Company registration number: 608059

GRANITESHARES FINANCIAL PUBLIC LIMITED COMPANY

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 to 31 DECEMBER 2019

TABLE OF CONTENTS

	Pages
COMPANY INFORMATION	2
DIRECTORS' REPORT	3 – 5
DIRECTORS' RESPONSIBILITIES STATEMENT	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 – 21

COMPANY INFORMATION

DIRECTORS	Romira Hoxha (appointed on 27 Sep 2019) Damien Carroll (appointed on 10 July 2019) Grainne Kirwan (appointed on 17 April 2018, resigned on 27 September 2019) Enda Kelly (appointed on 21 March 2019, resigned on 10 July 2019) Sam Sengupta (British National) (resigned on 21 March 2019)
COMPANY REGISTRATION NUMBER	608059
COMPANY REGISTERED OFFICE	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 D01 YE64 Ireland
COMPANY SECRETARY	TMF Administration Services Limited
NOTE TRUSTEE, PRINCIPAL PAYING AGENT, SWAP COLLATERAL CUSTODIAN AND ACCOUNT BANK	The Bank of New York One Canada Square London E14 5AL England
SWAP COUNTERPARTY	Natixis S.A. 30 Avenue Pierre Mendes-France 75013 Paris France
ARRANGER	GraniteShares Jersey Limited 28 Esplanade St. Helier Jersey JE2 3QA Channel Islands
LEGAL ADVISERS	*Irish Law Advisers/Irish Listing Agent* Matheson 70 Sir John Rogerson’s Quay Grand Canal Dock Dublin 2 Ireland *English Law Advisers* Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom *Jersey Law Advisers* Carey Olsen 47 Esplanade St Helier Jersey JE1 0BD Channel Islands

DIRECTORS' REPORT

The directors present the Directors' report and the unaudited financial statements of GraniteShares Financial Public Limited Company (the "Company") for the financial period from 1 July 2019 to 31 December 2019.

PRINCIPAL ACTIVITIES

The Company was incorporated on 17 July 2017, in accordance with the laws of Ireland with a registration number 608059.

The Company has been formed for the purpose of issuing collateralised exchange traded products ("ETP Securities" or ("ETPs")) and entering into a fully funded Swap agreement. Commercial activity commenced in September 2019.with the ETP Securities initially listed on the London Stock Exchange for trading on the secondary market.

The Company established a Collateralised ETP Securities Programme under which the Company issues, on an ongoing basis, collateralised exchange traded products of different classes (each a "Class") linked into indices providing exposure to a range of asset classes including equities, commodities, fixed income and currencies. The ETP Securities may have long or short, leveraged or unleveraged, exposure to the daily performance of the referenced index.

Each Class constitutes limited recourse obligations of the Company, secured on and payable solely from the assets constituting the ETP Securities in respect of such Class. Each Class of ETP Securities may comprise one or more tranches.

The ETP Securities have been listed for trading on the London Stock Exchange and applicables may be made to the other European Stock Exchanges. The Company uses the net proceeds of the issuance of hte ETP Securities to enter into Total Return Swap Transactions ("TRSs") to hedge its payment obligations in respect of each Class of the ETS with one or more Swap Providers once the Swap Provider has delivered eligible collateral. The TRS for each Class of ETP Securities will produce cash flows to tservice all of hte Company's payment obligations in respect of that Class.

The Company did not enter into any transactions during the financial year ended 30 June 2019.

Cash flows are a result of subscriptions and redemptions of ETP securities and expenses incurred. A movement on collateral does not generate a cash flow. The proceeds of the issuance of a tranche of ETP Securities of a Class will be paid by the Company to one or more of the Swap Providers with whom the Company has entered by the Company in relation that Class in proportion to the increase in the number of ETP Securities of that Class then outstanding.

The Company's payment obligations in respect of the ETP Securities of a Class will be covered entirely from payments received by the Company from the Swap Providers in respect of such TRS. Pursuant to the terms of each credit support document, the Company will be obliged to pay amounts equal to each distribution made on collateral held by it to the relevant Swap Provider upon receipt.

The ETP Securities do not bear interest at a prescribed rate. The return (if any) on the ETP Securities shall be calculated in accordance with the redemption provisions. The Classes of ETP Securities are disclosed in note 8.

