

LEVERAGE SHARES plc

Financial Statements

For the Period from 27 January 2017 (date of incorporation) to 30 June 2018

Registered Number: 597399

LEVERAGE SHARES plc

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

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LEVERAGE SHARES plc

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Neil Fleming (Irish) (Independent and Non-Executive) (Appointed 27 January 2017) Lisa Hand (Irish) (Non-Executive) (Appointed 27 January 2017) Jose Gonzalez (Spanish) (Non-Executive) (Appointed 31 January 2017) (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

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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

LEVERAGE SHARES plc

DIRECTORS' REPORT FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

The Directors present their Director's Report and audited financial statements of Leverage Shares PLC (the "**Company**" or the "**Issuer**") for the period ended 30 June 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.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

The following Series of ETPs were in issue as at 30 June 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 30 June 2018, the total fair value of ETPs in issue was USD 5,932,099.

At 30 June 2018, the total fair value of the Component Securities was USD 11,904,349.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 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 30 June 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 30 June 2018 the total assets under management amounted to USD 11,904,349.

Income

Income

During the period ended 30 June 2018, the Company generated income as follows:

	2018 USD
Dividend income from Component Securities	79,088
Total income	79,088

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 30 June 2018, the Arranger Fee amounted to USD 23,105.

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

The Company has started to ramp up its marketing activities in an effort to increase demand for the ETPs. In addition, the Company is in the process of passporting its base prospectus to France, Italy, Spain, Germany and the Netherlands. This will allow the Company to market the ETP securities in these jurisdictions. As demand for the ETP securities increases, additional ETP securities will be issued by the Company.

RESULTS AND DIVIDENDS FOR THE PERIOD

The results for the period are set out on page 18. The Directors do not recommend the payment of a dividend.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

DIRECTORS AND SECRETARY

The Directors and their date of appointment are as listed on page 2. There have been no other 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 30 June 2018 or at any time during the period, the Directors and the secretary did not hold any 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 currently due to terminate its membership of the European Union on the 29th March 2019 ("Brexit"). 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. The Company's plan to list ETP's on non-UK exchanges may reduce the impact of Brexit.

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.

All major indexes finished Q2 2018 in the green. Volatility returned to the market in Q1 2018 after abnormally low levels in 2017. Smaller cap companies and tech companies generally outperformed the rest of the market.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

KEY PERFORMANCE INDICATORS

The Company has identified the following key performance indicators which will be 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.

LEVERAGE SHARES plc

DIRECTORS' REPORT *(continued)*

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

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 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 monitors and evaluates 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.


RELEVANT AUDIT INFORMATION

The Directors believe that they have taken all the steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the company's statutory auditor is unaware.

DIRECTORS COMPLIANCE STATEMENT

The Directors confirm that a compliance policy statement setting out the Company's policy with regard to complying with the relevant obligations, as required by Section 225 of the Companies Act 2014, has been prepared and appropriate arrangements and structures are in place which, in the directors' opinion, are sufficient to secure material compliance with the relevant obligations. During the period to June 2018, the Company implemented a number of service provider arrangements to enable it to commence its activities and comply with its various contractual and legislative requirements. These arrangements have only been effective since December 2017, when the Company commenced its activities, and are relevant to the arrangements and structures required for ensuring material compliance with the Company's relevant obligations, therefore the Directors consider it appropriate to review the effectiveness of these arrangements in the coming financial year.

Approved and authorised for issue on behalf of the Board:



Neil Fleming
Director



Lisa Hand
Director

Date: 30 October 2018

LEVERAGE SHARES plc

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, and otherwise comply with the Companies Act 2014.

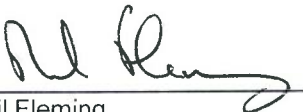
In preparing the financial statements, the Directors are required to:

- 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 the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

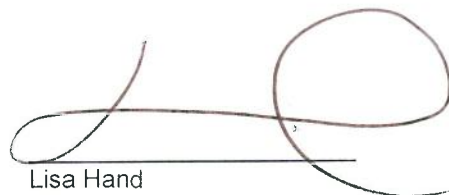
The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with 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.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Approved and authorised for issue on behalf of the Board:



Neil Fleming
Director



Lisa Hand
Director

Date: 30 October 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC

Opinion

We have audited the financial statements of Leverage Shares plc ('the Company') for the year ended 30 June 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- ▶ give a true and fair view of the assets, liabilities and financial position of the company as at 30 June 2018 and of its profit for the year then ended; and
- ▶ have been properly prepared in accordance with IFRS as adopted by the European Union;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board of Directors
<p>Valuation of financial assets and financial liabilities at fair value through profit or loss</p> <p>We have considered valuation of financial assets at fair value through profit or loss (with a fair value of USD 11,904,349) and financial liabilities at fair value through profit or loss (with a fair value of USD 5,932,099) as a key audit matter as it is a key driver of the Company's performance and net asset value.</p> <p>Please refer to Note 2 (f) - Financial Instruments and Note 7 - Fair Assets and Liabilities at fair value through profit or loss</p>	<p>We have obtained the listing of financial assets and financial liabilities at fair value through profit or loss as at 30 June 2018 from the Administrator.</p> <p>We assessed the reasonableness of the valuation for all financial assets and financial liabilities at fair value through profit or loss by:</p> <ul style="list-style-type: none"> ▶ recalculating fair value using industry standard models, assessing the reasonableness of the assumptions and data inputs used by the Directors to value these financial assets and financial liabilities at fair value through profit or loss. 	<p>No issues have been noted from the performance of our procedures over this key audit matter.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality to be 1% of the Value of the ETP Securities. We believe that this is an appropriate measurement basis since the users of the financial statements may focus more on this than on earnings.

During the course of our audit, we reassessed initial materiality and made no changes to it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC (CONTINUED)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our materiality. We have set performance materiality at this percentage due to our knowledge of the company and its industry and the effectiveness of its control environment and our assessment of the risks associated with the engagement.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of 5% of our defined materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report is have been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2014.
- ▶ We understood how Leverage Shares plc is complying with those frameworks by updating our understanding of the adequate system of internal control in place. We also considered the existence of independence service providers, proper segregation of duties and the regulated environment in which the Company operates, which may reduce opportunities for fraud to take place.
- ▶ We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by management override of controls.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries to those charged with governance into possible instances of non-compliance with laws and regulations, review of board meeting minutes during the year and obtaining representation from the management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERAGE SHARES PLC
(CONTINUED)**

Other matters which we are required to address

We were appointed by the Board of Directors in 2018 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Company and the Company's members, as a body, for our audit work, for this report,



Lisa Kealy
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 31 October 2018

LEVERAGE SHARES plc**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018**

	<i>Note</i>	Period ended 30 June 2018 USD
Income		
Dividend income	3	79,088
Unrealised appreciation on financial assets designated at fair value through profit or loss		560,682
Realised gain on financial assets designated at fair value through profit or loss		407,092
Realised foreign exchange gain/(loss)		6,322
Unrealised depreciation on financial liabilities designated at fair value through profit or loss		(932,099)
Total income		<u>121,085</u>
Expenses		
Operating expenses	5	<u>(28,563)</u>
Total expenses		<u>(28,563)</u>
Operating profit before tax		<u>92,522</u>
Finance expense	4	<u>(79,776)</u>
Profit before tax		<u>12,746</u>
Tax on profit on ordinary activities	6	<u>(12,084)</u>
Total comprehensive income		<u><u>662</u></u>

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

LEVERAGE SHARES plc

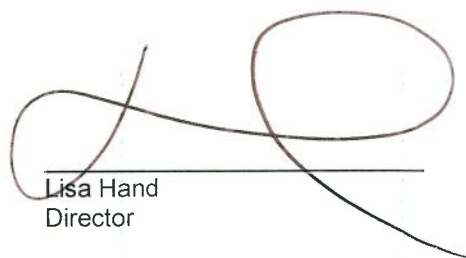
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	As at 30 Jun 2018 USD
Assets		
Financial assets at fair value through profit or loss	7	11,904,349
Amounts due from/to broker	9	57,862
Debtors: (Amounts falling due within one year)	8	<u>29,146</u>
Total assets		<u>11,991,357</u>
Liabilities		
Amounts due from/to broker	9	5,994,437
Bank overdraft		1,560
Financial liabilities at fair value through profit or loss	7	5,932,099
Other payables	10	<u>35,896</u>
Total liabilities		<u>11,963,992</u>
Total assets less total liabilities		<u>27,365</u>
Equity		
Share capital – equity	11	26,703
Retained earnings		<u>662</u>
Total shareholders' funds		<u>27,365</u>

The financial statements were approved by the Board of Directors on 30 October 2018 and signed on its behalf by:



 Neil Fleming
 Director



 Lisa Hand
 Director

The accompanying notes form an integral part of these financial statements

LEVERAGE SHARES plc

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 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

The accompanying notes form an integral part of these financial statements

LEVERAGE SHARES plc

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

	Period ended 30 June 2018 USD
Adjustments to reconcile total comprehensive income to net cash used in operating activities	
Total comprehensive income	662
Unrealised (losses) / gains on financial liabilities designated at fair value through the profit or loss	932,099
Net (increase)/decrease in financial assets designated at fair value through profit or loss	(11,904,349)
Increase in debtors	(29,146)
Increase in creditors	35,8960
Amounts due from/to broker	5,936,575
Net cash used in operating activities	<u>(5,028,263)</u>
Cash flows from financing activities	
ETPs issued during the period	5,000,000
Share capital issued	26,703
Net cash provided by financing activities	<u>5,026,703</u>
Net Increase in cash and cash equivalents	(1,560)
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	<u><u>(1,560)</u></u>

SUPPLEMENTARY INFORMATION

Dividends received	(79,088)
Interest paid	66,580

The accompanying notes form an integral part of these financial statements

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 account (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 30 June 2018 are listed on the main market of the London Stock Exchange.

