

LEVERAGE SHARES plc

Unaudited Financial Statements

For the Period from 1 July 2018 to 31 December 2018

Registered Number: 597399

LEVERAGE SHARES plc

**UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018**

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LEVERAGE SHARES plc

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Neil Fleming (Irish) (Independent and Non-Executive) Lisa Hand (Irish) (Non-Executive) Jose Gonzalez (Spanish) (Non-Executive) (Resigned 16 October 2018)
REGISTERED OFFICE	2 Grand Canal Square Grand Canal Harbour Dublin 2
PORTFOLIO ADMINISTRATOR	Interactive Brokers (UK) Limited Level 20 Heron Tower 110 Bishopsgate London EC2N 4AY United Kingdom
MARGIN ACCOUNT PROVIDER AND CUSTODIAN	Interactive Brokers LLC One Pickwick Plaza Greenwich CT 0683082 USA
INITIAL AUTHORISED PARTICIPANT	BNP Paribas Arbitrage S.N.C. 160-162 Boulevard Macdonald 75019 Paris France
ISSUING & PAYING AGENT ("IPA")	Link IFS Limited 2 Grand Canal Square Grand Canal Harbour Dublin 2
CREST Settlement Agent and CREST Sponsor	Link Market Services Trustees Limited The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
REGISTRAR	Link Registrars Limited 2 Grand Canal Square Grand Canal Harbour Dublin 2
DETERMINATION AGENT	SEI Global Services, INC. 1 Freedom Valley Drive Oaks, PA 19456 USA

LEVERAGE SHARES plc

DIRECTORS AND OTHER INFORMATION (continued)

ARRANGER Leverage Shares Management Company Limited
2 Grand Canal Square
Grand Canal Harbour
Dublin 2

SECRETARY Link IFS Limited
2 Grand Canal Square
Grand Canal Harbour
Dublin 2

INDEPENDENT AUDITORS Ernst & Young
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2

BANKERS Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

BNP Paribas S.A.,
Dublin Branch
5 George's Dock
IFSC
Dublin 1

SOLICITORS Matheson
70 Sir John Rogerson's Quay
Dublin 2

Registered Number: 597399

**DIRECTORS' REPORT
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018**

The Directors present their Director's Report and unaudited financial statements of Leverage Shares PLC (the "**Company**") or the "**Issuer**") for the period from 1 July 2018 to 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a limited liability company, incorporated in Ireland on 27 January 2017 under Irish company law. The Company is an orphan vehicle, with the shares held for the benefit of a charitable trust (see note 11). The Company is registered in Ireland as a Section 110 vehicle. The Company has been established as a special purpose vehicle for the purposes of issuing exchange traded securities. The Company commenced trading on 8 December 2017.

The Company established a collateralised exchange traded product programme (the "**Programme**") under which the Company issues, on an ongoing basis, collateralised exchange traded products (the "**ETPs**") of different series (each a "**Series**") linked to underlying equity securities each providing leveraged exposure to specified equity securities ("**Component Securities**"). The aggregate number of ETPs issued under the Programme will not at any time exceed 1,000,000,000.

Each Series constitutes limited recourse obligations of the Company, secured on and payable solely from the Component Securities constituting the ETP in respect of such Series. Each Series of ETPs may comprise one or more tranches. The ETPs have been listed for trading on the London Stock Exchange.

The ETPs provide leveraged exposure to single Component Securities. Each Series is assigned a leverage factor in the relevant final terms. The proceeds of the issuance of each Series or Tranche will be deposited with the Custodian and the Margin Account Provider will procure that an amount equal to the proceeds of the issuance of the relevant Series multiplied by the applicable leverage factor will be invested in the Component Security of the relevant Series. The Company has physical ownership of the Component Securities.

The ETPs do not bear interest at a prescribed rate. The return (if any) on the ETPs is calculated in accordance with the redemption provisions set out in the base prospectus of the Company.

The Company issued 25 series of ETPs on 12 December 2017 and these are listed on the next page. No new series were issued in this reporting period.

LEVERAGE SHARES plc**DIRECTORS' REPORT (continued)
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018**

The following Series of ETPs were in issue as at 31 December 2018 and were tracking the Component Securities named therein:

ETP	ISIN	Launch Date
Leverage Shares 2x Alphabet ETP	IE00BF01VY89	12 December 2017
Leverage Shares 2x Amazon ETP	IE00BF03XH11	12 December 2017
Leverage Shares 2x Apple ETP	IE00BF03XJ35	12 December 2017
Leverage Shares 2x Cisco ETP	IE00BF03XK40	12 December 2017
Leverage Shares 2x Citigroup ETP	IE00BF03XL56	12 December 2017
Leverage Shares 2x Coca-Cola ETP	IE00BF03XM63	12 December 2017
Leverage Shares 2x Disney ETP	IE00BF03XN70	12 December 2017
Leverage Shares 2x Facebook ETP	IE00BF03XP94	12 December 2017
Leverage Shares 2x General Electric ETP	IE00BF03XQ02	12 December 2017
Leverage Shares 2x Goldman Sachs ETP	IE00BF03XR19	12 December 2017
Leverage Shares 2x IBM ETP	IE00BF03XS26	12 December 2017
Leverage Shares 2x Intel ETP	IE00BF03XT33	12 December 2017
Leverage Shares 2x Johnson & Johnson ETP	IE00BF03XV54	12 December 2017
Leverage Shares 2x JPMorgan ETP	IE00BF03XW61	12 December 2017
Leverage Shares 2x McDonald's ETP	IE00BF03XX78	12 December 2017
Leverage Shares 2x Microsoft ETP	IE00BF03XY85	12 December 2017
Leverage Shares 2x Nike ETP	IE00BF03XZ92	12 December 2017
Leverage Shares 2x Oracle ETP	IE00BF03Y019	12 December 2017
Leverage Shares 2x Starbucks ETP	IE00BF03Y126	12 December 2017
Leverage Shares 2x Visa ETP	IE00BD09ZV33	12 December 2017
Leverage Shares 2x Netflix ETP	IE00BD09ZW40	12 December 2017
Leverage Shares 2x NVIDIA ETP	IE00BD09ZX56	12 December 2017
Leverage Shares 2x Salesforce.com ETP	IE00BD09ZY63	12 December 2017
Leverage Shares 2x Pfizer ETP	IE00BD09ZZ70	12 December 2017
Leverage Shares 2x PayPal ETP	IE00BD0B0034	12 December 2017

At 31 December 2018, the total fair value of ETPs in issue was USD 5,643,990.

