value) of Gold Bullion, liquidity risk is mitigated such that there is no residual liquidity risk. All other expenses are met by ManJer. The directors are closely monitoring the advice and developments relating to the spread of COVID-19, particularly with its impact on ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of these interim financial statements, and accordingly these interim financial statements have been prepared on the going concern basis.

Directors Statement

With regard to Directive 2004/109/EC, amended by Directive 2013/50/EU (collectively the Transparency Directive), the Central Bank (Investment Market Conduct) Rules of the Central Bank of Ireland and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors confirm to the best of their knowledge that:

- the interim financial statements for the period ended 30 June 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- the Directors' Report gives a fair view of the development and performance of the Company's business, including financial position and the important events that have occurred during the period and their impact on these interim financial statements.

On behalf of the directors

DocuSigned by:

DD0018D9EFAA41Z
Christopher Foulds
25 August 2021

Gold Bullion Securities Limited

Condensed Statement of Profit or Loss and Other Comprehensive Income



	Notes	Period Ended 30 June	
		2021 Unaudited USD	2020 Unaudited USD
Income	2	7,949,784	8,787,177
Expenses	2	(7,949,784)	(8,787,177)
Result Before Fair Value Movements		-	-
Change in Fair Value of Gold Bullion	4	(325,952,771)	656,066,254
Change in Fair Value of Gold Securities	5	318,601,647	(692,565,027)
Loss for the Period^{1, 2}		(7,351,124)	(36,498,773)

The directors consider the Company's activities as continuing.

¹ A non-statutory and non-GAAP Condensed Statement of Profit or Loss and Other Comprehensive Income reflecting adjustments representing the movement in the difference between the value of Gold Bullion and the price of Gold Securities is set out in note 10.

² There are no items of Other Comprehensive Income, therefore the Loss for the Period also represented the Total Comprehensive Income for the Period.

The notes on pages 8 to 14 form part of these condensed interim financial statements

Gold Bullion Securities Limited

Condensed Statement of Financial Position



	Notes	As At	
		30 June 2021 Unaudited USD	31 December 2020 Audited USD
Assets			
Gold Bullion	4	3,678,196,836	4,623,226,427
Amounts Receivable on Gold Bullion Awaiting Settlement	4	9,408,064	5,079,300
Amounts Receivable on Gold Securities Awaiting Settlement	5	6,543,660	-
Gold Bullion Held in Respect of Management Fees		1,216,635	1,572,334
Gold Swing Bar	3	758,155	813,173
Trade and Other Receivables		154,596	150,845
Total Assets		3,696,277,946	4,630,842,079
Liabilities			
Gold Securities	5	3,692,709,078	4,630,387,545
Amounts Payable on Gold Securities Awaiting Settlement	5	9,408,064	5,079,300
Amounts Payable on Gold Bullion Awaiting Settlement	4	6,543,660	-
Gold Loan		758,155	813,173
Trade and Other Payables		1,229,411	1,581,359
Total Liabilities		3,710,648,368	4,637,861,377
Equity			
Share Capital		142	142
Share Premium		141,678	141,678
Revaluation Reserve		(14,512,242)	(7,161,118)
Total Equity		(14,370,422)	(7,019,298)
Total Equity and Liabilities		3,696,277,946	4,630,842,079

The assets and liabilities in the above Condensed Statement of Financial Position are presented in order of liquidity from most to least liquid.

The condensed interim financial statements on pages 4 to 14 were approved and authorised for issue by the board of directors and signed on its behalf on 25 August 2021.

DocuSigned by:

DD0018D9EFAA417...

Christopher Foulds
Director

The notes on pages 8 to 14 form part of these condensed interim financial statements

Gold Bullion Securities Limited

Condensed Statement of Cash Flows



	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Loss for the Period	(7,351,124)	(36,498,773)
Non-cash Reconciling Items		
Change in Fair Value of Gold Bullion	325,952,771	(656,066,254)
Change in Fair Value of Gold Securities	(318,601,647)	692,565,027
Revaluation of Gold Swing Bar	(55,018)	78,130
Movement in Gold Loan Due to Change in Gold Price	55,018	(78,130)
	-	-
Cash Generated from Operating Activities	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period	-	-

Gold Securities are issued through a direct transfer of Gold Bullion from the Approved Applicants to the Custodian or redeemed by the direct transfer of Gold Bullion by the Custodian to the Approved Applicants. As such the Company is not a party to any cash transactions. The creations and redemptions of Gold Securities and additions and disposals of Gold Bullion, which are non-cash transactions for the Company, are disclosed in notes 5 and 4 respectively in the reconciliation of opening to closing Gold Securities and Gold Bullion.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company (including marketing) as well as the payment of costs relating to the listing and issue of Gold Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the Management Fee and the creation and redemption fees earned, less expenses (the "ManJer Fee"). The Gold Bullion in respect of the Management Fee is transferred by the Trustee from the Company's custodian accounts to ManJer's custodian accounts. In addition, amounts in respect of the creation and redemption fees are transferred directly from the Approved Applicants to ManJer and there are no cash flows through the Company.

