



INTERIM FINANCIAL STATEMENTS FOR THE PERIOD

Ended 30 June 2017

1. Activity report

2. Interim Consolidated Financial Statements at 30 June 2017

ANTEVENIO S.A. AND SUBSIDIARIES

Activity report

Antevenio is an innovative company in publishing and marketing technology, leader in Southern Europe (Spain, Italy, France). It helps brands to convey their value proposition to consumers through a comprehensive offering combining advertising, content marketing and cross-channel technology. This offer is available either as a service or as a licensed cloud-based software with its MDirector suite. Antevenio is listed on Euronext Growth Paris since February 15th, 2007 (ISIN code: ES0109429037) and is eligible for French « PEA PME » tax shielded investment in SMEs.

Moderate growth in activity in the first half of 2017

At June 30, 2017, Antevenio recorded a turnover of € 12.63 million, a slight increase of 3%, as the Group's activity was hampered during the first half by the change in management of the Italian subsidiary that occurred in December 2016.

This reorganization notably weighed on the Publishing and Digital Media Trading divisions, for which the Italian activity accounted for nearly 30% in 2016, with consolidated sales of, respectively, € 5.1 million, down 19% and € 5.1 million, down 6%. As such, half-year activity was pushed by the Marketing Technology division, which had a very strong growth of 94% to € 3.5 million, driven by sales in the MDirector software suite in SaaS mode and notably its associated services.

First-half activity was also marked by a major milestone for the Group, which set foot in the United States by acquiring the New York-based digital marketing specialist React2Media. The acquisition being effective at the end of June, its impact in terms of additional revenues, as well as on the results and on the balance sheet will be recorded from the second half of 2017.

Strong growth in overall results

In million euros	H1 2017	H1 2016	Change %
Consolidated revenues	12.84	12.83	-
Net revenues ⁽¹⁾	12.63	12.22	+3%
Gross margin	7.96	6.86	+16%
% gross margin / net revenues	63.0%	56.2%	-
Personnel costs	4.98	4.39	+14%
Other operating expenses	1.36	1.26	+8%
Amortization	0.18	0.18	-2%
Depreciation of current assets	0.26	0.22	+16%
Operating income	1.17	0.80	+45%
Operating margin (as % of net revenues)	9.2%	6.6%	-
Operating income before tax	1.16	0.72	+62%
Corporate income tax	-0.18	-0.05	-
Consolidated net income	0.99	0.67	+48%

(1) Consolidated revenues less volume rebates on ad sales

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Strong financial resources

At June 30, 2017, Antevenio's total assets amounted to € 27.6 million.

The company has no financial debt and has a solid cash position of € 6.1 million, enabling it to rely on the necessary resources to finance its development.

Outlook

By reaching a record-high margin, Antevenio proves the effectiveness of its strategy implemented for nearly two years with the aim to return to high margin levels.

Concerning the activity for the rest of the year, Antevenio, after having experienced a turbulence on its Italian subsidiary at the beginning of the year, is returning to growth. In addition to the sales generated by the deployment of Marketing Technology activities, the acquisition of React2Media, which recorded revenue of \$ 5.6 million in 2016, is also expected to support the Group's growth with effective synergies both commercial and operational. Finally, Antevenio continues to deploy internationally, particularly in Latin America, where the Group is consolidating its positions.

By developing higher-margin activities and strengthening its positions, the Group is confident in its ability to generate strongly profitable growth throughout the year.

ANTEVENIO S.A. AND SUBSIDIARIES

Interim Consolidated Financial
Statements at 30 June 2017

ANTEVENIO S.A. AND SUBSIDIARIES

Interim Consolidated Financial Statements at 30 June 2017

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017:

Consolidated statement of Financial Position at 30 June 2017

Consolidated Profit and Loss Account at 30 June 2017

Consolidated Statement of Comprehensive Income at 30 June 2017

Consolidated Statement of Changes in Equity at 30 June 2017

Consolidated Statement of Cash Flows at 30 June 2017

Notes to the Interim Consolidated Financial Statements for the half-year ended 30 June 2017

ANTEVENIO S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
(in Euros)

ASSETS	Notes	30/06/2017	31/12/2016	30/06/2016
Property, plant and equipment	7	251,319	251,861	227,150
Goodwill	5 and 27	10,188,274	6,313,920	6,313,920
Other intangible assets	8	632,946	693,191	671,721
Non-current financial assets	10	121,370	75,407	72,153
Investments in Associates	6	-	-	425
Deferred tax assets	17	1,359,227	1,255,124	773,736
NON-CURRENT ASSETS		12,553,136	8,589,503	8,059,105
Trade and other receivables	10	8,427,420	7,992,909	7,503,127
Other current financial assets	10	48,168	53,881	112,407
Other current assets	17	461,090	619,606	914,893
Cash and cash equivalents	10	6,072,395	6,852,272	5,625,427
CURRENT ASSETS		15,009,074	15,518,668	14,155,854
TOTAL ASSETS		27,562,210	24,108,171	22,214,959

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
(in Euros)

EQUITY AND LIABILITIES	Notes	30/06/2017	31/12/2016	30/06/2016
Share capital	14.1	231,412	231,412	231,412
Share Premium	14.2	8,189,787	8,189,787	8,189,787
Reserves		5,767,650	3,665,587	3,747,006
Profit/(Loss) for the year attributable to the Parent Company		987,111	2,097,203	665,954
Other equity instruments	16	1,022,700	1,022,700	139,080
Treasury shares	14	(513,805)	(513,805)	(513,805)
Translation differences	15	(143,396)	(166,780)	(133,448)
Equity attributable to the Parent Company		15,541,458	14,526,105	12,325,987
Deferred income	16	40,104	44,373	44,373
Other non-current liabilities	11 and 27	2,594,176	687,119	2,003,036
Deferred tax liabilities	17	202,419	193,643	
Provisions	20	161,514	149,259	159,234
Non-current liabilities		2,998,214	1,074,394	2,206,643
Other current payables	11	723,328	411,223	391,593
Trade and other payables	11	6,768,099	6,620,476	5,773,702
Other current liabilities	17	1,531,111	1,475,973	1,517,032
Current liabilities		9,022,538	8,507,672	7,682,328
TOTAL EQUITY AND LIABILITIES		27,562,210	24,108,171	22,214,959

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT AT 30 JUNE 2017
(in Euros)