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.

(b) Basis of preparation

The 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.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) **Basis of measurement**

The 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.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are 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 Company does not expect a significant impact on its balance sheet from applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

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. The Company does not expect a significant impact as a result of applying this aspect of IFRS 9. Debt securities (i.e. the ETPs) are expected to be 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.

Hedge Accounting: IFRS 9 does not change the principles of how an entity accounts for effective hedges. The Company has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

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 plans to adopt the new standard for the accounting period beginning 1 July 2018.

2. **SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

(d) **Functional and presentation currency**

These 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 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. 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.

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 FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018**

3. INCOME	Period ended 30 Jun 2018 USD
Dividend Income	79,088
	<u><u>79,088</u></u>

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

4. FINANCE EXPENSE	Period ended 30 Jun 2018 USD
Interest expense	79,776
	<u><u>79,776</u></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	Period ended 30 June 2018 USD
Arrangement fee expense	23,105
Bank charges	5,369
Other expenses	89
	<u><u>28,563</u></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. Such expenses include the following amounts that related to the Company:

	Period ended 30 June 2018 USD
Auditors' remuneration	22,740
Directors' remuneration	2,332

The Company had no employees during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	Period ended 30 Jun 2018 USD
Corporation tax	195
Foreign withholding tax	11,863
	<u>12,058</u>

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 30 June 2018.

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 30 June 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 FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018**

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 30 June 2018 are as follows:

Component Securities	Fair Value USD	Cost USD
Alphabet Inc	435,103	422,782
Amazon.com Inc	798,906	688,678
Apple Inc	445,745	420,864
Cisco Systems Inc	502,160	490,110
Citigroup Inc	302,679	333,078
Coca-Cola Co/The	375,091	384,112
Walt Disney Co/The	370,923	375,520
Facebook Inc	440,135	409,337
General Electric Co	228,240	251,126
Goldman Sachs Group Inc/The	299,755	347,275
International Business Machines Corp	319,913	355,807
Intel Corp	489,643	503,563
Johnson & Johnson	291,095	325,666
JPMorgan Chase & Co	379,705	401,861
McDonald's Corp	320,744	343,106
Microsoft Corp	517,012	483,019
NIKE Inc	633,137	538,558
Oracle Corp	290,532	321,606
Starbucks Corp	265,939	316,672
Visa Inc	537,614	489,113
Netflix Inc	1,587,249	1,328,006
NVIDIA Corp	536,341	546,194
salesforce.com Inc	649,537	560,734
Pfizer Inc	400,604	400,760
PayPal Holdings Inc	486,547	459,710
Total	11,904,349	11,497,257

LEVERAGE SHARES plc

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

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

The ETPs in issue at 30 June 2018 are as follows:

ETP	Fair Value USD	Arrangement Fee %	ISIN	Notional Amount
Leverage Shares 2x Alphabet ETP	216,828	.75%	IE00BF01VY89	200,000
Leverage Shares 2x Amazon ETP	398,363	.75%	IE00BF03XH11	200,000
Leverage Shares 2x Apple ETP	221,911	.75%	IE00BF03XJ35	200,000
Leverage Shares 2x Cisco ETP	250,376	.75%	IE00BF03XK40	200,000
Leverage Shares 2x Citigroup ETP	150,744	.75%	IE00BF03XL56	200,000
Leverage Shares 2x Coca-Cola ETP	186,944	.75%	IE00BF03XM63	200,000
Leverage Shares 2x Disney ETP	184,642	.75%	IE00BF03XN70	200,000
Leverage Shares 2x Facebook ETP	219,512	.75%	IE00BF03XP94	200,000
Leverage Shares 2x General Electric ETP	113,791	.75%	IE00BF03XQ02	200,000
Leverage Shares 2x Goldman Sachs ETP	149,352	.75%	IE00BF03XR19	200,000
Leverage Shares 2x IBM ETP	159,425	.75%	IE00BF03XS26	200,000
Leverage Shares 2x Intel ETP	244,037	.75%	IE00BF03XT33	200,000
Leverage Shares 2x Johnson & Johnson ETP	145,083	.75%	IE00BF03XV54	200,000
Leverage Shares 2x JPMorgan ETP	188,984	.75%	IE00BF03XW61	200,000
Leverage Shares 2x McDonald's ETP	159,791	.75%	IE00BF03XX78	200,000
Leverage Shares 2x Microsoft ETP	257,484	.75%	IE00BF03XY85	200,000
Leverage Shares 2x Nike ETP	315,453	.75%	IE00BF03XZ92	200,000
Leverage Shares 2x Oracle ETP	144,749	.75%	IE00BF03Y019	200,000
Leverage Shares 2x Starbucks ETP	132,298	.75%	IE00BF03Y126	200,000
Leverage Shares 2x Visa ETP	267,425	.75%	IE00BD09ZV33	200,000
Leverage Shares 2x Netflix ETP	791,980	.75%	IE00BD09ZW40	200,000
Leverage Shares 2x NVIDIA ETP	267,300	.75%	IE00BD09ZX56	200,000
Leverage Shares 2x Salesforce.com ETP	323,544	.75%	IE00BD09ZY63	200,000
Leverage Shares 2x Pfizer ETP	199,504	.75%	IE00BD09ZZ70	200,000
Leverage Shares 2x PayPal ETP	242,577	.75%	IE00BD0B0034	200,000
Total	5,932,099			5,000,000

