

**ANTEVENIO S.A.
AND SUBSIDIARIES**

Interim Consolidated Financial
Statements at 30 June 2018

ANTEVENIO S.A. AND SUBSIDIARIES

Interim Consolidated Financial Statements at 30 June 2018

Interim Consolidated Financial Statements at 30 June 2018

Consolidated statement of Financial Position at 30 June 2018

Consolidated Profit and Loss Account at 30 June 2018

Consolidated Statement of Comprehensive Income at 30 June 2018

Consolidated Statement of Changes in Equity at 30 June 2018

Consolidated Statement of Cash Flows at 30 June 2018

Notes to the Interim Consolidated Financial Statements for the half-year ended 30 June 2018

ANTEVENIO S.A. AND SUBSIDIARIES

INTERIM FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE PERIOD ENDED
30 JUNE 2018

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018
(in Euros)

ASSETS	Note	30/06/2018	31/12/2017	30/06/2017
Property, plant and equipment	6	287,342	266,550	251,319
Goodwill on full consolidation	5	10,219,054	10,219,054	10,188,274
Intangible assets	7	366,571	499,876	632,946
Non-current financial assets	9	122,215	82,611	121,370
Deferred tax assets	16	1,532,789	1,296,807	1,359,227
NON-CURRENT ASSETS		12,527,971	12,364,899	12,553,136
Trade and other receivables	9	8,457,586	8,446,356	8,090,882
	9 and			
Trade receivables, Group companies	24	573,848	447,546	188,138
Other current assets	9	78,640	66,801	196,569
Receivables from Public Entities	16	314,718	459,798	461,091
Prepaid expenses		83,211	58,429	-
	9 and			
Cash and cash equivalents	11	5,774,405	5,219,018	6,072,395
CURRENT ASSETS		15,282,408	14,697,948	15,009,074
TOTAL ASSETS		27,810,379	27,062,847	27,562,210

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018
(in Euros)

EQUITY AND LIABILITIES		30/06/2018	31/12/2017	30/06/2017
Share capital		231,412	231,412	231,412
Share Premium		8,189,787	8,189,787	8,189,787
Own Shares		513,805	(513,805)	(513,805)
Legal reserve		46,282	46,282	46,282
Reserves from fully consolidated companies		5,191,516	4,402,014	5,721,368
Profit/(Loss) for the year attributable to the Parent Company	3	1,097,767	2,338,309	987,111
Other equity instruments	14	906,801	1,022,700	1,022,700
Translation differences	13	(221,242)	(269,395)	(143,396)
Equity attributable to the Parent Company	12	14,928,518	15,447,305	15,541,460
Equity	12	14,928,518	15,447,305	15,541,460
Non-current payables, debts with financial institutions	10	21,664	21,664	41,629
Other non-current payables	10	546,601	617,677	614,654
Other non-current liabilities	10 and 25	1,983,294	1,983,294	1,937,894
Deferred income		-	-	40,104
Provisions	18	169,591	131,180	161,514
Deferred tax liabilities	16	11,220	11,945	202,419
Non-current liabilities		2,732,370	2,765,760	2,998,214
Current payables, debts with financial institutions	10	147,010	207,880	562,582
Other non-current payables	10	138,082	107,164	160,746
Current payables to Group companies	10 and 24	730,098	415,299	-
Other financial liabilities	10 and 12	1,262,249	-	-
Trade and other payables	10	5,531,286	5,676,778	5,908,197
Suppliers, Group companies	10 and 24	199,963	70,539	89,421
Personnel, salaries payable	10	689,633	711,319	770,481
Public Entities, payables	16	1,236,218	1,465,591	1,531,111
Unearned income		34,883	14,309	-
Other current liabilities	10	180,070	180,901	-
Current liabilities		10,149,491	8,849,782	9,022,538
TOTAL EQUITY AND LIABILITIES		27,810,379	27,062,847	27,562,210

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
AT 30 JUNE 2018
(in Euros)

PROFIT AND LOSS	Note	30/06/2018	31/12/2017	30/06/2017
Revenue	17 a	15,291,343	28,599,212	12,629,398
Other income		31	56,448	23,378
Work carried out by the company for assets		-	9,699	9,699
Operating grants taken to income		2,900	11,383	-
TOTAL OPERATING INCOME		15,294,274	28,676,742	12,662,475
Supplies	17 a and 23	(6,485,404)	(11,624,797)	(4,701,650)
Personnel expenses	17 c	(5,651,392)	(10,209,842)	(4,984,318)
Wages and salaries		(4,702,154)	(8,477,284)	(3,958,432)
Employee benefit expense		(949,238)	(1,732,558)	(1,025,886)
Amortization and depreciation		(189,919)	(365,687)	(176,535)
Depreciation of property, plant and equipment	6	(49,920)	(88,862)	(42,410)
Amortization of intangible assets	7	(139,998)	(276,825)	(134,125)
Other operating expenses		(1,732,813)	(3,579,005)	(1,620,006)
External services	17 d	(1,591,608)	(3,032,232)	(1,361,685)
Impairment losses on current assets	9	(141,205)	(546,586)	(258,321)
Impairment and gains / (losses) on disposal of fixed assets		-	(187)	-
Other income / (loss)		15,733	109,411	(13,899)
TOTAL OPERATING EXPENSES		(14,043,794)	(25,669,919)	(11,496,408)
OPERATING PROFIT / (LOSS)		1,250,480	3,006,823	1,166,068
Finance income	17 e	2,503	16,109	10,423
Translation differences, gains	11	48,472	150,546	71,377
TOTAL FINANCE INCOME		50,976	166,655	81,800
Finance expenses	17 f	(23,954)	(87,013)	(28,539)
Translation differences, losses	11	(52,823)	(170,361)	(56,263)
TOTAL FINANCE EXPENSES		(76,777)	(257,374)	(84,802)
NET FINANCE INCOME/(EXPENSE)		(25,801)	(90,719)	(3,002)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		1,224,679	2,916,104	1,163,066
CONSOLIDATED PROFIT / (LOSS) BEFORE TAX		1,224,679	2,916,104	1,163,066
Income Tax	16	(103,127)	(415,393)	(60,226)
Taxes and other		(23,785)	(162,401)	(115,729)
CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR		1,097,767	2,338,309	987,111
Profit / (loss) attributable to minority interests		-	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE PARENT COMPANY		1,097,767	2,338,309	987,111
Earnings per share:				
Basic		0.30	0.58	0.25
Diluted		0.30	0.58	0.25

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AT 30 JUNE 2018
(in Euros)

	Notes	30/06/2018	31/12/2017	30/06/2017
PROFIT / (LOSS) FOR THE PERIOD		1,097,767	2,338,309	987,111
Income and expense directly recognized in equity:			-	-
Translation differences		48,153	(102,615)	23,383
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY		48,153	(102,615)	(68,484)
Transfers to Profit and Loss Account:		-	-	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT		-	-	-
TOTAL RECOGNIZED INCOME AND EXPENSE		1,145,920	2,235,694	1,010,494
Attributable to the Parent Company		1,145,920	2,235,694	1,010,494
Attributable to minority interests		-	-	-

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY
AT 30 JUNE 2018
(in Euros)

	Registered Capital	Share Premium	Reserves and Profit/(Loss) for the period	(Parent Company Shares)	Other equity instrument s	Translatio n differences	Total
Balance at 31/12/2016	231,412	8,189,787	5,762,790	(513,805)	1,022,700	(166,780)	14,526,105
Adjustments for errors, 2016	-	-	(116,586)	-	-	-	(116,586)
Balance at 01/01/2017	231,412	8,189,787	5,646,204	(513,805)	1,022,700	(166,780)	14,409,519
Recognized income and expense	-	-	987,111	-	-	23,383	1,010,494
Other transactions	-	-	4,860	-	-	-	4,860
Balance at 30/06/2017	231,412	8,189,787	6,638,175	(513,805)	1,022,700	(143,396)	15,424,873
Recognized income and expense	-	-	1,351,199	-	-	(125,999)	1,225,200
Other transactions	-	-	(23)	-	-	-	(23)
Dividends	-	-	(1,202,744)	-	-	-	(1,202,744)
Balance at 31/12/2017	231,412	8,189,787	6,786,606	(513,805)	1,022,700	(269,395)	15,447,328
Recognized income and expense	-	-	1,097,767	-	-	48,153	1,145,920
Other transactions	-	-	(286,559)	-	-	-	(286,559)
Transactions with Parent Company shares	-	-	-	-	(115,899)	-	(115,899)
Dividends	-	-	(1,262,249)	-	-	-	(1,262,249)
Balance at 30/06/2018	231,412	8,189,787	6,335,566	(513,805)	906,801	(221,242)	14,928,518

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE ANNUAL PERIOD ENDED 30 JUNE 2018
(in Euros)

STATEMENT OF CASH FLOWS:	Note	30/06/2018	31/12/2017	30/06/2017
CASH FLOWS FROM OPERATING ACTIVITIES (A)		1,040,966	2,162,892	1,149,273
Profit / (Loss) before taxes		1,224,679	2,916,104	1,163,066
Adjustments for:				
+ Depreciation and amortization	6 and 7	189,919	365,687	176,534
+ / - Impairment losses		141,205	546,773	258,321
+/- Grants taken to P&L		(2,900)	(11,383)	(5,692)
- Finance income	17	(2,503)	(16,109)	(10,423)
+ Finance expense	17	23,952	87,013	28,539
+/- Translation differences	11	4,351	19,815	(15,114)
+/- Other income and expenses		(47,161)	(119,110)	-
+/- Other taxes		(23,785)	162,401	4,201
Changes in operating assets and liabilities:				
Changes in receivables		(277,315)	(1,653,345)	(692,832)
Changes in payables		(16,067)	420,768	147,622
Changes in other current assets		423,258	(22,601)	158,516
Changes in other non-current liabilities		833	62,181	5,713
Changes in other current liabilities		(231,318)	(248,055)	47,883
Other non-current assets		(275,585)	(7,204)	(45,963)
- Income tax paid		(69,147)	(269,138)	(121,017)
Interest paid (-)		(23,952)	(87,013)	(21,458)
Interest received (+)		2,503	16,109	71,377
CASH FLOWS FROM INVESTING ACTIVITIES (B)		(77,405)	(2,282,796)	(2,246,659)
Investments in intangible assets	7	(6,693)	(103,551)	(137,094)
Investments in property, plant and equipment	6	(70,712)	(81,199)	(41,587)
Group companies and associates	25	-	(2,102,882)	(2,102,882)
Other non-current assets		-	4,837	4,860
Proceeds from disposal of fixed assets		-	-	30,045
CASH FLOWS FROM FINANCING ACTIVITIES (C)		(456,327)	(1,390,920)	279,012
Changes in other non-current liabilities		-	-	(30,836)
Changes in debt to other entities		(101,029)	(188,176)	305,025
Changes in other current liabilities		-	-	9,091
Grants awarded		-	-	(4,269)
Dividends paid	2	-	(1,202,744)	-
Interest on other equity instruments (-)	14	(355,298)	-	-
EFFECT OF FOREIGN EXCHANGE RATES FLUCTUATIONS (D)		48,153	(122,430)	38,498
Net increase/decrease in cash and cash equivalents (E=A+B+C+D)		555,387	(1,633,254)	(779,876)
Cash and cash equivalents at beginning of period (F)		5,219,018	6,852,272	6,852,272
Cash and cash equivalents at end of period (G=E+F)		5,774,405	5,219,018	6,072,395

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ANTEVENIO S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1. GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

1.1) Parent Company; particulars and activity

a) Incorporation and registered address

Antevenio, S.A. (hereinafter the Parent Company) was incorporated as a private company on 20 November 1997, with the name "Interactive Network, SL"; subsequently, the Company converted into public and changed its name to "I Network Advertising, S.A." on 22 January 2001. On 7 April 2005, the General Meeting of Shareholders approved the change of the Company's name to its current one.

Its registered address is at C/ Marqués de Riscal, 11, planta 2ª, Madrid.

b) General information

The Consolidated Interim Financial Statements of Antevenio Group have been prepared and authorized for issue by the Board of Directors of the Company.

The presentation currency used in these Interim Consolidated Financial Statements is Euro. Unless otherwise stated, all figures are presented in Euros.

c) Activity

Its activity consists in those activities that, according to the existing provisions on advertising, are typical of general advertising agencies; accordingly the Company may execute all manner of acts, contracts and transactions and, in general, take all measures directly or indirectly conducive to, or deemed necessary or convenient for the accomplishment of the aforementioned corporate purpose. The activities comprised within its corporate purpose may be performed, entirely or partly, by the parent Company, either directly or indirectly through its interests in other companies with an identical or similar purpose.

Antevenio, S.A. shares are listed on the French alternative stock market Euronext Growth. Antevenio shares were traded for the first time on that market in 2007.