At 31 December 2018, the total fair value of the Component Securities was USD 11,290,788.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)* FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

Listings

During the period, the Company had issued all the ETP Securities on the London Stock Exchange. The Series of ETPs in issue at 31 December 2018 related to the following industries:

	Number of ETPs issued
Information Technology	13
Consumer Discretionary	5
Financials	3
Consumer Staples	1
Industrials	1
Health Care	2
Total ETPs in issue	25

AUM

As at 31 December 2018 the total assets under management amounted to USD 11,290,788.

Income

During the period ended 31 December 2018, the Company generated income as follows:

	2018 USD
Dividend income from Component Securities	93,214
Total income	93,214

Fees

Leverage Shares Management Company Limited charges an arranger fee of 0.75% per annum of the principal amount of the ETP Securities ("**the Arranger Fee**"). The Arranger Fee is utilised to pay the fees of the Company such as audit fees, IPA fees etc. During the period ended 31 December 2018, the Arranger Fee amounted to USD 25,461.

Finance Expense

A daily margin interest rate corresponding to the relevant benchmark rate plus one per cent is charged by the Margin Account Provider to the Company, due to cash borrowing costs resulting from obtaining exposure to the Component Security of such Series, in accordance with the terms of the Margin Account Agreement.

FUTURE DEVELOPMENTS

On behalf of the Board, the Arranger carried out a cost benefit analysis of the initial ETPs and also reviewed the strategy of the Company in relation to increasing trading volumes and expanding its product range. It was proposed to unwind 13 of the non-performing ETPs which have not traded in 2018. The Arranger has identified that the remaining ETPs continue to be worth promoting given their initial trading level and investment thesis.

The Company redeemed the 13 non-performing ETPs on 7 March 2019. The Company expects that a more focused product range, along with the creation of new ETPs and an increased marketing effort will lead to growth in AUM and increased trading in the ETPs.

RESULTS AND DIVIDENDS FOR THE PERIOD

The results for the period are set out on page 12. The Directors do not recommend the payment of a dividend.

DIRECTORS AND SECRETARY

The Directors of the Company for the reporting period are as listed on page 2. There have been no appointments or resignations of Directors during or after the period apart from the resignation of Jose Gonzalez as noted on page 2. The Secretary is Link IFS Limited and they were appointed on the 27 January 2017.

DIRECTORS, SECRETARY AND THEIR INTERESTS

As at 31 December 2018 or at any time during the period, the Directors and the secretary did not hold any disclosable interests in the shares or the ETPs of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks to the business relate to the use of financial instruments. A summary of these risks, including Operational Risk, is set out in note 12 to the financial statements.

BREXIT

In addition to the aforementioned risks the Company is particularly conscious that the UK is due to terminate its membership of the European Union on the 29th March 2019 ("Brexit") though uncertainty currently exists over whether this will occur, or if so, when. The nature of the regulatory and legal arrangements that will apply to cross border financial services after this date and the impact of further UK legislative initiatives are uncertain. The UK's exit may also create significant market turmoil impacting interest rates, exchange rates and share values internationally. While the ETPs are currently tracking US equities, Brexit could impact the value and liquidity of ETPs generally and the ETPs issued by this Company.

UNDERLYING MARKET

The following aspects of the underlying market may affect the market price of the ETP Securities among other factors:

- the value and volatility of the Index referenced by such Series of ETP Securities and the Component Securities underlying that Index;
- the nature and value of any Component Securities relating to such Series of ETP Securities;
- market perception, interest rates, yields and foreign exchange rates;
- whether or not any market disruption is subsisting.

The global equity markets showed increased volatility in 2018, particularly in the second half of the year, with the S&P 500 declining for the first time since 2008. The S&P 500 index fell from 2,718 to 2,507 during the reporting period. In the United States of America, the S&P MidCap 400 and SmallCap 600 indexes suffered even larger losses. Internationally, indexes in both the established and emerging markets also showed significant declines. Since the reporting period end the markets have reversed the losses in the second half of 2018 with the S&P 500 index now exceeding its level as of 30 June 2018.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)* FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

KEY PERFORMANCE INDICATORS

The Company has identified the following key performance indicators which are reviewed by the Directors in their consideration of the performance of the Company:

- Assets under management
- Number of Component Securities being tracked
- Level of trading in ETPs

POST BALANCE SHEET EVENTS

Any post balance sheet events are disclosed in note 15 to the financial statements.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that accounting records, as outlined in Section 281 to 285 of the Companies Act 2014 are kept by the Company. To achieve this, the Directors have appointed service providers with appropriate experience to ensure that the requirements of Sections 281 to 285 of the Companies Act 2014 are complied with. The books of account are maintained at the Company's registered office at 2 Grand Canal Square, Grand Canal Harbour, Dublin 2.

GOING CONCERN

The nature of the Company's business dictates that the outstanding ETPs may be redeemed at any time by any authorised participant who has entered into an authorised participant agreement with the Company. As the redemption of ETPs will coincide with the sale of an equal amount of the Component Security, no liquidity risk is considered to arise. The Company has entered into its primary service contracts with service providers on a non-recourse and non-petition basis and these costs are being met by Leverage Shares Management Company Limited. Therefore, the Directors consider the Company to be a going concern and have prepared the financial statements on this basis.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Company is subject to and complies with the Irish statute comprising the Companies Act 2014 and the listing rules of the London Stock Exchange which are applicable to companies listing instruments like the ETPs.

No Director has a significant direct or indirect holding of securities in the Company. No Director has any special rights of control over the Company's share capital.

There are no restrictions on voting rights of shareholders.

Appointment and replacement of Directors and Amendments in the Constitution

Regarding the appointment and replacement of Directors, the Company is governed by its Constitution and Irish Statute comprising the Companies Act 2014. The Constitution may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Constitution. The Directors may delegate certain functions to the Issuing and Paying Agent ("IPA") and other parties, subject to the supervision and direction of the Directors. The Directors have delegated the day to day administration of the Company to the IPA.