RESULTS AND DIVIDENDS

The results for the financial period and the Company's financial position at the end of the financial period are set out on page 7 and 8, respectively. Profit on ordinary activities before taxation amounted to €1,000 (2018: nil). The corporation tax charge for the period is EUR250 (2018: nil).

No dividends were recommended to be paid for the financial period ended 31 December 2019 (2018: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Pursuant to the European Referendum Act 2015, a referendum on the United Kingdom's membership of the European Union ("EU") was held on 23 June 2016 with the majority voting to leave the EU. The United Kingdom ("UK") was originally expected to leave the EU (referred to as "Brexit") on 29 March 2019. The UK decided to finally leave the EU and is now on transitionary period until the end of 2020. Such an exit from the EU would be unprecedented, and it is currently unclear what the UK's trading relationship with the EU will be after Brexit. It can be assumed that that there will be changes to the current UK trading relationships and the UK legal and regulatory environment. These changes may impact how we conduct our business across Europe and how the funds are distributed. This uncertainty could impact the broader global economy, including reducing investor confidence and driving volatility.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Deteriorating business, consumer or investor confidence arising from Brexit or the uncertainty around Brexit lead to (i) reduced levels of business activity (ii) higher levels of default rates and impairment; and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share pricess and solvency of counterparties.

The operations of the Company are subject to various risks. Information about the financial risk management objectives and policies of the Company, along with exposure of the Company to market risk, concentration risk and operational risk are disclosed in note 14 to the unaudited financial statements.

GOING CONCERN

The Company began trading in the second half of 2019 and the directors consider it appropriate to prepare the unaudited financial statements under the going concern basis.

RELATED PARTY TRANSACTIONS

The related party transactions in relation to the Company are disclosed in note 16.

SIGNIFICANT SUBSEQUENT EVENTS

The significant subsequent events in relation to the Company are disclosed in note 17.

POLITICAL DONATIONS

The Company did not make any political donations during the financial period (2018: nil).

DIRECTORS AND COMPANY SECRETARY

The directors and the company secretary are listed on page 2. The directors and the company secretary had no material interest in any contract of significance in relation to the business of the Company. The directors and company secretary who held office on 31 December 2019 did not hold any shares, debentures or loan stock of the Company on that date or during the financial period (2018: same).

POWERS OF DIRECTORS

The Board is responsible for managing the business affairs of the Company in accordance with the Company's Constitution. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction of the directors.

DIRECTORS' COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2) (a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its relevant obligations. Relevant obligations, in the context of the Company, are the Company's obligations under:

(a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
(b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
(c) tax law.

Pursuant to Section 225(2) (b) of the Act, the directors confirm that:

(i) a compliance policy statement has been drawn up as required by Section 225(3)(a) of the Act setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
(ii) appropriate arrangements and structures have been put in place that, in their opinion, secure material compliance with the Company's relevant obligation, and
(iii) a review has been conducted, in the financial period, of the arrangements and structures referred to in paragraph (ii).

DIRECTORS' REPORT (CONTINUED)

ACCOUNTING RECORDS

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The measures are taken by the directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at the Company's registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64, Ireland.

SHAREHOLDERS' MEETINGS

The Shareholder's rights and the operations of the shareholders meetings are defined in the Company's Constitution and complies with the Companies Act 2014.

This report was approved by the Board on 30 March 2020 and signed on its behalf by:

Damien Carroll

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Damien Carroll
Director

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Romira Hoxha
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial period. Under the law, they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

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 of its profit or loss for that period. In preparing these 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 they have been prepared in accordance with IFRS as adopted by the European Union;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative, but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

This report was approved by the Board on 30 March 2020 and signed on its behalf by:

Damien Carroll

Damien Carroll
Director

Romira Hoxha
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

	Notes	Financial period ended 31 December 2019 €	Financial year ended 30 June 2019 €
Net losses on financial assets at fair value through profit or loss	3	(209,841)	-
Net gains on financial liabilities at fair value through profit or loss	4	209,841	-
Net operating Income		-	-
Other income	5	175,039	-
Administration expenses	6	(174,039)	-
Profit for the period before taxation		1,000	-
Taxation	7	(250)	-
Profit for the period after taxation		750	-
Other comprehensive income		-	-
Total comprehensive income for the financial period/year		750	-