1.2) Subsidiaries

The details of the subsidiaries included within the consolidation perimeter are as follows:

Company	Percentage of Ownership 30/06/2017	Percentage of Ownership 31/12/2017	Percentage of Ownership 30/06/2018
Mamvo Performance, S.L.U.	100%	100%	100%
Marketing Manager Servicios de Marketing, S.L.U.	100%	100%	100%
Antevenio S.R.L.	100%	100%	100%
Antevenio ESP, S.L.U.	100%	100%	100%
Antevenio France S.R.L.	100%	100%	100%
Código Barras Networks S.L.U. (**)	100%	100%	100%
Antevenio Argentina S.R.L. (*)	100%	100%	100%
Antevenio México S.A de C.V	100%	100%	100%
Antevenio Publicité, S.A.S.U.	100%	100%	100%
Antevenio Rich & Reach, S.L.U.	100%	100%	100%
React2Media, L.L.C. (1)	51%	51%	51%

Holdings in the capital of these subsidiaries are held by the Parent Company, except:

(*) Holding held by Mamvo Performance, S.L.U. and Antevenio ESP, S.L.U. (75% and 25% respectively).

(**) Holding held by Antevenio, Rich & Reach, S.L.U.

(1) See Note 25 Business combinations.

Companies where the Company holds a majority of voting rights have been fully consolidated as subsidiaries. These companies have also fiscal years ending on 31 December each year.

There are no Subsidiaries excluded from consolidation.

In the first six months of 2018 no changes have occurred in the consolidation perimeter. In 2017, acquisition of the U.S. company React2Media, L.L.C. was completed on 22 June (see Note 25).

The main features of the subsidiaries are as follows:

Company	Incorporation Year	Registered Address	Corporate Purpose
Mamvo Performance, S.L.U.	1996	C/ Marqués de Riscal, 11	Online advertising and direct marketing for the generation of useful contacts.
Marketing Manager Servicios de Marketing, S.L.U.	2005	C/ Marqués de Riscal, 11	Advice to commercial communication-related companies.
Antevenio S.R.L.	2004	Viale Francesco Restelli 3/7 20124 Milán	Advertising and Marketing on the Internet.
Antevenio ESP, S.L.U.	2009	C/ Marqués de Riscal, 11	Advertising, online advertising and e-commerce operation services through electronic means.
Antevenio France, S.R.L.	2009	62B Rue des Peupliers 92100 Boulogne Billancourt, France.	Advertising and promotional services on the Internet, research, distribution and provision of services in the field of advertising and marketing on the Internet.
Código Barras Networks S.L.	2010	C/ Marqués de Riscal, 11	Its corporate purpose is the marketing of advertising space in products' search engines, price comparators and contextual windows that the Company implements, manages and maintains on the Internet.
Antevenio Argentina S.R.L.	2010	Esmeralda 1376 piso 2 Ciudad de Buenos Aires Argentina	Commercial brokerage, marketing and advertising services.
Antevenio México, S.A. de CV.	2007	Calle Parral 41 Colonia Condesa Delegacion Cuauhtemoc Ciudad de Mexico	Other advertising services.
Antevenio Publicité, S.A.S.U.	2008	62B Rue des Peupliers 92100 Boulogne Billancourt, France.	Advertising and promotional services on the Internet; research, distribution and provision of services in the field of advertising and marketing on the Internet.
Antevenio, Rich & Reach, S.L.U.	2013	C/ Marqués de Riscal, 11	Internet services, especially in the field of online advertising.
React2Media, L.L.C.	2008	35W 36th St New York	Online marketing services

NOTE 2. BASIS FOR PRESENTATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRS)

These Interim Consolidated Financial Statements have been prepared in a manner consistent with the provisions of the International Financial Reporting Standards, as adopted by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Council, effective as of 31 December 2016, taking into account all compulsory applicable accounting policies, standards and measurement criteria that have a significant impact. Since 2006 the Company has prepared its Consolidated Interim Financial Statements pursuant to the International Financial Reporting Standards (IFRS); shares of the Company were admitted to trading on the French alternative stock market Euronext Growth in 2007 (see Note 1).

Accounting policies and measurement principles applied by Directors in preparing these Interim Consolidated Financial Statements consolidated are summarized in Note 4. The Directors of the Parent Company are responsible for the information presented in these Interim Consolidated Financial Statements.

In compliance with IFRS, the Interim Consolidated Financial Statements comprise the following Consolidated Statements for the 6-month period ended 30 June 2018:

- Consolidated Statement of Financial Position
- Consolidated Profit and Loss Account
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows.
- Notes to the Interim Consolidated Financial Statements.

During 2017 and the six month period ended 30 June 2018 the following new and amended accounting standards have come into force; accordingly these standards have been taken into account in the preparation of these Consolidated Interim Financial Statements:

- a) Standards and interpretations approved by the European Union, applied for the first time in the Consolidated Interim Financial Statements of 2018.

The accounting policies used in the preparation of the Interim Consolidated Financial Statements which were applied for the first time in these 6 months are as follows:

		Effective Date (financial years beginning on):
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to IFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to IFRS 4	Insurance Contracts	1 January 2018
IFRIC 22	Foreign Currency Transactions	1 January 2018
Clarifications to IAS 40	Investment Property	1 January 2018
Clarifications to IFRS 2	Equity instruments-based payments	1 January 2018
Annual improvements to IFRS	Cycle 2014-2016	1 January 2017-2018

Additionally, the following accounting policies will be first applied in the financial year 2019:

		Effective Date (financial years beginning on):
Clarifications to IFRS 9	Financial instruments	1 January 2019
IFRS 16	Leases	1 January 2019

IFRS 9 Financial Instruments

IFRS 9 introduces a single approach for classification and measurement of financial assets and financial passive based on the contractual cash flows and on the business model within which the financial instruments are held. In this regard, no significant impact has resulted from the analysis of the new classification criteria.

Similarly, IFRS 9 introduces a new impairment model based on expected credit loss instead of the incurred credit loss (based on objective evidence of impairment) model contained in IAS 39 “Financial instruments: recognition and measurement”. The Group has assessed the impact from the new requirements and has concluded that no significant impact has resulted from that assessment.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes that the Group shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the customer obtains control of the goods or services.

Based on the new criteria, a five step model shall be applied for recognition of revenue in order to determine the timing of recognition and the amount of revenue to be recognized:

- Step 1: Identify the contract
- Step 2: Identify the separate performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the separate performance obligations
- Step 5: Recognize revenue when the entity satisfies a performance obligation

Based on the assessment conducted as of the reporting date of these consolidated interim financial statement, the Group has assessed the impact from the new requirements and has concluded that no significant impact has resulted from that assessment.

Additionally, under IFRS 15 the Group has assess whether it acts as principal or agent in its business. This assessment of principal versus agent considerations shall be based on whether the Group controls del relevant services prior to transfer thereof to the customer. As a result of this assessment, the Group has concluded that it does control the services rendered prior to be transfered thereof to the customer, and accordingly no significant impact has resulted from that assessment.

IFRS 16 Leases

IFRS 16 Leases, which shall be first applied to financial years beginning on 1 January 2019, establishes that the lessee shall recognize (with certain exceptions for short-term and low value leases) an asset for the right-in-use and a liability for the future payment obligations incurred into. As of the reporting date of these consolidated interim financial statements, the Group is still assessing the impact thereof. In this regard, non-cancellable minimum future payments are disclosed in Note 9.

With regards to the other standards, interpretations and amendments issued by IASB which are not yet effective, the Directors have assessed the potential impact of the future application of these standards and consider their coming into force will not have a significant effect on the Consolidated Financial Statements.

- b) Other standards, amendments and interpretations issued by the IASB pending approval by the European Union:

		IASB effective date	EU effective date
Annual improvements to IFRS	Cycle 2015-2017	1 January 2019	Pending
IFRS 14	Regulatory Deferral Accounts	1 January 2016	Pending
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Pending
Amendments to IAS 28	Long-term interests in Associates and Joint Ventures	1 January 2019	Pending
IFRS 17	Insurance Contracts	1 January 2021	Pending
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019	Pending

None of these Standards has been earlier applied by the Group.

b) Fair presentation

The accompanying Interim Consolidated Financial Statements for the six-month period ended 30 June 2018 have been prepared from the accounting records of the companies included in the Group and are presented in accordance with the provisions of the International Financial Reporting Standards and the applicable Spanish accounting legislation, in order to show a true and fair view of the equity, financial position, results, changes in equity and cash flows of the Group occurred during the six-month period ended 30 June 2018.

c) Critical issues regarding the measurement and estimation of uncertainties

In the preparation of the accompanying Interim Consolidated Financial Statements according to IFRS, the Directors of the Parent Company have used accounting estimates and assumptions to measure certain of the assets, liabilities, income, expenses and commitments obligations therein disclosed. Accounting estimates and assumptions having a more significant impact on these Interim Consolidated Financial Statements have been separately addressed in different sections of this document:

- The useful life of property, plant and equipment and intangible assets (Notes 4f and 4g). Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict.

- The assessment of eventual impairment losses on goodwill (notes 4h and 4i). The decision to recognize an impairment loss involves developing estimates that include, among others, an analysis of the causes of the potential impairment, as well as its timing and expected amount. On an annual basis the Group assesses its relevant cash-generating units' performance to identify potential impairments; these assessments are based on risk-adjusted future cash flows discounted at the appropriate interest rates. Key assumptions used are disclosed in Note 5. The assumptions relating to risk-adjusted future cash flows and discount rates are based on business estimates and, accordingly, are inherently subjective in nature. Future events may lead to changes in the estimates made by Directors, with the resulting adverse impact on the Group's future results. Insofar as it has been deemed material, a sensitivity analysis of the impact of changes in the assumptions used and of the impact on the recoverable value of the relevant cash generating unit (CGU) has been disclosed.
- The fair value of certain financial instruments y the eventual impairment thereof (note 4).
- The calculation of provisions, as well as the likelihood of occurrence and the amount of indeterminate or contingent liabilities (note 4o).
- Forecasts of future taxable profits that make the recovery of deferred tax assets likely (note 4m). The Group assesses the recoverability of deferred tax assets based on estimates of future earnings. Such recoverability ultimately depends on the Group's ability to generate taxable earnings over the period for which the deferred tax assets remain deductible. Future events may lead to changes in the estimates made by Directors, with the resulting adverse impact on the Group's future results. This analysis is based on the estimated schedule for reversing deferred tax liabilities.
- Determination of fair value at acquisition date of assets, liabilities and contingent liabilities acquired in business combinations
- The recoverability analysis of trade receivables is based on past experience as adjusted to current events and circumstances that may have an impact on future recoverability.

These estimates were made based on the best information available at the date of preparation of these Interim Consolidated Financial Statements, on past experience and on other various factors that were then considered material. However, the actual final results may differ from those estimates. Any future event not known at the date of preparation of these estimates could result in changes (upwards or downwards), which would, when appropriate, applied prospectively.

d) Classification of current and non-current items

For the classification of the current items, a maximum period of one year from the date of the accompanying Interim Consolidated Financial Statements has been applied.

e) Comparative information

The Interim Consolidated Financial Statements for the six-month period ended 30 June 2018 include, for comparison purposes, the figures for the six-month period ended 30 June 2017 and the figures for 2017 included in the Consolidated Financial Statements approved by the Company's General Meeting of Shareholders, held on 28 June 2018, that have also been prepared in accordance with the provisions of the International Financial Reporting Standards, as adopted by the European Union. Accordingly, the accounts from prior periods are comparable and homogeneous; the accounts for the year ended 31 December 2017 are not comparable as they refer to a 12-month period.

NOTE 3. EARNINGS / LOSS PER SHARE

Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the consolidated profit/loss attributable to the Parent Company by the weighted average number of shares outstanding during the financial year, excluding the average number of treasury shares held during the period.

Diluted earnings/loss per share

Diluted earnings/loss per share is calculated similarly to the basic profit/loss per share, but the weighted average number of shares outstanding is increased with stock options, warrants and convertible bonds.

Calculation of earnings/loss per share is shown below:

	30/06/2017	31/12/2017	30/06/2018
Net profit/(loss) for the year	987,111	2,338,309	1,097,767
Weighted average number of outstanding shares	4,009,147	4,009,147	4,009,147
Basic earnings per weighted average number of shares	0.25	0.58	0.27

During the presented periods, the Group did not execute any transaction causing dilution; accordingly, basic earnings/loss per share matches diluted earnings/loss per share. The Annual General Meeting held on 28 June 2018 approved the following distribution of profit made as of 31 December 2017 by the Parent Company:

Basis of distribution

Profit and loss (profit)	2,957,658
Total	<u>2,957,658</u>

Application

Voluntary reserves	1,684,401
Dividends	1,262,249
To offset prior periods' losses	11,009
Total	<u>2,957,658</u>

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied by the Group in the preparation of the Interim Consolidated Financial Statements for the six-month period ended 30 June 2018 were as follows:

a) Consolidation methods

These Interim Consolidated Financial Statements include the Parent Company and all the subsidiaries over which the Group has control. Subsidiaries are those companies over which the Parent Company or any of its subsidiaries have control. Control is established by:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated even if acquired for disposal.