PROFIT AND LOSS	Notes	30/06/2017	31/12/2016	30/06/2016
Revenue		12,629,398	25,378,584	12,215,160
Turnover		12,841,750	26,622,271	12,831,686
Volume discount on sales		(212,351)	(1,243,687)	(616,526)
Work carried out by the company for assets		9,699	107,450	-
Other income		23,378	115,792	21,239
TOTAL OPERATING INCOME		12,662,475	25,601,825	12,236,399
Supplies		(4,701,650)	(11,115,946)	(5,374,712)
Personnel expenses		(4,984,318)	(9,763,936)	(4,385,803)
Wages and salaries		(3,958,432)	(7,037,097)	(3,453,054)
Employee benefit expense		(1,025,886)	(1,773,679)	(932,749)
Other equity instruments costs		-	(953,160)	-
Amortization and depreciation		(176,534)	(345,840)	(180,845)
Depreciation of property, plant and equipment		(42,410)	(96,534)	(49,644)
Amortization of intangible assets		(134,125)	(249,306)	(131,200)
Other operating expenses		(1,620,006)	(3,233,242)	(1,481,637)
External services		(1,361,685)	(2,701,749)	(1,258,362)
Impairment losses on current assets		(258,321)	(531,493)	(223,275)
Other income / (loss)		(13,899)	1,121,844	(9,435)
TOTAL OPERATING EXPENSES		(11,496,408)	(23,337,120)	(11,432,432)
OPERATING PROFIT / (LOSS)		1,166,068	2,264,705	803,967
Other finance and similar income		10,423	21,092	13,736
Translation differences		71,377	18,277	11,033
TOTAL FINANCE INCOME		81,800	39,368	24,769
Other finance and similar expenses		(28,539)	(70,869)	(48,409)
Translation differences		(56,263)	(134,379)	(62,248)
Debt provisions adjustments		-	-	-
TOTAL FINANCE EXPENSES		(84,802)	(205,247)	(110,657)
Impairment and gains / (losses) on disposal of financial instruments		-	1,272	-
NET FINANCE INCOME/(EXPENSE)		(3,002)	(164,607)	(85,888)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		1,163,066	2,100,098	718,079
CONSOLIDATED PROFIT / (LOSS) BEFORE TAX		1,163,066	2,100,098	718,079
Income tax expense		(60,226)	119,135	(29,050)
Other taxes		(115,729)	(122,030)	(23,074)
CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR		987,111	2,097,203	665,954
Profit / (loss) attributable to minority interests		-	-	-
CONSOLIDATED PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY		987,111	2,097,203	665,954
Earnings per share:				
Basic		0.25	0.52	
Diluted		0.25	0.52	

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AT 30 JUNE 2017
(in Euros)

	Notes	30/06/2017	31/12/2016	31/12/2015
PROFIT / (LOSS) FOR THE PERIOD		987,111	2,097,203	1,276,018
Income and expense directly recognized in equity:		-	-	-
Translation differences		23,383	(68,484)	(112,537)
Minorities Interests		-	-	-
Grants, donations and bequests		-	-	-
Tax effect		-	-	-
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY		23,383	(68,484)	(112,537)
Transfers to Profit and Loss Account:		-	-	-
Valuation adjustments		-	-	-
Grants, donations and bequests		-	-	-
Tax effect		-	-	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT		-	-	-
TOTAL RECOGNIZED INCOME AND EXPENSE		1,010,494	2,028,720	1,163,481
Attributable to the Parent Company		1,010,494	2,028,720	1,163,481
Attributable to minority interests		-	-	-

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AT 30 JUNE 2017

(in Euros)

	Registered Capital	Share Premium	Reserves and Profit/(Loss) for the period	(Parent Company Shares)	Other equity instruments	Translation differences	Total
Balance at 01/01/2015	231,412	8,189,787	2,579,733	(21,705)	-	14,241	10,993,468
Recognized income and expense	-	-	1,276,018	-	-	(112,537)	1,163,481
Other transactions	-	-	(150,729)	-	69,540	-	(81,189)
Transactions with Parent Company shares	-	-	-	(492,100)	-	-	(492,100)
Balance at 31/12/2015	231,412	8,189,787	3,705,022	(513,805)	69,540	(98,296)	11,583,660
Balance at 01/01/2016	231,412	8,189,787	3,705,022	(513,805)	69,540	(98,296)	11,583,660
Recognized income and expense	-	-	2,097,203	-	-	(68,484)	2,028,720
Other transactions	-	-	(39,435)	-	953,160	-	913,725
Balance at 31/12/2016	231,412	8,189,787	5,762,790	(513,805)	1,022,700	(166,780)	14,526,105
Balance at 01/01/2017	231,412	8,189,787	5,762,790	(513,805)	1,022,700	(166,780)	14,526,105
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	6,754,761	(513,805)	1,022,700	(143,396)	15,541,458

CONSOLIDATED STATEMENT OF CASH FLOWS
AT 30 JUNE 2017
(in Euros)

	Note	30/06/2017	31/12/2016	30/06/2016
CASH FLOWS FROM OPERATING ACTIVITIES (A)		1,149,273	1,036,349	(796,528)
Profit / (Loss) before taxes		1,163,066	2,100,098	718,079
Adjustments for:				
+ Depreciation and amortization		176,534	345,840	180,845
+ / - Impairment losses		258,321	530,221	223,275
+ / - Grants taken to P&L		(5,692)	(110,449)	-
- Finance income		(10,423)	(21,092)	(13,736)
+ Finance expense		28,539	70,869	48,409
+/- Translation differences		(15,114)	116,102	51,215
-Income tax expense		-	-	-
+/- Other income and expenses		4,201	(276,134)	9,435
Changes in operating assets and liabilities:				
Changes in receivables		(692,832)	(1,182,379)	(325,219)
Changes in payables		147,622	(434,162)	(1,290,371)
Changes in other current assets		158,516	92,784	(284,416)
Changes in other current financial assets		5,713	65,757	7,231
Changes in other current liabilities		47,883	(45,983)	71,999
Other non-current assets		(45,963)	139	3,393
+ Collection of R&D monetization		-	78,423	78,423
- Income tax paid		(121,017)	(253,450)	(253,450)
Interest paid (-)		(21,458)	(57,097)	(34,638)
Interest received (+)		71,377	16,864	12,998
CASH FLOWS FROM INVESTING ACTIVITIES (B)		(2,246,659)	(241,281)	(5,726)
Investments in intangible assets		(137,094)	(165,606)	(33,709)
Investments in property, plant and equipment		(41,587)	(86,974)	(14,001)
Investments in non-current financial assets		-	-	-
Group companies and associates		(2,102,882)	-	-
Other non-current assets		4,860	(39,435)	41,984
Derecognition of property, plant and equipment		30,045	50,734	-
CASH FLOWS FROM FINANCING ACTIVITIES (C)		279,012	87,824	360,082
Changes in other non-current liabilities		(30,836)	(196,481)	(13,594)
Changes in debt to other entities		305,025	292,607	312,943
Transactions in equity instruments		-	-	69,540
Changes in other current liabilities		9,091	-	(504)
Grants awarded		(4,269)	(8,302)	(8,302)
EFFECT OF FOREIGN EXCHANGE RATES FLUCTUATIONS (D)		38,498	(184,586)	(86,367)
Net increase/decrease in cash and cash equivalents (E=A+B+C+D)		(779,876)	698,306	(528,539)
Cash and cash equivalents at beginning of period (F)		6,852,272	6,153,966	6,153,966
Cash and cash equivalents at end of period (G=E+F)		6,072,395	6,852,272	5,625,427

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ANTEVENIO S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

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

Antevenio Consolidated Financial Statements for 2016 were approved by the Annual General Meeting of the Parent Company, held on 28 June 2017, and filed before the Business Register of Madrid.

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 Alternext.

1.2) Subsidiaries

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

Company	Percentage of Ownership 30.06.2016	Percentage of Ownership 31/12/2016	Percentage of Ownership 30/06/2017	Carrying Value
Mamvo Performance, S.L.U.	100%	100%	100%	1,577,382
Marketing Manager Servicios de Marketing, S.L.U.	100%	100%	100%	199,932
Antevenio S.R.L.	100%	100%	100%	5,027,487
Antevenio ESP, S.L.U. (1)	100%	100%	100%	27,437
Antevenio France S.R.L.	100%	100%	100%	2,000
Código Barras Networks S.L.U. (**)	100%	100%	100%	145,385
Antevenio Argentina S.R.L. (*)	100%	100%	100%	341,447
Antevenio México S.A de C.V	100%	100%	100%	1,908
Antevenio Publicité, S.A.S.U.	100%	100%	100%	3,191,312
Antevenio Rich & Reach, S.L.U.	100%	100%	100%	3,000
React2Media, L.L.C. (2)	-	-	51%	4,040,797

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) Antevenio ESP, S.L. (Single-member), formerly Diálogo Media, S.L. (Single-member). The company changed its name in January 2014.