The notes on pages 8 to 14 form part of these condensed interim financial statements

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity



	Stated Capital USD	Share Premium USD	Retained Earnings USD	Revaluation Reserve USD	Total Equity USD
Audited Opening Balance at 1 January 2020	142	141,678	-	1,960,038	2,101,858
Result and Total Comprehensive Income for the Period	-	-	(36,498,773)	-	(36,498,773)
Transfer to Revaluation Reserve	-	-	36,498,773	(36,498,773)	-
Unaudited Balance at 30 June 2020	142	141,678	-	(34,538,735)	(34,396,915)
Unaudited Opening Balance at 1 July 2020	142	141,678	-	(34,538,735)	(34,396,915)
Result and Total Comprehensive Income for the Period	-	-	27,377,617	-	27,377,617
Transfer to Revaluation Reserve	-	-	(27,377,617)	27,377,617	-
Audited Balance at 31 December 2020	142	141,678	-	(7,161,118)	(7,019,298)
Audited Opening Balance at 1 January 2021	142	141,678	-	(7,161,118)	(7,019,298)
Result and Total Comprehensive Income for the Period	-	-	-(7,351,124)	-	-(7,351,124)
Transfer to Revaluation Reserve	-	-	7,351,124	-(7,351,124)	-
Unaudited Balance at 30 June 2021³	142	141,678	-	(14,512,242)	(14,370,422)

³ A non-statutory and non-GAAP Condensed Statement of Changes in Equity reflecting adjustments representing the difference between the value of Gold Bullion and the price of Gold Securities is set out in note 10.

The notes on pages 8 to 14 form part of these condensed interim financial statements

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

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 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

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 for the year ended 31 December 2020. Except as described below under *Changes in Accounting Standards* the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2020. The changes in accounting policies are also expected to be reflected in the financial statements for the year ended 31 December 2021.

The presentation of interim financial statements in conformity with International Financial Reporting Standards ("IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key accounting judgement required to prepare these financial statements are in respect of the presentation of non-statutory and non-GAAP adjustments to the Condensed Statement of Profit or Loss and Other Comprehensive Income and the Condensed Statement of Changes in Equity, as disclosed in note 10.

This half yearly report has not been audited or reviewed by the Company's auditors.

Changes in Accounting Standards

On 1 January 2021 the Company adopted all applicable annual improvements to IFRSs and have assessed that the adoption of these revised and amended accounting standards has not resulted in any changes to the accounting policies and disclosures within these financial statements.

2. Result Before Fair Value Movements

Result Before Fair Value Movements for the period comprised:

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Creation and Redemption Fees	2,693	8,250
Management Fees	7,947,091	8,778,927
Total Income	7,949,784	8,787,177
ManJer Fees	(7,949,784)	(8,787,177)
Total Operating Expenses	(7,949,784)	(8,787,177)
Result Before Fair Value Movements	-	-

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

3. Gold Swing Bar

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Gold Swing Bar	<u>758,155</u>	<u>813,173</u>

The Company has a loan facility with HSBC Bank USA, N.A. giving the Company the rights, interest and title to a gold bar. The 430 (31 December 2020: 430) ounce gold bar is held for the purpose of facilitating the allocation of gold to holders of Gold Securities. The gold is recorded at fair value using the last price published by the LBMA, being the PM fix on 30 June 2021 of USD 1,763.150 per oz (31 December 2020: AM fix of USD 1,891.100 per oz).

4. Gold Bullion

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Fair Value of Gold Bullion	<u>(325,952,771)</u>	<u>656,066,254</u>

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Gold Bullion Held at Fair Value	<u>3,678,196,836</u>	<u>4,623,226,427</u>

As at 30 June 2021, there were certain amounts of Gold Bullion awaiting settlement in respect of the creation or redemption of Gold Securities with transaction dates before the period end and settlement dates in the following period:

- The amount receivable a result of unsettled redemptions of Gold Securities is USD 9,408,064 (31 December 2020: USD 5,079,300).
- The amount payable a result of unsettled creations of Gold Securities is USD 6,543,660 (31 December 2020: USD Nil).

All Gold Bullion assets have been valued using the PM fix on 30 June 2021 as published by the LBMA, being the last fix price available at the period end.

The below reconciliation of changes in the Gold Bullion includes only non-cash changes.