Financial Reporting Process

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the IPA to maintain the accounting records of the Company. The IPA is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. The IPA is also contractually obliged to prepare, for review and approval by the Board, the annual and interim report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board may examine and evaluate the IPA's financial accounting and reporting routines and monitor and evaluate the external auditors' performance, qualifications and independence. The IPA has operating responsibility for internal control in relation to the financial reporting process and reports to the Board.

Risk Assessment

The Board in appointing various service providers has given consideration to their experience and their processes to: assess the risk of irregularities, whether caused by fraud or error in financial reporting; ensure that processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting; identify changes in accounting rules and recommendations; and to ensure that these changes are accurately reflected in the Company's financial statements.

Control Activities

The IPA is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related ETPs' in the Company's annual report.

Audit Committee

The sole business of the Company relates to the issuance of exchange traded products. Given the functions performed by the IPA and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee of the Board to perform effective monitoring and oversight of the internal controls and risk management systems of the Company in relation to the financial reporting process. Accordingly, the Company has availed itself of the exemption under 91(9) (d) of S.I. No. 220/2010 - European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010.

Transfer of shares

The Company has issued ordinary shares and any transfer of these must be in accordance with the Trust Deed and any trustee restrictions. The instrument of transfer of any share shall be executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register in respect thereof. The Directors in their absolute discretion and without assigning any reason therefore may decline to register any transfer of a share. If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

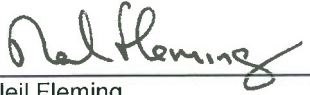
AUDITORS

Ernst & Young, Chartered Accountants and registered Auditors, have been appointed by the Directors as auditors. In accordance with Section 383(2) of the Companies Act, 2014, Ernst & Young, have expressed their willingness to continue in office.

LEVERAGE SHARES plc

DIRECTORS' REPORT (*continued*)
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

Approved and authorised for issue on behalf of the Board:



Neil Fleming
Director



Lisa Hand
Director

Date: 22 March 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

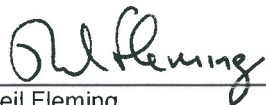
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, of the Company.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain any additional information required; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and authorised for issue on behalf of the Board:



Neil Fleming
Director



Lisa Hand
Director

Date: 22 March 2019

LEVERAGE SHARES plc

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

	Note	Half Year ended 31 December 2018 USD	Period ended 30 June 2018 USD
Income			
Dividend income	3	93,214	79,088
Realised appreciation/(depreciation) on financial assets designated at fair value through profit or loss		(675,654)	560,682
Unrealised gain/(loss) on financial assets designated at fair value through profit or loss		(1,480,057)	407,092
Realised foreign exchange gain/(loss)		(567)	6,322
Unrealised appreciation/(depreciation) on financial liabilities designated at fair value through profit or loss		2,208,509	(932,099)
Total income		145,445	121,085
Expenses			
Operating expenses	5	(25,884)	(28,563)
Total expenses		(25,884)	(28,563)
Operating profit before tax		119,561	92,522
Finance expense	4	(106,565)	(79,776)
Profit before tax		12,996	12,746
Tax on profit on ordinary activities	6	(13,982)	(12,084)
Total comprehensive income/(loss)		(986)	662

The above represents all comprehensive income and the accompanying notes form an integral part of these unaudited financial statements


LEVERAGE SHARES plc

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	<i>Note</i>	As at 31 December 2018 USD	As at 30 June 2018 USD
Assets			
Financial assets at fair value through profit or loss	7	11,290,788	11,904,349
Amounts due from/to broker	9	59,690	57,862
Debtors: (Amounts falling due within one year)	8	28,625	29,146
Total assets		11,379,103	11,991,357
Liabilities			
Amounts due from/to broker	9	5,618,015	5,994,437
Bank overdraft		487	1,560
Financial liabilities at fair value through profit or loss	7	5,643,990	5,932,099
Other payables	10	90,232	35,896
Total liabilities		11,352,724	11,963,992
Total assets less total liabilities		26,379	27,365
Equity			
Share capital – equity	11	26,703	26,703
Retained earnings/(deficit)		(324)	662
Total shareholders' funds		26,379	27,365

The unaudited financial statements were approved by the Board of Directors on 22 March 2019 and signed on its behalf by:


Neil Fleming
Director


Lisa Hand
Director

The accompanying notes form an integral part of these unaudited financial statements

LEVERAGE SHARES plc

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

	Share capital USD	Retained earnings USD	Total equity USD
Shares issued on incorporation - 27 January 2017	26,703	-	26,703
Total comprehensive income	-	662	662
Balance at 30 June 2018	26,703	662	27,365
As at 30 June 2018	26,703	662	27,365
Total comprehensive income/(loss)	-	(986)	(986)
Balance at 31 December 2018	26,703	(324)	26,379

The accompanying notes form an integral part of these unaudited financial statements

LEVERAGE SHARES plc

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

	Half Year ended 31 December 2018 USD	Period ended 30 June 2018 USD
Adjustments to reconcile total comprehensive income/(loss) to net cash used in operating activities		
Total comprehensive income/(loss)	(986)	662
Unrealised (losses) / gains on financial liabilities designated at fair value through the profit or loss	(2,208,509)	932,099
Net (increase)/decrease in financial assets designated at fair value through profit or loss	613,561	(11,904,349)
(Increase)/decrease in debtors	521	(29,146)
Increase/(decrease) in creditors	54,336	35,896
Amounts due from/to broker	(378,250)	5,936,575
Net cash used in operating activities	<u>(1,919,327)</u>	<u>(5,028,263)</u>
Cash flows from financing activities		
ETPs issued during the period	1,920,400	5,000,000
Share capital issued	-	26,703
Net cash provided by financing activities	<u>1,920,400</u>	<u>5,026,703</u>
Net Increase/(decrease) in cash and cash equivalents	1,073	(1,560)
Cash and cash equivalents at beginning of the period	<u>(1,560)</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u>(487)</u>	<u>(1,560)</u>
SUPPLEMENTARY INFORMATION		
Dividends received	(93,214)	(79,088)
Interest paid	52,098	66,580

The accompanying notes form an integral part of these unaudited financial statements

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2018 TO 31 DECEMBER 2018

1. GENERAL INFORMATION

Leverage Shares plc (the “**Company**”) was incorporated on 27 January 2017, and domiciled in, the Republic of Ireland with registered number 597399. The registered office of the Company is 2 Grand Canal Square, Grand Canal Harbour, Dublin 2. The Company commenced trading on 8 December 2017. The Company is a special purpose company which has been established for issuing exchange traded products. The Company has no direct employees.

