

FC14324.

WORLD GOLD COUNCIL

707190/30

2006

Financial Statements

and

Reports

THURSDAY



A29VNR60

A37

12/07/2007

534

COMPANIES HOUSE

Report of the Secretary

Membership

Membership of the Association, as at 1 February 2007, is to be found at the end of these Financial Statements. During 2006 no Members resigned. The following Members joined: Agnico-Eagle Mines Limited and Coeur d'Alene Mines Corporation, effective 1 January 2006, Cambior, Goldcorp Inc, Kinross Gold Corp and IAMgold Corp effective 1 April 2006, and, Eldorado Gold Corp effective 1 May 2006.

The Board of Directors have established that the Dues rates applying from 1 January 2007 will be as follows:

- Regular Dues - US\$1.75 per oz. of declared production (2006 US\$1.75 per ounce),
- Reduced Dues - US\$1.00 per oz. of declared production (2006 US\$1.00 per ounce), and
- Associate Dues - US\$20,000 per annum (2006 US\$20,000 per annum)

Articles of Association

The Members of the Association unanimously approved amendments to the Articles of Association with effect from 29 September 2005. The Articles were amended, with associated consequential changes, to allow for new categories of Membership.

Governance

Since the Association is registered in Switzerland, it is not directly subject to the laws and codes of practice relating to the operation of companies in the UK. However, the Board agreed that during the year ended 31 December 2006 it would apply both the spirit of the UK Combined Code of Corporate Governance, and those of its principles that can be applied to a non-profit trade association, and in preparing the Financial Statements for the year then ended it has done so.

Board of Directors

The Board of Directors is responsible for the management, control and direction of the activities, affairs and property of the Association in accordance with the Articles of Association. The composition of the Board is shown below. A Board director, and their alternate, holds office for one year, renewable annually. The Chairman holds office for two years, renewable once.

The Audit Committee

The Audit Committee's role is to assist the Board in meeting its responsibilities in the areas of financial systems and control, reporting, ethical standards, and in overseeing the processes by which the Association identifies, measures and manages risk. The Committee is comprised of the Chairman and at least two other directors. The Committee operates under terms of reference determined by the Board. Reports of the Committee's proceedings are made to the Board and the Committee has unlimited access to both internal and external auditors. The Committee met twice during the year.

The Remuneration Committee

The Remuneration Committee, which operates under terms of reference determined by the Board, is comprised of the Chairman and at least two other directors. The Committee is responsible for all aspects of remuneration policy, bonuses, retirement and all other benefit arrangements. During 2006, following Board approval in 2003, the Committee continued the process of evaluating performance against predetermined measurement criteria agreed on balanced scorecards at individual, sector/functional/regional and Association levels. The Committee met twice during the year.

Election of Directors & Committees

The following Directors ceased to be members of the Board. P Tomsett (Placer Dome) resigned on 20 January 2006, and K H Williams (Anglogold Ashanti) resigned on 5 May 2006. The election of Directors by Members and Associates is governed by the Association's Articles of Association. Members will each nominate their representative as a Director to automatically represent them on the Board, and their alternative representative to be their alternate Director, and, Associates are entitled to nominate one representative as a Director to represent them on the Board, and an alternative representative, to be their alternate Director. If there is more than one nomination the Associates will each have one vote to select, by simple majority, one representative (and their alternate) from those nominated. If there are more than fifteen Associates, the Associates may be entitled to nominate an additional representative to the Board. On 28 September 2006, the Directors', and alternate Directors', appointments were confirmed at the Members' meeting and the Committee Members' appointments were confirmed at the Board meeting.

Directors, Officers and Committees

At 31 December 2006 the Directors, Officers and Committees comprised the following

Directors

P Lassonde (Chairman)
J E Burton (Chief Executive Officer)
R Benavides
S Boyd
T Burt
I D Cockerill
J Conway
S Dempsey
T Setiloane
I Telfer
D Wheeler
G Wilkins
P Wright

Alternate Directors

R O'Brien

P Solis
D Allan
C Hill
N Holland
L Philips
A Jensen
R Raghavjee
L Hall
J Sabala
P J Garver
E Price

Member

Newmont Mining Corporation

Cia de Minas Buenaventura S A A
Agnico-Eagle Mines Limited
Kinross Gold Corp
Gold Fields Limited
IAMgold Corp
Royal Gold Inc
AngloGold Ashanti
Goldcorp Inc
Coeur d'Alene Mines Corporation
Barrick Gold Corporation
Eldorado Gold Corp

Audit Committee

P Lassonde (Chairman)
S Boyd
T Setiloane
D Wheeler

Remuneration Committee

P Lassonde (Chairman)
R Benavides
I D Cockerill
G Wilkins

Business Planning Committee

P Lassonde (Chairman)
I D Cockerill
J Conway
R Raghavjee

Officers

P Lassonde, Chairman
R Benavides, Vice-Chairman
J E Burton, Chief Executive Officer
J R Lowe, Treasurer & Secretary