(2) See Note 27 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 2017 no changes have occurred in the consolidation perimeter, except for the acquisition, dated 22 June 2017, of the U.S. company React2Media, L.L.C. (see Note 27).

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 Abruzzi 13/A 20131 Milano	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	120, Av. du General LECLERC, 75014, Paris, 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) Valencia 264, 08007 Barcelona	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	Av. Presidente Figueroa Alcorta 3351, oficina 220, Buenos Aires, Argentina.	Commercial brokerage, marketing and advertising services.
Antevenio México, S.A. de CV.	2007	Calle Galileo 20 403 Polanco Chapultepec Distrito Federal 11560	Other advertising services.
Antevenio Publicité, S.A.S.U.	2008	32 Rue de Londres, 75009 Paris.	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

The financial year of the subsidiaries begins on 1 January and ends on 31 December of each year.

1.3) Associated and jointly controlled companies

Dated 14 October 2016, the company Europermission, S.L was dissolved wound up and terminated in compliance with the resolution passed by the Extraordinary and Universal General Meeting of Shareholders held on 26 June 2016. Accordingly, at 2016 year end the dissolved company was not included within the consolidation perimeter.

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.

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 2017:

- 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 2016 and the six month period ended 30 June 2017 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 Financial Statements:

- a) Standards and interpretations approved by the European Union, applied for the first time in the Consolidated Annual Accounts of 2016.

The accounting policies used in the preparation of the Interim Consolidated Financial Statements are the same accounting policies that were applied in the 2016 Consolidated Financial Statements, which were applied for the first time in Financial Statements started as of 1 January 2016:

		Effective Date (financial years beginning on):
Improvements to IFRSs Cycle 2012-2014	Annual Improvements to several standards Cycle 2012-2014 (IFRS 5, IFRS 7, IAS 19, IAS 34)	1 January 2016
Amendments to IAS 1	Presentation of Financial Statements: Disclosures	1 January 2016
Amendments to IFRS 11	Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification on the Depreciation and Amortization Methods Accepted	1 January 2016
Amendments to IAS 16 and IAS 41	Biological Assets	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016

Application of the above mentioned amendments and improvements has had no significant impact on the Interim Consolidated Financial Statements of 2016 and 2017.

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

		Effective Date (financial years beginning on):
Amendments to IAS 7	Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses.	1 January 2017
IFRS 16	Leases	1 January 2019
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
Improvements to IFRSs Cycle 2014-2016	Annual Improvements to several standards	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
Amendments to IFRS 15	Clarifications	1 January 2018
IFRS 17	Insurance Contracts	1 January 2021
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

None of these Standards has been earlier applied by the Group. 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 Interim Consolidated Financial Statements.

b) Fair presentation

The accompanying Interim Consolidated Financial Statements for the half-year ended 30 June 2017 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 half-year ended 30 June 2017.

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).
- The assessment of eventual impairment losses on certain assets (note 4h).
- The fair value of certain financial instruments y their eventual impairment (note 4j).
- The calculation of provisions, as well as the likelihood of occurrence and the amount of indeterminate or contingent liabilities (note 4n).
- Forecasts of future taxable profits that make the recovery of deferred tax assets likely (note 4l).

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 half-year ended 30 June 2017 include, for comparison purposes, the figures for 2016 included in the Consolidated Financial Statements for 2016 approved by the Company's General Meeting of Shareholders, held on 28 June 2017, and the figures for the first half-year of 2016 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 2016 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:

	30/06/2016	31/12/2016	30/06/2017
Net profit/(loss) for the year	665,954	2,097,203	987,111
Weighted average number of outstanding shares	4,009,147	4,009,147	4,009,147
Basic earnings per weighted average number of shares	0.17	0.52	0.25

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 2017 approved the following distribution of 2016 profit of the Parent Company:

<u>Basis of distribution</u>	
Profit and loss (loss)	(11,009)
Total	(11,009)
<u>Application</u>	
Prior period's losses	(11,009)
Total	(11,009)

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied by the Group in the preparation of the Interim Consolidated Financial Statements for the half-year ended 30 June 2017 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 financial year ended on the same date of the Company’s separate financial statements, and have been prepared applying consistent accounting policies (EU-IFRS).

b) Uniformity of line items

The different line items in the separate 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 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 2017.

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 4 h).

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) 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 at around 12%; 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 three years strategic plan for the Group companies is approved by the Directors of the Parent Company.

At the close of the six-month period ended 30 June 2017, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2016.

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.

i) 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 as 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.

j) Financial Instruments

j.1 Financial Assets

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

j.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.

j.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.

j.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.

j.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.

k) 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.

l) 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.

From 1 January 2017, Antevenio Group companies with registered address in Spain are included, for taxation purposes, ISP Group tax group.

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.

m) 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.

n) 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 interim consolidated 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.

o) 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.

p) 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.

q) 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.

r) 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 closing 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.

s) 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.

t) 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 an intangible asset are measured and amortized on the basis of their remaining term of the contract.
- 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.

Given that at the close of the reporting period the measurement process required for application of the acquisition method could not be completed, provisional values have been used in the preparation of the Interim Consolidated Financial Statements.

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

The detail of this item, broken down by company according to the above mentioned criteria, is as follows:

	30/06/2016	31/12/2016	30/06/2017
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 27)	-	-	3,874,354
Total Cost	6,313,920	6,313,920	10,188,274

NOTE 6. INVESTMENTS IN COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Dated 14 October 2016, the company Europermission, S.L was dissolved wound up and terminated in compliance with the resolution passed by the Extraordinary and Universal General Meeting of Shareholders held on 26 June 2016; accordingly the Europermission, S.L. left the consolidation perimeter.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

In the first six months of 2017 and in 2016, the balances and movements of gross values, accumulated depreciation and impairment are as follows:

	30/06/2016	Recognition/Derecognition	31/12/2016	Recognition	Derecognition	30/06/2017
Cost:						
Technical installations, machinery, tools, furniture and other items of PPE	1,110,571	39,943	1,150,514	100,300	(217,250)	1,033,563
	1,110,571	39,943	1,150,514	100,300	(217,250)	1,033,563
Accumulated Depreciation:						
Technical installations, machinery, tools, furniture and other items of PPE	(872,698)	(19,375)	(892,073)	(97,981)	214,389	(775,665)
	(872,698)	(19,375)	(892,073)	(97,981)	214,389	(775,665)
Impairment						
Technical installations, machinery, tools, furniture and other items of PPE	(10,725)	4,145	(6,580)	-	-	(6,580)
	(10,725)	4,145	(6,580)	-	-	(6,580)
Net property, plant and equipment	227,150	24,712	251,861	2,319	(2,862)	251,319

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

	30/06/2016	31/12/2016	30/06/2017
Technical installations, machinery, tools, furniture and other items of PPE	533,918	620,247	426,530
	533,918	620,247	426,967

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 109,501 Euros at 30 June 2017 (121,308 Euros at 31 December 2016; 107,798 Euros at 30 June 2016).