The Company established a collateralised exchange traded product programme under which the Company issues on an ongoing basis collateralised exchange traded product (the “**ETPs**”) of different series (each a “**Series**”) linked to specified underlying equity securities. Each Series of ETP Securities constitutes limited recourse obligations of the Company, secured on and payable solely from the Component Securities constituting the security in respect of such Series. Each Series of ETP Securities may comprise one or more Tranches (each a “**Tranche**”).

The Company’s principal activity is the listing and issue of ETPs. These securities are issued as demand requires. The ETPs seek to provide leveraged exposure to single stocks (each referred to herein as “**Component Security**” and collectively the “**Component Securities**”). Each Series is assigned a leverage factor in the relevant final terms. The proceeds of the issuance of each Series or Tranche will be deposited with the Custodian. The Margin Account Provider will invest an amount equal to the proceeds of the issuance of the relevant Series plus a margin amount (to generate the applicable leverage factor) in the Component Security of the relevant Series. The Component Securities together with any cash or rights related thereto that are held in the relevant margin accounts are known as the Collateral Assets. The Company has physical ownership of the shares of the underlying companies.

Leverage Shares Management Company Limited supplied and/or arranged for the supply of all administrative services to the Company and pays all the principal management and administration costs of the Company, in return for which the Company pays Leverage Shares Management Company Limited an arrangement fee. Leverage Shares Management Company Limited considers its current capital resources to be adequate to maintain the on-going listing and issue of ETPs.

All ETPs have been issued through Series in US Dollar.

All ETPs in issue at 31 December 2018 are listed on the main market of the London Stock Exchange.

These unaudited financial statements are in respect of the reporting period 1 July 2018 to 31 December 2018. The Company has not presented comparatives to the Statement of Comprehensive Income for the period ended 31 December 2017 as the Company only commenced its activity in December 2017 and therefore such comparatives would be of no meaningful value.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

The nature of the Company’s business dictates that the outstanding ETPs may be redeemed at any time by any authorised participant who has entered into an authorised participant agreement with the Company. On an operational level, as the redemption of ETPs will coincide with the sale of an equal amount of the Component Security, no liquidity risk is considered to arise. The Company has entered into all service contracts with service providers on a non-recourse and non-petition basis and these costs are being met by Leverage Shares Management Company Limited; therefore, the Directors consider the Company to be a going concern and have prepared the financial statements on this basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

The unaudited financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and comply with those parts of the Companies Act, 2014 applicable to Companies reporting under IFRS.

(c) Basis of measurement

The unaudited financial statements have been prepared on the historical cost basis except financial assets and liabilities designated at fair value through profit or loss which are measured at fair value.

New and amended standards and interpretations

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The nature and the impact of each new standard and amendment is described below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities

Classification: IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The assessment of the Company's business models was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the Statement of Comprehensive Income

Impairment: IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12 month-month or lifetime basis. Debt securities (i.e. the ETPs) are measured at fair value through profit or loss under IFRS 9 as the Company does not expect to hold the assets to collect contractual cash flows. There has been no impact to the Company's financial statements as a result of the IFRS 9 requirements for accounting for impairment losses.

Hedge Accounting: The adoption of the IFRS 9 hedge accounting requirements had no significant impact on the Company's financial statements as the Company does not apply hedge accounting.

IFRS 9 is effective for all accounting periods beginning on or after 1 January 2018, however, all aspects of the above, except "Hedge Accounting" can be early adopted. The Company has adopted the new standard for the accounting period beginning 1 July 2018. The Company has reviewed the impact of the initial application of IFRS 9 and determined that there is no material impact on the financial statements. As permitted by the transitional provisions of IFRS 9, the Company has elected not to restate comparative figures.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Functional and presentation currency

These unaudited financial statements are presented in US dollar (hereafter \$ or USD) which is the Company's functional currency. The Directors have elected to present the Company's financial statements in USD. Functional currency is the currency of the primary economic environment in which the entity operates. The Directors of the Company believe that USD most faithfully represents the economic effects of the underlying investing and financing activities of the Company.

Transactions in currencies other than USD are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary items that are denominated in foreign currencies are recognised in profit or loss in the period. Foreign exchange gains and losses on financial assets and financial liabilities are included in the net foreign exchange gain in finance expense.

(e) Use of estimates and judgements

The preparation of the unaudited financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods affected.

Key sources of estimation uncertainty: Determining the fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy (f) "Financial Instruments". For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair values of ETPs are calculated using predetermined formula, where prices of underlying equity securities, which track quoted market prices, are used as inputs to the formula alongside the leverage factor, margin account interest expense and arrangement fees (which are all observable and set out in the agreement for each ETP). These prices are compared to prior day prices and any variation results in either an unrealised gain or loss. The use of defined underlying equity securities and formulae reduces estimation uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Financial instruments

Classification

The Company classifies its financial assets and financial liabilities as financial assets and liabilities at fair value through profit or loss at initial recognition in accordance with IFRS 9 Financial Instruments. The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

- Financial assets and liabilities held for trading: Financial assets are classified as held for trading if they are acquired for selling and/or repurchasing in the near term. These assets are acquired principally for generating a profit from short-term fluctuations in price. The Company's policy is not to apply hedge accounting.
- Financial instruments designated as at fair value through profit or loss upon initial recognition: these comprise financial assets designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's offering document.

The Company has designated its Component Securities, as well as the ETPs, as financial assets and liabilities at fair value through profit or loss upon initial recognition.

Recognition

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial liabilities (other than those classified as held for trading or designated at fair value) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Company recognises the difference in the Statement of Comprehensive Income, unless specified otherwise.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in unrealised appreciation or depreciation on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense.