World Gold Council Staff

J E Burton, Chief Executive Officer
M Barakat, Managing Director, Middle East
J D Calnon, Managing Director, Americas
A Cheng, Managing Director, Far East
J R Lowe, Finance Director & Treasurer
P Olden, Managing Director & Chief Marketing Officer
K Pulvermacher, Managing Director, Investment Research & Marketing

Auditors

Deloitte & Touche LLP London were reappointed as Auditors at the Members' Meeting of the Association on 28 September 2006

Principal Bankers

Barclays PLC
54 Lombard Street
London EC3V 9EX
UK

Report of the Treasurer

The member dues rate per ounce of production for 2006 was maintained at US\$1 75 for Regular Dues (2005 - US\$1 75 per ounce) and at US\$1 00 for Reduced Dues (2005 - US\$1 00 per ounce). Members' production levels were a little higher in 2006 and, together with Dues received from new Members, this resulted in World Gold Council revenue from Members of US\$49 3 million versus US\$45 4 million in 2005. Income from the fee payable by streetTRACKS® Gold Trust in 2006 was significantly higher at US\$10 2 million (2005 - US\$3 2 million) due to the growth in the ounces of gold held by the Trust and the increase in the average price of gold during 2006.

Expenditure in 2006 totalled US\$52 2 million compared to US\$51 4 million in the previous year. Market development expenditure rose by US\$4 1 million to US\$43 2 million. General and administrative expenditure at US\$9 1 million was US\$3 0 million lower than 2005. Expenditure in 2005 included an additional restructuring charge provision of US\$0 2 million.

Revenue exceeded operating expenditure resulting in a surplus, for the year, of US\$7 2 million (2005 - US\$2 8 million deficit) before interest and other income, exchange differences and taxation. The main reason for the 2006 surplus are the incremental revenues from Members and the fee payable by streetTRACKS® Gold Trust.

Net Finance and Other Income

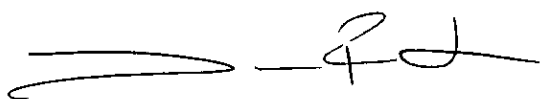
- Interest income in 2006 was US\$0 5 million (2005 - US\$0 5 million)
- Net exchange differences showed a gain of US\$0 8 million (2005 - US\$1 3 million loss) which was primarily due to the increase in the US\$ value of non-US\$ denominated assets
- No forward contracts were made in 2006. Fair value losses on forward contracts in 2005 were US\$0 3 million.

The tax charge for 2006 was US\$1 8 million (2005 - US\$0 7 million credit). The 2006 figure included the reversal of a deferred tax asset (created in 2005) relating to income from the fee payable by streetTRACKS® Gold Trust and a deferred tax charge relating to the income from associated companies.

The total surplus of US\$9 0 million was added to reserves, which as a result increased to US\$19 8 million (2005 - US\$10 8 million).

The Minority Interest in 2005 represents the share of the results of the Gold Bullion Holdings Group of companies attributable to external shareholders.

Liquid funds increased by US\$4 8 million to US\$27 9 million as at 31 December 2006 (2005 - US\$23 1 million). The process of the recovery of Italian VAT balances continues with receipt of amounts due now expected in 2007. The current status of the recovery of these amounts is detailed under Note 14 of the financial statements.



27 June 2007

Independent Auditor's Report to the Members of World Gold Council, an Association

We have audited the accompanying consolidated financial statements (the "financial statements") of the World Gold Council and its subsidiaries (the "Association") for the year ended 31 December 2006 which comprise the related consolidated balance sheet, consolidated statement of revenue and expenditure, consolidated cash flow statement, statement of changes in equity and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Para 9.03 of the articles of association of the Association. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of management and auditors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether in our opinion the information given in the Report to the Treasurer is consistent with the financial statements.

In addition we report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

Independent Auditor's Report to the Members of World Gold Council, an Association (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs, of the state of the Association's affairs as at 31 December 2006 and of the Association's surplus for the year then ended, and
- the information given in the Report of the Treasurer is consistent with the financial statements

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London



29 June 2007


Consolidated Balance Sheet

At 31 December 2006

	Notes	2006 US\$ 000's	2005 US\$ 000's
CAPITAL EMPLOYED			
Reserves	3	19,804	10,839
		<u>19,804</u>	<u>10,839</u>
EMPLOYMENT OF CAPITAL			
Property, plant and equipment	4	352	397
Other non-current assets	5	461	353
VAT recoverable in Italy	6	-	4,138
Interests in associates	17	2,776	555
Investments	19	61	61
Deferred tax asset	12	46	1,001
Non-current assets		<u>3,696</u>	<u>6,505</u>
Cash and cash equivalents		27,888	23,098
Inventory		69	70
Dues receivable from Members		1,510	878
VAT recoverable in Italy	6	4,639	-
Other current assets		4,361	2,935
Prepaid expenses		1,284	1,893
Current assets		<u>39,751</u>	<u>28,874</u>
Market development payables		(5,928)	(4,937)
Other payables and accrued expenses	7	(6,377)	(8,215)
Provisions	8	(4,008)	(7,439)
Income taxes	12	(20)	(22)
Current liabilities		<u>(16,333)</u>	<u>(20,613)</u>
Net current assets		<u>23,418</u>	<u>8,261</u>
Loan from associated company		(2,644)	-
Provisions	8	(3,803)	(3,783)
Deferred tax liabilities	12	(863)	(144)
Non-current liabilities		<u>(7,310)</u>	<u>(3,927)</u>
Net assets		<u>19,804</u>	<u>10,839</u>