Between 30 June 2017 and 30 June 2016 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

2017 and 2016 and at 31 December 2016, the assets of the Company were insured with an insurance policy. The Company's directors consider that this insurance policy sufficiently covers any risks associated to its property, plant and equipment.

NOTE 8.OTHER INTANGIBLE ASSETS

In the first six months of 2017 and in 2016, the balances and movements of gross values, accumulated amortization and impairment are as follows:

	30/06/2016	Recognition/Derecognition	31/12/2016	Recognition	Derecognition	30/06/2017
Cost:						
Development	-	-	-	53,378	-	53,378
Industrial property	99,769	-	99,769	-	(11,402)	88,367
Computer software	3,751,039	112,160	3,867,370	82,846	(48,135)	3,902,081
	3,850,808	112,160	3,967,139	136,224	(59,537)	4,043,826
Accumulated Amortization:						
Development	-	-	-	(2,066)	-	(2,066)
Industrial property	(99,769)	-	(99,769)	-	11,402	(88,367)
Computer software	(2,676,322)	(232,127)	(2,912,621)	(165,119)	18,849	(3,058,890)
	(2,776,091)	(232,127)	(3,012,390)	(167,184)	30,251	(3,149,323)
Impairment						
Computer software	(402,995)	141,438	(261,557)	-	-	(261,557)
	(402,995)	141,438	(261,558)	-	-	(261,557)
Net intangible assets	671,721		693,191			632,946

At 30 June 2017, the net book value of intangible assets located outside Spain amounts to 258,598 Euros (215,372 Euros at 31 December 2016; 156,943 Euros at 30 June 2016).

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

	30/06/2016	31/12/2016	30/06/2017
Industrial property	99,769	99,769	88,367
Computer software	2,646,828	2,728,005	2,697,777
	2,746,597	2,827,774	2,786,143

NOTE 9.OPERATING LEASES

In 2017 first half-year and 2016 first half-year the expense for operating leases amounted, respectively, to 277,647 Euro and 256,244 Euro (see Note 18 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 10.CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

	Receivables and other		30/06/2017	Total		30/06/2017
	30/06/2016	31/12/2016		30/06/2016	31/12/2016	
Loans and receivables (Note 10.2)	72,153	75,407	121,370	72,153	75,407	121,370
Total	72,153	75,407	121,370	72,153	75,407	121,370

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

	Receivables and other			Total		
	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016	30/06/2017
Cash and cash equivalents (Note 10.1)	5,625,427	6,852,272	6,072,395	5,625,427	6,852,272	6,072,395
Loans and receivables (Note 10.2)	7,615,534	8,046,790	8,475,588	7,615,534	8,046,790	8,475,588
Total	13,240,961	14,899,062	14,547,984	13,240,961	14,899,062	14,547,984

10.1) 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:

	30/06/2016	31/12/2016	30/06/2017
Current accounts	2,347,085	4,220,661	4,848,734
Treasury	2,013	1,706	1,211
Highly liquid deposits (a)	3,276,329	2,629,905	1,222,450
Total	5,625,427	6,852,272	6,072,395

(a) The above figures mainly relate to bank deposits with Bankinter, amounting to

200,000 Euros (1,113,500 Euros at 31 December 2016); with Bankia, amounting to 1,022,450 Euros (300,000 Euros at 31 December 2016), and with Banco Popular, amounting to 1,216,405 Euros at 31 December 2016. These deposits are available and payable on a day margin from cancellation.

In 2017 first half-year, interests accrued from bank deposits and bank accounts amounted to 2,159 Euros (13,736 Euros at 30 June 2016) (see Note 18 e).

At 30 June 2017, cash held by foreign companies amounted to 1,843,194 Euros (1,649,894 euros at 30 June 2016 and 1,847,018 Euros at 31 December 2016).

10.2) Loans and receivables

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

	30/06/2017		31/12/2016		30/06/2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade receivables						
Third-party receivables	-	8,090,882	-	7,928,048	-	7,380,831
Trade receivables from associates	-	188,138	-	-	-	2,585
Balances with associates	-	-	-	-	-	-
Total trade receivables	-	8,279,019	-	7,928,048	-	7,383,416
Non-trade receivables						
Personnel	-	(20,059)	-	(33,999)	-	1,642
Guarantees and deposits	91,379	48,000	45,416	48,000	42,162	48,350
Other assets	29,991	168,629	29,991	104,741	29,991	182,126
Total non-trade receivables	121,370	196,569	75,407	118,742	72,153	232,118
Total	121,370	8,475,588	75,407	8,046,790	72,153	7,615,534

The breakdown of the item “Receivables” is as follows:

Description	30/06/2016	31/12/2016	30/06/2017
Trade receivables			
Trade balances	7,757,309	9,308,867	8,433,919
Volume discounts granted and pending settlement	(958,427)	(2,109,896)	(1,265,657)
Trade balances pending issue	581,948	729,077	922,620
Total	7,380,831	7,928,048	8,090,882

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

Impairment	30/06/2016	Net changes	31/12/2016	Impairment loss	Impairment reversal	Applications	30/06/2017
Trade receivables							
Trade receivables	(1,425,113)	(302,793)	(1,727,906)	(260,321)	2,000	244,819	(1,741,408)
Total	(1,012,025)	(302,793)	(1,727,906)	(260,321)	2,000	244,819	(1,741,408)

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 2017, the amounts of impairment losses for which allowances were made in the past have been applied and written-off against receivable balances amounting to 244,819 Euro.

10.3) Classification by maturity

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

NOTE 11. NON-CURRENT AND CURRENT LIABILITIES

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

	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016	30/06/2017
Debts and payables (Note 11.1)	2,003,036	880,762	2,594,176	2,003,036	880,762	2,594,176
Total	2,003,036	880,762	2,594,176	2,003,036	880,762	2,594,176

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

	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016	30/06/2017
Debts and payables (Note 11.1.1)	391,593	411,223	723,328	5,773,702	6,620,477	6,751,419	6,165,296	7,031,700	7,474,747
Total	391,593	411,223	723,328	5,773,702	6,620,477	6,751,419	6,165,296	7,031,700	7,474,747

11.1) Debts and payables

The break-down of this item at 30 June 2017; 31 December 2016, and 30 June 2016 is as follows:

	Balance at 30/06/2017		Balance at 31/12/2016		Balance at 30/06/2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade payables:						
Suppliers	-	4,137,799	-	4,800,718	-	4,695,233
Suppliers, associates	-	89,421	-	-	-	14,967
Other trade payables	-	1,770,398	-	833,332	-	444,090
Total trade payables	-	5,997,617	-	5,634,049	-	5,154,290
Non-trade payables						
Debts with financial institutions (3)	41,629	329,483	41,629	82,772	32,215	20,587
Other debts (1)	614,654	191,996	645,490	126,602	680,384	138,539
Debts with third parties (2) and (4)	1,937,894	201,850	-	201,850	1,252,709	232,468
Loans and other payables	2,594,176	723,328	687,119	411,223	1,965,308	391,593
Personnel (outstanding remunerations)	-	770,481	-	986,428	-	619,412
Total non-trade payables	-	770,481	-	986,428	-	619,412
Total Debts and payables	2,594,176	7,491,427	687,119	7,031,700	1,965,308	6,165,296

(1) “Other debts” relates mainly to debts with Centro de Desarrollo Tecnológico Industrial (CDTI).

