

MFO FUNDS

INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2019

MFO FUNDS

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For the six months ended 30 June 2019

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MFO FUNDS

PRINCIPAL OFFICERS

Management Company: MFO Asset Management Ltd

Depositary: Eurobank Cyprus Ltd

Legal Advisor: Karides & Karides LLC

License number: UCITS14/78

MFO FUNDS

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		MFO BALANCED FUND 17.09.2018 (authorisation date) - 31.12.2018	
	Note	MFO BALANCED FUND 01.01.2019 - 30.06.2019 €	€
Interest income		140	-
Net fair value gains on financial assets at fair value through profit or loss	6	36,006	-
Depositary fees		(1,800)	-
Management fees		(3,134)	-
Annual licensing fees		(900)	-
Other expenses		(37)	-
Transaction costs		(2,662)	-
Net profit for the period		27,613	-

The notes on pages 6 to 8 form an integral part of these financial statements.

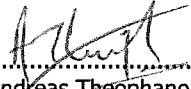
MFO FUNDS

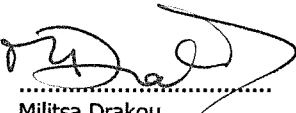
UNAUDITED STATEMENT OF FINANCIAL POSITION

30 June 2019

		MFO BALANCED FUND 30.06.2019	MFO BALANCED FUND 31.12.2018
	Note	€	€
ASSETS			
Financial assets at fair value through profit or loss	6	1,256,391	-
Cash and cash equivalents	7	375,560	200,000
		<u>1,631,951</u>	<u>200,000</u>
LIABILITIES			
Accruals	9	5,834	-
		<u>5,834</u>	<u>-</u>
Net Assets attributable to unitholders		<u>1,626,117</u>	<u>200,000</u>

On 4 July 2019 the Board of Directors of MFO Asset Management Ltd authorised these financial statements for issue.


.....
Andreas Theophanous
Director


.....
Militsa Drakou
Director

The notes on pages 6 to 8 form an integral part of these financial statements.

MFO FUNDS

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2019

	Note	MFO BALANCED FUND Net Assets attributable to unitholders €
Balance at 17 September 2018 (authorisation date)		-
Issue of units	8	<u>200,000</u>
Balance at 31 December 2018/ 1 January 2019		200,000
Net profit for the period		27,613
Issue of units	8	<u>1,398,504</u>
Balance at 30 June 2019		<u>1,626,117</u>

The notes on pages 6 to 8 form an integral part of these financial statements.

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UNAUDITED CASH FLOW STATEMENT

For the six months ended 30 June 2019

	MFO BALANCED FUND 01.01.2019 - 30.06.2019	MFO BALANCED FUND 17.09.2018 (authorisation date) - 31.12.2018
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	27,613	-
Adjustments for:		
Fair value gains on financial assets at fair value through profit or loss	6 <u>(36,006)</u>	-
	(8,393)	-
Changes in working capital:		
Increase in financial assets at fair value through profit or loss	6 <u>(1,220,385)</u>	-
Increase in accruals	<u>5,834</u>	-
Cash used in operations	<u>(1,222,944)</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	<u>1,398,504</u>	200,000
Net cash generated from financing activities	<u>1,398,504</u>	200,000
Net increase in cash and cash equivalents	175,560	200,000
Cash and cash equivalents at beginning of the period	<u>200,000</u>	-
Cash and cash equivalents at end of the period	7 <u><u>375,560</u></u>	<u>200,000</u>

The notes on pages 6 to 8 form an integral part of these financial statements.

MFO FUNDS

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL

MFO FUNDS was granted UCITS license No. UCITS14/78 by the Cyprus Securities and Exchange Commission on 17 September 2018.