The accompanying notes form an integral part of these financial statements

27 June 2007



Consolidated Statement of Revenue and Expenditure

For the year ended 31 December 2006

	Notes	2006 US\$ 000's	2005 US\$ 000's
REVENUE			
Members' dues		49,276	45,361
Other income		10,175	3,195
Total revenue		59,451	48,556
EXPENDITURE			
Market development expenditure	9	(43,158)	(39,114)
General and administrative expenditure	10	(9,070)	(12,056)
Office closure and restructuring	8	(11)	(228)
Operating expenditure		(52,239)	(51,398)
Operating surplus / (deficit)		7,212	(2,842)
Share of results of associates		2,221	363
Net finance income / (expense)	11	1,345	(1,211)
Surplus / (deficit) before tax		10,778	(3,690)
Income taxes	12	(1,813)	729
Surplus / (deficit) after tax		8,965	(2,961)
Minority interest		-	(180)
Net surplus / (deficit)		8,965	(3,141)
Balance at beginning of year		9,687	12,828
Balance at end of year	3	18,652	9,687

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 US\$ 000's	2005 US\$ 000's
FUNDS GENERATED /(ABSORBED) BY OPERATIONS		
Excess of operating expenditure over revenue	7,212	(2,842)
Adjustments for		
- Depreciation	225	205
- Profit on disposal of property, plant and equipment	(44)	(7)
- (Decrease) / Increase in provisions	(3,411)	4,358
Operating cash inflows/(outflows) before movements in working capital	3,982	1,714
Increase in receivables	(2,141)	(695)
Decrease in inventory	1	13
Decrease in payables	(847)	(3,350)
Net cash generated / (utilised) by operations	995	(2,318)
Taxes paid	(151)	(162)
Net cash generated / (utilised) in operating activities	844	(2,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and other income received	591	379
Proceeds on disposal of property, plant and equipment	87	15
Purchase of property, plant and equipment	(223)	(72)
Other	10	(14)
Loan from associated company	2,644	-
Purchases of investments	-	(61)
Net cash generated from investing activities	3,109	247
Net increase / (decrease) in cash and cash equivalents	3,953	(2,233)
Effect of exchange rate gain on cash and cash equivalents	837	(1,664)
Cash and cash equivalents at beginning of year*	23,098	26,995
Cash and cash equivalents at end of year*	27,888	23,098

* This comprised bank balances and cash

No funds were derived from financing activities in either year

Statement of Changes in Equity

For the year ended 31 December 2006

	Donation of net assets at formation US \$ 000's	Reserve for currency fluctuations US \$ 000's	Accumulated excess of revenue over expenditure US \$ 000's	Minority Interest US \$ 000's	Total US \$ 000's
Balance at 1 January 2006	152	1,000	9,687	-	10,839
Net excess of revenue over expenditure for period	-	-	8,965	-	8,965
Balance at 31 December 2006	152	1,000	18,652	-	19,804

Notes to the Consolidated Financial Statements

At 31 December 2006

1 GENERAL

The World Gold Council (the "WGC" or the "Association") is an Association established under Swiss law. The liability of its members is limited to the amounts of their assessed dues as laid out in the Association's Articles of Association.

Under the Articles of Association, the Board of Directors fixes the dues to be paid to WGC by each member in order to defray the known and anticipated expenses of the Association.

The Association is organised for the purposes of

- a) promoting the use of gold for jewellery, investment and industrial applications and as a store of value,
- b) research and development leading to new uses of gold and gold products, and
- c) collecting and disseminating information about gold.

2 SIGNIFICANT ACCOUNTING POLICIES

The Association considers that the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Committee may, by analogy, be taken as applicable to the WGC. Thus the accompanying financial statements are prepared in accordance with and comply with IFRS under the historical cost convention and the accounting policies have been consistently applied for both years. The Association's consolidated financial statements are expressed in United States Dollars (US\$), the currency in which revenues are earned and a substantial portion of expenditures incurred.

2.1 Consolidation

The consolidated financial statements include the financial statements of the Association, its branches and its wholly owned subsidiaries made up to 31 December each year (see Note 16). Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intragroup transactions and balances have been eliminated.

2.2 Investments in associates

An associate is an entity over which the Association is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Association's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Association's interest in those associates are not recognised.

Notes to the Consolidated Financial Statements

At 31 December 2006

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and amortization and any recognised impairment loss. Leasehold improvements are written-off over the period of the respective leases whilst other assets are depreciated on a straight-line basis calculated on the estimated life of each asset, generally between 3 to 10 years. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

2.4 Inventory

Inventory, principally gold held for research purposes, is stated at the lower of cost or net realisable value.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks with maturities of twelve months or less.

2.6 Provisions

The Association recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made.