Derecognition

A financial asset is derecognised where the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Financial instruments (*continued*)

Derecognition (continued)

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. Any gains or losses on derecognition of financial instruments are recorded in realised gain/loss on financial assets/liabilities designated at fair value through profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(g) Dividend income

Dividend income is shown gross of any non-reclaimable withholding tax and is recognised when the dividend is received.

(h) Interest income and expense

Interest income and expense are recognised using the effective interest rate method.

(i) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities in accordance with Section 110 of the Taxes Consolidation Act 1997. Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date.

Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

Withholding tax is a generic term used for withholding tax deducted at source from the income. The Company will present the withholding tax separately from the gross investment income in the Statement of Comprehensive Income. For the Statement of Cash Flows, cash inflows from investments are presented gross of withholding taxes, when applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Operating expenses

The Company pays an arrangement fee to Leverage Shares Management Company Limited calculated based on a percentage per annum of the principal amount of the ETP Securities. The arrangement fees are accrued daily and are recorded in the Statement of Comprehensive Income.

General operational expenses such as IPA fees, Determination Agent fees, Registrar fees, Trustee fees, and London Stock Exchange (LSE), audit fees, tax fees and legal fees are borne by Leverage Shares Management Company Limited on behalf of the Company and are not recorded in the Statement of Comprehensive Income.

(k) Cash and cash equivalents and Bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investing or other purposes. Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(l) Amounts due to/from Broker

Amounts due to broker include margin accounts and payables from Component Securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Margin accounts represent cash borrowings.

Amounts due from brokers are receivables for Component Securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from Broker are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. These are carried at amortised cost using the effective interest method less and any allowance for impairment.

(m) Segmental reporting

The standard on segmental reporting puts emphasis on the "management approach" to reporting on operating segments. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses.

The Company is engaged in one segment, being a Collateralised ETP Securities Programme under which the Company issues on an ongoing basis ETP Securities of different series linked to a range of equity securities. All the Company's ETPs track equities of US companies.

(n) Share Capital

The Authorised Share Capital of the Company is EUR25,000 divided into 25,000 ordinary shares of €1 each. All of this has been issued and called up. The issued and called-up Share Capital is presented under Equity in the Statement of Financial Position. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

LEVERAGE SHARES plc

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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3. INCOME	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Dividend Income	93,214	79,088
	<u>93,214</u>	<u>79,088</u>

The Company receives dividend income on its Component Securities derived from US listed equities.

4. FINANCE EXPENSE	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Interest expense	106,565	79,776
	<u>106,565</u>	<u>79,776</u>

A daily margin interest rate corresponding to the relevant benchmark rate plus one per cent is charged by the Margin Account Provider to the Company, in accordance with the terms of the Margin Account Agreement and Customer Agreement.

5. OPERATING EXPENSES	Half Year ended 31 December 2018 USD	Period ended 30 June 2018 USD
Arrangement fee expense	25,461	23,105
Bank charges	418	5,369
Other expenses	5	89
	<u>25,884</u>	<u>28,563</u>

The Company pays an arrangement fee based on a percentage per annum of the principal amount of the ETP Securities, calculated on a daily basis.

General operational expenses such as IPA fees, Determination Agent fees, Registrar fees, Trustee fees, London Stock Exchange (LSE) fees, audit fees, tax fees and legal fees are borne by Leverage Shares Management Company Limited on behalf of the Company.

The Company had no employees during the period.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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6. TAX ON PROFIT ON ORDINARY ACTIVITIES	Half Year ended 31 December 2018	Period ended 30 Jun 2018 USD
Corporation tax	-	221
Foreign withholding tax	13,982	11,863
	13,982	12,084

Corporation tax has been calculated based on results for the period at a rate of 25%. The Company also incurred withholding tax on dividend income received on its Component Securities at a rate of 15%.

There were no deferred tax assets or liabilities as at 31 December 2018 (30 June 2018: NIL).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets designated at fair value through profit or loss

All unrealised appreciation/depreciation on assets are attributable to market risk arising from price movements on the Component Securities.

The Company purchases Component Securities in underlying companies. The Company has physical ownership of the Component Securities of the underlying companies. The Component Securities are traded regularly on US stock exchanges and the prices listed on the exchange of these securities as at 31 December 2018 represent their fair value.

Financial liabilities designated at fair value through profit or loss – Exchange Traded Products

All unrealised appreciation/depreciation on liabilities are attributable to market risk arising from price movements in the Component Securities.

All ETPs in issue are listed on the London Stock Exchange and have a maturity date of 5 December 2067.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The ETP Security Value reflects the value of the Component Securities in respect of a Series of ETP Securities. For more information refer to Note 12.

The Component Securities held by the company as at 31 December 2018 are as follows:

Component Securities	Fair Value December 2018 USD	Fair Value June 2018 USD
Alphabet Inc	351,072	435,103
Amazon.com Inc	1,112,960	798,906
Apple Inc	605,091	445,745
Cisco Systems Inc	492,055	502,160
Citigroup Inc	177,160	302,679
Coca-Cola Co/The	435,052	375,091
Walt Disney Co/The	398,030	370,923
Facebook Inc	430,368	440,135
General Electric Co	63,361	228,240
Goldman Sachs Group Inc/The	163,542	299,755
International Business Machines Corp	208,016	319,913
Intel Corp	411,952	489,643
Johnson & Johnson	320,044	291,095
JPMorgan Chase & Co	324,879	379,
McDonald's Corp	403,972	320,744
Microsoft Corp	1,039,366	517,012
NIKE Inc	516,459	633,137
Oracle Corp	294,468	290,532
Starbucks Corp	449,254	265,939
Visa Inc	503,615	537,614
Netflix Inc	638,904	1,587,249
NVIDIA Corp	340,959	536,341
salesforce.com Inc	588,423	649,537
Pfizer Inc	570,811	400,604
PayPal Holdings Inc	450,975	486,547
Total	11,290,788	11,904,349

LEVERAGE SHARES plc

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The ETPs in issue at 31 December 2018 are as set out below, with all ETP's being subject to a 0.75% arrangement fee.