Any balances, transactions, and gains and losses realized between Group companies included within the Group's continuing operations are subsequently eliminated in the consolidation process. Transactions between continuing and discontinuing operations expected to continue after disposal are not eliminated from continuing operations in order to present continuing operations consistently with the commercial operations they carry out.

Associates, companies over which the Group has a significant influence but over which it has no control, and jointly-controlled entities (“joint ventures”), where companies are entitled to the joint arrangement’s net assets, have been consolidated using the equity method, except when these investments are eligible to be classified as held-for-sale. Any gains or losses resulting from transactions between Group companies and associates or jointly-controlled entities have been eliminated in proportion to the Group’s interests in those companies. When the Group’s share in the losses of a company consolidated using the equity method exceeds the amount of the Group investment, the Group recognizes a provision for its share of losses in excess of the investment. The value of the investment in any investee consolidated using the equity method is equal to the carrying amount of the equity investment and any other non-current interest that form an essential part of the net investment in the investee.

When control over a subsidiary is lost as a result of a transaction, event or any other circumstance, the Group derecognizes all the assets, liabilities and non-controlling interests at their carrying amount and recognizes the fair value of consideration received. Retained interests in the former subsidiary are recognized at fair value as at the date when control over it was lost. Any resulting difference is recognized as a gain or loss under “Other Income (Expense)” in the Statement of Comprehensive Income.

The financial statements of subsidiaries, associates and jointly-controlled entities are referred to the reporting period ended on the same date of the Parent Company’s separate interim financial statements, and have been prepared applying consistent accounting policies (EU-IFRS).

b) Uniformity of line items

The different line items in the separate interim financial statements of each Group company have been subject to the appropriate measurement uniformity by adapting the criteria used to those used by the Parent Company (Antevenio, S.A.) for its own interim financial statements, provided they involve a significant effect.

No unification of timing is required as all the companies included in the attached Interim Consolidated Financial Statements have their half-year end date on 30 June 2018.

c) First consolidation difference

The first consolidation difference was calculated as the difference between the carrying amount of the investment in the subsidiaries and the value of the proportional share of the investees’ consolidated equity on the date of first consolidation.

In the case of a positive consolidation difference, corresponding to the excess of the cost of the investment and the attributable carrying amount of the investee at the date of joining the Group, the difference is allocated directly, to the extent possible, to assets of the subsidiary without exceeding the market value thereof. When the difference cannot be allocated to assets, it is considered as consolidation goodwill that shall be annually subject to the relevant impairment test (see Note 4i).

Negative consolidation differences are recognized in the Consolidated Profit and Loss Account, and relate to the negative difference between the carrying amount of the parent Company's direct investment in the capital of the subsidiary and the value of the proportional share in the investee's equity attributable to the investment on the date of initial consolidation.

d) Translation differences

In the Consolidated Statement of Financial Position and in the Consolidated Profit and Loss Account, items relating to consolidated companies whose functional currency is not the Euro have been translated to Euro using the following criteria:

- Assets, liabilities, income and expenses (excluding equity): at the exchange rate at the end of each year
- Items in the Consolidated Profit and Loss Account: at the average exchange rate of the financial year.
- Equity at the historical exchange rate.

The differences resulting from the application of different exchange rates, in accordance with criteria above, are recognized under the "Translation Differences" in the Consolidated Statement of Financial Position.

e) Transactions between companies included in the consolidation perimeter

As prior step to preparation of the Interim Consolidated Financial Statements, the Directors have proceeded to eliminate all balances and transactions between Group companies, as well as any gains or losses obtained or incurred in by such companies as a result of the aforementioned transactions.

f) Intangible assets

In general, intangible assets are always recognized when they comply with the identifiability criterion and are initially measured at their acquisition or production cost, less accumulated amortization and, where appropriate, impairment losses. In particular, the following criteria are applicable:

Industrial property

Industrial property relates to capitalized development costs for which the relevant patents, etc. have been obtained, and includes the costs of registration and formalization of industrial property and those of acquisition of the rights from third parties. Industrial property is amortized on a straight-line basis throughout its useful life, at an annual rate of 20%.

Computer software

The licenses for computer software acquired from third parties or internally developed computer software are recognized as intangible assets on the basis of the costs incurred in acquiring or developing them, and preparing them for use.

Computer software is amortized on a straight-line basis throughout its useful life, at an annual rate of 25%.

Any maintenance costs relating to computer applications incurred into during the year are recognized in the Consolidated Profit and Loss Account.

g) Property, plant and equipment

Property, plant and equipment is recognized at acquisition or production cost and less any accumulated depreciation and, where appropriate, impairment losses.

Indirect taxes on property, plant and equipment are included in the acquisition price or production cost only when they are not directly recoverable from Tax Authorities.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency, or to an extension of the useful lives of the assets are recognized as an increased cost thereof. Upkeep and maintenance expenses are charged to the Consolidated Profit and Loss Account for the relevant year.

The Group depreciates property, plant and equipment on a straight-line basis. The useful life and depreciation rates applied are as follows:

	Annual Percentage	Estimated Years of Useful Life
Other installations	20	5
Furniture	10	10
Computer Hardware	18	5.71
Motor vehicles	25	4
Machinery	20	5
Other property, plant and equipment	20-10	5-10

Investments made by the Group in leased premises, which are not separable from the leased asset, are amortized over their useful life which corresponds to the lesser of the duration of the lease, including renewal period when there is evidence to support that it will occur, and the economic life of the asset.

h) Goodwill

Goodwill may only be recognized as an asset when it arises from an onerous acquisition in a business combination.

Goodwill is allocated between all the company's cash-generating units that are expected to benefit from the synergies of the business combination and, where appropriate, an impairment is recognized (see Note 4 i).

Subsequent to initial recognition thereof goodwill is measured at purchase price less any accumulated amortization and, where appropriate, the accumulated amount of any recognized impairment.

Goodwill is amortized on a straight-line basis over a period of ten years. Useful life shall be separately determined for each cash generating unit to which goodwill has been allocated.

The Company shall assess at least at the end of each reporting period whether there is any indication that any cash-generating units to which goodwill had been allocated may be impaired, and, where any such indication exists, the Company shall verify the eventual impairment thereof pursuant to Note 4i). Impairment recognized for goodwill is not reversed in subsequent reporting periods.

i) Impairment of intangible assets; property, plant and equipment, and consolidation goodwill.

An impairment loss in the value of intangible assets or property, plant and equipment occurs when their carrying amount exceed their recoverable value, the latest understood as the higher of its fair value less costs to sell and its value in use. For the calculation of the recoverable value of property, plant and equipment and intangible assets, the value in use is the criterion used by the Group.

To these purposes, at least at year end, the Group assesses, using the so-called "impairment test", whether there is evidence that any intangible assets or property, plant and equipment with indefinite useful life, or, where applicable, any cash-generating unit may be impaired; if so the Company proceeds to estimate the recoverable amount thereof applying the corresponding value adjustments. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of those derived from other assets or groups of assets.

The impairment of property, plant and equipment is calculated individually. However, when the recoverable amount of each individual asset cannot be determined, the Company proceeds to establish the recoverable amount of the cash-generating unit to which the relevant asset is associated.

The procedure implemented by the Group management for determining the impairment is as follows:

For estimating value in use, the Group management annually prepares a business plan by markets and activities for each cash-generating unit, these business plans typically extend over a five-year period. The main components of this plan are the projections of income and cash flows.

Other variables that influence the calculation of the recoverable amount are:

- The discount rate to be applied, estimated to range from 10% to 12% depending on the relevant region; the main variables that influence the calculation are the cost of the liabilities and the specific risks of the assets.
- The growth rate of the cash flows used were established based on each company and each geographic market.

The projections are prepared based on past experience as well as the best available estimates, which are consistent with the information from external sources.

The five-year strategic plan for the Group companies is approved by the Directors of the Parent Company.

As of the reporting date of these Consolidated Interim Financial Statements, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2017.

Should the company need to recognize an impairment loss for a cash-generating unit to which all or part of goodwill has been allocated, it shall first reduce the carrying amount of the goodwill associated with that unit. If impairment exceeds the amount of goodwill, the company shall then reduce the remaining assets in the cash-generating unit on a pro rata basis based on their carrying amounts. The carrying amount of each asset may not be reduced below the higher of its fair value less costs to sell, its value in use or zero. Impairment losses shall be recognized in the income statement as an expense.

When an impairment loss is subsequently reversed (a circumstance that is not permitted in the specific case of goodwill), the carrying amount of the relevant asset or cash-generating unit is increased to the revised estimate of its recoverable value, insofar as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income in the Consolidated Profit and Loss Account.

j) Leases and other transactions of similar nature

Financial leases are classified by the Group as transactions by which the lessor transfers substantially the risks and rewards incidental to ownership of the leased asset to the lessee, registering the rest as operational leases.

In the finance lease operations in which the Group acts as a lessor, the Group records an asset in the balance sheet according to the nature of the asset under contract and a liability in the same amount, which is the lower between the fair value of the leased good and the current value of the agreed minimum lease payments at the beginning of the lease, including the price of the purchase option. Finance leases do not include contingent rents, the cost of services and taxes that may be passed on by the lessor. The finance charge is recognized in the Consolidated Profit and Loss Account for the reporting period in which it is accrued,

using the effective interest method. Contingent rents are expensed in the reporting period in which they are accrued.

Assets recorded for this type of operations are depreciated using similar criteria to those applied to tangible (or intangible) assets a whole, depending upon their nature.

Expenses arising from operating leases are recognized in the Consolidated Profit and Loss Account for the year when they accrue.

Similarly, the acquisition cost of the leased asset is presented in the balance sheet according to its nature, increased by the amount of the costs directly attributable to the contract, which are expensed in the period of the contract, applying the same criteria used for the recognition of lease income.

k) Financial Instruments

k.1 Financial Assets

Financial assets held by the Company are classified for measurement purposes in the following categories:

k.1.1) Loans and receivables

These correspond to loans for commercial or non-commercial transactions, arising from the sale of goods, deliveries of cash or the provision of services with fixed or determinable payments that are not traded in an active market.

Loans and receivables are initially recognized at the fair value of the consideration given plus any directly attributable transaction costs. Loans and receivables are subsequently measured at amortized cost, and the interests accrued are recognized in the Income Statement using the effective interest rate method.

Nevertheless, trade receivables with a maturity not exceeding one year and not having a contractual interest rate are initially measured at their nominal value, provided that the effect of not discounting the cash flows is not material, in which case they will be subsequently measured at that amount unless they have been impaired.

Impairment losses shall be measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate calculated upon initial recognition. Impairments are recognized in the Consolidated Profit and Loss Account.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred. Conversely, financial assets are not derecognized and a financial liability is recognized for the amount of the consideration received, in transfers whereby the Company retains substantially all the risks and rewards of ownership such as discounted bills.

k.2 Financial Liabilities

A financial liability is recognized in the balance sheet when the Group becomes a party to the contract or any agreement pursuant to the provisions thereof.

Debts and payables arising from the purchase of goods and services in the ordinary course of the business or non-trade receivables are initially measured at fair value of the consideration received, adjusted for directly attributable transaction costs. Nonetheless, trade payables falling due within one year for which there is no contractual interest rate are measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Debts and payables are subsequently measured at amortized cost, using the effective interest rate method. Payables initially measured at the nominal amount, in accordance with the preceding paragraph, shall continue to be measured at that amount.

Financial liabilities are derecognized when the obligations have been extinguished.

k.3 Guarantees extended and received

Cash flows from extended guarantees are not discounted as the effect thereof is immaterial. Current guarantees extended and received are measured at the amount disbursed.

k.4 Own equity instruments (treasury shares)

Treasury shares of the Parent Company acquired by the Group are recognized at the value of the consideration paid, as a reduction in the value of Equity. The proceeds arising from the purchase, sale, issue or redemption of own equity instruments are recognized directly in Equity, and under no circumstances can they be recognized in the Consolidated Profit and Loss Account.

l) Foreign Currency

Line items included in the interim consolidated financial statements of each Group company are measured in their respective functional currencies. The Interim Consolidated Financial Statements are presented in Euro, which is the functional and presentation currency of the Parent Company.

The companies included in the Group recognize in their individual financial statements:

- Transactions in currencies other than the functional currency executed during the year at the exchange rates prevailing at the dates of the transaction.
- The balance of monetary assets and liabilities in currencies other than the functional currency (cash and items not losing value on realization) are measured at the exchange rates at year-end.
- The balances of non-monetary assets and liabilities in currencies other than the functional currency are measured at the historical rates.