2.7 Market development expenditure

Salary and related costs of those personnel engaged full-time in market development work are allocated to market development expenditure.

2.8 Revenue

Members' dues and voluntary contributions

Members' dues are assessed and recognised on a calendar year basis once they are invoiced. These revenues are recorded at their estimated net collectible amounts.

Other income

Other Income represents the fee payable to the Association's subsidiary, World Gold Trust Services, LLC, by streetTRACKS® Gold Trust. This fee is calculated in accordance with the terms of the Trust Indenture governing the administration of the Trust. These revenues are recorded at their estimated net collectible amounts.

2.9 Taxation

The Association provides for income taxes on the basis of taxable earnings for the year.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current rates are used to determine deferred income tax.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements

At 31 December 2006

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

2.10 Foreign currencies

On consolidation, statements of revenue and expenditure of foreign operations are translated into US dollars at average exchange rates and the assets and liabilities are translated at the year-end exchange rates. The resulting exchange differences, if any, are recognised as income or as expenses in the period in which they occur.

Foreign currency transactions in Association entities are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Revenue and Expenditure. Such balances are translated at year-end exchange rates.

2.11 Retirement benefit costs

The Association operates a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Association entities. The Association's contributions to the defined contribution pension plans are charged to the Statement of Revenue and Expenditure and recognised in the year to which they relate.

All Association liabilities in respect of pension benefits are maintained on a fully funded basis.

2.12 Derivative financial instruments

During the year ended 31 December 2001, the Association adopted IAS 39 – Financial Instruments: Recognition and Measurement. IAS 39 has introduced a comprehensive framework for accounting for all financial instruments. The detailed accounting policies and the effects in respect of such instruments are set out in Note 15.

2.13 Outstanding debtors

Dues receivable from Members and any outstanding costs recoverable from partners are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

Notes to the Consolidated Financial Statements

At 31 December 2006

3 RESERVES

	2006 US\$ 000'S	2005 US\$ 000'S
Donation of net assets at formation	152	152
Reserve for currency fluctuations	1,000	1,000
Accumulated excess of revenue over expenditure	18,652	9,687
	<u>19,804</u>	<u>10,839</u>

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US\$ 000's	Furniture equipment and motor vehicles US\$ 000's	Total US\$ 000's
Cost			
At 1 January 2005	559	1,588	2,147
Additions	-	72	72
Disposals	(221)	(284)	(505)
At 1 January 2006	338	1,376	1,714
Additions	4	219	223
Disposals	(15)	(281)	(296)
At 31 December 2006	327	1,314	1,641
Accumulated depreciation			
At 1 January 2005	447	1,162	1,609
Additions	32	173	205
Disposals	(234)	(263)	(497)
At 1 January 2006	245	1,072	1,317
Depreciation charge for the year	34	191	225
Disposals	-	(253)	(253)
At 31 December 2006	279	1,010	1,289
Net book value			
At 31 December 2006	48	304	352
At 31 December 2005	93	304	397

Notes to the Consolidated Financial Statements

At 31 December 2006

5 OTHER NON-CURRENT ASSETS

	2006 US\$ 000's	2005 US\$ 000's
Other non-current assets		
Lease and utility deposits	449	342
Other non-current assets	12	11
	<u>461</u>	<u>353</u>

6 VAT RECOVERABLE IN ITALY

	2006 US\$ 000's	2005 US\$ 000's
Total VAT recoverable	4,639	4,138
Less recoverable within 12 months (see Note 13)	(4,639)	-
	<u>-</u>	<u>4,138</u>

The total VAT recoverable is composed of Italian VAT in respect of the following years

	2006 Euro 000's	2005 Euro 000's
1992	626	626
1993	713	713
1995	848	848
1996	690	690
1997	335	335
1998	213	213
1999	27	27
2000	23	23
2001	4	4
2002	4	4
2003	11	11
2004	10	10
2005	5	5
2006	10	-
Total	<u>3,519</u>	<u>3,509</u>

All the original Italian lira figures have been re-stated to their equivalent Euro values See note 14 for further details

Notes to the Consolidated Financial Statements

At 31 December 2006

7 OTHER PAYABLES AND ACCRUED EXPENSES

	2006 US\$ 000's	2005 US\$ 000's
Accrued expenses	6,264	8,165
Other payables	113	50
	<u>6,377</u>	<u>8,215</u>

A major portion of the Association's marketing activity has traditionally been geared towards the fourth quarter of the year. Also, performance based incentive pay is accrued each year end but, is not approved until the next Board meeting following the year end. As a result, accrued expenses represent a significant proportion of total annual expenditure.