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Opening Gold Bullion	4,623,226,427	3,893,624,633
Additions	134,928,499	956,146,779
Disposals	(746,058,228)	(777,293,150)
Gold Bullion Transferred to Gold Bullion Held in Respect of Management Fees	(7,947,091)	(8,778,927)
Change in Fair Value	(325,952,771)	656,066,254
Closing Gold Bullion	<u>3,678,196,836</u>	<u>4,719,765,589</u>

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

5. Gold Securities

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Change in Fair Value of Gold Securities	<u>318,601,647</u>	<u>(692,565,027)</u>
	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Gold Securities at Fair Value	<u>3,692,709,078</u>	<u>4,630,387,545</u>

As at 30 June 2021, there were certain Gold Securities awaiting settlement in respect of creations or redemptions with transaction dates before the period end and settlement dates in the following period:

- The monetary amount payable as a result of unsettled redemptions of Gold Securities is USD 9,408,064 (31 December 2020: USD 5,079,300).
- The monetary amount receivable as a result of unsettled creations of Gold Securities is USD 6,543,660 (31 December 2020: USD Nil).

The below reconciliation of changes in the Currency-Hedged Metal Securities, being liabilities arising from financing activities, includes only non-cash changes.

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Opening Gold Securities	4,630,387,545	3,891,664,595
Securities Created	134,928,499	956,146,779
Securities Redeemed	(746,058,228)	(777,293,150)
Management Fee	(7,947,091)	(8,778,927)
Change in Fair Value	(318,601,647)	692,565,027
Closing Gold Securities	<u>3,692,709,078</u>	<u>4,754,304,324</u>

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2021, there were 22,454,222 (31 December 2020: 26,181,830) Gold Securities outstanding, with a face value, in aggregate, of USD 225 (31 December 2020: USD 262).

6. Gold Loan

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
Gold Loan	<u>758,155</u>	<u>813,173</u>

The loan is denominated in gold ounces and marked to fair value at the period end with movements recognised in the Condensed Statement of Profit of Loss and Other Comprehensive Income. The loan is repayable on demand. The Company intends to maintain the loan as long as the Company continues to operate.

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

7. Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 fair value based on quoted prices in active markets for identical assets.
- Level 2 fair values based on valuation techniques using observable inputs other than quoted prices.
- Level 3 fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company is required to utilise the available on-market price as the Gold Securities are quoted and actively traded on the open market. Therefore Gold Securities are classified as Level 1 financial liabilities.

The Company holds Gold Bullion to support the Gold Securities as determined by the Gold Entitlement (which is calculated in accordance with an agreed formula published in the Prospectus). Gold Bullion is marked to fair value using the latest price published by the LBMA. The Company has contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The fair value of each creation and redemption of Gold Securities is recorded using the price published by the LBMA on the transaction date applied to that Gold Entitlement. Therefore, Gold Bullion is classified as a level 2 asset, as the value is calculated using third party pricing sources supported by observable, verifiable inputs.

The categorisation of the Company's assets and (liabilities) are as shown below:

	As at	
	30 June 2021 Unaudited GBP	31 December 2020 Audited USD
Level 1		
Gold Securities	(3,692,709,078)	(4,630,387,545)
Level 2		
Gold Bullion	3,678,196,836	4,623,226,427
Gold Swing Bar	758,155	813,173
Gold Loan	(758,155)	(813,173)
	3,678,196,836	4,623,226,427

The Gold Securities and the Gold Bullion are recognised at fair value through profit or loss upon initial recognition and revalued to fair value in line with the Company's accounting policy. There are no liabilities classified in level 3. Transfers between levels would be recognised if there was a change in circumstances that prevented public information in respect of Level 1 inputs from being available. Any such transfers would be recognised on the date of the change in circumstances that cause the transfer. There were no transfers or reclassifications between Level 1 and Level 2 for any of the assets or liabilities during the period.

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

8. Related Party Disclosures

Entities and individuals which have a significant influence over the Company, either through ownership or by virtue of being a director of the Company, are considered to be related parties. In addition, entities with common ownership to the Company and entities with common directors are also considered to be related parties.

Fees charged by ManJer during the period:

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
ManJer Fees	<u>7,949,784</u>	<u>8,787,177</u>

The following balances were due to and from ManJer at the period/year end:

	As At	
	30 June 2021 Unaudited USD	31 December 2020 Audited USD
ManJer Fees Payable	<u>1,229,411</u>	<u>(1,581,359)</u>

At 30 June 2021, USD 141,820 is receivable from ManJer (31 December 2020: USD 141,820).

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 8,000 (30 June 2020: GBP 8,000).

Steven Ross is a director of R&H Fund Services (Jersey) Limited ("R&H" or the "Administrator") and Steven Ross is a partner of Rawlinson & Hunter, Jersey Partnership, which wholly owns R&H. Christopher Foulds is a senior employee of R&H. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 33,626 (30 June 2020: GBP 33,626), of which GBP 16,813 (31 December 2020: GBP 16,813) was outstanding at the period end.

