

SPDR GOLD TRUST
Form 10-Q
May 08, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

- x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2009
- o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____to_____

Commission file number: 001-32356

**SPDR® GOLD TRUST
SPONSORED BY WORLD GOLD TRUST SERVICES, LLC
(Exact Name of Registrant as Specified in Its Charter)**

New York
(State or Other Jurisdiction of
Incorporation or Organization)

81-6124035
(I.R.S. Employer
Identification No.)

**c/o World Gold Trust Services, LLC
424 Madison Avenue, 3rd Floor
New York, New York 10017**
(Address of Principal Executive Offices)

(212) 317-3800
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).*

Yes No

* The Registrant has not yet been phased into the interactive data requirements.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 7, 2009 the Registrant had 361,300,000 shares outstanding.

**SPDR® GOLD TRUST
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Table of Contents**SPDR® GOLD TRUST****PART I - FINANCIAL INFORMATION:****Item 1. Financial Statements (Unaudited)****Unaudited Condensed Statements of Condition**

at March 31, 2009 and September 30, 2008

(Amounts in 000 s of US\$ except for share data)	Mar-31, 2009	Sep-30, 2008⁽¹⁾
ASSETS		
Investment in Gold ⁽²⁾	\$ 28,831,932	\$ 16,878,554
Gold Receivable	72,063	897,184
Total Assets	\$ 28,903,995	\$ 17,775,738
LIABILITIES		
Accounts payable to related parties	\$ 10,185	\$ 4,179
Accounts payable	712	2,256
Accrued expenses		347
Total Liabilities	10,897	6,782
Redeemable Shares:		
Shares at redemption value to investors ⁽³⁾	33,210,701	21,471,084
Shareholders Deficit	(4,317,603)	(3,702,128)
Total Liabilities, Redeemable Shares & Shareholders Deficit	\$ 28,903,995	\$ 17,775,738

(1) Derived from audited statement of condition as of September 30, 2008.

(2) The market value of Investment in Gold at March 31, 2009 is \$33,149,535 and at September 30, 2008, is \$20,580,682.

(3) Authorized share capital is unlimited and the par value per share is \$0.00. Shares issued and outstanding at March 31, 2009 are 368,700,000 and at September 30, 2008, 246,500,000.

See notes to the unaudited condensed financial statements

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For the three months ended March 31, 2009 and 2008 and the six months ended March 31, 2009 and 2008

(Amounts in 000 s of US\$, except for share and per share data)	Three Months Ended Mar-31, 2009	Three Months Ended Mar-31, 2008	Six Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2008
REVENUES				
Proceeds from sales of gold	\$ 23,869	\$ 16,919	\$ 42,721	\$ 30,864
Cost of gold sold to pay expenses	(20,102)	(11,389)	(37,708)	(21,703)
Gain on gold sold to pay expenses	3,767	5,530	5,013	9,161
Gain on gold distributed for the redemption of shares	1,508	602,018	76,621	728,220
Total Gain on gold	5,275	607,548	81,634	737,381
EXPENSES				
Custody fees	4,494	3,297	7,839	5,991
Trustee fees	493	499	997	1,003
Sponsor fees	10,112	6,920	17,045	12,828
Marketing agent fees	10,112	6,920	17,045	12,828
Other expenses	2,071	1,246	3,911	1,561
Total expenses	27,282	18,882	46,837	34,211
Net Gain/(Loss) from Operations	\$ (22,007)	\$ 588,666	\$ 34,797	\$ 703,170
<i>Net Gain/(Loss) per share</i>	\$ (0.07)	\$ 2.84	\$ 0.13	\$ 3.49
<i>Weighted average number of shares (000 s)</i>	309,078	207,448	278,009	201,263

See notes to the unaudited condensed financial statements

Table of Contents**SPDR® GOLD TRUST****Unaudited Condensed Statements of Cash Flows**

For the three months ended March 31, 2009 and 2008 and the six months ended March 31, 2009 and 2008

(Amounts in 000 s of US\$)	Three Months Ended Mar-31, 2009	Three Months Ended Mar-31, 2008	Six Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2008
INCREASE / DECREASE IN CASH FROM OPERATIONS:				
Cash proceeds received from sales of gold	\$ 23,869	\$ 16,919	\$ 42,721	\$ 30,864
Cash expenses paid	(23,869)	(16,919)	(42,721)	(30,864)
(Decrease) / Increase in cash resulting from operations				
Cash and cash equivalents at beginning of period				
Cash and cash equivalents at end of period	\$	\$	\$	\$
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:				
<i>Value of gold received for creation of shares net of gold receivable</i>	\$ 10,235,748	\$ 2,332,072	\$ 12,021,545	\$ 4,088,389
<i>Value of gold distributed for redemption of shares</i>	\$ 7,823	\$ 1,253,687	\$ 928,233	\$ 1,599,210
(Amount in 000 s of US\$)	Three Months Ended Mar-31, 2009	Three Months Ended Mar-31, 2008	Six Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2008
RECONCILIATION OF NET GAIN/(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net Gain/(Loss) from Operations	\$ (22,007)	\$ 588,666	\$ 34,797	\$ 703,170
Adjustments to reconcile net gain to net cash provided by operating activities				
Increase in gold assets	(10,344,571)	(827,480)	(11,953,378)	(2,227,959)