8 PROVISIONS

	Contractual benefits US\$ 000's	Restructuring costs US\$ 000's	Other US\$ 000's	Total US\$ 000's
Current liabilities	6,693	421	325	7,439
Non-current liabilities	3,533	-	250	3,783
Balance at 1 January 2006	10,226	421	575	11,222
Charged to / (released from) provisions	1,196	11	(325)	882
Amounts utilised	(4,203)	(208)	-	(4,411)
Exchange difference	60	58	-	118
Balance at 31 December 2006	<u>7,279</u>	<u>282</u>	<u>250</u>	<u>7,811</u>
Analysis between non-current and current liabilities				
Current liabilities	3,601	282	125	4,008
Non-current liabilities	3,678	-	125	3,803
	<u>7,279</u>	<u>282</u>	<u>250</u>	<u>7,811</u>

Notes to the Consolidated Financial Statements

At 31 December 2006

8 PROVISIONS (CONTINUED)

Contractual benefits

These are analysed below

	Post employment medical benefits US\$ 000's	LTIP US\$ 000's	Stock Appreciation Plan US\$ 000's	Other contractual obligations US\$ 000's	Total contractual benefits US\$ 000's
Current liabilities	-	768	5,925	-	6,693
Non-current liabilities	745	1,623	1,086	79	3,533
Balance at 1 January 2006	745	2,391	7,011	79	10,226
Charged to / (released from) provisions	223	1,330	(381)	24	1,196
Amounts utilised	(71)	(768)	(3,315)	(49)	(4,203)
Exchange difference	59	-	-	1	60
Balance at 31 December 2006	956	2,953	3,315	55	7,279

Current liabilities	-	853	2,748	-	3,601
Non-current liabilities	956	2,100	567	55	3,678
	956	2,953	3,315	55	7,279

Post-employment medical benefits

The provision covers the projected cost of contractual retiree benefits and is calculated on contributions to health insurance premiums payable each year for the expected life span of the individual based on actuarial tables. The provision for retiree benefits increased by US\$211,225 during the year (2005 – US\$129,366 decrease)

Long Term Incentive Plan (LTIP)

The Remuneration Committee approved a Long Term Incentive Plan for senior employees, in 2003. In accordance with the terms of the LTIP a charge of US\$1,330,042 was made for 2006 (2005 – US\$991,011). In accordance with the terms of the LTIP US\$768,140 was exercised in 2006. The total amount provided at 31 December 2006 is US\$2,952,913. The terms of the LTIP are such that US\$853,723 will vest within the next accounting period with the balance vesting in subsequent periods.

Stock Appreciation Plan (SAP)

The Board approved a Stock Appreciation Plan in favour of the Chief Executive, in 2003. In 2005 the Board approved an extension to this Plan. This SAP is based on the performance of the equity of principal Members of the WGC. The value of the SAP was calculated using the year end share prices for the relevant equities. Using the year end share prices is considered to provide the best estimate of the portion of the cost of the SAP relating to the current year. In accordance with the terms of the SAP US\$3,315,714 was paid in 2006 and the full estimated decrease in the cost of the SAP, US\$380,769 has been credited against expenditure in 2006 (2005 – US\$3,911,218 charge) decreasing the amount of the provision to \$3,314,735. Under the terms of the SAP, US\$2,464,138 is available for exercise, US\$283,532 will vest in 2007 and the balance of US\$567,065 will vest between 2008 and 2009.

Notes to the Consolidated Financial Statements

At 31 December 2006

8 PROVISIONS (CONTINUED)

Restructuring

The Association recorded a charge of US\$11,744 in 2006 (2005 - US\$228,317) in respect of an employee cost obligation arising from the restructuring programme instigated in 2004. Management received notification from their advisors in June 2007 that the actual liability will be less than that provided. The provision has not been amended as this information was received after the accounts were approved by the Board.

Other Provision

In 2003 the Association negotiated a settlement of a contractual difference with a trade partner with an offer of US\$775,000, which was conditional on the launch of the US gold backed security sponsored by the Association's subsidiary, World Gold Trust Services, LLC. Following the launch of the security, in November 2004, the first instalment of \$275,000 was paid in 2004. A further two instalments of US\$125,000 were paid in 2005 and 2006. This left a balance of US\$250,000 to be paid in two instalments of US\$125,000 per annum over the next 2 years.

9 MARKET DEVELOPMENT EXPENDITURE

Market development expenditure is analysed by sector as follows

	2006 US\$ 000's	2005 US\$ 000's
Jewellery	27,471	26,382
Investment	8,721	5,813
Official Sector	233	289
Industrial	606	580
Market Communications and Corporate Projects	6,127	6,050
	<u>43,158</u>	<u>39,114</u>

Included in market development expenditure are salary and related costs of personnel engaged in market development work totalling US\$7,767,000 (2005 US\$6,758,000).