The Fund and its Sub-Funds falls into the definition of UCITS in accordance with Article 5 of the Open Ended Undertakings for Collective Investment Law, has no legal personality, and the unitholders are represented in and out of court by the Management Company, in respect of legal relations arising from management and their rights in the assets. When representing the unitholders, the Management Company acts in their name, and indicates in all events that it is acting on behalf of the Fund. The Management Company exercises all rights arising from the assets of the Fund for the benefit of unitholders.

Each Sub-Fund is a separate asset pool whose assets belong jointly and indivisibly to the unitholders of the Sub-Fund, are held on deposit with the Depository and are a collective portfolio, managed by the Management Company in the interests of the unitholders. The unitholders have rights deriving solely from the assets in the Sub-Funds' asset pool, units that have been acquired, and each Sub-Fund is responsible for the liabilities arising from its own establishment, operation or dissolution.

The Fund currently consists of one Sub-Fund, MFO Balanced Fund.

2. Unaudited financial statements

The financial statements for the six months ended on 30 June 2019, have not been audited by the external Auditors of the Fund.

3. Significant accounting policies

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standard 34 "Interim Financial Reporting". These interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with IFRSs.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

Interest expense and other borrowing costs are charged to profit or loss as incurred.

4. Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires the Management Company to exercise its judgment in the process of applying the Fund's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

5. Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. Fair value measurement (continued)

MFO BALANCED FUND 30 June 2019

	Level 1 €	Level 2 €	Level 3 €	Total €
Assets measured at fair value				
Financial assets at fair value through profit or loss	266,222	990,169	-	1,256,391
Total	266,222	990,169	-	1,256,391

MFO BALANCED FUND 31 December 2018

	Level 1 €	Level 2 €	Level 3 €	Total €
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	-	-
Total	-	-	-	-

6. Financial assets at fair value through profit or loss

	MFO BALANCED FUND 17.09.2018 (authorisation date)- 01.01.2019 - 30.06.2019 €	MFO BALANCED FUND 31.12.2018 €
Balance at beginning of period	-	-
Additions	1,220,385	-
Change in fair value	36,006	-
Balance at end of period	1,256,391	-

	Fair values 30.06.2019 €	Cost 30.06.2019 €	Fair values 31.12.2018 €	Cost 31.12.2018 €
Unlisted open-ended investment funds	990,169	961,998	-	-
Listed open-ended investment funds	266,222	258,387	-	-
	1,256,391	1,220,385	-	-

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section of operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

7. Cash and cash equivalents

Cash balances are analysed as follows:

	MFO BALANCED FUND 30.06.2019	MFO BALANCED FUND 31.12.2018
	€	€
Cash at bank	<u>375,560</u>	<u>200,000</u>
	<u>375,560</u>	<u>200,000</u>

8. Units

The Fund currently consists of one Sub-Fund, MFO Balanced Fund.

The Sub-Fund's units are classified into Class A and Class B units. The rights and obligations of the two classes of units are identical, with the exemption of the management fee charge.

The Minimum Initial Subscription and Minimum Additional Subscription required for Class A units is €200.000.

The Minimum Initial Subscription and Minimum Additional Subscription required for Class B units is €5.000.

	MFO BALANCED FUND Class A 2019 Number of units	MFO BALANCED FUND 01.01.2019 - 30.06.2019 €	MFO BALANCED FUND Class A 2018 Number of units	MFO BALANCED FUND 17.09.2018 (authorisation date) - 31.12.2018 €
Issued				
Balance at beginning of period	2,000	200,000	-	-
Issue of units	<u>14,041</u>	<u>1,398,504</u>	<u>2,000</u>	<u>200,000</u>
Balance at end of period	<u>16,041</u>	<u>1,598,504</u>	<u>2,000</u>	<u>200,000</u>

9. Accruals

	MFO BALANCED FUND 30.06.2019	MFO BALANCED FUND 31.12.2018
	€	€
Accruals	<u>5,834</u>	<u>-</u>
	<u>5,834</u>	<u>-</u>

The fair values of accruals due within one year approximate to their carrying amounts as presented above.