ETP	Fair Value December 2018 USD	Fair Value June 2018 USD	ISIN	Notional Amount December 2018	Notional Amount June 2018
Leverage Shares 2x Alphabet ETP	175,410	216,828	IE00BF01VY89	200,000	200,000
Leverage Shares 2x Amazon ETP	556,619	398,363	IE00BF03XH11	741,300	200,000
Leverage Shares 2x Apple ETP	302,452	221,911	IE00BF03XJ35	504,600	200,000
Leverage Shares 2x Cisco ETP	245,951	250,376	IE00BF03XK40	200,000	200,000
Leverage Shares 2x Citigroup ETP	88,546	150,744	IE00BF03XL56	200,000	200,000
Leverage Shares 2x Coca-Cola ETP	217,459	186,944	IE00BF03XM63	200,000	200,000
Leverage Shares 2x Disney ETP	198,960	184,642	IE00BF03XN70	200,000	200,000
Leverage Shares 2x Facebook ETP	215,136	219,512	IE00BF03XP94	423,650	200,000
Leverage Shares 2x General Electric ETP	31,675	113,791	IE00BF03XQ02	200,000	200,000
Leverage Shares 2x Goldman Sachs ETP	81,752	149,352	IE00BF03XR19	200,000	200,000
Leverage Shares 2x IBM ETP	103,956	159,425	IE00BF03XS26	200,000	200,000
Leverage Shares 2x Intel ETP	205,914	244,037	IE00BF03XT33	200,000	200,000
Leverage Shares 2x Johnson & Johnson ETP	159,985	145,083	IE00BF03XV54	200,000	200,000
Leverage Shares 2x JPMorgan ETP	162,402	188,984	IE00BF03XW61	200,000	200,000
Leverage Shares 2x McDonald's ETP	201,946	159,791	IE00BF03XX78	200,000	200,000
Leverage Shares 2x Microsoft ETP	519,537	257,484	IE00BF03XY85	529,300	200,000
Leverage Shares 2x Nike ETP	258,147	315,453	IE00BF03XZ92	200,000	200,000
Leverage Shares 2x Oracle ETP	147,191	144,749	IE00BF03Y019	200,000	200,000
Leverage Shares 2x Starbucks ETP	224,657	132,298	IE00BF03Y126	200,000	200,000
Leverage Shares 2x Visa ETP	251,704	267,425	IE00BD09ZV33	200,000	200,000
Leverage Shares 2x Netflix ETP	319,381	791,980	IE00BD09ZW40	200,000	200,000
Leverage Shares 2x NVIDIA ETP	170,392	267,300	IE00BD09ZX56	721,550	200,000
Leverage Shares 2x Salesforce.com ETP	294,111	323,544	IE00BD09ZY63	200,000	200,000
Leverage Shares 2x Pfizer ETP	285,304	199,504	IE00BD09ZZ70	200,000	200,000
Leverage Shares 2x PayPal ETP	225,405	242,577	IE00BD0B0034	200,000	200,000
Total	5,643,990	5,932,099		6,920,400	5,000,000

LEVERAGE SHARES plc

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8. DEBTORS: (Amounts falling due within one year)	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Receivable from Leverage Shares LLC	28,625	29,146
	28,625	29,146
9. AMOUNTS DUE TO / (FROM) BROKER	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Margin account	5,442,092	5,772,538
Component Securities sold receivable	(59,690)	(57,862)
Component Securities sold payable	175,923	221,899
	5,558,325	5,936,575
10. OTHER PAYABLES	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Arrangement fees payable	14,227	14,354
Interest payable	75,788	21,321
Corporation tax payable	217	221
	90,232	35,896
11. SHARE CAPITAL – EQUITY	Half Year ended 31 December 2018 USD	Period ended 30 Jun 2018 USD
Authorised		
25,000 Ordinary Shares @ € 1 each	26,703	26,703
Issued		
25,000 Shares @ € 1 each	26,703	26,703

The shareholder of the Company is Monument Trustees Limited. All shares are held in trust for charity under the terms of a declaration of trust. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings. No dividends were paid during the period or proposed by the Directors at the Statement of Financial Position date.

For the purpose of the Company's capital management, capital includes issued share capital. The primary objective of the Company's capital management is to maintain shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to debt securities (i.e. the ETPs). There have been no breaches of any covenants in the current period. No changes were made to the objectives, policies or processes for managing capital since the beginning of the period.

12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

(a) Fair value of financial instruments

Fair Value Measurement Principles of Component Securities

The fair values of the Component Securities are their listed price on the recognised stock exchanges in the United States of America.

Fair Value Measurement Principles of ETPs

The ETP Security Value in respect of a Series of ETP Securities tracks the value of the specified Component Security and is calculated in accordance with the following:

On the Issue Date of each Tranche the ETP Security Value will be equal to the Issue Price of the ETP Security. On any Valuation Date thereafter, the ETP Security Value is calculated as the ETP Security Value on the immediately preceding Valuation Date adjusted by;

- the change in the value of the Component Securities since such preceding Valuation Date (as referenced to on the applicable stock exchange), less
- any cash borrowing costs, cash lending revenues, stock borrowing costs, revenues on collateral or costs of transaction taxes in respect of a Series of ETP Securities resulting from obtaining leveraged exposure to the Component Security (as described in the ETP agreement, using market observable inputs), minus
- applicable fees (as disclosed in the ETP agreement).

The fair value of financial instruments carried at fair value is determined according to the following hierarchy:

- (i) Level 1: Financial instruments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Quoted prices for these instruments are not adjusted. The Component Securities held by the Company are classified as Level 1.
- (ii) Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 financial instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The ETPs issued by the Company are classified as Level 2.
- (iii) Level 3: Financial instruments classified within level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the financial instrument and include situations where there is little, if any, market activity for the financial instrument. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value, if applicable.

The Company's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the last day of the accounting period. There were no transfers during the period between levels of the fair value hierarchy for either the financial assets or the financial liabilities, which are both recorded at fair value. At the reporting date the Collateral Assets are classified as Level 1, as a quoted price is available and the ETP Securities are classified as Level 2 as all inputs are observable.