Notes to the Consolidated Financial Statements

At 31 December 2006

10 GENERAL AND ADMINISTRATIVE EXPENDITURE

General and administrative expenditure is made up as follows

	2006 US\$ 000's	2005 US\$ 000's
Membership and Governance	348	580
General management and finance and administration staff		
Staff related	5,469	8,886
Infrastructure costs		
Premises	1,269	1,199
Office equipment and supplies	409	403
Communication	258	256
Professional fees	956	646
Bank expenses	63	60
Other	298	26
	3,253	2,590
	9,070	12,056

Included in the above are the following expenses / (credits)

	2006 US\$ 000's	2005 US\$ 000's
Profit on disposal of property, plant and equipment	(44)	(7)
Depreciation	225	205
Operating lease and rental costs		
Premises	1,506	1,458
Other	58	64
Auditors' remuneration	112	140

Notes to the Consolidated Financial Statements

At 31 December 2006

10 GENERAL AND ADMINISTRATIVE EXPENDITURE (continued)

<u>Employee numbers and contributions to retirement plans (all staff)</u>		
	2006	2005
	No	No
Number of employees (at year end)	44	41
	2006	2005
	US\$ 000's	US\$ 000's
Contributions made to retirement plans	797	891

11 NET FINANCE INCOME / (EXPENSE)

	2006	2005
	US\$ 000's	US\$ 000's
Interest income	508	454
Net foreign exchange transaction gains / (losses)	837	(1,342)
Fair value losses on forward contracts (see Note 14)	-	(323)
	1,345	(1,211)

Notes to the Consolidated Financial Statements

At 31 December 2006

12 TAXATION

The Association is incorporated in Switzerland but operates in various countries that have differing tax laws and rates. The majority of the Association's foreign operations are not subject to any income taxes and those that are taxed are on the basis of an imputed return on annual expenditure (cost plus method). In 2006 the major portion of the Association's taxes were UK taxes that are based only on interest income earned and related foreign exchange movements. The Association is regarded as a mutual organisation for UK tax purposes, so that its UK income taxes are not directly related to its deficit or excess of revenue over expenditure. A reconciliation of current taxes to the excess of expenditure over revenue is not therefore possible.

The income tax expenses consist of the following for the year ended

Analysis of Tax Charge / (Credit)	2006 US\$ 000's	2005 US\$ 000's
Current taxes on profit for year	139	128
Deferred taxation	1,674	(857)
Total	1,813	(729)

Reconciliation of Taxation - Current Liability	UK Tax \$ 000's	Foreign Tax \$ 000's	Total \$ 000's
Balance at 1 January 2006	20	2	22
Tax paid	(122)	(29)	(151)
Charge for current year	106	33	139
Exchange differences	9	1	10
Balance at 31 December 2006	13	7	20

Reconciliation of Deferred Taxation	Unutilised Losses \$ 000's	Associated Companies \$ 000's	Total \$ 000's
Balance at 1 January 2006	(1,001)	144	(857)
Charge for current year	955	719	1,674
Exchange differences	-	-	-
Balance at 31 December 2006	(46)	863	817
Non-current assets	46	-	46
Non-current liabilities	-	863	863

Notes to the Consolidated Financial Statements

At 31 December 2006

12 TAXATION (continued)

At the balance sheet date World Gold Trust Services, LLC (WGTS), a subsidiary of the Association, has unused tax losses of US\$136,000 (2005 - US\$3,685,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US\$136,000 (2005 - US\$2,860,000) of such losses based on the future estimated profit of WGTS. The release of the deferred tax asset has been recognised in the Statement of Revenue and Expenditure.

At the balance sheet date the aggregate amount of temporary differences arising in connection with undistributed earnings of Associates have been provided for and are disclosed in the table on page 23.

13 COMMITMENTS

13.1 Capital commitments

No capital commitments were undertaken in 2006 (2005 - US\$nil)

13.2 Non-cancellable operating lease commitments

	2006 US\$ 000's	2005 US\$ 000's
Due within one year	1,502	1,444
Due between 2 and 5 years	3,517	3,913
Due beyond 5 years	1,250	2,009
	<u>6,269</u>	<u>7,366</u>

The Association entered into a sub-lease in respect of its former London office substantially on the same terms as the primary lease, both terminating in 2013. Included in the lease commitments figure above is the rent payable for the old London office of US\$5.2 million which is the same amount due to be received under the terms of the sub-lease. The Association will complete the surrender of the primary lease in July 2007; this will extinguish its liabilities in respect of that lease and the sub-lease. Also included in the lease commitments is the rent due on the new London office of the Association.

Other than the old London office, all leases terminate within five years.

Notes to the Consolidated Financial Statements

At 31 December 2006

14 CONTINGENT LIABILITIES

14.1 Italian VAT receivable

a) Overview

The Association received assessments for Value Added Tax (VAT) from the Milan tax authorities relating to reimbursement claims made by the Association for VAT paid on funds transferred to Italy. The assessments annulled the reimbursement claims made by the Association for the years 1992, 1993, 1994, 1995 and 1996 amounting to €3.6 million (US\$ 4.8 million).

In 2005 these amounts were shown in the balance sheet as a receivable under non-current assets (see Note 5), except for the claim for the year 1994 for €0.7 million (US\$ 1.0 million), which has already been reimbursed. The Association has successfully appealed against these assessments, which were being dealt with as separate legal cases. The amounts due have been reclassified as current assets as the Association is confident, based on legal advice, that all of the VAT receivable shown on the balance sheet will be recovered in 2007. In March 2007 the Association received €0.2 million (US\$0.3 million) in respect of 1998 and 1999.

The tax years from 1997 to 2006 have not, to date, been subject to review by the Milan tax authorities. The VAT declaration for 2006 is in the process of being filed.

b) Tax years 1992-1994

A separate case was heard relating to the years 1992-1994 for VAT reimbursement claims totalling €2.1 million (US\$2.7 million) plus penalties of an equivalent amount.