Peter Ziembra and Stuart Bell are executive officers of WisdomTree Investments, Inc.

9. Events Occurring After the Reporting Period

There have been no significant events that have occurred since the end of the reporting period up to the date of signing the interim financial statements which would impact on the financial position of the Company disclosed in the Condensed Statement of Financial Position as at 30 June 2021 or on the results and cash flows of the Company for the period ended on that date.

10. Non-GAAP and Non-Statutory Information

As a result of the mis-match in the accounting valuation of Gold Bullion (held to support the Gold Securities) and Gold Securities (as disclosed in notes 4 and 5) the profits and losses and comprehensive income of the Company presented in the Statement of Profit or Loss and Other Comprehensive Income reflect gains and losses which represent the movement in the cumulative difference between the value of the Gold Bullion and the price of Gold Securities. The Statement of Changes in Equity also reflects the fair value movements on both the Gold Bullion (held to support the Gold Securities) and the Gold Securities.

These gains or losses on the difference between the value of the Gold Bullion (held to support the Gold Securities) and the price of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

Gold Bullion Securities Limited

Condensed Statement of Changes in Equity

10. Non-GAAP and Non-Statutory Information (continued)

Furthermore, the Gold Securities are issued under limited recourse arrangements whereby the holders have recourse only to the relevant Gold Bullion (held to support the Gold Securities) and not to the Company. As a result, the Company does not make gains from trading in the underlying Gold Bullion (held to support the Gold Securities) and, from a commercial perspective (with the exception of the impact of Management Fees) gains and losses in respect of Gold Bullion (held to support the Gold Securities) will always be offset by a corresponding loss or gain on the Gold Securities and the Company does not retain any net gains or losses.

The mismatched accounting values are as shown below:

	Period Ended 30 June	
	2021 USD	2020 USD
Change in Fair Value of Gold Bullion	(325,952,771)	656,066,254
Change in Fair Value of Gold Securities	318,601,647	(692,565,027)
	(7,351,124)	(36,498,773)

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Condensed Statement of Profit or Loss and Other Comprehensive Income and Condensed Statement of Changes in Equity for the period which reflect an Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities, together with those gains or losses being transferred to a separate reserve which is deemed non-distributable.

a) *Non-GAAP and Non-Statutory Condensed Statement of Profit or Loss and Other Comprehensive Income*

	Period Ended 30 June	
	2021 Unaudited USD	2020 Unaudited USD
Income	7,949,784	8,787,177
Expenses	(7,949,784)	(8,787,177)
Result Before Fair Value Movements	-	-
Change in Fair Value of Gold Bullion	(325,952,771)	656,066,254
Change in Fair Value of Gold Securities	318,601,647	(692,565,027)
Loss for the Period	(7,351,124)	(36,498,773)
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	7,351,124	36,498,773
Adjusted Result	-	-

Gold Bullion Securities Limited

Notes to the Condensed Interim Financial Statements (Continued)



10. Non-GAAP and Non-Statutory Information (continued)

(b) Non-GAAP and Non-Statutory Condensed Statement of Changes in Equity

	Stated Capital USD	Share Premium USD	Retained Earnings USD	Revaluation Reserve ⁴ USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2020	142	141,678	-	1,960,038	2,101,858	141,820
Result and Total Comprehensive Income for the Period	-	-	(36,498,773)	-	(36,498,773)	(36,498,775)
Transfer to Revaluation Reserve	-	-	36,498,773	(36,498,773)	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	-	-	-	-	-	36,498,775
Unaudited Balance at 30 June 2020	142	141,678	-	(34,538,735)	(34,396,915)	141,820
Unaudited Opening Balance at 1 July 2020	142	141,678	-	(34,538,735)	(34,396,915)	141,820
Result and Total Comprehensive Income for the Period	-	-	27,377,617	-	27,377,617	27,377,617
Transfer to Revaluation Reserve	-	-	(27,377,617)	27,377,617	-	-
³ Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	-	-	-	-	-	(27,377,617)
Audited Balance at 31 December 2020	142	141,678	-	(7,161,118)	(7,019,298)	141,820
Audited Opening Balance at 1 January 2021	142	141,678	-	(7,161,118)	(7,019,298)	141,820
Result and Total Comprehensive Income for the Period	-	-	(7,351,124)	-	(7,351,124)	(7,351,124)
Transfer to Revaluation Reserve	-	-	7,351,124	(7,351,124)	-	-
Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	-	-	-	-	-	7,351,124
Unaudited Balance at 30 June 2021	142	141,678	-	(14,512,242)	(14,370,422)	141,820

⁴ This represents the difference between the value of Gold Bullion and the price of Gold Securities.

The notes on pages 8 to 16 form part of these condensed interim financial statements