The accompanying notes on pages 11 to 21 form an integral part of these unaudited financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	As at 31 December 2019 €	As at 30 June 2019 €
ASSETS			
Financial assets at fair value through profit or loss	8	1,249,408	-
Other receivables	9	158,528	18,750
Cash and cash equivalents	10	6,250	6,250
TOTAL ASSETS		1,414,186	25,000
LIABILITIES			
Financial liabilities at fair value through profit or loss	11	1,249,408	-
Corporation tax payable	7	250	-
Other payables	12	138,778	-
TOTAL LIABILITIES		1,388,436	-
EQUITY			
Share capital	13	25,000	25,000
Profit and loss account		750	-
		25,750	25,000
TOTAL EQUITY AND LIABILITIES		1,414,186	25,000

The accompanying notes on pages 11 to 21 form an integral part of these unaudited financial statements.

The unaudited financial statements were approved and authorised for issue by the Board on 30 March 2020 and signed on its behalf by:

Damien Carroll

Damien Carroll
Director

Romira Hoxha
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

For the financial period ended 31 December 2019	**Share Capital €**	**Profit and loss account €**	**Total €**
As at 1 July 2019	25,000	-	25,000
Share capital issued	-	-	-
Total comprehensive income for the financial period	-	750	750
As at 31 December 2019	25,000	750	25,750

For the financial year ended 30 June 2019	**Share Capital €**	**Profit and loss account €**	**Total €**
As at 1 July 2018	25,000	-	25,000
Share capital issued	-	-	-
Total comprehensive income for the financial year	-	750	750
As at 30 June 2019	25,000	750	25,750

The accompanying notes on pages 11 to 21 form an integral part of these unaudited financial statements.

STATEMENT OF CASHFLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

	Notes	Financial period ended 31 December 2019 €	Financial year ended 30 June 2019 €
Cash flows from operating activities			
Profit on ordinary activities before taxation		1,000	-
Adjustments:		-	-
Net losses on financial assets at fair value through profit or loss		(27,440)	-
Net gains on financial liabilities at fair value through profit or loss		27,440	-
Movements in other receivables		(175,039)	(18,750)
Movements in other payables		174,039	-
Net cash from operating activities		-	(18,750)
Cash flows from investing activities			
Swap purchases		(12,600,394)	-
Swap sales		11,323,546	-
Net cash used in investing activities		(1,276,848)	-
Cash flows from financing activities			
Issuance of ETP Securities		12,600,394	-
Repayment of ETP Securities		(11,323,546)	-
Issuance of share capital		-	25,000
Net cash from financing activites		1,276,848	25,000
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of of the financial period	10	6,250	6,250
Cash and cash equivalents at the end of the financial period/year	10	6,250	6,250

The accompanying notes on pages 11 to 21 form an integral part of these unaudited financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company was incorporated on 17 July 2017 in accordance with the laws applicable in Ireland under registration number 608059. The Company is a public limited company and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the “TCA, 1997”). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits. The Company’s registered office is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64, Ireland.

The Company has been formed for the purpose of issuing collateralised ETP Securities and entering into a fully funded Swap agreement. Commercial activity commenced in September 2019.with the ETP Securities initially listed on the London Stock Exchange for trading on the secondary market.

The Company established a Collateralised ETP Securities Programme under which the Company issues, on an ongoing basis, collateralised exchange traded products of different classes (each a “Class”) linked into indices providing exposure to a range of asset classes including equities, commodities, fixed income and currencies. The ETP Securities may have long or short, leveraged or unleveraged, exposure to the daily performance of the referenced index.

The ETP Securities have been listed for trading on the London Stock Exchange and applicables may be made to the other European Stock Exchanges. The Company uses the net proceeds of the issuance of hte ETP Securities to enter into Total Return Swap Transactions (“TRSs”) to hedge its payment obligations in respect of each Class of the ETS with one or more Swap Providers once the Swap Provider has delivered eligible collateral. The TRS for each Class of ETP Securities will produce cash flows to tservice all of hte Company’s payment obligations in respect of that Class.