During 1998, the tax tribunal found in favour of the Association confirming the recoverability of the VAT balances. The Milan tax office appealed against this decision and the second level court rejected their appeal in October 1999. The VAT office appealed to the third and final level court. The court hearing for these tax years took place on 12 January 2006 and in May 2006 the Supreme court decided in favour of the Association. In March 2007 the Association received €1.4 million (US\$2.0 million) in respect of 1992 and 1993, as the claim for the year 1994 for €0.7 million (US\$ 1.0 million) having already been reimbursed.

Notes to the Consolidated Financial Statements

At 31 December 2006

14 CONTINGENT LIABILITIES (continued)

c) Tax years 1995 and 1996

During 1999, the Milan VAT office raised assessments calling for the annulment of VAT reimbursements for the years 1995 and 1996 totalling €1 5 million (US\$2 0 million) and calling for penalties of equivalent amounts. The basis of the assessment was the same as for the years 1992-1994. During 2000 the tax tribunal found in favour of the Association confirming the recoverability of the VAT balances. The Milan tax office appealed against this decision and the second level court rejected their appeal in October 2002. The VAT office has appealed to the third and final level court. The court hearing for these tax years took place on 12 January 2006 and in May 2006 the Supreme court decided in favour of the Association. In March 2007 the Association received €1 5 million (US\$2 0 million) in respect of 1995 and 1996.

d) Interest due

Under provisions presently in force under Italian tax laws, interest accrues on any VAT amounts receivable from Italian authorities 90 days after the date of filing the tax return until the date that the VAT amounts have been reimbursed. However, given the long time period expected to elapse until collection, and the fact that in similar situations the payment of the interest portion was delayed even longer, the Association has decided to account for the interest portion only at the time of collection. The total estimated unrecorded interest receivable in respect of Italian VAT for the above cases amounts to some €1 5 million (US\$2 0 million) as at 31 December 2006 (2005 - €1 4 million - US\$1 7 million). In March 2007 the Association received interest of €1 5 million (US\$2 0 million) in respect of 1992, 1993, 1995, 1996, 1998 and 1999.

e) Bank guarantees

In connection with the recovery of Italian VAT, bank guarantees totalling €1 1 million (US\$ 1 5 million) have been issued in favour of Banca Nazionale del Lavoro (2005 - €1 1 million - US\$ 1 4 million) as specifically required by the Italian VAT authorities as a condition of the reimbursement process.

14.2 Other contingent liability

During 2003, a third party instigated proceedings against the Association claiming misappropriation of intellectual property rights and seeking US\$450,000 in damages. The Association's lawyers advised that they did not believe the suit had merit, and, accordingly, it was contested by the Association. The plaintiff withdrew all claims and charges completely on 7 December 2006. All remaining legal and other costs relating to this claim have now been charged to 2006 expenditure and management consider that there is no need for any further provision.

Notes to the Consolidated Financial Statements

At 31 December 2006

15 FINANCIAL INSTRUMENTS

Risk management is carried out by a central treasury department (Central Treasury) under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, credit risk, as well as the use and investment of excess liquidity. Central Treasury identifies, evaluates and hedges financial risks.

15.1 Credit risk

The Association has significant concentrations of credit risk, with exposure spread over a limited number of members.

Financial assets, which potentially subject the Association to concentrations of credit risk, consist principally of cash and short-term deposits. The Association's cash equivalents and short-term deposits are placed with high credit quality financial institutions. At the year-end the Association's short-term deposits, which constitute the majority of its cash resources, were placed with more than one bank.

With respect to foreign exchange forward contracts, the Association's exposure is on the full amount of the foreign currency receivable on settlement. The Association minimises such risk by limiting the counterparties to major international banks, and does not expect to incur any losses as a result of non-performance by these counterparties.

15.2 Interest rate risk

The Association's short-term deposits are at fixed and variable interest rates and mature within twelve months.

15.3 Fair values

At December 31, 2006 and 2005 the carrying amounts of cash and short term deposits, other accounts receivable, market development payables and miscellaneous payables and accrued expenses approximated their fair values given the short term maturities of these assets and liabilities.

The fair values of other non-current assets and liabilities are not materially different from the carrying amounts.

The fair value of foreign exchange forward contracts represents the estimated amounts (using rates quoted by the Association's bankers) that the Association would receive to terminate the contracts at the reporting date, thereby taking into account the unrealised gains or losses of open contracts. There were no open contracts at December 31, 2006 (December 31, 2005 - nil).

Notes to the Consolidated Financial Statements

At 31 December 2006

15 FINANCIAL INSTRUMENTS (continued)

15.4 Hedging policy

The Association's revenues are received in US dollars whereas sizeable portions of its expenditures are incurred in currencies other than the US dollar and currencies linked to the US dollar. The Association enters into foreign exchange forward contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on this currency imbalance, the contracts being matched with anticipated future cash outflows in foreign currencies. The Association's policy is to enter into foreign exchange forward contracts up to a maximum of 100% of the anticipated foreign currency expenditures for up to 12 months in advance limited to the approved annual expenditure budget for those currencies.