(2) As a result of the acquisition of an interest in Antevenio Publicité S.A.S.U., completed in prior years, the investee’s management team was granted certain rights to the execution of which Antevenio S.A. was bound and the value of which would be based on Antevenio Publicité S.A.S.U. net profit/(loss) in 2015 and 2016, with a maximum payable amount of 1,500,000 Euros.

At 31 December 2016, the amount under “Debts to third parties” relating to the above mentioned agreement amounted to 192,678 Euro, which are recognized under “Other current payables” in the Consolidated Statement of Financial Position (1,252,709 Euro as non-current payables and 234,754 Euro as current payables at 31 December 2015).

In prior years and based on its best estimates, the Company had recognized the entire liability relating to this payable.

In 2016, the conditions set forth in the agreement were not fulfilled for which provisions relating to the relevant payment obligations had been made. Accordingly, the estimated amount payable has been adjusted using financial criteria, resulting in the reversal of provisions amounting to 1,132,404 Euro, that has been recognized under “Other income / (loss)” in the 2016 Profit and Loss Account (see Note 18 h).

- (3) The amount under “Debts with financial institutions” relates to the outstanding balance from bank credit cards and finance leases.
- (4) At 30 June 2017, 1,937,894 Euros recognized under “Debts to third parties” relate to financial liabilities arising from the business combination disclosed in Note 27 below.

11.2) Classification by maturity

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
Non-current payables						
Debts with financial institutions	-	41,629	-	-	-	-
Other debts	71,807	441,812	940,088	921,104	56,724	162,640
Total	71,807	483,441	940,088	921,104	56,724	162,640

At year-end 2016, the classification by maturity of the different non-current financial liabilities with fixed or determinable maturity is as follows:

	2018	2019	2020	2021	2023 onwards	Total
Non-current payables						
Other debts	81,608	112,300	118,396	54,727	513,731	880,762
Total	81,608	112,300	118,396	54,727	513,731	880,762

At 30 June 2016, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

	2017	2018	2019	2020	2021	2022 onwards	Total
Non-current payables							
Debts with financial institutions	-	32,215	-	-	-	-	32,215
Other debts	1,252,709	63,789	112,300	153,290	54,727	334,007	1,970,822
Total	1,252,709	96,004	112,300	153,290	54,727	334,007	2,003,037

NOTE 12. 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 16 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 16, 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."

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.

At 30 June 2017, net gains arising from foreign exchange differences amounted to 15,114 Euros (51,215 Euros in the first half-year of 2016).

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. As of 30 June 2017, the amount of cash and cash equivalents is 6,072,395 Euros (6,852,272 Euros as of 31 December 2016,; 5,625,427 Euros in the first half of 2016).
- At 30 June 2017, working capital was positive and amounted to 5,986,536 Euros (7,010,995 Euros at 31 December 2016 and 6,473,526 Euros in the first half-year of 2016).

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) Directive 97/7/EC on the protection of customers in respect of distance contracts and on the adaptation of local regulations to several European Directives;
- (2) Directive 2000/31/EC of the European Parliament and of the Council of 8 June on certain legal aspects of the services of the information society, particularly electronic commerce, in the Internal Market (Directive on electronic commerce).
- (3) Directive 2002/58/EC of the European Parliament and of the Council of 12 July concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)

Processing of personal data in order to provide direct marketing services is not without risks, accordingly Antevenio has a contract with the company INT55 in order to exercise constant vigilance on the evolution of the law and its application by the Antevenio Group.

NOTE 13.EQUITY

The breakdown of consolidated equity is as follows:

	30/06/2016	31/12/2016	30/06/2017
Registered share capital of the Parent Company:	231,412	231,412	231,412
Reserves:	11,936,793	11,855,374	13,957,437
Of the Parent Company	9,352,141	9,351,514	9,340,505
From fully consolidated companies and from companies consolidated using the equity method	2,584,652	2,503,860	4,616,932
(Own shares)	(513,805)	(513,805)	(513,805)
Other equity instruments	139,080	1,022,700	1,022,700
Profit/(Loss) for the year attributable to the Parent Company	665,954	2,097,203	987,111
Translation differences	(133,448)	(166,780)	(143,396)
	12,325,987	14,526,105	15,541,458

13.1) Capital

At 30 June 2017; 31 December 2016, and 30 June 2016, 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 has 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 2017 and at 31 December 2016, direct and indirect shareholders of the Company were as follows:

	No. of Shares	% Ownership
ISP Digital SLU	3,496,008	83.09%
Free-float	404,340	9.61%
Nextstage	307,147	7.30%
Total	4,207,495	100.00%

At 30 June 2016, direct and indirect shareholders of the Company were as follows:

	No. of Shares	% Ownership
Aliada Investment BV	848,976	20.18%
Joshua David Novick	500,271	11.89%
Inversiones y Servicios Publicitarios, S.A.	785,905	18.68%
Nextstage	648,375	15.41%
Other	1,423,968	33.84%
Total	4,207,495	100.00%

13.2) Parent Company Reserves

The breakdown of reserves is as follows:

	30/06/2016	31/12/2016	30/06/2017
Legal reserve	46,282	46,282	46,282
Voluntary reserves	1,116,072	1,115,444	1,104,435
Share premium	8,189,787	8,189,787	8,189,787
Total	9,352,141	9,351,513	9,340,505

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 2017; 31 December 2016, and 30 June 2016, the legal reserve is fully allocated.

13.3) Reserves from Consolidated Companies

The breakdown of these items is as follows:

	30/06/2016	31/12/2016	30/06/2017
From fully consolidated companies			
Mamvo Performance S.L.U.	349,504	349,504	993,445
Marketing Manager, S.L.	(363,869)	(363,869)	(819,219)
Antevenio Italia	4,155,107	4,078,346	3,992,276
Antevenio ESP, S.L.U.	806,357	806,357	2,367,356
Codigo Barras Networks, S.L.	(762,845)	(762,845)	(618,182)
Antevenio Argentina S.R.L.	(840,946)	(840,946)	(972,682)
Antevenio France, S.R.L.	(713,015)	(713,015)	(718,003)
Antevenio México	(9,860)	(14,986)	402,641
Antevenio Publicité S.A.S.U	(160,147)	(160,147)	181,839
Antevenio Rich & Reach, S.L.U.	125,462	125,462	(192,540)
React2Media, L.L.C. (See Note 27)	-	-	-
Total reserves from fully consolidated companies	2,585,747	2,503,860	4,616,932
From companies consolidated using the equity method			
Europermission SL	(1,095)	-	-
Total reserves from companies consolidates using the equity method	(1,095)	-	-
Total	2,584,652	2,503,860	4,616,932

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.

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 2017 and at 31 December 2016, the Parent Company held 198,348 shares representing 4.7% of share capital. At 30 June 2017 and at 31 December 2016 these treasury shares amounted to 513,805 Euros.

In 2016 and 2017 the Parent Company did not execute any transaction with treasury shares. The breakdown of changes between 30 June 2016 and 30 June 2017 is as follows:

Company	Balance at 06/30/2016		Balance at 31/12/2016		Balance at 30/06/2017	
	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 mainly has debt with financial entities due to finance leases in 2017 in the amount of 49,243 Euros (61,853 Euros in 2016).