Any gains and losses from these line items are included in the Consolidated Profit and Loss Account.

m) Income Tax

Group companies with registered address in Spain paid in 2016 taxes under the Special Consolidated Tax Regime within the Group led by the Parent Company.

The Board of Directors informed, at the meeting held on 30 December 2016, that the company Inversiones y Servicios Publicitarios, S.L. ("ISP") owns a 83.09% interest in the share capital of Antevenio (see Note 12) and that, pursuant to the provisions of Article 61.3 of Law 27/2014, of 27 November, on Corporate Income Tax and having regard to the fact that Antevenio S.A. no longer was the parent company of taxation group 0212/2013 sin ISP had acquired an interest exceeding 75% of the share capital and voting rights in Antevenio, the Board had approved including the Company, effective from the taxation period beginning of 1 January 2017, as a subsidiary of taxation group 265/10, whose parent company is ISP.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to the taxable base for the year, net of any deductions and tax reliefs, and net of any changes registered during the year in deferred tax assets and liabilities. Income Tax is recognized in the Consolidated Profit and Loss Account, except when it relates to transactions directly recognized in Equity, in which case the related tax is also recognized in Equity.

Deferred taxes are recognized for any temporary differences existing at the date of the Consolidated Statement of Financial Position between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset, liability or equity instrument is the amount attributed to that item for tax purposes. The tax effect of temporary differences is included under the appropriate headings of "Deferred tax assets" and "Deferred tax liabilities" in the Consolidated Statement of Financial Position.

The Group recognizes a deferred tax liability for all taxable temporary differences, except, where appropriate, for the exceptions provided in the existing regulations.

The Group recognizes deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company will have future taxable profits that allow the recovery of these assets, except, where appropriate, for the exceptions provided in the existing regulations.

At each balance sheet date, the Group assesses any recognized deferred tax assets and any previously unrecognized deferred tax assets. On the basis of this assessment, the Company proceeds to derecognize previously recognized deferred tax asset when recovery is no longer probable, or proceeds to recognize a previously unrecognized deferred tax asset if it is probable that the Company will have future taxable profits to enable its application.

Assets and deferred tax liabilities are measured at the rates expected to prevail upon their reversal, based on tax legislation in force and in accordance with the manner in which the assets are reasonably expected to be recovered or and liabilities settled.

Deferred tax assets and liabilities are not discounted and classified as non-current assets and liabilities, regardless of the date of realization or settlement.

Since the Consolidated group is member of a taxation group, the resulting payable/receivable amounts for Corporate Income Tax will not be directly settled with Public Entities, but will rather be settled with the parent company of the taxation group in which the Company is included.

n) Revenue and expenses

Antevenio Group specializes in performance and brand marketing. In order to become more responsive to the continuously changing on-line marketing industry, the Antevenio Group develops and markets its own technological solutions.

Revenues and expenses are recognized, on an accrual basis, i.e. when the actual flow of goods and services they represent occurs, regardless of when the resulting monetary or financial flow takes place.

Revenue from services is recognized when the outcome of the transaction can be estimated reliably, taking into account the stage of completion of the transaction at the balance sheet date. Revenue from the rendering of services shall only be recognized when all the following conditions have been satisfied:

- a) The amount of revenue can be measured reliably.
- b) It is probable that the Group will receive economic benefits or income derived from the transaction.
- c) The stage of completion of the transaction, at the balance sheet date, can be measured reliably; and
- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group reviews and, if necessary, revises the estimates of revenue as the service is being performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

o) Provisions and contingencies

The directors of the Parent Company, in the preparation of the Interim Consolidated Financial Statements, distinguish between:

- n.1) Provisions: liabilities that cover present obligations arising from past events, whose future settlement is likely to result in an outflow of resources, for which the amount and settlement date are uncertain.
- n.2) Contingent liabilities: possible obligations that arise from past events and whose existence is contingent upon the occurrence or non-occurrence of one or several future events beyond the control of the Company.

The Interim Consolidated Financial Statements include all the provisions for which the probability of having to meet the obligation is estimated as greater than the opposite alternative, and they are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation to a third party. Contingent liabilities are not recognized in the Consolidated Interim Financial Statements but are disclosed in the notes.

Provisions are measured on the balance sheet date at the present value of the best estimate of the amount required to settle or transfer the obligation to a third party; any adjustments made to update these provisions shall be recognized as a financial expense as it accrues. Provisions expiring within one year shall not be discounted where the financial effect is not material.

Reimbursements receivable from a third party on settlement of the obligation shall not reduce the amount of debt; the company shall nonetheless recognize the related receivable as an asset, provided that there is no doubt as to its collection.

p) Deferred Income

Non-refundable capital grants, as well as donations and bequests, are measured at the fair value of the amount awarded or the item received. Non-refundable capital grants, donations and bequest are initially accounted for as liabilities under "Deferred income" in the Consolidated Statement of Financial Position and recognized in the Consolidated Profit and Loss Account proportionally to the depreciation of the assets financed by these grants, except in the case of non-depreciable assets that shall be recognized as income the year when their disposal or derecognition occurs.

Refundable grants are accounted for as either current or non-current liabilities (considering the term of repayment) convertible into grants until they meet the criteria for classification as non-refundable.

Operating grants are accounted for as income on an accrual basis.

q) Assets of environmental nature

Because of its activity, the Group has no significant assets of property, plant and equipment, intended to minimize environmental impact and, protecting and improving the environment and, has not received grants nor incurred in expenses during the year whose purpose is to protect and improve the environment. Furthermore, the Group has not made provisions for risks and expenses related to environmental actions, considering that there are no contingencies related to the protection and improvement of the environment.

r) Transactions between related parties

Transactions between related parties, irrespective of the type of relationship, are accounted for in accordance with the general standards. Therefore, as a general rule, items involved in a transaction will be initially measured at fair value. If the agreed transaction price were not the fair value, the difference shall be recognized based on the economic reality of the transaction. Subsequent measurement is performed in accordance with the applicable standards.

s) Equity instruments-based payments

The goods or services received in these operations are recorded as assets or as expenses depending upon their nature, at the moment they are obtained, and the corresponding increase in equity, if the transaction is paid off with equity instruments or the corresponding liability, if the transaction is paid off with the amount based on the value of the same.

The transactions with employees settled with equity instruments, both services rendered as well as the increase in equity to be recognized are assessed according to the fair value of the granted equity instruments, referring to the date of approval of the granting.

The Company operates a remuneration plan for its Management consisting in the delivery of share options in Antevenio.

These plans are initially measured at fair value at grant date, applying a generally accepted financial calculation method that takes into account, inter alia, the option exercise price, the volatility, the time frame for exercising the options, the expected dividends and the risk-free interest rate.

Options are recognized as a personnel expense in the Profit and Loss Account as vested over the period defined as the minimum required time in the Company's employ for the exercise of the option, except for options granted in 2016 that have been entirely recognized at the initial date, in accordance with principle of prudence, as a personnel expense and an offsetting entry is simultaneously recognized directly in equity without reassessing the initial measurement thereof. Since the offsetting entry is an increase in own funds ("Other equity instruments"), there is no impact whatsoever on the Equity of Antevenio SA and its subsidiaries. However, at each Balance Sheet date the Company reassess its initial estimates on the number of options expected to become exercisable and, where appropriate, recognizes the impact of this reassessment in the Profit and Loss Account and makes the relevant adjustment in equity.

t) Statement of Cash Flows

The Consolidated Statement of Cash Flows has been prepared using the indirect method, and uses the following expressions with the meaning specified:

- Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities are the acquisition, sale or disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

u) Business combinations

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value, provided this can be measured reliably, subject to the following exceptions:

- Non-current assets classified as held-for-sale are measured at fair value less costs to sell.
- Deferred tax assets and liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates expected to prevail upon their reversal, based on the existing or approved and pending publication regulations as of the date of acquisition. Deferred tax assets and liabilities are not discounted.
- Assets and liabilities associated with long-term employee benefits under defined benefit schemes are accounted for at the acquisition date as the present value of the defined benefit obligation less the fair value of the plan assets out of which the obligations are to be settled.
- Intangible assets, the value of which cannot be measured in relation to an active market and would result in a recognition of income in the Profit and Loss Account have been deducted from the initially calculated negative goodwill.

- Assets received as compensation for contingencies and uncertainties are recognized and measured in a manner consistent with the item causing the relevant contingency or uncertainty.
- Reacquired rights recognized as intangible assets are measured and amortized on the basis of their remaining contractual lifecycle.
- Obligations classified as contingent liabilities are recognized as a liability at fair value, provided that the liability is a present obligation that arises from past events and the fair value can be measured reliably, even when it is not probable that an outflow of resources embodying economic benefits will result from settlement of the obligation.

At acquisition date, the excess of the cost of the business combination over the value of the identifiable assets acquired less the liabilities assumed is recognized as goodwill.

When the value of the identifiable assets acquired less liabilities assumed exceeds the cost of the business combination, the excess is accounted for as income in the Profit and Loss Account. Prior to recognizing the aforementioned income, the Company reassesses whether it has correctly identified and measured the identifiable assets acquired and the liabilities assumed, as well as the cost of the combination.

Subsequently, any liabilities and equity instruments issued as cost of the relevant business combination and any identifiable assets acquired and liabilities assumed will be accounted for in accordance with the relevant recognition and measurement standards applicable to the nature of the transaction or to the nature of the relevant asset or liability.

NOTE 5. CONSOLIDATION GOODWILL

Based on the above mentioned criteria, the breakdown of consolidation goodwill is as follows:

	30/06/2017	31/12/2017	30/06/2018
Marketing Manager Servicios de Marketing, S.L.	276,461	276,461	276,461
Antevenio S.R.L.	3,686,847	3,686,847	3,686,847
Antevenio ESP, S.L.U.	81,027	81,027	81,027
Antevenio Publicite S.A.R.L.	2,269,585	2,269,585	2,269,585
React2Media, L.L.C. (see Note 25)	3,874,354	3,905,134	3,905,134
Total Cost	10,188,274	10,219,054	10,219,054

Each of the above mentioned goodwill arose on acquisition of the relevant company. The directors have defined each of these companies as a Cash Generating Unit.

For estimating recoverable value, the Group management annually prepares a business plan by markets and activities for each cash-generating unit, these business plans typically extend over a five-year period. The main components of this plan are the projections of income and cash flows.

The recoverable value of each CGU has been determined on the basis of its value in use.

The key assumptions used in these projections of future results and cash flows and that have an impact on calculation of the recoverable amount are:

- The discount rate to be applied, estimated to range from 10% to 12% depending on the relevant region; the main variables that influence the calculation are the cost of the liabilities and the specific risks of the assets.
- Cash flow estimates are based on past performance, accordingly the assumptions used by Directors included stable profit margins based on current investments.
- A perpetual growth rate of 1.4%, to reflect the industry's long-term average growth rate.

The projections are prepared based on past experience as well as the best available estimates, which are consistent with the information from external sources.

The five-year strategic plan for the Group companies is approved by the Directors of the Parent Company.

As of the reporting date of these Consolidated Interim Financial Statements, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2017.

Directors consider that the key assumptions used in determining the recoverable amount for the purposes of impairment tests, are not likely to suffer any reasonably possible change that may result in the carrying amount of any cash generating unit exceeding its recoverable amount.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

In the first six months of 2018 and in 2017, the balances and movements of gross values, accumulated depreciation and impairment are as follows:

	30/06/2017	Recognition	Derecognition	31/12/2017	Recognition	Derecognition	Exchange rates	30/06/2018
Cost:								
Technical installations, machinery, tools, furniture and other items of PPE	1,033,564	-	(7,634)	1,029,181	125,018	(3,847)	(908)	1,149,444
	1,033,564	-	(7,634)	1,029,181	125,018	(3,847)	(908)	1,149,444
Accumulated Depreciation:								
Technical installations, machinery, tools, furniture and other items of PPE	(775,665)	9,119	10,495	(756,051)	(106,392)	5,821	1,100	(855,522)
	(775,665)	9,119	10,495	(756,051)	(106,392)	5,821	1,100	(855,522)
Impairment								
Technical installations, machinery, tools, furniture and other items of PPE	(6,580)	-	-	(6,580)	-	-	-	(6,580)
	(6,580)	-	-	(6,580)	-	-	-	(6,580)
Net property, plant and equipment	251,319	9,119	2,861	266,550	18,626	1,973	193	287,342

The gross value of fully depreciated items in use is as follows:

	30/06/2017	31/12/2017	30/06/2018
Technical installations, machinery, tools, furniture and other items of PPE	426,530	583,593	620,868
	426,530	583,593	620,868

The Group's entire property, plant and equipment is allocated to operations, appropriately insured and not subject to any encumbrance whatsoever.