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(Increase)/Decrease in gold receivable	64,095	(239,517)	825,121	(239,517)
Increase in liabilities	3,412	1,963	4,115	3,347
Increase/(decrease) in redeemable shares				
Creations	10,308,401	2,332,072	12,094,198	4,088,389
Redemptions	(9,330)	(1,855,704)	(1,004,853)	(2,327,430)
Net cash provided by operating activities	\$	\$	\$	\$

See notes to the unaudited condensed financial statements

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Unaudited Condensed Statement of Changes in Shareholders' Deficit

For the six months ended March 31, 2009

(Amounts in 000 s of US\$)	Six Months Ended Mar-31, 2009
Shareholders' Deficit - Opening Balance	(3,702,128)
Net Gain for the period	34,797
Adjustment of Redeemable Shares to redemption value	(650,272)
Shareholders' Deficit - Closing balance	(4,317,603)

See notes to the unaudited condensed financial statements

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Notes to the Unaudited Condensed Financial Statements

1. Organization

The SPDR® Gold Trust (the Trust) is an investment trust formed on November 12, 2004, under New York law pursuant to a trust indenture. The fiscal year end for the Trust is September 30th. The Trust holds gold and issues shares (Shares) (in minimum blocks of 100,000 Shares, also referred to as Baskets) in exchange for deposits of gold and distributes gold in connection with redemption of Baskets. The investment objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the Trust's expenses.

The condensed statements of condition at March 31, 2009 and September 30, 2008, the condensed statements of operations and of cash flows for the three and six months ended March 31, 2009 and 2008 and the condensed statement of changes in shareholders' deficit for the six months ended March 31, 2009 have been prepared on behalf of the Trust without audit. In the opinion of management of the sponsor of the Trust, World Gold Trust Services, LLC (the Sponsor), all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of and for the three and six months ended March 31, 2009 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the fiscal year ended September 30, 2008. The results of operations for the three and six months ended March 31, 2009 are not necessarily indicative of the operating results for the full year.

2. Significant accounting policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires those responsible for preparing financial statements to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Trust.

2.1. Valuation of Gold

Gold is held by HSBC Bank USA, N.A. (the Custodian), on behalf of the Trust and is valued, for financial statement purposes, at the lower of cost or market. The cost of gold is determined according to the average cost method and the market value is based on the London Fix used to determine the Net Asset Value of the Trust. Realized gains and losses on sales of gold, or gold distributed for the redemption of shares, are calculated on a trade date basis using average cost.

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The table below summarizes the impact of unrealized gains or losses on the Trust's gold holdings as of March 31, 2009 and September 30, 2008:

(Amounts in 000 s of US\$)	Mar-31, 2009	Sep-30, 2008
Investment in gold - average cost	\$ 28,831,932	\$ 16,878,554
Unrealized gain on investment in gold	4,317,603	3,702,128
Investment in gold - market value	\$ 33,149,535	\$ 20,580,682

The Trust recognizes the diminution in value of the investment in gold which arises from market declines on an interim basis. Increases in the value of the same investment in gold through market price recoveries in later interim periods of the same fiscal year are recognized in the later interim period. Increases in value recognized on an interim basis may not exceed the previously recognized diminution in value.

2.2. Gold receivable

Gold receivable represents the quantity of gold covered by contractually binding orders for the creation of shares where the gold has not yet been transferred to the Trust's account. Generally, ownership of the gold is transferred within three days of the trade date. As of March 31, 2009 there was \$72,063,456 gold receivable and as of September 30, 2008 there was \$897,184,358 gold receivable.

2.3. Creations and Redemptions of Shares

The Trust creates and redeems Shares from time to time, but only in one or more Baskets. The Trust issues Shares in Baskets to certain authorized participants (Authorized Participants) on an ongoing basis. The creation and redemption of Baskets is only made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of gold and any cash represented by the Baskets being created or redeemed, the amount of which will be based on the combined net asset value of the number of Shares included in the Baskets being created or redeemed determined on the day the order to create or redeem Baskets is properly received.

As the Shares of the Trust are redeemable at the option of the Authorized Participants only in Baskets, the Trust has classified the Shares as Redeemable Shares on the Statement of Financial Condition. The Trust records the redemption value, which represents its maximum obligation, as Redeemable Shares with the difference from cost as an offsetting amount to Shareholders' Equity. Changes in the Shares for the six months ended March 31, 2009 and for the year ended September 30, 2008, are as follows:

	Six Months Ended Mar-31, 2009	Year Ended Sep-30, 2008
(All amounts are in 000 s)		
Number of Redeemable Shares:		
Opening Balance	246,500	187,900
Creations	135,000	147,100
Redemptions	(12,800)	(88,500)
Closing Balance	368,700	246,500

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Notes to the Unaudited Condensed Financial Statements

2. Significant accounting policies (continued)