NOTE 14. TRANSLATION DIFFERENCES

Changes in the balance of this item between 30 June 2016 and 30 June 2017 were as follows:

	30/06/2016	31/12/2016	30/06/2017
Opening balance	14,241	(98,296)	(166,780)
Net change during the reporting period	(112,537)	(68,484)	23,384
Closing balance	(98,296)	(166,780)	(143,396)

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

NOTE 15. 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.

Changes in existing options were as follows:

	30/06/2016		31/12/2016		30/06/2017	
	Number	Weighted average price	Number	Weighted average price	Number	Weighted average price
Granted options (+)	190,000	2.59	190,000	2.59	190,000	2.59
Options at the end of the year	190,000	2.59	190,000	2.59	190,000	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:

	31/12/2016		30/06/2017	
	Number	Weighted average price	Number	Weighted average price
Granted options (+)	125,000	-	125,000	-
Options at the end of the year	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 contemplates launching a Public Takeover Bid on the Company's shares (see Note 13.1) among the requirements for the early exercise and accrual of the relevant options. Accordingly, the remaining amounts have been entirely recognized. At 31 December 2016, the effect thereof on the Company's equity amounted to 347,700 Euros (69,540 Euros at 31 December 2015) 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 is an increase in own funds ("Other equity instruments"), there is no impact whatsoever on the Equity of Antevenio SA and its subsidiaries.

NOTE 16.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 59,163 Euros.

In 2016, 99,379 Euros recognized under "Other income" in the Profit and Loss Account related to the non-refundable tranche of the grant awarded to Mamvo Performance, S.L., as the necessary expenses were completed for which the grant had been awarded.

NOTE 17.TAXATION

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

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)
31/12/2016	Receivables	Payables
Current:		
Value Added Tax	8,095	(794,124)
Recoverable Taxes	611,511	-
Withholdings and payments on account of Income Tax	-	-
Assets arising from deductible temporary differences (*)	775,260	-
Deferred tax liabilities (*)	-	(193,643)
Tax loss carryforwards (*)	479,864	-
Deductions arising from Personal Income Tax	-	(347,944)
Other payables to Public Entities	-	(5,973)
Income Tax	-	(84,990)
Social Security	-	(242,943)
	1,874,730	(1,669,617)

30/06/2016	Receivables	Payables
Current:		
Value Added Tax	313,823	(803,595)
Recoverable Taxes	530,231	-
Withholdings and payments on account of Income Tax	70,839	-
Assets arising from deductible temporary differences (*)	283,737	-
Tax loss carryforwards (*)	489,999	-
Deductions arising from Personal Income Tax	-	(378,397)
Other payables to Public Entities	-	-
Income tax expense	-	(109,602)
Social Security	-	(225,438)
	1,688,629	(1,517,032)

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

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.

From 1 January 2017, Antevenio Group companies with registered address in Spain are included, for taxation purposes, ISP Group tax group.

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

The breakdown by company of the amount recorded as Income Tax expense is as follows:

	Income / (Expense) 30/06/2016	Income / (Expense) 31/12/2016	Income / (Expense) 30/06/2017
Antevenio S.A.	685	(6,376)	48,924
Mamvo Performance, S.L.U.	17,417	231,994	(11,232)
Marketing Manager Servicios de Marketing, S.L.U.	7,991	19,935	(3,095)
Código Barras Networks S.L.	2,264	89,575	(1,341)
Antevenio S.R.L.	-	(86,982)	-
Antevenio ESP, S.L.U.	694	14,366	-
Antevenio Francia, S.R.L.	-	-	-
Antevenio Argentina	-	-	-
Antevenio Publicite	-	-	-
Antevenio México	-	(143,377)	(93,482)
Antevenio Rich & Reach, S.L.U.	-	-	-
React2Media, L.L.C.	-	-	-
	29,050	119,134	(60,226)

According to current legislation, tax losses may be offset against taxable profits obtained as per local regulations. At 30 June 2017 the Group has the following tax loss carry forwards to offset tax:

Year of origination	Limit year for offset	Euro
2008 (1)	(No limit)	72,977
2009 (1)	(No limit)	6,229
2011 (3)	(No limit)	177,850
2012 (3)	(No limit)	592,820
2013 (6)*	(No limit)	3,920
2014 (6)*	(No limit)	678,753
2015 (6)*	(No limit)	36,366
2011(9)	(No limit)	705,531
2012(9)	(No limit)	372,020
2013(9)	(No limit)	-
2014(9)	(No limit)	-
2010 (10)	(No limit)	204,964
2011 (10)	(No limit)	306,103
2012 (10)	(No limit)	133,564
2013 (10)	(No limit)	99,984
2014 (10)	(No limit)	7,321
2015 (10)	(No limit)	5,596
		3,403,998

- (1) Tax loss carryforwards from Marketing Manager Servicios de Marketing S.L.U.
- (2) Tax loss carryforwards from Europermission, S.L.
- (3) Tax loss carryforwards from Mamvo Performance, S.L.
- (4) Tax loss carryforwards from Antevenio ESP SLU.
- (5) Tax loss carryforwards from Código Barras Networks S.L.U
- (6) Tax loss carryforwards from Antevenio Group
- (7) Tax loss carryforwards from Antevenio Group (*)
- (8) Tax loss carryforwards from Antevenio Mexico
- (9) Tax loss carryforwards from Antevenio Publicité
- (10) Tax loss carryforwards from Antevenio France
- (11) Tax loss carryforwards from Antevenio Argentina

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

At 30 June 2017, the Group has activated tax loss carryforwards amounting to 479,864 Euros as tax credits to be offset in future years.

Deferred taxes

The breakdown of changes in deferred tax assets between 30 June 2016 and 30 June 2017 is as follows:

	30/06/2016	Charge / (credit) to income	31/12/2016	Charge / (credit) to income	30/06/2017
Tax credits	489,999	(10,135)	479,864	(388)	479,476
Temporary differences	283,737	491,523	775,260	104,491	879,751
Total deferred tax assets	773,736	481,388	1,255,124	104,103	1,359,227

The breakdown of tax credits is as follows:

	30/06/2016	31/12/2016	30/06/2017
Companies included in the consolidated tax group	204,857	193,410	193,410
Companies with registered address abroad	285,142	286,453	286,066
Total tax credits	489,999	479,864	479,476

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. Except as described in the paragraphs above regarding the inspection of deductions of the exporting activity, at the end of the six month period at 30 June 2017 the Spanish Group companies have open to inspection their Income tax returns for 2012 and subsequent years, and their tax returns for 2013 and subsequent years for other applicable taxes. 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 18 REVENUE AND EXPENSES

a) Revenue

The breakdown of revenue by activity is as follows:

Type of Activity	30/06/2016	31/12/2016	30/06/2017
Online Advertising	10,614,820	24,239,974	10,695,298
Technology services	1,600,339	1,138,610	1,934,101
Total revenue	12,215,160	25,378,584	12,629,398

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:

	30/06/2016	31/12/2016	30/06/2017
Wages and salaries	(3,377,116)	(6,960,140)	(3,896,296)
Termination benefits	(6,398)	(76,956)	(62,136)
Other equity instruments costs	(69,540)	(953,160)	-
Social security payable by the Company	(816,636)	(1,554,998)	(888,510)
Employee benefits expense	(116,112)	(218,681)	(137,376)
Total personnel expenses	(4,385,803)	(9,763,936)	(4,984,318)

d) External Services

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

	30/06/2016	31/12/2016	30/06/2017
Leases and royalties (Note 9)	(256,244)	(490,685)	(277,647)
Repairs and maintenance	(9,328)	(17,648)	(12,778)
Independent professional services	(512,759)	(1,564,247)	(524,969)
Transport	(17,635)	(38,356)	(12,548)
Insurance premiums	(32,241)	(65,805)	(53,324)
Banking and similar services	(19,405)	(36,534)	(20,454)
Advertising, publicity and public relations	(117,565)	(255,441)	(172,674)
Utilities	(110,262)	(233,034)	(95,691)
Other services	(182,924)	-	(191,600)
	(1,258,362)	(2,701,749)	(1,361,685)

e) Other finance and similar income

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

	30/06/2016	31/12/2016	30/06/2017
Finance income from accounts and similar	13,736	21,092	10,423
	13,736	21,092	10,423

f) Finance Expenses

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

	30/06/2016	31/12/2016	30/06/2017
Debts and similar expenses	(48,409)	(70,869)	(28,539)
	(48,409)	(70,869)	(28,539)

g) Changes in working capital provisions

This detail is included in Note 10.2

h) Other income / (loss)

In 2016, the conditions set forth in the agreement entered into with the Management Team of the investee Antevenio Publicité in previous years, were not fulfilled for which provisions relating to the relevant payment obligations had been made. Accordingly, the estimated amount payable has been adjusted using financial criteria, resulting in the reversal of provisions amounting to 1,132,404 Euro, that has been recognized under “Other income / (loss)” in the 2016 Profit and Loss Account (see Note 11.1 h).

NOTE 19. CONSOLIDATED PROFIT/(LOSS)

The breakdown of the consolidated profit/(loss) is as follows:

30/06/2017	Individual Profit/(Loss)	Percentage of Ownership	Consolidated Profit/(Loss)	Minority Interests	Profit attributable to Parent Company
Antevenio S.A.	77,580	100%	(985,654)	-	(985,654)
Mamvo Performance, S.L.U.	332,771	100%	80,797	-	80,797
Marketing Manager Servicios de Marketing, S.L.U.	(136,396)	100%	(17,144)	-	(17,144)
Antevenio S.R.L.	(314,832)	100%	(417,744)	-	(417,744)
Antevenio ESP S.L.U	716,309	100%	1,071,970	-	1,071,970
Antevenio France, S.R.L.	(1,686)	100%	(1,686)	-	(1,686)
Código Barras Networks S.L.U.	30,629	100%	(187,574)	-	(187,574)
Antevenio Argentina S.R.L.	(55,437)	100%	(30,608)	-	(30,608)
Antevenio México	161,523	100%	567,412	-	567,412
Antevenio Publicite SASU	(103,633)	100%	43,653	-	43,653
Antevenio Rich & Reach, S.L.U.	280,382	100%	863,788	-	863,788
React2Media, L.L.C. (see Note 27)	-	51%	-	-	-
					-
	987,211		987,211	-	987,211

31/12/2016	Individual Profit/(Loss)	Percentage of Ownership	Consolidated Profit/(Loss)	Minority Interests	Profit attributable to Parent Company
Antevenio S.A.	(11,009)	100%	(2,003,670)	-	(2,003,670)
Mamvo Performance, S.L.U.	643,942	100%	(321,459)	-	(321,459)
Marketing Manager Servicios de Marketing, S.L.U.	(455,350)	100%	(35,025)	-	(35,025)
Antevenio S.R.L.	(86,091)	100%	(161,811)	-	(161,811)
Antevenio ESP S.L.U	1,561,000	100%	2,118,262	-	2,118,262
Antevenio France, S.R.L.	(4,989)	100%	(4,989)	-	(4,989)
Código Barras Networks S.L.U.	144,663	100%	53,149	-	53,149
Antevenio Argentina S.R.L.	(131,735)	100%	(104,125)	-	(104,125)
Antevenio México	412,774	100%	1,052,661	-	1,052,661
Antevenio Publicite SASU	341,986	100%	770,955	-	770,955
Antevenio Rich & Reach, S.L.U.	(318,002)	100%	733,254	-	733,254
	2,097,189		2,097,203	-	2,097,203

30/06/2016	Individual Profit/(Loss)	Percentage of Ownership	Consolidated Profit/(Loss)	Minority Interests	Profit attributable to Parent Company
Antevenio S.A.	11,441	100%	(1,068,701)	-	(1,068,701)
Mamvo Performance, S.L.U.	(109,682)	100%	(505,211)	-	(505,211)
Marketing Manager Servicios de Marketing, S.L.U.	(39,505)	100%	67,772	-	67,772
Antevenio S.R.L.	200,601	100%	121,484	-	121,484
Antevenio ESP S.L.U.	636,657	100%	1,065,631	-	1,065,631
Antevenio France, S.R.L.	(1,738)	100%	(1,738)	-	(1,738)
Código Barras Networks S.L.U.	25,316	100%	30,519	-	30,519
Antevenio Argentina S.R.L.	(41,388)	100%	(32,044)	-	(32,044)
Antevenio México	173,570	100%	313,324	-	313,324
Antevenio Publicite SASU	171,027	100%	376,131	-	376,131
Antevenio Rich & Reach, S.L.U.	(63,059)	100%	298,786	-	298,786
					-
	963,240		665,953	-	665,953

NOTE 20.PROVISIONS AND CONTINGENCIES

Changes in provisions were as follows:

	30/06/2016	Allowance	Application/Reversal	31/12/2016	Allowance	Application/Reversal	30/06/2017
Provisions for other liabilities	159,234	-	(9,975)	149,259	12,255	-	161,514
	159,234	-	(9,975)	149,259	12,255	-	161,514

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 161,514 Euros (149,259 Euros at 31 December 2016 and 159,234 Euros at 30 June 2016).

Net book value of intangible assets located outside Spain amounts to 231,306.67 euros at 30 June 2017 (53,812 euros at 31 December 2016 and 17,799 Euros at 30 June 2016).

NOTE 21. 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 22.EVENTS AFTER THE REPORTING PERIOD

Subsequent to the close of the 6-month period ended 30 June 2017, the following significant events have taken place:

- On 10 July 2017 the Company repaid 201,850 Euros previously recognized as current payables to the management of the subsidiary Antevenio Publicité S.A.S.U. (see Note 11.1).
- On 1 July 2017, the Parent Company granted a loan to its subsidiary React2Media, amounting to 250,000 US dollars, bearing interest at 1.87% over 3-month EURIBOR, intended for cancellation of a credit facility.
- The Annual General Meeting of Shareholders held on 13 September 2017 approved the distribution by the Parent Company of a dividend of 0.30 Euro/share charged to voluntary reserves and amounting to a total of 1,201,984.80 Euros. This dividend was paid on 25 September 2017.

NOTE 23. COMPENSATION AND INTERESTS OF AND BALANCES WITH DIRECTORS OF THE PARENT COMPANY

23.1) 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		
	30/06/2016	31/12/2016	30/06/2017

Wages and salaries	229,404	457,832	243,727
Total	229,404	457,832	243,727

At 30 June 2017 and 2016, there are no additions to pension commitments, endorsements or guarantees given on the Board of Directors' behalf, nor loans or advances granted to them.

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 been asked about any conflicting interests, direct or otherwise, between Directors and their respective related parties and the Company.