The net book value of tangible fixed assets outside Spanish territory amounts to 89,751 Euros at 30 June 2018 (92,429 Euros at 31 December 2017; 109,501 Euros at 30 June 2017).

At 30 June 2018 there were no firm purchase commitments for the acquisition of items of property, plant and equipment.

The policy of the Company consists in taking out insurance policies to cover the possible risks to which the various elements of its property, plant and equipment are subject. At 30 June 2018 and 2017 and at 31 December 2017, the assets of the Company were secured by an insurance policy. The Company's directors consider that this insurance policy sufficiently covers any risks associated to its property, plant and equipment.

NOTE 7.INTANGIBLE ASSETS

In the first six months of 2018 and in 2017, the balances and movements of gross values, accumulated depreciation and impairment are as follows:

	30/06/2017	Recognition	Derecognition	31/12/2017	Recognition	Derecognition	Exchange rates	30/06/2018
Cost:								
Development	53,378	-	(53,378)	-	-	-	-	-
Industrial property	88,367	53,378	(76,589)	65,156	-	-	-	65,156
Computer software	3,902,081	-	-	3,932,789	55,758	(6,914)	1,578	3,983,210
	4,043,826	53,378	(129,967)	3,997,945	55,758	(6,914)	1,578	4,048,366
Accumulated Depreciation:								
Development	(2,066)	-	2,066	-	-	-	-	-
Industrial property	(88,367)	(2,066)	25,277	(65,156)	-	-	-	(65,156)
Computer software	(3,058,890)	(111,706)	(759)	(3,171,356)	(188,019)	4,713	(420)	(3,355,082)
	(3,149,323)	(113,772)	26,584	3,236,512	(188,019)	4,713	(420)	(3,420,238)
Impairment								
Computer software	(261,557)	-	-	(261,557)	-	-	-	(261,557)
	(261,557)	-	-	(261,557)	-	-	-	(261,557)
Net intangible assets	632,946	(60,394)	(103,383)	499,876	(132,262)	(2,201)	1,158	366,571

At 30 June 2018, the net book value of intangible assets located outside Spain amounts to 200,718 Euros (220,133 Euros at 31 December 2017; 258,598 Euros at 30 June 2017).

The gross value of fully depreciated items in use is as follows:

	30/06/2017	31/12/2017	30/06/2018
Industrial property	88,367	71,611	71,671
Computer software	2,697,777	1,559,637	3,002,033
	2,786,144	1,631,248	3,073,704

NOTE 8. OPERATING LEASES

During the first six months of 2018 and during the entire 2017 financial year, the expense for operating leases amounted to 365,845 Euros and 723,895 Euros, respectively (277,647 Euros in the first six months of 2017) (see note 17 d).

There are no commitments for future minimum payments under non-cancellable operating leases.

The main leases relate to offices located at Marqués de Riscal 11, Madrid, and to a lesser extent to offices leased in Italy, France and Mexico.

NOTE 9. CURRENT AND NON-CURRENT FINANCIAL ASSETS

The break-down of non-current financial assets is as follows:

	Receivables and other			Total		
	30/06/2017	31/12/2017	30/06/2018	30/06/2017	31/12/2017	30/06/2018
Loans and receivables (Note 9.2)	121,370	82,611	122,215	121,370	82,611	122,215
Total	121,370	82,611	122,215	121,370	82,611	122,215

The break-down of current financial assets is as follows:

	Current			Total		
	30/06/2017	31/12/2017	30/06/2018	30/06/2017	31/12/2017	30/06/2018
Cash and cash equivalents (Note 9.1)	6,072,395	5,219,018	5,774,405	6,072,395	5,219,018	5,774,405
Loans and receivables (Note 9.2)	8,475,588	8,960,703	9,110,074	8,475,588	8,960,703	9,110,074
Total	14,547,983	14,179,721	14,884,479	14,547,983	14,179,721	14,884,479

The carrying amount of loans and receivables is considered a reasonable approximation to the fair value thereof.

9.1) Cash and cash equivalents

This heading includes the fully liquid part of the Group's assets and consists in the balances of cash in Treasury and with banks, as well as short-term bank deposits with an original maturity shorter than or equal to three months. These balances are freely available and are not subject to risks of changes in value.

The break-down of “Cash and Cash equivalents” is as follows:

	30/06/2017	31/12/2017	30/06/2018
Current accounts	4,848,734	4,194,837	4,750,077
Treasury	1,211	1,730	1,878
Highly liquid deposits (a)	1,222,450	1,022,450	1,022,450
Total	6,072,395	5,219,017	5,774,405

(a) The above figures mainly relate to bank deposits with Bankia, amounting to 1,022,450 Euros at 30 June 2018 (1,022,450 Euros at 31 December 2017). Additionally, at 30 June 2017 the Group had a deposit with Bankinter amounting to 200,000 Euros. These deposits are available and payable on a day margin from cancellation.

In the six-month period ended 30 June 2018, interests accrued from bank deposits and bank accounts amounted to 1,019 Euros (2,159 Euro in the first six months of 2017 and 3,188 Euros at 31 December 2017).

At 30 June 2018, cash held by foreign companies amounted to 1,736,561 Euros (679,137 Euros at 31 December 2017 and 1,843,194 Euros at 30 June 2017).

9.2) Loans and receivables

The breakdown, in euro, of this heading is as follows:

	30/06/2017		31/12/2017		30/06/2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade receivables						
Third-party receivables	-	8,090,882	-	8,446,356	-	8,457,586
Trade receivables, Group companies (Note 24)	-	188,138	-	447,546	-	573,848
Total trade receivables	-	8,279,019	-	8,893,902	-	9,031,434
Non-trade receivables						
Personnel	-	(20,059)	-	-	-	-
Guarantees and deposits	91,379	48,000	52,620	-	70,898	-
Other assets	29,991	168,629	29,991	66,801	51,317	78,640
Total non-trade receivables	121,370	196,569	82,611	66,801	122,215	78,640
Total	121,370	8,475,588	82,611	8,960,703	122,215	9,110,074

The breakdown of the item "Receivables" is as follows:

Description	30/06/2017	31/12/2017	30/06/2018
Trade receivables			
Trade balances	8,433,919	8,588,806	7,614,973
Volume discounts granted and pending settlement	(1,265,657)	(1,491,690)	(1,101,599)
Trade balances pending issue	922,620	1,349,240	1,944,212
Total	8,090,882	8,446,356	8,457,586

Changes resulting from impairment losses arising from credit risk, broken down by financial assets, were as follows:

Impairment	30/06/2017	Impairment loss	Impairment reversal	Application	31/12/2017	Impairment loss	Impairment reversal	Application	30/06/2018
Trade receivables									
Trade receivables	(1,741,408)	(485,749)	197,483	371,094	(1,658,581)	(139,783)	87,818	252,629	(1,457,917)
Total	(1,741,408)	(485,749)	197,483	371,094	(1,658,581)	(139,783)	87,818	252,629	(1,457,917)

The Group recognizes these changes in impairment losses under "Impairment losses on current assets" in the Consolidated Profit and Loss Account. During the first 6 months of 2018, the amounts of impairment losses for which allowances were made in the past have been applied and against receivable balances amounting to 252,628 Euros (615,913 Euros at 31 December 2017 and 244,819 Euros at 30 June 2017).

9.3) Classification by maturity

The maturity of most of the different non-current financial assets is more than five years.

NOTE 10. NON-CURRENT AND CURRENT LIABILITIES

The breakdown of non-current liabilities, classified by category, is the following:

	Other			Total		
	30/06/2017	31/12/2017	30/06/2018	30/06/2017	31/12/2017	30/06/2018
Debts and payables (Note 10.1)	2,634,281	2,622,635	2,551,559	2,634,281	2,622,635	2,551,559
Total	2,634,281	2,622,635	2,551,559	2,634,281	2,622,635	2,551,559

The breakdown of current financial liabilities, classified by category, is the following:

	Other current payables		30/06/2018	30/06/2017	Other		30/06/2018	30/06/2017	30/06/2018
	30/06/2017	31/12/2017			31/12/2017	30/06/2018			
Debits and payables (Note 10.1)	723,328	315,044	285,092	6,751,419	7,054,836	8,593,299	7,474,747	7,369,881	8,878,391
Total	723,328	315,044	285,092	6,751,419	7,054,836	8,593,299	7,474,747	7,369,881	8,878,391

10.1) Debts and payables

At 30 June 2018 and 2017 and at 31 December 2017 the breakdown of this item is as follows:

	Balance at 30/06/2017		Balance at 31/12/2017		Balance at 30/06/2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade payables:						
Suppliers	-	4,137,799	-	5,123,037	-	3,937,324
Suppliers, associates	-	89,421	-	70,539	-	199,962
Other trade payables	-	1,770,398	-	553,740	-	1,593,964
Total trade payables	-	5,997,617	-	5,747,316	-	5,731,249
Non-trade payables:						
Debts with financial institutions (2)	41,629	562,582	21,664	207,880	21,664	147,010
Other debts (1)	614,654	160,746	617,677	107,164	546,601	138,082
Payables to third parties (3)	1,937,894	-	1,983,294	-	1,983,294	-
Loans and other payables	2,594,177	723,328	2,622,635	315,044	2,551,559	285,092
Payables to Group companies (notes 17 and 25)	-	-	-	415,300	-	730,098
Personnel (outstanding remunerations)	-	770,481	-	711,319	-	689,633
Total non-trade payables	-	770,481	-	1,126,619	-	1,419,731
Other current liabilities	-	-	-	180,901	-	180,070
Other financial liabilities (4)	-	-	-	-	-	1,262,249
Other current liabilities	-	-	-	180,901	-	1,442,319
Total Debts and payables	2,594,177	7,491,427	2,622,635	7,369,881	2,551,559	8,878,391

- (1) "Other debts" relates mainly to debts with Centro de Desarrollo Tecnológico Industrial (CDTI).
- (2) The amount under "Debts with financial institutions" relates to the outstanding balance from CHASE facility granted to React2Media, bank credit cards debts and finance leases.
- (3) At 30 June 2018 and at 31 December 2017, 1,983,294 Euros recognized under "Payables to third parties" relate to financial liabilities arising from the business combination disclosed in Note 25 below, 1,937,894 Euros at 30 June 2017.
- (4) The amount recognized under "Other financial liabilities" relates to the amount of the dividends approved by the General Meeting of Shareholders dated 28 June 2018 and that is still pending payment at 30 June 2018. It is expected for the payment before end of the year.

10.2) Classification by maturity

At 30 June 2018, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

	2019	2020	2021	2022	2023 onwards	Total
Non-current payables						
Other debts	159,550	156,167	55,669	56,724	140,154	568,265
Other non-current liabilities	322,759	798,153	862,381	-	-	1,983,294
Total	482,309	954,320	918,051	56,724	140,154	2,551,559

At year-end 2017, the classification by maturity of the different non-current financial liabilities with fixed or determinable maturity is as follows:

	2019	2020	2021	2022	2023 onwards	Total
Non-current payables						
Other debts	153,476	156,167	55,669	56,724	217,305	639,341
Other non-current liabilities	321,473	792,007	869,814	-	-	1,983,294
Total	474,949	948,174	925,483	56,724	217,305	2,622,635

	2019	2020	2021	2022	2023 onwards	Total
Non-current payables						
Other debts	153,476	156,167	55,669	56,724	217,305	639,341
Other non-current liabilities	321,473	792,007	869,814	-	-	1,983,294
Total	474,949	948,174	925,483	56,724	217,305	2,622,635

At 30 June 2017, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

	2018	2019	2020	2021	2022	2023 onwards	Total
Non-current payables							
Debts with financial institutions	-	41,629	-	-	-	-	41,629
Other debts	71,807	441,812	940,088	921,104	56,724	162,640	2,594,176
Total	71,807	483,441	940,088	921,104	56,724	162,640	2,635,805

NOTE 11. INFORMATION ON THE NATURE AND LEVEL OF RISK FROM FINANCIAL INSTRUMENTS

The Group's activities are exposed to various types of financial risks, particularly to credit, liquidity and market risks (exchange rate, interest rate and other price risks).

Interest Rate Risk

As disclosed in Note 15 below, the subsidiary Código Barras Networks, S.L.U. was granted by Centro de Desarrollo Tecnológico Industrial (CDTI), a zero-interest loan as contribution to the development of the Research and Development project called "Extractor and automatic data classifier for virtual stores on the Web."

As disclosed in Note 15, the subsidiary Mamvo Performance, S.L. was granted a loan by Centro para el Desarrollo Tecnológico Industrial (CDTI) on a subsidised interest rate, as collaboration in the development of the Research and Development project called "New System of Personalised Digital Advertising through Machine Learning Techniques and through Advanced Algorithms for Data Processing."

