

Madrid, 21 October 2019

Relevant event:

Comparative with advance data H1 2019, presentation of limited auditors review and consolidated accounts H1 2019 and presentation of the limited auditors review and individual accounts by the parent company

Under the provisions of Article 17 of the Regulation (EU) No 596/2014 regarding market abuse and article 228 of the modified text of the Spanish Stock Market Act, approved by Spanish Royal Legislative Decree 4/2015, of 23 October and related provisions, as well as Circular 6/2018 of the Spanish Alternative Investment Market, we inform Lleida networks Serveis Telemàtics, S.A (hereinafter "Lleida.net", "the Corporation" "the Group" The "Company").

On 22 July 2019, the Company published on a Relevant Event, a preview on the main figures of the Company's consolidated Income and debt Account. This preview was made based on the available accounting information

As of today, this information is complemented with the following documents:

- Report of the Interim consolidated financial consolidated statements for the six-month period ended on June 30, 2019
- Report of the Interim Individual financial individual statements for the six-month period ended on June 30, 2019

We are available for any clarifications needed.

Regards

Francisco Sapena Soler

CEO of Lleida.net



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La Primera Operadora Certificadora

ES https://www.lleida.net/docs/inversores/es/20191021_HRelev.pdf

FR https://www.lleida.net/docs/inversores/fr/20191021_HRelev.pdf

ZH https://www.lleida.net/docs/inversores/zh/20191021_HRelev.pdf

Earnings report of Lleida.net Group for H1 ended 30 June 2019

On 22 July the Group Lleida.net published a preview of the profit and loss statement with the available provisional data.

After review by the Company's auditors, the variation between the account data preview and those included in the consolidated annual accounts formulated by the Board of Directors is appended.

<i>Figures in thousands of euros Consolidated</i>	HR 22 JULY 2019	LIMITED REVIEW	Var.€	Var.%
Sales	6,056	6,055	(1)	0%
Sale costs	(2,881)	(2,802)	79	-3%
Gross Margin	3,175	3,253	78	2%
% Margin out of sales	52%			54%
Staff expenses	(1,578)	(1,471)	107	-7%
External services	(1,253)	(1,453)	(200)	16%
Other incomes	5	5	0	0%
Activations	503	510	7	1%
EBITDA	852	844	(8)	-1%
Depreciation	(568)	(567)	1	0%
Other results			0 -	
Ordinary activities result	284	277	(7)	-2%
Net Financial Debt	(40)	(40)	0	0%
Exchange Rate Differences	(16)	(5)	11	69%
Earnings before Tax	228	232	4	2%

As we see, the variations are not significant and can be roughly summarized as follows :

- The gross margin reached more than 79,000 euros for the accounting of the *partner* commissions as External Services and not as Cost of Sales
- There is a variation in Personnel Expenses, initially the cost of independent third parties were included as personnel expense and in the formulation of accounts has been included in External services.

All the other provisions do not have significant variations and as result we have:



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<i>Figures in thousands of euros Consolidated</i>	30/06/2018	30/06/2019	Var. €	Var.%
Sales	6,279	6,055	(224)	-4%
Sale costs	(3,281)	(2,802)	479	-15%
Gross Margin	2,998	3,253	255	9%
% Margin out of sales	48%	54%		
Staff expenses	(1,211)	(1,471)	(260)	21%
External services	(1,201)	(1,453)	(252)	21%
Other incomes	10	5	(5)	-50%
Activations	328	510	182	55%
EBITDA	924	844	(80)	-9%
Depreciation	(573)	(567)	6	-1%
Other results			0 -	
Ordinary activities result	351	277	(74)	-21%
Net Financial Debt	(54)	(40)	14	-26%
Exchange Rate Differences	(8)	(5)	3	38%
Earnings before Tax	289	232	(57)	-20%

Gross margin increased 255 thousand euros with respect to 2018, derived from an increase in both SaaS sales thanks to the important weight of SaaS sales over global sales.

Thanks to its continuous investment in R + D + i Lleida.net has to position itself as a reference provider within the certification and electronic contracting markets. The Company attracts large accounts, not only nationally and internationally strengthening its presence in Latin America with the focus on Colombia, but also expanding its activity in Africa and Europe. Moreover, Lleida.net has made the most of the opportunities that have emerged in the Wholesale market thanks to its global network of interconnections.