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12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)*

(a) Fair value of financial instruments *(continued)*

Financial assets at fair value

	Level 1 Quoted price	Level 2 Valuation	Level 3 Valuation	Net Total
As at 31 December 2018	USD	USD	USD	USD
Component Securities	11,290,788	-	-	11,290,788
Total	<u>11,290,788</u>	<u>-</u>	<u>-</u>	<u>11,290,788</u>
As at 30 June 2018	USD	USD	USD	USD
Component Securities	11,904,349	-	-	11,904,349
Total	<u>11,904,349</u>	<u>-</u>	<u>-</u>	<u>11,904,349</u>

Financial Liabilities at Fair Value

	Level 1 Quoted price	Level 2 Valuation	Level 3 Valuation	Net Total
As at 31 December 2018	USD	USD	USD	USD
ETP Securities	-	5,643,990	-	5,643,990
Total	<u>-</u>	<u>5,643,990</u>	<u>-</u>	<u>5,643,990</u>
As at 30 June 2018	USD	USD	USD	USD
ETP Securities	-	5,932,099	-	5,932,099
Total	<u>-</u>	<u>5,932,099</u>	<u>-</u>	<u>5,932,099</u>

(b) Risk management (continued)

The Company is exposed to a variety of financial risks because of its activities. These risks include: credit /counterparty risk, market risk (including interest rate risk, price risk and currency risk), liquidity risk and concentration risk.

The Company has attempted to match the properties of its financial liabilities to its financial assets, to avoid significant elements of risk generated by mismatches of investment performance against its obligations together with any maturity or interest rate risk.

The Company uses the net proceeds of the issuance of ETPs to invest in Component Securities to hedge its payment obligations in respect of each Series of the ETPs. The Component Securities for each Series of ETPs will produce net cash flows to service all the Company's payment obligations in respect of that Series. This provides a hedge for the Company against market risk (interest rate risk, currency risk and price risk) and liquidity risk. This economic hedge is executed through the company's activities as described above and through its agreements with its counterparties.

Certain of the Company's daily operational activities and processes are outsourced to Link IFS Limited. See "Operational Risk" section below.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities are borne fully by the holders of ETPs issued.

The ETPs issued are initially recorded at the value of the net proceeds received and are carried as financial liabilities at fair value through profit or loss. The ultimate amount to be repaid to the ETP holders will depend on the proceeds from the related Component Securities. All substantial risks and rewards associated with the performance of the Component Securities are ultimately borne by the ETP holders. Therefore, any change in risk variables would not affect the equity or the results of the Company.

Following on below is an analysis and description of the risk types.

12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)**(c) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. Certain management and administration functions are outsourced to Link IFS Limited and Leverage Shares Management Company Limited.

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of collateral held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer the securities might be impaired.

(d) Credit risk

Credit/Counterparty risk refers to the risk that the Custodian will default on its contractual obligations resulting in the Company being unable to make payment of amounts due to the ETP holders.

At the reporting date, the Company's financial assets at fair value through profit or loss were concentrated in the following asset types:

	December 2018	June 2018
	USD	USD
Component Securities	11,290,788	11,904,349

The custodian for the Component Securities held on 31 December 2018 is Interactive Brokers LLC. Interactive Brokers has a BBB+ Outlook Positive rating from Standard and Poors. The Company has entered into a portfolio administration agreement with Interactive Brokers LLC as Custodian along with the Trustee and Portfolio Administrator which includes indemnity clauses to the Company in relation to bad faith, wilful deceit or gross negligence on behalf of the Custodian, Trustee or Portfolio Administrator. The Custodian will identify in its own books that the Component Securities belong to the Company.

The Company has a bank account with AIB (nil balance) and an overdraft with BNP Paribas. The Directors feel that there is minimal risk to the Company by holding the Company cash with the two banks, as the Company has minimal cash held in the bank account at any given time. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected impairment loss was immaterial.

(e) Market risk

The Company's liabilities in respect of the ETPs issued is referenced to various underlying equity securities and is managed by the Company by investing in Component Securities which match the liability created by the issue of ETPs and margin account funding. If the price of an underlying security has gone up/down 5%, the prices of the ETPs tracking that Component Security will go up/down depending on the "Product Leverage Factor", in accordance with the formula for the price of the ETP in the base prospectus.

12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (*continued*)**(e)(i) Market Risk: Interest rate risk**

As the Company has invested in Component Securities to match the ETPs and margin account in issue there is deemed to be no interest rate risk to the Company. Any change in the benchmark rate for the margin account will be offset by a change in the valuation of the ETP Securities. The ETP Security Value includes cash borrowing costs. This is the finance expense on the margin account. The finance expense on the margin account equates to a daily margin interest rate corresponding to the relevant benchmark rate plus one per cent and as a result is floating in nature. See table below for sensitivity analysis in relation to increase/decrease of the relevant benchmark of 100bps.

	Current Interest Expense as disclosed in the Financial Statements	Impact of 100bps increase on Interest Expense	Impact of 100bps decrease on Interest Expense
	USD	USD	USD
Interest Expense 31 December 2018	106,565	107,631	105,499
Interest Expense 30 June 2018	79,776	80,574	78,978

The Company has an overdraft at BNP Paribas S.A. in Ireland. Due to the level of overdraft held in the account the Directors do not believe that any movement in interest rates would affect the operations of the Company.

(e)(ii) Market Risk: Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company's activity is the investment in Component Securities whose base currency matches the base currency of the ETPs and margin account in issue there is deemed to be no currency risk to the Company. The Company is owed a EUR amount from Leverage Shares LLC. The Company also holds a EUR bank account balance. As at 31st December 2018, the balance on this account is overdrawn by EUR 426. As these balances are minimal, the Board of Directors are satisfied that the Company faces minimal currency risk.

(e)(iii) Market Risk: Price risk

Price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be offset by movements in the fair value of the issued ETPs.