Additionally, as previously stated under note 10.1, the company React2Media has a credit facility granted by the financial institution CHASE, bearing the facility bears interest at 8.12% + LIBOR and with a credit limit of USDm 7.5, of which 55k Euro had been drawn at 30 June 2018.

Based on all the foregoing, the Group's external financing needs are limited, and a change in the interest rate of the debt to the financial institution CHASE would not be significant. Accordingly, as at the date hereof, the Group has not entered into interest rate hedging transactions.

Exchange rate risk

The Group tries to finance foreign currency-denominated non-current assets in the same currency in which the asset is denominated. This is particularly true in the case of acquisitions of companies with assets denominated in currencies other than the euro.

The exchange rate risk arises basically from sales of foreign currency, mainly sales of USD. At 30 June 2018, net loss arising from foreign exchange differences amounted to 4,351 Euros (15,114 Euros at 30 June 2017 and 19,815 Euros at 31 December 2017).

Liquidity Risk

The general situation of financial markets, especially the banking market, during recent months, has been particularly unfavourable for credit applicants. The Group permanently pays attention to the evolution of the different factors that can help to resolve liquidity crisis and, in particular, to the funding sources and their characteristics.

In particular, we can summarize the points which are our main focus of attention:

- Liquidity of monetary assets: surplus is always invested on highly available and very short maturities. At 30 June 2018, cash and cash equivalents amounted to 5,774,405 Euros (5,219,018 Euros at 31 December 2017).
- At 30 June 2018, working capital was positive and amounted to 5,132,917 Euros (5,848,166 Euros at 31 December 2017 and 5,986,536 Euros at 30 June 2017).

Credit risk

The Group has no significant concentration of credit risk, exposure being spread over a large number of counterparties and customers.

The Group's main financial assets are cash and cash equivalents, trade and other receivables, and investments which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The Consolidated Statement of Financial Position includes the amounts, net of provisions for insolvencies, estimated by the Group's management based on prior years' experience and their assessment of the current economic scenario.

The Group has no significant concentration of credit risk, exposure being spread over a large number of counterparties and customers.

Competition Risk

In an industry constantly evolving and offering high growth rates, new players have entered the markets where Antevenio operates. However, given the experience of over fifteen years in this market, the position and visibility of the Antevenio Group and the quality of our services, Directors believe the Group will continue holding a leading position.

Customer and Supplier Dependency Risk

The risk of dependency on customers and suppliers is limited because none bears significant weight in the turnover.

Customers include media agencies that work in turn with many advertisers, which further dilutes the customer dependency risk.

With regard to technology providers, the risk is small because the services provided by these companies are offered by other actors competing with them and which could, therefore, provide Antevenio with similar services.

“Key-Person” Risk

One of the Antevenio Group main assets is that the Group was able to gather a team of managers and key executives in strategic positions of the Group.

Personal Data Processing Risk

The Antevenio Group processes personal data in order to provide its customers with direct marketing services, in addition to the data processing required from every company: employees, suppliers, customers, etc.

Accordingly, the Company must comply with local regulations and, particularly in Europe, to regulations resulting from the enforcement of:

- 1) Organic Law 15/1999, of 13 December, on Personal Data Protection (in force, at least, until 25 May 2018).
- 2) Royal Decree 1720/2007, of 21 December, approving the Implementing Regulations of Organic Law 15/1999, of 13 December, on Personal Data Protection (in force, at least, until 25 May 2018).
- 3) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- 4) Draft Organic Law on Personal Data Protection.
- 5) Law 34/2002, of 11 July, on Information Society Services and Electronic Commerce.
- 6) Proposal, dated 10 January 2017, for a Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications).
- 7) Guides, guidelines and other relevant materials issued by the Spanish Data Protection Agency and the so-called Article 29 Working Group on Data Protection.

Antevenio Group is currently in the process of adaptation to the existing and upcoming regulations, by way of the creation and implementation of privacy management system (PMS) and the permanent monitoring thereof by the Legal and Privacy team.

Antevenio Group is aware of the increased regulations concerning the digital marketing business, and has engaged two providers (INT55 and DELOYERS) to promote legal compliance and to provide assistance in the event of any incident occurring.

NOTE 12. EQUITY

The breakdown of consolidated equity is as follows:

	30/06/2017	31/12/2017	30/06/2018
Registered share capital of the Parent Company:	231,412	231,412	231,412
Reserves:	13,957,437	12,638,084	13,782,884
Of the Parent Company	9,340,505	8,137,761	6,793,772
From fully consolidated companies and from companies consolidated using the equity method	4,616,932	4,500,323	6,633,813
(Own shares)	(513,805)	(513,805)	(513,805)
Other equity instruments	1,022,700	1,022,700	906,801
Profit/(Loss) for the year attributable to the Parent Company	987,111	2,338,309	1,097,767
Translation differences	(143,396)	(269,395)	(221,242)
	15,541,460	15,447,305	14,928,518

12.1) Capital

At 30 June 2018 and 2017 and 31 June 2017, the share capital of the parent company was represented by 4,207,495 shares of 0.055 Euro each, fully subscribed and paid up. These shares have equal voting and dividend rights.

The company Inversiones y Servicios Publicitarios, S.A. (ISP) holder at 31 December 2015 of a 18.68% interest in Antevenio S.A. share capital, represented by 785,905 nominal value shares of 0.055 euros each, purchased on 3 August 2016 the shares from the Company's founder and CEO, Mr. Joshua David Novick, who owned a 11.89% interest in the Company's share capital, represented by 500,271 nominal value shares of 0.055 euros each, at a price of 6 euros per share.

Subsequent to the above mentioned shareholding change, ISP launched a Voluntary Public Offer Bid on the remaining Company's shareholders that was accepted by 1,360,806 shares, representing 32.34% of Antevenio S.A. share capital, at a purchase price of 6 Euros each. The company Aliada Investment B.V. has thereafter transferred its shares in the Company to ISP; accordingly, ISP currently controls 83.09% of Antevenio SA share capital.

At 30 June 2018 and at 31 December 2017, direct and indirect shareholders of the Company were as follows:

	No. of Shares	% Ownership
ISP Digital SLU	3,496,008	83.09%
Free-float	497,279	10.80%
Nextstage	214,208	6.11%
Total	4,207,495	100.00%

12.2) Parent Company Reserves

The breakdown of reserves is as follows:

	30/06/2017	31/12/2017	30/06/2018
Legal reserve	46,282	46,282	46,282
Voluntary reserves	1,104,435	(87,300)	(1,442,297)
Prior periods' losses	-	(11,009)	-
Share premium	8,189,787	8,189,787	8,189,787
Total	9,340,504	8,137,760	6,793,772

The legal reserve has restrictions of use, which is subject to several legal provisions. In accordance with the Corporations Law, commercial companies obtaining, under the said legal form, benefits are under the obligation of allocating 10% of benefits to the legal reserve, until the reserve reaches one fifth of the registered share capital. The legal reserve may only be used to offset losses; for capital increases, in the 10% portion exceeding the increased capital; and, for distribution to shareholders upon liquidation. At 30 June 2018 and 2017 and 31 December 2017, the Parent Company's legal reserve is fully allocated.

Share Premium

The Corporations Law expressly permits the use of the share premium balance for capital increases and does not establish any specific restriction as to the availability of that balance.

Voluntary Reserves

These are unrestricted reserves generated by the Parent Company as a result of prior years' income not distributed.

Distribution of dividends

On 28 June 2018 the General Meeting of Shareholders approved the distribution of a dividend against 2017 profit, of 0.30 Euro per share, amounting to a total of 1,262,248.5 Euros. The date approved for payment thereof was 3 December 2018. At 30 June 2018 the Company has recognized at the entire amount to be paid under "Other current financial liabilities".

Own Shares

The Extraordinary General Meeting of Shareholders of the Parent Company authorized on 25 June 2014 the acquisition of up to 10% of the Company's share capital in at a minimum price of 1 Euro per share and a maximum price of 15 Euro per share; the authorization was granted for a period of 18 months as from the date of the resolution.

On 29 January 2015, the Parent Company purchased 190,000 own shares at a unit price of 2.59 Euros.

At 30 June 2018 and 2017 and at 31 December 2017, the Parent Company held 198,348 shares representing 4.7% of share capital. At 30 June 2018 these treasury shares amounted to 513,805 Euros (513,805 Euros at 30 June 2017 and at 31 December 2017).

At 30 June 2018 and 31 December 2017 the breakdown of treasury shares is as follows:

Company	Balance at 06/30/2017		Balance at 12/31/2017		Balance at 06/30/2018	
	No. of Shares	Cost	No. of Shares	Cost	No. of Shares	Cost
Antevenio S.A.	198,348	513,805	198,348	513,805	198,348	513,805
	198,348	513,805	198,348	513,805	198,348	513,805

Capital Management

The Group's objective regarding capital management is to maintain an optimal financial structure that reduces the capital cost while ensuring the ability to continue to manage its operations, always with the objective of growth and creation of value. This Group's objective is not officially defined nor have parameters thereto been set by the Board of Directors.

The main sources used by the Group to finance its growth are:

- The cash flows generated by the Group.
- The cash available at year-end.
- Existence of positive working capital.

The capital structure is controlled by the leverage ratio, calculated as net financial debt to equity. The Group's debt with financial institutions mainly relates to finance leases amounting to 21,664 Euros at 30 June 2018 (37,739 Euros at 31 December 2017 and 49,243 Euros at 30 June 2017).

NOTE 13. TRANSLATION DIFFERENCES

Changes in the balance of this item between 30 June 2018 and in 2017 were as follows:

	30/06/2017	31/12/2017	30/06/2018
Opening balance	(166,780)	(143,396)	(269,395)
Net change during the reporting period	23,384	(125,999)	48,153
Closing balance	(143,396)	(269,395)	(221,242)

Translation differences are generated by companies with registered address abroad and functional currency other than the Euro. Specifically, these currencies are the Argentinean peso, the American dollar and the Mexican peso.

NOTE 14. EQUITY INSTRUMENTS-BASED PAYMENT TRANSACTIONS.

On 25 June 2015 the Annual General Meeting of the Parent Company approved a remuneration plan consisting in remuneration system, options on shares, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Parent Company.

The following terms were approved:

- (i) the maximum number of shares that can be granted cannot exceed 190,000 shares;
- (ii) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
- (iii) the value of the shares shall be 2.59 Euro per share; and
- (iv) the plan will be in force for a maximum term of 2 years and 6 months.

Additionally, the AGM delegated to the Board of Directors of the Parent Company the development, settlement, clarification and interpretation of the terms of the remuneration plan. The Plan was approved by the Board of Directors on 16 December 2015.

On 5 March 2018, a plan beneficiary executed 63,333 shares at a price of 2.59 Euros each in accordance with the terms of the remuneration plan. Finally, Antevenio and the beneficiary have accorded the cash settlement. This executing has generated a patrimonial decrease with a value amounted to 335 thousands Euros.

Changes in existing options were as follows:

	30/06/2017		31/12/2017		30/06/2018	
	Number	Weighted average price	Number	Weighted average price	Number	Weighted average price
Granted options (+)	190,000	2.59	190,000	2.59	126,667	2.59
Options at the end of the year	190,000	2.59	190,000	2.59	126,667	2.59

On 16 November 2016 the Annual General Meeting approved a remuneration plan (2016 Plan) consisting in remuneration system, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Company.

The following terms were approved:

- (i) the maximum number of shares that can be granted cannot exceed 125,000 shares;
- (ii) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
- (iii) shares shall be awarded free of charge; and
- (iv) the plan will be in force up to 30 June 2019.
- (v) eligible employees shall stay in the Company during the entire above mentioned term

Additionally, the AGM delegated to the Board of Directors the development, settlement, clarification and interpretation of the terms of the remuneration plan. The plan was approved by the Board of Directors on 16 November 2016.

Changes in the above mentioned options were as follows:

	30/06/2017		31/12/2017		30/06/2018	
	Number	Weighted average price	Number	Weighted average price	Number	Weighted average price
Granted options (+)	125,000	-	125,000	-	125,000	-
Options at the end of the year	125,000	-	125,000	-	125,000	-

At 31 December 2016, the value of 2015 Plan shares (278,160 Euros) has been recognized as a personnel expense in the Profit and Loss Account as vested over the period defined as the minimum required time in the Company's employ for the exercise of the option, and are also recognized with an offsetting entry in equity without reassessing the initial measurement thereof. The 2015 Plan contemplated launching in 2016 a Public Takeover Bid on the Company's shares (see Note 12.1) among the requirements for the early exercise and accrual of the relevant options. Accordingly, the remaining amounts were been entirely recognized in 2016. At 31 December 2016, the effect thereof on the Company's equity amounted to 347,700 Euros recognized under "Other equity instruments".