LEVERAGE SHARES plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

8. DEBTORS: (Amounts falling due within one year)	Period ended 30 Jun 2018 USD
Receivable from Leverage Shares LLC	29,146
	29,146
9. AMOUNTS DUE TO/FROM BROKER	Period ended 30 Jun 2018 USD
Margin account	5,772,538
Component Securities sold receivable	(57,862)
Component Securities sold payable	221,899
	5,936,575
10. OTHER PAYABLES	Period ended 30 Jun 2018 USD
Arrangement fees payable	14,354
Interest payable	21,321
Corporation tax payable	221
	35,896
11. SHARE CAPITAL – EQUITY	Period ended 30 Jun 2018 USD
Authorised	
25,000 Ordinary Shares @ €1 each	26,703
Issued	
25,000 Shares @ €1 each	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. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018**

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

As at 30 June 2018	Level 1 Quoted price USD	Level 2 Valuation USD	Level 3 Valuation USD	Net Total 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

As at 30 June 2018	Level 1 Quoted price USD	Level 2 Valuation USD	Level 3 Valuation USD	Net Total 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

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:

	2018
	USD
Component Securities	11,904,349

The custodian for the Component Securities held on 30 June 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.

(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 5%.

	Current Interest Expense as disclosed in the Financial Statements	Impact of 5% increase on Interest Expense	Impact of 5% decrease on Interest Expense
	USD	USD	USD
Interest Expense	79,776	83,765	75,977

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 30th June 2018, the balance on this account is overdrawn by EUR 1,338. 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 is as follows;

Information Technology	61%
Consumer Discretionary	20%
Financials	8%
Consumer Staples	3%
Industrials	2%
Health Care	6%
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 12,499,566, the value of the ETPs issued would increase by USD 296,605 to USD 6,228,704. If there was a 5% decrease in the value of the Component Securities to USD 11,309,132, the value of the ETPs issued would decrease by USD 296,605 to USD 5,635,494.

(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 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	<u>87,008</u>	<u>87,008</u>	<u>-</u>	<u>-</u>
	<u>11,991,357</u>	<u>11,991,357</u>	<u>-</u>	<u>-</u>

The following are the earliest contractual maturities of financial liabilities:

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	<u>199,933</u>	<u>199,933</u>	<u>-</u>	<u>-</u>
	<u>11,906,130</u>	<u>11,906,130</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
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(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.

Financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar agreements:

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 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	5,932,099	-	5,932,099	(5,932,099)	-

13. COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies as at 30 June 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 23,105 to Leverage Shares Management Company Limited during the period under review. At 30 June 2018, the balance accrued to Leverage Shares Management Company Limited was USD 14,354. In return for this, Leverage Shares Management Company Limited pays all operating expenses as described in Note 5.

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 30 June 2018.

14. RELATED PARTY TRANSACTIONS (continued)

Jose Gonzalez is the sole owner of Leverage Shares LLC and was a Director of the Company until 16 October 2018. 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.

Jose Gonzalez was a shareholder, co-founder and CIO of Global X Management Company LLC ("Global X"). Global X provided a loan of USD150,000 to enable the Company to enter into a margin investment agreement to facilitate the Company entering into a legally binding obligation to purchase €10m of U.S. Treasury Bills. There was no interest charged on this loan but all the economic benefit of the investment was payable to Global X. This loan was repaid during the period.

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 30 June 2018.

15. POST BALANCE SHEET EVENTS

The Company issued additional notes in respect of the following existing series of ETPs post year end: Leverage Shares 2x Amazon ETP, Leverage Shares 2x Facebook ETP, Leverage Shares 2x NVIDIA ETP and Leverage Shares 2x Microsoft ETP.

16. APPROVAL OF FINANCIAL STATEMENTS

The Directors authorised the financial statements for issue on 30 October 2018.