The Company's growth plan continues to support strategies to attract talent. The new employees recruited over the last 12 months were focused on sales force in Perú, Colombia and México with the incorporation of higher qualifications and engineering profiles. This 28% increase in the recruited staff, has led to an increase in personnel spending of 21% during first semester of 2019.

The costs of External Services rose by 12% during the semester, derived from the expenses arising from the new personnel hired as well as by the participation in a greater number of trade shows worldwide. In addition, the Company is involved with an independent company in an R + D + i project which is currently under development.

Both the EBITDA and the result before taxes continue in positive figures, the increase in the gross margin have enabled the Company to continue with its strategic plan by attracting talent.



	Consolidated annual accounts 2018	Half-yearly annual accounts 2019
(Assets) Thousands of euros		
Intangible fixed assets	3,842	3,905
Tangible fix assets	343	323
Investments in group and associated companies		
Long term financial investments	189	187
Deferred tax assets	3	2
Total non-current assets	4,377	4,417
Advances to suppliers		
Trade receivables and other accounts receivable	2,441	2,691
ST financial investments	703	1,012
ST accruals	238	218
Cash and other corresponds liquid assets	1,127	1,195
Total current assets	4,509	5,116
TOTAL ASSETS	8,886	9,533

	Consolidated annual accounts 2018	Consolidated half yearly accounts 2019
(Assets) Thousands of euros		
Equity conversion	2,995	3,481
differences	73	62
Minority Interests	1	1
Total Equity	3,069	3,544
Long Term Debts	1,374	2,053
Total non- current liabilities	1,374	2,053
ST provisions	86	91
Short term debts	2,345	1,636
Trade receivables and other accounts	2,012	2,210
Total current liabilities	4,443	3,937
TOTAL EQUITY AND LIABILITIES	8,886	9,534

In terms of Balance, the main intangible variations are explained by the R + D + i developments that have been undertaken during this year, for an amount of 510 thousand euros focused on the SaaS line services.

In terms of Current Assets, we have an increase in the outstanding debt of business clients, due to an increase in sales through June. We have no indications of customer situations that could lead to non-payment of their commercial debt. Additionally, the liquidity of the group has increased, derived from the cash flow generated by the sales activity and by a new financial debt negotiation for an amount of 1,200 euros that will support the organic growth of Lleida.net

In terms of Liabilities, we experience an increase in equity capital. We should underline, the reduction of the treasury stock for the sales made in late June, as indicated in the Relevant Event of June 20, 2019 to Eiffel Investment Group.



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As per indebtedness, the Group has managed to reduce the average interest rate of its financing thanks to new loans signed with different financial entities that were already part of the group's banking pool. Lleida.net is engaged in a growth plan that has its pillars in the hiring of talented individuals and in constant innovation.

Thousands of euros	31/12/2018	30/06/2019	Var. €	Var. %
L/t debts	1,374	2,053	679	49%
S/T debts	2,346	1,634	-712	-30%
Total Debt	3,720	3,687	-33	-1%
Short term financial investments	703	1,012	309	44%
Treasury	1,127	1,195	68	6%
Total available	1,830	2,207	377	21%
NFD	1,890	1,480	-410	-22%
DFN/EBITDA 12 MONTHS	1.01	0.88		

With these biannual figures, Lleida.net confirms to keep its eligibility for the Savings Plans in Shares (PEA, PEA-PME and PEA Jeunes) based on the audited accounting data corresponding to the year ended June 30, 2019 published in this Relevant Event.



**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED ON JUNE, 30TH 2019 TOGETHER WITH
THE INDEPENDENT LIMITED REVIEW REPORT ON THE
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*(TRANSLATION FROM THE INTERIM FINANCIAL STATEMENTS TO BE ISSUED ORIGINALLY IN
SPANISH AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES IN SPAIN. IN THE EVENT OF A DISCREPANCY, THE SPANISH-LANGUAGE VERSION
PREVAILS)*



**LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
AND SUBSIDIARIES**

Interim Consolidated Financial Statements and
Consolidated Directors' Report for the period ended on
June, 30th 2019 together with the Independent Auditor's
Report on the Interim Consolidated Financial Statements

LIMITED REVIEW AUDIT REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE SIX MONTH PERIOD
ENDED ON JUNE 30, 2019:**

Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018

Consolidated Income and Expenses Statement for the six-month period ended on June 30,
2019 and the six-month period ended on June 30, 2018.