The Association does not use derivative financial instruments for speculative purposes.

Foreign exchange forward contracts are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of foreign exchange forward contracts that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the Revenue and Expenditure Statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Notes to the Consolidated Financial Statements

At 31 December 2006

16 BRANCHES, REPRESENTATIVE OFFICES AND SUBSIDIARIES

The Consolidated Financial Statements incorporate the assets and liabilities and revenue and expenditure (other than intragroup items) of the following branches, representative offices and subsidiary companies through which the Association conducts its operations

<i>Branches of WGC</i>	<i>Location</i>
United Arab Emirates	Dubai
United Kingdom	London

<i>Representative Offices</i>	<i>Location</i>
China	Beijing and Shanghai
India	Mumbai and Chennai
Turkey	Istanbul

<i>Subsidiaries (all 100% owned)</i>	<i>Location</i>
World Gold Council Srl	Milan
World Gold Council, Inc	New York
World Gold Trust Services, LLC	New York
World Gold Council KK	Tokyo
World Gold Council (Far East) Pte Limited	Singapore
WGC Financial Services SA	Geneva
Exchange Traded Gold Limited	London ^{(1), (2)}
Gold Bullion Securities Limited (UK)	London ⁽¹⁾

<i>Subsidiary (67% owned)</i>	<i>Location</i>
Gold Bullion Holdings Limited	London ⁽³⁾

Notes

- 1 These companies do not trade
- 2 This company changed its name from WGC Nominees Limited on 25 August 2006
- 3 The Board approved for Gold Bullion Holdings Limited to be wound up, at its Board meeting of 10 December 2004. An application to strike off the company was submitted on 27 October 2005 and this process was completed on 21 March 2006

Notes to the Consolidated Financial Statements

At 31 December 2006

17 INTERESTS IN ASSOCIATES

During 2004 the Association invested US\$75,000 in exchange for 39% of Gold Bullion Holdings Limited which, in turn, owns 100% of Gold Bullion Securities Limited. Both companies are registered in Jersey, Channel Islands. Gold Bullion Holdings Limited acquired 100% of Gold Bullion Securities Limited, a company registered in Australia, on 1 January 2005. Both Gold Bullion Securities Limited were set up in order to issue gold backed securities, which are listed on the London and Australian Stock Exchanges respectively.

	2006	2005
Aggregated amounts relating to associates	US\$ 000's	US\$ 000's
Total assets	1,743,434	1,037,692
Total liabilities	1,742,880	1,037,617
Revenues	102,940	200,054
Revenues - excluding increase in market value of holders' gold	7,007	2,973
Profit for the year	3,582	585

Total assets include US\$1,741 million of holders' gold offset by an equivalent amount of liability in respect of gold backed securities issued. Revenues include an increase in the market value of holders' gold of US\$95.9 million (2005 - US\$197.0 million) which is offset by an expense of the same amount arising from the increase in the fair value liability of the gold backed securities in issue.

Shares in Gold Bullion Holdings Limited are divided into different classes. The Association's class of shares entitle it to 62% of any dividends declared by the directors and, therefore, the Association's share of the results of Gold Bullion Holdings Limited of US\$2,221,000 (2005 - US\$363,000) have been accounted for on this basis.

Notes to the Consolidated Financial Statements

At 31 December 2006

18 RELATED PARTY TRANSACTIONS

18.1 Trading Transactions

Transactions between the Association and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	2006 US\$ 000's	2005 US\$ 000's
Amounts owed by associates	18	17
Amounts owed to associates	2,644	-

The amount owed to associates is unsecured and interest free. No guarantees have been given.

18.2 Remuneration of Key Management Personnel

The remuneration of the directors, who are key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2006 US\$ 000's	2005 US\$ 000's
Short-term employee benefits	2,065	2,307
Post-employment benefits	371	115
Other long-term benefits	3,331	25
Total	5,767	2,447

19 INVESTMENTS

During 2005 the Association paid US\$61,000 (€50,000) for 5% of Vicenza Fiera International srl. This investment was made to support the activities of a significant trade partner and is classified as an available-for-sale investment. As Vicenza Fiera International is an unlisted company, it is neither practical nor cost effective to determine the fair value of the investment and it has been recorded at cost.

World Gold Council: Membership

As at 1 February 2007

Agnico-Eagle Mines Limited
AngloGold Ashanti Limited
Barrick Gold Corporation
Barrick Gold of Australia Limited
Barrick Goldstrike Mines Inc
Cedimin SAC
China National Gold Corporation
Cia de Minas Buenaventura SAA
Coeur d'Alene Mines Corporation
Eldorado Gold Corp
Goldcorp Inc
Gold Fields Limited
IAMgold Corp
Inversiones Mineras del Sur SAA
Kahama Mining
Kinross Gold Corp
Minera Barrick Misquichilca SA
Minera Yanacocha SRL
Mitsubishi Materials Corporation
Newmont Mining Corporation
Royal Gold Inc
The Hutti Gold Mines Company Limited