At 31 December 2016, the value of 2016 Plan shares (675,000 Euros) has been entirely recognized, in accordance with the principle of prudence, as a personnel expense during the reporting period where the agreement was entered into, irrespective of the minimum required stay in the Company. Since the offsetting entry resulted in an increase in own funds ("Other equity instruments"), there is no impact whatsoever on the Equity of Antevenio SA and its subsidiaries.

NOTE 15.DEFERRED INCOME

The subsidiary Código Barras Networks, S.L.U. has obtained from Centro de Desarrollo Tecnológico Industrial (CDTI), a zero-interest loan as contribution to the development of the Research and Development project called "Extractor and automatic data classifier for virtual stores on the Web." Of the amount received, 15% was non-refundable and was therefore recognized as capital grants.

Regarding the zero-interest loans, an interest-rate subsidy was recognized as the difference between the amount received and the fair value of the debt, determined by the actual value of payments due discounted at market rate.

In 2013, the Company recognized the impairment of intangible assets associated with this zero-interest loan due to technological obsolescence, and adjusted accordingly the amounts pending to be taken to income from both from the capital grant and the interest-rate subsidy by recognizing an income under "Other income" in the Consolidated Profit and Loss Account.

During 2015, the company Mamvo Performance, S.L. was granted a loan from Centro para el Desarrollo Tecnológico Industrial (CDTI) on a subsidized interest rate as collaboration in the development of the Research and Development project called "New System of Personalized Digital Advertising through Machine Learning Techniques and Advanced Algorithms for Data Processing." for a total amount of 563,178 Euros, comprising a non-refundable tranche amounting to 99,379 Euros and a refundable tranche amounting to 463,768 Euros as subsidized interest rate loan. On 18 October 2016 the final installment of the granted loan was received.

Regarding the subsidised interest rate loan, it revealed an interest rate subsidy, the difference between the amount received and the fair value of the debt, determined by the actual value of payments payables discounted at market interest, having recorded in the Consolidated Balance of Financial Position the amount of 33,660.68 Euros at 30 June 2018 (35,836 Euros at 31 December 2017).

NOTE 16.TAXATION

The breakdown of the balances with Public Entities is as follows:

30/06/2018	Receivables	Payables
Current:		
Value Added Tax	15,653	(783,939)
Recoverable Taxes	298,968	-
Withholdings and payments on account of Income Tax	97	-
Assets arising from deductible temporary differences (*)	335,482	-
Tax loss carryforwards (*)	1,197,307	-
Deferred tax liabilities (*)	-	(11,220)
Withholdings for Personal Income Tax	-	(90,266)
Other payables to Public Entities	-	(5,973)
Income Tax	-	(74,909)
Social Security	-	(281,131)
	1,847,507	(1,247,438)

31/12/2017	Receivables	Payables
Current:		
Value Added Tax	151,721	(980,771)
Recoverable Taxes	306,403	-
Withholdings and payments on account of Income Tax	1,675	-
Assets arising from deductible temporary differences (*)	377,759	-
Tax loss carryforwards (*)	919,048	-
Deferred tax liabilities (*)	-	(11,945)
Withholdings for Personal Income Tax	-	(157,946)
Other payables to Public Entities	-	(5,973)
Income Tax	-	(68,418)
Social Security	-	(252,484)
	1,756,605	(1,477,537)

30/06/2017	Receivables	Payables
Current:		
Value Added Tax	29,152	(666,692)
Recoverable Taxes	430,448	-
Withholdings and payments on account of Income Tax	1,490	-
Assets arising from deductible temporary differences (*)	879,751	-
Tax loss carryforwards (*)	479,476	-
Deferred tax liabilities (*)	-	(202,419)
Withholdings for Personal Income Tax	-	(488,173)
Other payables to Public Entities	-	(5,973)
Income Tax	-	(120,970)
Social Security	-	(249,303)
	1,820,318	(1,733,530)

(*) Amounts recognized under non-current assets in the Consolidated Statement of Financial Position

The Board of Directors informed, at the meeting held on 30 December 2016, that the company Inversiones y Servicios Publicitarios, S.L. (“ISP”) owns a 83.09% interest in the share capital of Antevenio (see Note 14) and that, pursuant to the provisions of Article 61.3 of Law 27/2014, of 27 November, on Corporate Income Tax and having regard to the fact that Antevenio S.A. no longer was the parent company of taxation group 0212/2013 sin ISP had acquired an interest exceeding 75% of the share capital and voting rights in Antevenio, the Board had approved including the Company, effective from the taxation period beginning of 1 January 2017, as a subsidiary of taxation group 265/10, whose parent company is ISP.

Group companies with registered address in Spain paid in 2016 taxes under the Special Consolidated Tax Regime within the Group led by the Parent Company.

Income Tax expense for the Consolidated Group is calculated as the sum of the Income Tax expense from all Companies. The tax bases are calculated from the profit/(loss) for the year as adjusted for any temporary differences, any permanent differences and tax losses from prior years.

Income Tax is calculated by applying the tax rates in force in each of the countries where the group operates. The main types are:

(*) Average tax rate accrued in Italy

Tax rate	2018	2017	2016
Spain	25.00%	25.00%	25.00%
Italy (*)	31.40%	31.40%	31.40%
France	33.33%	33.33%	33.33%
Mexico	30.00%	30.00%	30.00%
Argentina	35.00%	35.00%	35.00%

The reconciliation of Corporate Income Tax expense and pre-tax profit or loss is as follows:

	31/12/2017	30/06/2018
Profit / (Loss) before taxes	5,416,202	1,249,398
Permanent differences	(2,803,535)	(6,576)
Tax liability	653,167	310,705
Other	25,403	-
Application of tax loss carryforwards and deductions	(284,631)	(235,153)
Domestic CIT payable or receivable	393,939	75,553
International CIT expense	176,728	27,574
International CIT income	(155,274)	-
International CIT payable or receivable	21,454	27,574
CIT receivable	415,393	103,127

The breakdown by company of corporate income tax expense, distinguishing current and deferred taxes, is as follows:

	30/06/2017	31/12/2017	30/06/2018
Current taxes	(109,151)	(855,298)	(338,280)
Deferred taxes	48,924	439,905	235,153
Total Corporate Income Tax expense	(60,226)	(415,393)	(103,127)

According to current legislation, tax losses may be offset against taxable profits obtained as per local regulations. At 30 June 2018 the Group has the following tax loss carry forwards to offset tax:

Year of origination	Company	Euros
2008 (1)	Marketing Manager Servicios de Marketing	72,977
2009 (1)	Marketing Manager Servicios de Marketing	6,229
2011	Mamvo Performance	177,850
2012	Mamvo Performance	592,820
2013	Grupo Antevenio	3,920
2014	Grupo Antevenio	678,753
2015	Grupo Antevenio	36,366
2017	Marketing Manager Servicios de Marketing*	116,937
2017	Antevenio Rich and Reach*	67,032
2014 (6)*	Antevenio Publicité	316,193.00
2015 (6)*	Antevenio Publicité	316,309.00
2011(9)	Antevenio Publicité	720,193.00
2012(9)	Antevenio Publicité	372,020.00
2017(9)	Antevenio Publicité	184,950.00
2010 (10)	Antevenio France	204,964
2011 (10)	Antevenio France	306,103
2012 (10)	Antevenio France	133,564
2013 (10)	Antevenio France	99,984
2014 (10)	Antevenio France	7,321
2015 (10)	Antevenio France	5,596
2017 (12)	Antevenio S.R.L.(Italia)	193,381
		4,613,462

(*)From 1 January 2013, the Group companies with registered address in Spain file consolidated income tax returns.

At 30 June 2018, the Group has activated tax loss carryforwards amounting to 1197307 Euros as tax credits to be offset in future years.

Deferred taxes

The breakdown of changes in deferred tax assets between 30 June 2017 and 30 June 2018 and at 31 December 2017 is as follows:

	30/06/2017	Charge / (credit) to income	31/12/2017	Charge / (credit) to income	30/06/2018
Tax credits	479,476	439,572	919,048	278,258	1,197,307
Temporary differences	879,751	(501,992)	377,759	(42,277)	335,482
Total deferred tax assets	1,359,227	(62,420)	1,296,807	235,982	1,532,789

The breakdown of tax credits is as follows:

	30/06/2017	31/12/2017	30/06/2018
Companies included in the consolidated tax group	193,410	478,041	759,186
Companies with registered address abroad	286,066	441,007	438,120
Total tax credits	479,476	919,048	1,197,307

The above mentioned deferred tax assets have been recognized in the Consolidated Statement of Financial Position as Directors consider that, according to the best estimates of future earnings for companies in the Group, including certain measures of fiscal planning, these assets are likely to be recovered.

Additional disclosures

Under current legislation, taxes cannot be regarded as definitive until the returns have been inspected by the tax authorities or the statute of limitations period of four years has elapsed. At 30 June 2018, the Group's Spanish companies had 2013 and subsequent years open for review by the tax authorities for Income Tax and 2014 and subsequent years for the main taxes applicable to them. Companies with registered address abroad have open to inspection any tax returns currently non-statute-barred according to the respective local regulations. Directors consider the above mentioned tax returns to be appropriately filed and settled; accordingly, even in the case of discrepancies in the construction of the existing regulations for the tax treatment of the transactions, any resulting liabilities, were they to materialize, will not significantly affect the accompanying Interim Consolidated Financial Statements.

NOTE 17 REVENUE AND EXPENSES

a) Revenue

The breakdown of revenue by activity is as follows:

Type of Activity	30/06/2017	31/12/2017	30/06/2018
Online Advertising	10,695,298	26,716,172	14,696,002
Technology services	1,934,101	1,883,040	595,341
Total revenue	12,629,398	28,599,212	15,291,343

b) Supplies

The entire balance of this item relates to “Operating Expenses.”

c) Personnel Expenses

The breakdown of this heading in the attached Consolidated Profit and Loss Account is as follows:

	30/06/2017	31/12/2017	30/06/2018
Wages and salaries	(3,896,296)	(8,271,185)	(4,663,854)
Termination benefits	(62,136)	(98,708)	(38,300)
Social security payable by the Company	(888,510)	(1,750,519)	(820,049)
Employee benefits expense	(137,376)	(89,431)	(129,189)
Total personnel expenses	(4,984,318)	(10,209,842)	(5,651,392)

d) External Services

The breakdown of this heading in the attached Consolidated Profit and Loss Account is as follows:

	30/06/2017	31/12/2017	30/06/2018
Research and development expense in the reporting period	-	(96,258)	-
Leases and royalties (Note 9)	(277,647)	(723,895)	(365,846)
Repairs and maintenance	(12,778)	32,758	(87,379)
Independent professional services	(524,969)	(1,119,285)	(508,912)
Transport	(12,548)	(51,457)	(10,243)
Insurance premiums	(53,324)	(155,621)	(54,333)
Banking and similar services	(20,454)	(24,258)	(28,920)
Advertising, publicity and public relations	(172,674)	(328,222)	(235,616)
Utilities	(95,691)	(185,066)	(90,189)
Other services	(191,600)	(380,927)	(210,171)
	(1,361,685)	(3,032,232)	(1,591,608)

e) Other finance and similar income

The breakdown of this heading in the Consolidated Profit and Loss Account is as follows:

	30/06/2017	31/12/2017	30/06/2018
Finance income from accounts and similar	10,423	16,109	2,503
	10,423	16,109	2,503

f) Finance Expenses

The breakdown of this heading in the Consolidated Profit and Loss Account is as follows:

	30/06/2017	31/12/2017	30/06/2018
Debts and similar expenses	(28,539)	(87,013)	(23,954)
	(28,539)	(87,013)	(23,954)

g) Changes in working capital provisions

This detail is included in Note 9.2

NOTE 18.PROVISIONS AND CONTINGENCIES

Changes in provisions were as follows:

	30/06/2017	Allowance	Application/Reversal	31/12/2017	Allowance	Application/Reversal	30/06/2018
Provisions for other liabilities	161,514	-	(30,334)	131,180	38,411	-	169,591
	161,514	-	(30,334)	131,180	38,411	-	169,591

This item relates mainly to provisions for the remuneration of personnel arising from Antevenio S.R.L. in compliance with the existing Italian labor-related regulations and amounting to 131,180 euros (149,259 Euros at 31 December 2016).

At 30 June 2018, Antevenio Group has guarantees totalling 265,684 Euros (231,306.67 Euros at 31 December 2017 and at 30 June 2017).

NOTE 19. ENVIRONMENTAL INFORMATION

The Group's companies have no significant assets nor have incurred in expenses intended to minimize environmental impact or to protect and improve the environment. Furthermore, there are not provisions for risks and expenses, nor contingencies related to the protection and improvement of the environment.