Consolidated Statements of Changes in Equity for the six-month period ended on June 30, 2019
and the year 2018.

Consolidated Statements of Cash Flows for the six-month period ended on June 30, 2019 and
the six-month period ended on June 30, 2018.

Notes to the Consolidated Interim Financial Statements as of June 30, 2019.

CONSOLIDATED DIRECTORS' REPORT FOR THE SIX MONTH PERIOD ENDED ON JUNE 30th 2019



LLEIDANET SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

LIMITED REVIEW AUDIT REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*(Translation of the report originally issued in Spanish.
In the event of discrepancy, the Spanish Language version prevails)*

Limited Review Report on the Interim Consolidated Financial Statements

To the Shareholders of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Limited review report on the interim consolidated financial statement

Introduction

We have reviewed the interim consolidated financial statements of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (Parent Company) AND SUBSIDIARIES (The Group), which comprise the consolidated balance sheet as of June 30, 2019, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash-flow statement and the notes to the interim consolidated financial statements for the six-month period then ended. The directors of the Parent Company are responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with the regulatory framework of financial information applicable to the Group in Spain, as identified in Note 2.a of the accompanying notes to the interim consolidated financial statements, and of the internal control deemed necessary to enable the preparation of the interim consolidated financial statements free of material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim consolidated financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Company". A limited review on interim consolidated financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A limited review has a substantially lower scope than an audit conducted in accordance with the regulations governing the auditing of accounts and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the interim consolidated financial statements.

Conclusion

Based on our limited review, which cannot be understood as an audit of accounts, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not present fairly, in all material respects the true and fair view of the consolidated equity and consolidated financial position of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES, as of June 30, 2019, as well as its consolidated results and its consolidated cash-flows for the six-month period then ended, in accordance with the applicable financial information regulatory framework and, in particular, with the accounting principles and criteria contained therein.

Other matters

This report has been prepared at the request of the Board of Directors of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. in connection with the publication of the six-month period financial report required by the Circular 15/2016, of the Spanish Alternative Stock Market about 'Information to be supplied by companies in expansion and SOCIMI incorporated to negotiation in the Alternative Stock Market'.

BDO Auditores, S.L.P. (ROAC nº S1273)

Ignacio Algás (ROAC Z1.841)
Audit Partner

October 18th, 2019

BDO Auditores S.L.P. inscrita en el Registro Oficial de Auditores de Cuentas nº S1.273 es una sociedad limitada española, es miembro de BDO Internacional Limited, una compañía limitada por garantía del Reino Unido y forma parte de la red internacional BDO de empresas independientes asociadas.

Registro Mercantil de Madrid, Tomo 14.413 Sección 8ª Folio 201, Hoja nº M-238188 (Inscripción 1ª) CIF: B-82387572

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

(Expressed in Euros)

ASSETS	Notes to the Interim Consolidated Financial Statements	30/06/2019	31/12/2018
NON-CURRENT ASSETS		4.417.486,84	4.377.136,73
Intangible assets	Note 5	3.904.735,70	3.841.712,39
Tangible fixed assets	Note 6	323.818,56	343.514,84
Land and buildings		160.669,58	163.217,11
Technical installations and other tangible fixed assets		163.148,98	180.297,73
Long-term investments in group and affiliated companies		-	-
Shares in equity method		-	-
Long-term financial investments	Note 8	186.966,97	188.928,55
Deferred Tax Assets	Note 14	1.965,61	2.980,95
CURRENT ASSETS		5.115.825,25	4.508.868,44
Trade and other receivables		2.691.096,86	2.440.972,35
Client receivables for sales and services	Note 8.2	2.474.320,42	2.198.612,84
Sundry debtors	Note 8.2	50.302,02	79.078,65
Staff	Note 8.2	4.451,36	4.280,40
Current tax assets	Note 14	129.256,52	112.893,14
Other receivables from Public Authorities	Note 14	32.766,54	46.107,32
Short-term financial assets	Note 8.2	1.012.022,00	703.005,50
Short-term accruals		217.704,22	237.607,74
Cash and cash equivalents	Note 8.1	1.195.002,17	1.127.282,85
Cash		1.195.002,17	1.127.282,85
TOTAL ASSETS		9.533.312,09	8.886.005,17