NOTE 24. OTHER INFORMATION

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

	30/06/2016			31/12/2016			30/06/2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Management	11.00	1.37	12.37	10.80	1.70	12.50	9.40	2.00	11.40
Administrative	6.92	14.86	21.78	6.50	14.90	21.40	7.60	14.40	22.00
Commercial	21.78	24.92	46.70	22.10	24.50	46.60	24.00	26.19	50.19
Production	24.41	42.41	66.82	26.90	42.70	69.60	31.16	49.68	80.84
Technical	15.94	4.79	20.73	16.20	5.30	21.50	17.00	5.50	22.50
	80.04	88.34	168.39	82.50	89.10	171.60	89.16	97.77	186.93

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:

	30/06/2016	31/12/2016	30/06/2017
Management	13	12	12
Administrative	23	20	21

Commercial	47	57	47
Production	69	74	80
Technical	21	24	20
	173	187	180

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:

	2016	2017
	Days	Days
Average period of time for payment to suppliers	57.45	40.37
Percentage of paid transactions	57.61	39.81
Percentage of transactions pending payment	56.78	43.34
	Amount (Euro)	Amount (Euro)
Total payments made	5,955,268	2,538,630
Total payments pending	1,473,506	1,205,966

NOTE 25.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 (30/06/2017)		Total
Online Advertising		10,695,298
Technology services		1,934,100
Total revenue		12,629,398
By customer (31/12/2016)		Total
Online Advertising		24,239,974
Technology services		1,138,610

Total revenue	25,378,584
By customer (30/06/2016)	
	Total
Online Advertising	11,398,298
Technology services	816,862
Total revenue	12,215,160

Distribution of Sales and Costs to Sell by Territory

Distribution / Sales	Consolidated Amount 30/06/2016	Consolidated Amount 31/12/2016	Consolidated Amount 30/06/2017
Spain	5,496,822	11,498,808	7,100,223
Europe and Latin America	6,718,338	13,879,776	5,529,176
Total Sales Distribution	12,215,160	25,378,584	12,629,398

Distribution of Costs to Sell	Consolidated Amount 30/06/2016	Consolidated Amount 31/12/2016	Consolidated Amount 30/06/2017
Spain	(2,735,669)	(4,461,349)	(2,215,004)
Europe and Latin America	(3,343,596)	(6,654,597)	(2,486,646)
Total Costs Distribution	(6,079,265)	(11,115,946)	(4,701,650)

Consolidated Profit and Loss Account broken down by category of activity

	30.06.2017			31.12.2016			30.06.2016		
	Online Advertising	Rendering of Technology Services	Total	Online Advertising	Rendering of Technology Services	Total	Online Advertising	Rendering of Technology Services	Total
Revenue	12,059,328	570,070	12,629,398	24,239,974	1,138,610	25,378,584	11,660,884	554,275	12,215,160
Other operating income	32,944	0	32,944	223,242	0	223,242	21,239	0	21,239
Supplies	-4,623,437	-78,213	-4,701,650	-11,004,931	-111,015	-11,115,946	-5,331,212	-43,500	-5,374,712
Other operating expenses	-1,298,064	-63,621	-1,361,685	-3,071,411	-161,831	-3,233,242	-1,198,979	-59,383	-1,258,362
Amortization and depreciation	-108,060	-68,475	-176,534	-206,119	-139,721	-345,840	-109,906	-70,939	-180,845
Personnel expenses	-4,720,544	-263,774	-4,984,318	-9,170,641	-593,295	-9,763,936	-4,097,596	-288,207	-4,385,803
Other income / (loss)	-162,220	-110,000	-272,220	1,304,668	-182,824	1,121,844	-217,710	-15,000	-232,710
Operating profit / (loss)	1,179,948	-14,013	1,166,068	2,314,782	-50,076	2,264,706	726,720	77,247	803,967
Net Finance Income	-2,965	-37	-3,002	-163,488	-1,119	-164,607	-85,620	-268	-85,888
Profit / (loss) before income tax	1,176,983	-14,050	1,163,066	2,151,294	-51,196	2,100,099	641,100	76,978	718,079
Income Tax	-109,151	0	-109,151	119,135	0	119,135	-21,059	-7991.27	-29,050
Other taxes	-112,634	-3,095	-66,805	-138,201	16,171	-122,030	-21,859	-1,215	-23,074

Antevenio S.A. and Subsidiaries Interim Consolidated Financial Statements at 30 June 2017

Profit/(loss) for the year	955,198	-17,145	987,111	2,132,229	-35,025	2,097,204	598,183	67,772	665,955
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NOTE 26.RELATED PARTY TRANSACTIONS

As a result of the changes in shareholding occurred during 2016 and detailed in Note 14.1 above, the company ISP Digital SLU 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 2017 and 31 December 2016 the balances with the related parties were as follows:

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)

RELATED PARTY (31 December 2016)	BALANCE RECEIVABLE	BALANCE PAYABLE
<i>ACCESO COLOMBIA</i>	10,392	-
<i>ACCESO MÉXICO</i>	-	(4,448)
<i>ACCESO GROUP</i>	-	(4,889)
<i>DIGILANT INC</i>	39	-
<i>DIGILANT ITALY</i>	2,440	-
<i>DIGILANT SA DE CV</i>	3,130	-
<i>DIGILANT SPAIN</i>	112,005	(104,556)
TOTAL RELATED PARTIES	128,006	(113,892)

The breakdown of transactions with related parties during the first six months of 2017 and during 2016 is as follows:

2017	ACCESO COLOMBIA	DIGILANT SA DE CV	ACCESO GROUP	DIGILANT SPAIN	ISP DIGITAL	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

2016	DIGILANT INC	ACCESO COLOMBIA	DIGILANT ITALY	DIGILANT SA DE CV	ACCESO GROUP	ACCESO MÉXICO	DIGILANT SPAIN
Sales	-	10,392	6,000	2,722	-	-	92,124
Purchases	-	(6,557)	-	-	-	(6,268)	(129,991)
Services rendered	228	-	-	-	-	-	-
Services received	-	-	-	-	(5,250)	-	-
Total	228	(3,835)	6,000	2,722	(5,250)	(6,268)	(37,867)

NOTE 27. 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; the entire amount of the consideration was paid to the counterparty on 23 June 2017. This company will thereafter be included within the consolidation scope and fully consolidated.

React2Media, L.L.C has its registered address at 35 W 36th St, New York, NY 10018, USA; and its 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 have granted themselves put option rights and call option rights over the remaining 49% shares in the investee. 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). The amount recognized at 30 June 2017 relates to the best estimate, as of the date of preparing these Interim Consolidated Financial Statements, of the expected amount to be paid; this financial liability has been measured at a fair value of 1.94 million Euros.

Pursuant to the International Financial reporting Standards and in accordance with a prudent interpretation of IAS 3, the following assumption has been used: Antevenio Group takes as of the acquisition date the risks and rewards of the entire share capital of the investee, although this circumstance is still pending assessment and measurement as of the date of presentation of these Interim Financial Statement.

The ordinary income and profit/(loss) contributed by the investee during the period between the acquisition date, 22 June 2017, and 30 June 2017 were not material.

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	1,902,869
Contingent consideration	35,025
Total consideration given	4,040,797
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	3,874,376
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 has been 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 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.

As of the date of preparing these Interim Consolidated Financial Statements, the process for allocating purchase price is still provisional. This analysis is expected to be completed over the coming months, and shall not exceed the Standard's maximum term of twelve months from the acquisition date.