NOTE 20.EVENTS AFTER THE REPORTING PERIOD

Subsequent to the close of the 6-month period ended 30 June 2018, the following significant events have taken place:

On 2 July, a beneficiary executed the exercise of his options in accordance with the terms of the remuneration plan for certain Executive Directors and Managers and Employees of the Parent Company. This plan is linked to the value of the Company's shares, and was approved on 16 November 2016, asking the delivery of 75.000 Company shares (Note 14)

NOTE 21. COMPENSATION AND INTERESTS OF AND BALANCES WITH DIRECTORS OF THE PARENT COMPANY

Balances and Transactions with Directors and Senior Management

The individuals classified as High Management are also Directors of the Parent Company.

The amounts accrued by the Directors or by members of Senior Management, under all headings, are as follows:

	High Management		
	30/06/2017	31/12/2017	30/06/2018
Wages and salaries	243,727	436,702	218,200
Total	243,727	436,702	218,200

In addition to these amounts, accrued remunerations arising from share-based payments disclosed under Note 17 c should be included. At 30 June 2018 and 2017 and at 31 December 2017 there are no commitments for pension supplements, sureties or guarantees, loans or advances granted to the Board of Directors.

Other disclosures related to the Board of Directors

In compliance with the provisions of Section 229 of the Spanish Corporations Law, Directors and the related parties referred to in Section 231 of the Spanish Corporations Law, have not entered into situations of conflict of interests.

NOTE 22. OTHER INFORMATION

The average number of persons employed by the Group, broken down by category, is as follows:

	30/06/2017			31/12/2017			30/06/2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Management	9	2	11	12	4	16	13	5	18
Administrative	8	14	22	7	14	21	29	27	56
Commercial	24	26	50	26	25	51	38	50	88
Production	31	50	81	51	55	106	7	14	21
Technical	17	6	23	-	-	-	15	4	19
	89	98	187	96	98	194	102	101	202

The number of persons employed by the Group at the end of the reporting period and at the end of prior periods, by category, is as follows:

	30/06/2017	31/12/2017	30/06/2018
Management	12	16	17
Administrative	21	21	60
Commercial	47	56	88
Production	80	106	21
Technical	20	-	19
	180	199	205

The average number of persons with disabilities equal to or exceeding thirty three percent employed by the Group, broken down by category, is as follows:

	30/06/2017	31/12/2017	30/06/2018
Commercial	1	1	1
Production	1	1	1
	2	2	2

In compliance with Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, details of the average period for payment to suppliers:

	At 30 June 2017	At 31 December 2017	At 30 June 2018
	Days	Days	Days
Average period of time for payment to suppliers	40.37	49.60	48.97
Percentage of paid transactions	39.81	48.80	38.87
Percentage of transactions pending payment	43.34	55.72	45.48
	Amount (Euro)	Amount (Euro)	Amount (Euro)
Total payments made	2,538,630	7,071,444	2,783,204
Total payments pending	1,205,966	363,293	1,020,654

NOTE 23. SEGMENT REPORTING

The distribution of net turnover corresponding to the ordinary business activities of the Group, by activity categories, as well as by geographical markets is as follows:

By customer (30/06/2018)		Total
Online Advertising		14,696,002
Technology services		595,341
Total revenue		15,291,343
By customer (31/12/2017)		Total
Online Advertising		26,716,172
Technology services		1,883,040
Total revenue		28,599,212
By customer (30/06/2017)		Total
Online Advertising		10,695,298
Technology services		1,934,101
Total revenue		12,629,398

Distribution of Sales and Costs to Sell by Territory

Distribution / Sales	Consolidated Amount 30/06/2017	Consolidated Amount 31/12/2017	Consolidated Amount 30/06/2018
Spain	7,100,223	13,765,047	6,695,415
Europe and Latin America	5,529,176	14,834,165	8,595,928
Total Sales Distribution	12,629,398	28,599,212	15,291,343

Distribution of Costs to Sell	Consolidated Amount 30/06/2017	Consolidated Amount 31/12/2017	Consolidated Amount 30/06/2018
Spain	(2,215,004)	(4,438,468)	(2,338,150)
Europe and Latin America	(2,486,646)	(7,186,329)	(4,147,253)
Total Costs Distribution	(4,701,650)	(11,624,797)	(6,485,404)

Consolidated Profit and Loss Account broken down by category of activity

	30.06.2018			31.12.2017			30.06.2017		
	Online Advertising	Rendering of Technology Services	Total	Online Advertising	Rendering of Technology Services	Total	Online Advertising	Rendering of Technology Services	Total
Revenue	14,696,002	595,341	15,291,343	26,716,172	1,883,040	28,599,212	12,059,328	570,070	12,629,398
Other operating income	2,931	-	2,931	77,530	0	77,530	32,944	0	32,944
Supplies	(6,260,059)	(225,345)	(6,485,404)	(11,195,895)	(428,902)	(11,624,797)	(4,623,437)	(78,213)	(4,701,650)
Other operating expenses	(1,544,406)	(47,202)	(1,591,608)	(2,259,720)	(772,512)	(3,032,232)	(1,298,064)	(63,621)	(1,361,685)
Amortization and depreciation	(93,594)	(74,737)	(168,330)	(223,342)	(142,344)	(365,687)	(108,060)	(68,475)	(176,534)
Personnel expenses	(5,368,853)	(282,539)	(5,651,392)	(9,663,684)	(546,158)	(10,209,842)	(4,720,544)	(263,774)	(4,984,318)
Other income / (loss)	(121,210)	(4,262)	(125,472)	(336,279)	(101,083)	(437,362)	(162,220)	(110,000)	(272,220)
Operating profit / (loss)	1,310,811	(38,743)	1,272,068	3,114,782	(107,959)	3,006,823	1,179,948	(14,013)	1,166,068
Net Finance Income	(25,934)	133	(25,801)	(89,913)	(806)	(90,719)	(2,965)	(37)	(3,002)
Profit / (loss) before income tax	1,284,877	(38,610)	1,246,267	3,024,869	(108,766)	2,916,104	1,176,983	(14,050)	1,163,066
Income Tax	(100,127)	-	(100,127)	(415,393)		(415,393)	(109,151)	0	(109,151)
Other taxes	(23,785)	-	(23,785)	(159,307)	(3,095)	(162,401)	(112,634)	(3,095)	(66,805)
Profit/(loss) for the year	1,139,377	(38,610)	1,100,767	2,450,169	(111,860)	2,338,309	955,198	(17,145)	987,111

NOTE 24.RELATED PARTY TRANSACTIONS

As a result of the changes in shareholding occurred during 2016 and detailed in Note 13.1 above, the company ISP Digital S.L.U. has become the majority shareholder of Antevenio Group; accordingly, the following subsidiaries of ISP Digital SLU have become related parties:

Company / Group	Relation
Digilant Group	<i>Related party</i>
ISP Digital Group	<i>Parent Company</i>
Acceso Group	<i>Related party</i>

At 30 June 2018 and 2017 and 31 December 2017 the balances with related parties were as follows:

RELATED PARTY (30 June 2018)	BALANCE RECEIVABLE	BALANCE PAYABLE
<i>ACCESO GROUP</i>	118,710	(65,746)
<i>DIGILANT GROUP</i>	334,138	(134,216)
<i>ISP DIGITAL SLU</i>	121,000	-
<i>ISP on Taxation Group Corporate Income Tax</i>	-	(730,098)
TOTAL RELATED PARTIES	573,848	(930,061)

RELATED PARTY (31 December 2017)	BALANCE RECEIVABLE	BALANCE PAYABLE
<i>ACCESO</i>	122,386	(50,512)
<i>DIGILANT</i>	228,361	(20,027)
<i>ISP</i>	96,800	-
<i>ISP on Taxation Group Corporate Income Tax</i>	-	(415,299)
TOTAL RELATED PARTIES	447,547	(485,838)

RELATED PARTY (30 June 2017)	BALANCE RECEIVABLE	BALANCE PAYABLE
<i>ACCESO GROUP</i>	-	(6,159)
<i>DIGILANT INC</i>	34	-
<i>DIGILANT SPAIN</i>	138,561	(25,161)
<i>ISP DIGITAL SLU</i>	48,400	-
<i>ACCESO COLOMBIA</i>	81,605	(25,289)
<i>DIGILANT SA DE CV</i>	3,308	(2,206)
TOTAL RELATED PARTIES	271,908	(58,815)

The breakdown of transactions with related parties during the first six months of 2018 and during 2017 is as follows:

At 30 June 2018	ACCESO COLOMBIA	DIGILANT SA DE CV	ACCESO GROUP	DIGILANT SPAIN	ISP DIGITAL	DIGILANT USA	ACCESO PANAMÁ
Sales	87,231	-	-	41,122	-	54,772	400
Purchases	(6,608)	-	-	(2,254)	-	-	-
Services rendered	-	-	-	7,500	20,000	-	-
Services received	(58,142)	-	(16,069)	(90,666)	-	-	-
Total	22,480	-	(16,069)	(44,297)	20,000	54,772	400

At 31 December 2017	ACCESO COLOMBIA	DIGILANT SA DE CV	ACCESO GROUP	DIGILANT SPAIN	ISP DIGITAL	DIGILANT USA	ACCESO PANAMÁ
Sales	179,635	135	1,345	116,922	-	2,923	424
Purchases	(104,100)	(1,881)	(17,180)	(68,319)	-	-	-
Services rendered	-	-	9,000	-	80,000	-	-
Services received	-	-	(12,600)	-	-	-	-
Total	75,535	(1,746)	(19,435)	48,603	80,000	2,923	424

At 30 June 2017	ACCESO COLOMBIA	DIGILANT SA DE CV	ACCESO GROUP	DIGILANT SPAIN	ISP DIGITAL	DIGILANT USA	ACCESO PANAMÁ
Sales	71,505	135	1,345	47,903	-	-	424
Purchases	(29,412)	(1,881)	-	(19,190)	-	-	-
Services rendered	-	-	-	-	40,000	-	-
Services received	-	-	(6,300)	(16,928)	-	-	-
Total	42,093	(1,746)	(4,955)	11,785	40,000	-	424

NOTE 25. BUSINESS COMBINATIONS

On 22 June 2017 the Parent Company has completed the acquisition of 51% of the shares in the US company React2Media, L.L.C for a consideration of 2,250,000 dollars (2,022,275 euros); the entire amount of the consideration was paid to the counterparty on 23 June 2017. This company was thereafter included within the consolidation scope and fully consolidated.

The company React2Media, L.L.C. has its registered address at 35 W 36th St, New York, NY 10018, USA. The company's corporate purpose is the provision of a comprehensive service of on-line advertising networks, offering a complete array of interactive marketing opportunities to media agencies, direct advertisers and editors. The main reason supporting the acquisition is the entry of Antevenio Group in the United States market drawing on the market position and knowledge of the investee. Antevenio Group intends to provide the investee with its other business lines in order to generate positive synergies.

Both the Group and the selling shareholders mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. These options have a floating price based on certain parameters relating to the investee's performance over financial years 2018, 2019 and 2020; however, total acquisition value may not exceed 8.5 million dollars (of which 2.25 million dollars have already been paid for the acquisition of 51% of shares). Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

In accordance with the International Financial Reporting Standards and based on the existence of cross put and call options with the same value and the same exercise period, the transaction has been treated as an early acquisition of a non-controlling interest pursuant to the requirements of *IAS 32 Financial Instruments: Presentation*, which provides that a contractual obligation to deliver cash to another entity is a financial liability.

The amount recognized at 30 June 2018 and at 31 December 2017 as a financial liability relates to the best estimate, as of the date of preparing these Consolidated Interim Financial Statements, of the expected amount to be paid; the fair value of this financial liability has been measured at 1.98 million Euros, recognized under "Other non-current liabilities".

The breakdown of the consideration given, measured as the fair value of net assets and goodwill acquired, is as follows:

	Euros
Fair value of the consideration given	
Cash paid	2,102,903
Put options granted to minority interests	1,933,648
Contingent consideration	35,004
Total consideration given	4,071,555
Net identifiable assets acquired	
Non-current investments	38,462
Intangible assets	2,312
Trade and other receivables	1,198,620
Cash	109,457
Debts with financial institutions	(256,188)
Other debts	(13,429)
Trade and other payables	(912,813)
Fair value of net identifiable assets acquired	166,421
Goodwill (Note 5)	3,905,134
Consideration paid in cash	(2,102,903)
Cash and cash equivalents acquired	109,457
Net cash outflow	(1,993,446)

Goodwill arising from the acquisition was allocated to the Cash Generating Unit relating to the investee's business and relates to the workforce and synergies resulting from Antevenio Group's entry in the United States market drawing on the investee to expand the Group's various business lines.

The Company has considered that fair value of the identifiable assets and liabilities acquired is equal to the relevant carrying values as of the of the acquisition date. As shown in the table above, almost all the assets and liabilities acquired relate to working capital.

The breakdown of fair value of trade receivables as of the acquisition date is as follows:

Euros	Contractual gross amount	Impairment adjustment	Fair value
Trade receivables	1,198,620	0.00	1,198,620