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Interim Consolidated Financial Statements	30/06/2019	31/12/2018
EQUITY		3.543.620,68	3.068.917,51
Equity		3.481.085,79	2.994.454,46
Capital	Note 12.1	320.998,86	320.998,86
Share Capital		320.998,86	320.998,86
Issue Premium	Note 12.3	5.244.344,28	5.244.344,28
Reserves	Note 12.2	(1.555.862,65)	(1.888.464,98)
Legal and statutory		47.503,72	47.503,72
Other Reserves		(1.603.366,37)	(1.935.968,70)
(Shares and own holdings in equity)	Note 12.4	(753.800,17)	(954.287,73)
Financial year result attributed to the parent company		225.405,47	271.864,03
Consolidated Losses and Profits		225.404,61	271.860,95
(Minority interest losses and profits)		0,86	3,08
Adjustments for changes in value		61.840,22	73.782,33
Minority interests	Note 4	694,67	680,72
NON-CURRENT LIABILITIES		2.052.524,53	1.373.581,25
Long-term debts		2.052.524,53	1.373.581,25
Debts with credit institutions	Note 9.1	1.826.727,05	1.126.973,02
Financial lease debts	Note 9.1	18.616,68	28.646,14
Other financial liabilities	Note 9.1	207.180,80	217.962,09
CURRENT LIABILITIES		3.937.166,88	4.443.506,41
Short-term provisions		91.450,00	85.450,00
Other provisions		91.450,00	85.450,00
Short-terms debts	Note 9.1	1.635.541,75	2.345.516,67
Debts with credit institutions		1.494.002,64	2.253.038,00
Financial lease debts		19.971,62	19.797,76
Other financial liabilities		121.567,49	72.680,91
Trade and other payables		2.210.175,13	2.012.539,74
Suppliers	Note 9.1	1.376.159,05	1.446.569,02
Sundry creditors	Note 9.1	319.946,50	212.433,28
Staff (remuneration payable)	Note 9.1	103.609,01	12.014,73
Other debts with Public Authorities	Note 14	248.728,45	152.900,33
Advances from clients	Note 9.1	161.732,12	188.622,38
TOTAL EQUITY AND LIABILITIES		9.533.312,09	8.886.005,17

LLEIDATRANS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

**CONSOLIDATED INCOME AND EXPENSES STATEMENT FOR THE SIX MONTH PERIOD
ENDED ON JUNE 30, 2019 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2018**

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Interim Consolidated Financial Statements	2019 (6 months)	2018 (6 months)
Net turnover	Note 21	6.055.269,22	6.278.855,83
Work performed by the Company for its assets	Note 5	510.649,77	328.140,30
Supplies	Note 15.a	(2.802.268,57)	(3.281.225,48)
Goods consumed		(2.802.268,57)	(3.281.225,48)
Other operating income		5.689,49	9.389,93
Staff expenses		(1.471.332,07)	(1.210.642,09)
Wage, salaries and the like		(1.109.456,00)	(909.213,97)
Fringe benefits	Note 15.b	(361.876,07)	(301.428,12)
Other operating expenses		(1.453.431,78)	(1.201.343,03)
External charges for services		(1.446.500,49)	(1.191.095,94)
Taxes		(12.008,41)	(10.192,09)
Losses, Impairment and change in trade provisions		5.077,76	(5,13)
Other current operating expenses		(0,64)	(49,87)
Amortization of fixed assets	Notes 5 and 6	(567.634,74)	(573.224,32)
Other earnings		(289,80)	1.065,62
OPERATING EARNINGS		276.651,52	351.016,76
Financial income	Note 15.c	239,15	222,19
Financial expenses	Note 15.c	(40.232,55)	(54.140,79)
Change in fair value of financial instruments	Note 15.c	125,06	88,90
Exchange differences	Note 15.c	(5.044,23)	(8.011,00)
FINANCIAL EARNINGS		(44.912,57)	(61.840,70)
PRE-TAX EARNINGS		231.738,95	289.176,06
Profit tax	Note 14	(6.334,34)	(18.021,27)
FINANCIAL YEAR'S EARNINGS	Note 18	225.404,61	271.154,79
Result attributed to the Parent Company		225.405,47	271.156,01
Result attributed to minority interests		(0,86)	(1,22)