The Company’s principal activity is the listing and issue of ETPs. The securities are issued as demand requires. The Company purchases ad matching TRS from swap providers to hedge its liabilities and ensure the assets can service its liabilities. The number and terms of ETPs outstanding will match the number and terms of ETP Swap Contracts so that the obligations of the Company and the Swap Provider Match. The Swap Provider will use the same pricing formula as the Determination Agent (“DA”) so both the DA and the Swap Provider should be able to calculate the same price independently of each other – the price of an ETP Swap Contract will equal the price of an ETP. GraniteShares Jersey Limited (the “Arranger”) supplied and/or arranged for the supply of all administrative services to the Company and paid all management and administration costs of the Company, in return for which the Company pays the Arranger a management fee.

The Company considers the captail management and its current capital resources to be adequate to maintain the ongoing listing and issue of the ETPs.

2. ACCOUNTING POLICIES

The unaudited financial statements have been prepared in accordance with IFRS as adopted by the EU and those parts of Companies Act 2014 applicable to companies reporting under IFRS. The accounting policies adopted by the Company have been applied consistently. The unaudited financial statements have been prepared on a going concern basis.

(a) Statement of compliance

The unaudited financial statements are prepared in accordance with IFRS as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The unaudited financial statements have been prepared on a going concern basis.

The accounting policies adopted by the Company have been applied consistently.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of new and revised accounting standards

The Company has applied all relevant and applicable standards.

New standards and interpretations not yet adopted during the financial period

The following standards and amendments to standards are required to be applied for annual periods beginning after 1 January 2020 and are available for early adoption in annual periods beginning on 1 January 2020. The Company has taken the decision not to adopt these amendments early. The Company has assessed and reviewed the impact of these amendments and deemed that it currently has no impact on future accounting periods.

Standard	Effective date
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – Available for optional adoption	Effective date deferred indefinitely

Standards and amendments to existing standards that are effective after 1 January 2019
The following standards, amendments and interpretations, which became effective after January 2019, are relevant to the Company. These amendments will have no impact on the financial statements.

IFRIC 23: Uncertainty over Income Tax Treatments
The interpretation was issued by the IASB on 7 June 2017 and is effective for period beginning on or after 1 January 2019, with earlier adoption permitted. The amendments clarify that an entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The Company must reassess its judgements and estimates if facts and circumstances change.

(c) Use of estimates and judgements

The preparation of the unaudited financial statements requires the directors to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions will be reviewed on an ongoing basis. Revisions to accounting estimates will be recognised in the period in which the estimates are revised and in any future periods affected.

(d) Functional and presentation currency

These unaudited financial statements are presented in Euro (“EUR” or “€”) which is the Company’s functional currency.

Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in EUR and the ETP Securities issued by the Company are denominated in EUR. The Directors of the Company believe that EUR most faithfully represents the economic effects of the underlying transactions, events and conditions.

2. ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments

Classification
The Company has adopted the following classifications for financial instruments:

Financial assets:
- At fair value through profit or loss: Swaps
- Amortised cost: Cash and cash equivalents and other receivables.

Financial liabilities:
- At fair value through profit or loss: ETP Securities;
- Amortised cost: Corporation tax payable and other payables.

Recognition
Purchases and sales of financial instruments are recognised using trade date accounting, the day that the Company commits to purchase or sell the asset. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded through the Statement of Comprehensive Income.

Measurement
Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The price per ETP Securities is calculated daily to reflect the daily change in the relevant index of the ETP Securities, and will take into account all applicable fees and adjustments. On the issue date of the class, the price per ETP Securities will be equal to its issue price. On any valuation date thereafter, the price per ETP is calculated according to a formula which reflects the price per ETP on the immediately preceding valuation date.

TRS are valued at fair value utilising predefined formula and market prices consistent with the ETP valuation process. In the absence of readily available market prices, the Swap Provider will provide the inputs for the valuation. Where possible, the Company independently calculates the fair value and verifies the Swap Providers valuation with any variation investigated. The valuation determined by the swap counterparty may be based on assumptions of market conditions at the time of valuation, similar arm’s length market transactions if available, reference to the current fair value of similar instruments and a variety of different valuation techniques such as the discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. All TRSs are carried as assets when fair value is positive and as liabilities when fair value is negative.