The underlying securities are all listing on stock exchanges in the US. The breakdown by industry of the underlying securities as at the reporting date is as follows;

Information Technology	56%
Consumer Discretionary	26%
Financials	6%
Consumer Staples	4%
Industrials	1%
Health Care	8%
TOTAL	100%

12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (*continued*)**Sensitivity Analysis**

Any changes in the values of the Component Securities held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by the holders of the ETPs issued by the Company. If there was a 5% increase in the value of the Component Securities to USD 11,855,328 the value of the ETPs issued would increase by USD 282,200 to USD 5,926,190. If there was a 5% decrease in the value of the Component Securities to USD 10,726,249 the value of the ETPs issued would decrease by USD 282,200 to USD 5,361,790.

(f) Liquidity risk

Liquidity risk is the risk that the Company may be unable to fulfil its obligations (by delivery of cash), whether expected or unexpected. The legal maturity of the ETPs is 5 December 2067. ETPs cannot be issued without a matching investment in a Component Security being put in place. ETPs can be issued and redeemed daily, therefore this is the earliest maturity date for the purposes of the maturity analysis below.

The following are the earliest contractual maturities of financial assets:

As at 31 December 2018	Carrying Amount USD	Less than one year USD	One to five years USD	More than five years USD
Financial Assets at fair value through profit or loss	11,290,788	11,290,788	-	-
Other debtors	88,315	88,315	-	-
	<u>11,379,103</u>	<u>11,379,103</u>		<u>-</u>
As at 30 June 2018	Carrying Amount USD	Less than one year USD	One to five years USD	More than five years USD
Financial Assets at fair value through profit or loss	11,904,349	11,904,349	-	-
Other debtors	87,008	87,008	-	-
	<u>11,991,357</u>	<u>11,991,357</u>		<u>-</u>

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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(f) Liquidity risk (continued)

The following are the earliest contractual maturities of financial liabilities:

As at 31 December 2018	Carrying Amount USD	Less than one year USD	One to five years USD	More than five years USD
Financial Liabilities at fair value through profit or loss	5,643,990	5,643,990	-	-
Margin account	5,442,092	5,442,092	-	-
Bank overdraft	487	487	-	-
Other creditors	266,155	266,155	-	-
	<u>11,352,724</u>	<u>11,352,724</u>	<u>-</u>	<u>-</u>

As at 30 June 2018	Carrying Amount USD	Less than one year USD	One to five years USD	More than five years USD
Financial Liabilities at fair value through profit or loss	5,932,099	5,932,099	-	-
Margin account	5,772,538	5,772,538	-	-
Bank overdraft	1,560	1,560	-	-
Other creditors	257,795	257,795	-	-
	<u>11,963,992</u>	<u>11,963,992</u>	<u>-</u>	<u>-</u>

(h) Offsetting Financial Assets and Financial Liabilities

The Company does not offset financial assets and financial liabilities. These are presented separately in the Statement of Financial Position.

Financial assets and liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions. The analysis of financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar agreements, is as follows:

As at 31 December 2018:

	Gross Amount of recognised financial assets	Amount of recognised financial assets set off in the statement of financial position	Net Amount of recognised financial assets	Financial instruments received	Net Amount
	USD	USD	USD	USD	USD
Financial Assets at fair value through profit or loss	11,290,788	-	11,290,788	(5,643,990)	5,646,798

	Gross Amount of recognised financial liabilities	Amount of recognised financial liabilities set off in the statement of financial position	Net Amount of recognised financial liabilities	Financial instruments pledged	Net Amount
	USD	USD	USD	USD	USD
Financial Liabilities at fair value through profit or loss	5,643,990	-	5,643,990	(5,643,990)	-

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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(h) Offsetting Financial Assets and Financial Liabilities (continued)

As at 30 June 2018:

	Gross Amount of recognised financial assets	Amount of recognised financial assets set off in the statement of financial position	Net Amount of recognised financial assets	Financial instruments received	Net Amount
	USD	USD	USD	USD	USD
Financial Assets at fair value through profit or loss	11,904,349	-	11,904,349	(5,932,099)	5,972,250
	Gross Amount of recognised financial assets	Amount of recognised financial assets set off in the statement of financial position	Net Amount of recognised financial liabilities	Financial instruments pledged	Net Amount
	USD	USD	USD	USD	USD
Financial Liabilities at fair value through profit or loss	5,932,099	-	5,932,099	(5,932,099)	-

13. COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies as at 31 December 2018.

14. RELATED PARTY TRANSACTIONS

Leverage Shares Management Company Limited provides arrangement services to the Company. The Company paid fees for such services amounting to USD 25,461 to Leverage Shares Management Company Limited during the period under review. In return for this, Leverage Shares Management Company Limited pays all operating expenses as described in Note 5. At 31 December 2018, the balance accrued to Leverage Shares Management Company Limited was USD 12,685.

Link IFS Limited ("Link") provides services such as accounting and reporting, company secretarial, Issuing and Paying Agent and other administration services to the Company. Lisa Hand is both an employee of Link and a Director of the Company. Leverage Shares Management Company Limited, in respect of the services, will pay fees to Link for services received during the period ended 31 December 2018.

Jose Gonzalez is the sole owner of Leverage Shares LLC, was a Director of the Company until 16 October 2018 and held ETPs of the Company during the period of account. Jose Gonzalez, Neil Fleming and Lisa Hand (up to 16 October 2018) are also Directors of the Company's arranger, Leverage Shares Management Company Limited.

Other than the above, there were no related party transactions during the period under review.

No Director of the Company held any ETPs as at 31 December 2018.

15. POST BALANCE SHEET EVENTS

The Company delisted the following series of ETPs from the London Stock Exchange on 7 March 2019:

- Leverage Shares 2x Disney ETP,
- Leverage Shares 2x PayPal ETP,
- Leverage Shares 2x General Electric ETP,
- Leverage Shares 2x Pfizer ETP,
- Leverage Shares 2x Intel ETP,
- Leverage Shares 2x IBM ETP,
- Leverage Shares 2x Cisco ETP,
- Leverage Shares 2x Johnson & Johnson ETP,
- Leverage Shares 2x Coca-Cola ETP,
- Leverage Shares 2x McDonald's ETP,
- Leverage Shares 2x Nike ETP,
- Leverage Shares 2x Oracle ETP, and
- Leverage Shares 2x Starbucks ETP.

16. APPROVAL OF FINANCIAL STATEMENTS

The Directors authorised the financial statements for issue on 22 March 2019.