Transfer between levels of the fair value hierarchy
Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Company currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the Statement of Financial Position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Net gain/(loss) on financial instruments at fair value through profit or loss
Realised gain/(loss) on financial assets are recorded as part of net gain/(loss) on financial assets (or liabilities) at fair value through profit or loss within the Statement of Comprehensive Income.

Unrealised gain/(loss) relates to gains and losses arising from changes in fair value of financial instruments during the financial period. Unrealised gain/(loss) on financial instruments are recognised within net gain/(loss) on financial assets (or liabilities) at fair value through profit or loss within the Statement of Comprehensive Income.

Expected credit losses
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are baed on the payment profiles of sales over a period of 36 month before 31 december 2019, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash held with banks which is subject to insignificant risk in terms of changes of fair value with original maturities of three months or less, and are used by the Company in the management of its short-term commitments.

(g) Debtors

Debtors with no stated interest rate and receivable within one year are recorded at transaction price.

(h) Ordinary share capital presented as equity

Ordinary shares are not redeemable and do not participate in the net income of the Company are classified as equity as per the Company's Constitution.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

(i) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial period using the tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustments to tax payable in respect of previous periods, if any.

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 have not been reversed by the financial period end date except as otherwise required by IAS 12 'Deferred Tax'. Provision is made at the tax rates that are expected to apply in the financial period in which the temporary 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 the related tax benefit will be realised.

(j) Other income and administration expenses

The Company is entitled to receive a management fee calculated by reference to a management fee rate under the specified terms of each relevant TRS and in calculated by the Arranger by charging the applicable fee rate on the daily market value of each security.

The Company pays a management fee to the Arranger calculated based on the amount fees received from the Swap Provider. The management fees are accrued on a daily basis and are recorded in the Statement of Comprehensive income

Administration expenses include amounts accrued for expenses such as administration and management incurred at the financial period end.

(k) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Income.

3. NET LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial period ended 31 December 2019 €	Financial year ended 30 June 2019 €
Unrealised losses on financial assets at fair value through profit or loss	(27,440)	-
Realised losses on financial assets at fair value through profit or loss	(182,401)	-
	(209,841)	-

4. NET GAINS ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial period ended 31 December 2019 €	Financial year ended 30 June 2019 €
Unrealised gains on financial liabilities at fair value through profit or loss	27,440	-
Realised gains on financial liabilities at fair value through profit or loss	182,401	-
	209,841	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

5. OTHER INCOME	**Financial period ended 31 December 2019 €**	**Financial year ended 30 June 2019 €**
Issuer profit	1,000	-
Management fees income	10,558	-
Other income	163,481	-
	175,039	-

6. ADMINISTRATION EXPENSES	**Financial period ended 31 December 2019 €**	**Financial year ended 30 June 2019 €**
Corporate service fees	(34,239)	-
Audit and tax fees	-	-
Management fees	(10,558)	-
Other expenses	(129,242)	-
	(174,039)	-

The Company has no employees and services required are contracted from third parties.

7. CORPORATION TAX	**Financial period ended 31 December 2019 €**	**Financial year ended 30 June 2019 €**
Corporation tax based on profit for the financial period/year	250	-
Profit on ordinary activities before taxation	1,000	-
Profit on ordinary activities multiplied by the standard rate of 12.5%		
Irish corporation tax for the financial period/year	(125)	-
Effect of higher tax rate (25%) applicable under Section 110 TCA, 1997	(125)	-
Current tax charge for the financial period/year	(250)	-

	As at 31 December 2019 €	**As at 30 June 2019 €**
Beginning corporation tax payable	-	-
Additional corporation tax charged	250	-
Corporation tax paid	-	-
Ending corporation tax payable	250	-

The Company is a qualifying company within the meaning of Section 110 of the TCA, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D of the TCA at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D of the TCA. There was no deferred tax during the financial period (2018: nil).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**As at 31 December 2019 €**	**As at 30 June 2019 €**
Fair value of TRS	1,249,408	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

9. OTHER RECEIVABLES

	As at 31 December 2019 €	As at 30 June 2019 €
Issuer profit receivable	1,000	-
Share capital receivable	18,750	18,750
Other receivables	138,778	-
	158,528	18,750

10. CASH AND CASH EQUIVALENTS

	As at 31 December 2019 €	As at 30 June 2019 €
Cash and cash equivalents	6,250	6,250

11. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2019 €	As at 30 June 2019 €
Fair value of ETP Securities	1,249,408	-

As at 31 December 2019, the following are the ETP Securities in issue:

Security Name	ISIN	BBG Ticker main listing	Launch date
GraniteShares 3x Leveraged Vodafone ETP	XS2009195566	3LVO	13/09/2019
GraniteShares -3x Short Vodafone ETP	XS2009195640	3SVO	29/08/2019
GraniteShares 3x Leveraged Glencore ETP	XS2066789251	3LGL	04/11/2019
GraniteShares -3x Short Glencore ETP	XS2066789335	3SGL	04/11/2019
GraniteShares 3x Leveraged Lloyds TSB ETP	XS2066792982	3LLL	04/11/2019
GraniteShares -3x Short Lloyds TSB ETP	XS2066793014	3SLL	04/11/2019
GraniteShares 3x Leveraged BP ETP	XS2066792396	3LBP	04/11/2019
GraniteShares -3x Short BP ETP	XS2066792636	3SBP	04/11/2019
GraniteShares 3x Leveraged AstraZeneca ETP	XS2066793287	3LAZ	04/11/2019
GraniteShares -3x Short AstraZeneca ETP	XS2066793444	3SAZ	04/11/2019
GraniteShares 3x Leveraged Diagio ETP	XS2066793790	3LDO	04/11/2019
GraniteShares -3x Short Diagio ETP	XS2066793873	3SDO	04/11/2019
GraniteShares 3x Leveraged BAE ETP	XS2066799995	3LBA	04/11/2019
GraniteShares -3x Short BAE ETP	XS2066849337	3SBA	04/11/2019
GraniteShares 3x Leveraged RIO ETP	XS2066849501	3LRI	04/11/2019
GraniteShares -3x Short RIO ETP	XS2066849766	3SRI	04/11/2019
GraniteShares 3x Leveraged Barclays ETP	XS2066849923	3LBC	04/11/2019
GraniteShares -3x Short Barclays ETP	XS2066850004	3SBC	04/11/2019
GraniteShares 3x Leveraged Royal Dutch ETP	XS2066850343	3LRD	04/11/2019
GraniteShares -3x Short Royal Dutch ETP	XS2066850699	3SRD	04/11/2019
GraniteShares 3x Leveraged Rolls Royce ETP	XS2066850772	3LRR	04/11/2019
GraniteShares -3x Short Rolls Royce ETP	XS2066850855	3SRR	04/11/2019

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

12. OTHER PAYABLES

	As at 31 December 2019 €	As at 30 June 2019 €
Corporate services fees payable	34,239	-
Audit and tax fees payable	-	-
Servicer fees payable	10,558	-
Other payables	93,981	-
	138,778	18,750

13. SHARE CAPITAL

	As at 31 December 2019 €	As at 30 June 2019 €
Authorised		
100,000,000 ordinary shares of €1 each	100,000,000	100,000,000
Issued and called up		
25,000 ordinary shares of €1	25,000	25,000

The Company's capital as at the financial period end is best represented by the ordinary shares outstanding.

The Company issued 25,000 shares which are held by TMF Management (Ireland) Limited on trust for charitable purposes. On 26 March 2019, the shareholder paid up 25% of the share capital.

14. Financial risk management

The Company's financial instruments include the financial assets at fair value through profit or loss, other receivables, cash and cash equivalents, financial liabilities at fair value through profit or loss and other payables that arise directly from its operations.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from its use of financial instruments:

Market risk;
Operational risk; and
Concentration risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and securities prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk embodies the potential for both losses and gains and includes currency risk and market price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in foreign currency.

The ETP Securities by the Company denominated in Pound Sterling. The proceeds of these issues are used to fund the purchase of the Swaps in Pound Sterling. These are retranslated to EUR using the applicable exchange rates. There are certain expenses payable in EUR.

14. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk), whether those changes are caused by factors specific to the individual financial instrument or its seller, or factors affecting similar financial instruments traded in the market. The Arranger monitors the cash flows of the financial assets at fair value through profit or loss on a daily basis.

The Company uses the hierarchy below for determining and disclosing the fair value of financial instruments by valuation technique:

The level in the fair value hierarchy in which each fair value measurement is categorised includes:

Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities;
Level 2: inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value through profit or loss

As at 31 December 2019	**Level 2**	**Total**
	€	**€**
Assets		
Financial assets at fair value through profit or loss	1,249,408	1,249,408
Liabilities		
Financial liabilities at fair value through profit or loss	1,249,408	1,249,408

The ETS and TRS are considered to be fair valued under level 2 as prices are calculated using a model, rather than using quoted exchange rates, to refelct the amounted received by the ETP holders on redemption.

The Company's policy is to recognise transfers into and transfers out of 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 financial assets and liabilities which are recorded at fair value.

There are no financial assets and financial liabilities valued at fair value through profit or loss as at 30 June 2019.

Financial instruments not measured at fair value through profit or loss but for which fair values are presented

The table below analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy in which each fair value measurement is categorised:

1. Quoted (unadjusted) prices in active markets for identical assets or liabilities;
2. Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
3. Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

14. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

As at 31 December 2019	Level 1 £	Level 2 £	Total £
Assets			
Other receivables	-	193,789	-
Cash and cash equivalents	6,250	-	6,250
	6,250	193,789	200,039
Liabilities			
Other payables	-	174,039	-
	-	174,039	-

As at 30 June 2019	Level 1 £	Level 2 £	Total £
Assets			
Other receivables	-	18,750	18,750
Cash and cash equivalents	6,250	-	6,250
	6,250	18,750	25,000
Liabilities			
Other payables	-	-	-
	-	-	-

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value with a maturity of three months or less. As such, Level 1 has been deemed the most appropriate categorisation for the Company's cash and cash equivalents.

Other receivables represent the contracted amounts for settlement of share capital receivables and other receivables. Level 2 is most appropriate for other receivables.

Other payables represent the contractual amounts and obligations due by the Company for settlement of payables and expenses. As a result, Level 2 is deemed to be the most appropriate categorisation for the Company's other payables.

(a) Operational risk exposure

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 of corporate behaviour.

The Board has established processes to manage operational risks. Those processes include appropriate segregation of responsibilities and specific control activities. The Board delegates the servicing function to the Servicer who operates a sophisticated system of controls. All administration functions have been outsourced to the Administrator.

(b) Concentration risk

Concentration risk can arise from the type of assets held in the portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations.

The Company is a special purpose structure set up for a particular transaction which involved acquiring the Mortgage Loans and their related security in respect of residential properties located in the United Kingdom. It is not possible to diversify the concentration risk arising from its operations.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

15. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments as of 30 June 2019 (2018: nil). Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the financial period in which the changes in probability occur.

16. RELATED PARTY TRANSACTIONS

Graniteshares Jersey Limited, acting as Arranger for the Company, have and will continue to will cover expenses arising, if any, prior to the Company commencing trading.

The Administrator provides corporate administration services to the Company's at arm's length commercial rates. The directors received no remuneration from the Company in respect of qualifying services rendered during the financial period.

There were no other contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the financial period (2018: same).

17. SIGNIFICANT SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world, affecting more than 180 countries. Most governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine, and restriction on the free movement of people, closure of public and private premises (except those of basic necessity and sanitary), closure of borders, and drastic reduction of air, sea, rail and land transport.

This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease of long-term interest rates.

In this sense, the measures announced by the European Central Bank on March 18, 2020, including the Pandemic Emergency Purchase Program of debt (PEPP) for € 750,000 million and the purchase of commercial paper from non-financial entities are relevant., being most likely that these measures are implemented in the short term and reactivate the activity again.

The consequences derived from COVID-19 are considered a subsequent event that does not require an adjustment in the financial statements for the financial period 2019, without prejudice that they could be recognized in the financial statements for the financial year 2020.

However, as of the date of preparation of the financial statements, the Company has not been affected, nor is it expected to be significantly affected by the impacts of COVID-19.

There were no other significant subsequent events which need to be adjusted or disclosed in the unaudited financial statements.

18. COMPARATIVE INFORMATION

The comparative financial statements are for the financial year ended 30 June 2019.

19. APPROVAL OF UNAUDITED FINANCIAL STATEMENTS

The unaudited financial statements were approved and authorised for issue by the Board on 30 March 2020.