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED ON JUNE 30, 2019 AND THE YEAR 2018
(Expressed in euros)

	Share Capital	Share Premium	Reserves and previous financial income	Own holdings in equity	Result attributed to the Parent Company	Adjustments for changes in value	Minority interests	Total
BALANCE, END OF 2017	320.998,86	5.244.344,28	(1.923.760,42)	(935.557,23)	59.460,37	105.158,54	687,71	2.871.332,11
Total recognized income and expenses	-	-	-	-	271.864,03	(31.376,21)	(6,99)	240.480,83
Transactions with shareholders:	-	-	(24.155,63)	(18.730,50)	-	-	-	(42.886,13)
Transactions with own equity instruments (net)	-	-	(24.155,63)	(18.730,50)	-	-	-	(42.886,13)
Other changes in equity:	-	-	59.451,07	-	(59.460,37)	-	-	(9,30)
Distribution of earnings from the previous year	-	-	59.460,37	-	(59.460,37)	-	-	-
Others movements	-	-	(9,30)	-	-	-	-	(9,30)
BALANCE, END OF 2018	320.998,86	5.244.344,28	(1.888.464,98)	(954.287,73)	271.864,03	73.782,33	680,72	3.068.917,51
Total recognized income and expenses	-	-	-	-	225.405,47	(11.942,11)	13,95	213.477,31
Transactions with shareholders:	-	-	58.462,58	200.487,56	-	-	-	258.950,14
Transactions with own equity instruments (net)	-	-	58.462,58	200.487,56	-	-	-	258.950,14
Other changes in equity:	-	-	274.139,75	-	(271.864,03)	-	-	2.275,72
Distribution of earnings from the previous year	-	-	271.864,03	-	(271.864,03)	-	-	-
Others movements	-	-	2.275,72	-	-	-	-	2.275,72
BALANCE AS OF JUNE 30, 2019	320.998,86	5.244.344,28	(1.555.862,65)	(753.800,17)	225.405,47	61.840,22	694,67	3.543.620,68

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED ON
JUNE 30, 2019 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2018**

(Expressed in Euros)

	2019 (6 months)	2018 (6 months)
CASH FLOW FROM OPERATING ACTIVITIES	757.473,06	884.696,62
Financial year's pre-tax earnings	231.738,95	289.176,06
Adjustments to earnings	608.425,32	628.559,15
Fixed asset amortisation	567.634,74	573.224,32
Valuation changes for impairment	(5.077,76)	5,13
Change in provisions	6.000,00	1.500,00
Financial income	(239,15)	(222,19)
Financial expenses	40.232,55	54.140,79
Change in fair value of financial instruments	(125,06)	(88,90)
Changes in current capital	(21.015,43)	82.332,79
Debtors and other accounts receivable	(238.554,34)	(368.038,48)
Other current assets	19.903,52	20.646,41
Trade payables and other accounts payable	197.635,39	429.724,86
Other cash flow from operating activities	(61.675,78)	(115.371,38)
Interest payments	(40.232,55)	(54.140,79)
Receipts of interests	239,15	222,19
Receipts (payments) for profit tax	(21.682,38)	(61.452,78)
CASH FLOW FROM INVESTMENT ACTIVITIES	(917.672,24)	(152.975,92)
Payments for investments	(917.672,24)	(464.152,97)
Intangible assets	(571.126,94)	(405.566,44)
Tangible assets	(39.615,44)	(58.586,53)
Other financial assets	(306.929,86)	-
Proceeds from disposals	-	311.177,05
Other financial assets	-	311.177,05
CASH FLOW FROM FINANCING ACTIVITIES	227.918,50	(457.589,09)
Receipts and payments for equity instruments	258.950,14	-
Acquisition of own equity instruments	258.950,14	-
Receipts and payments for financial-liability instruments	(31.031,64)	(457.589,09)
Issuance	1.238.105,29	345.000,00
Amounts owed to credit institutions	1.200.000,00	345.000,00
Others	38.105,29	-
Repayment and amortisation of:	(1.269.136,93)	(802.589,09)
Amounts owed to credit institutions	(1.269.136,93)	(780.249,71)
Others	-	(22.339,38)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	67.719,32	274.131,61
Cash and cash equivalents at start of the financial year	1.127.282,85	529.998,13
Cash and cash equivalents at end of the financial year	1.195.002,17	804.129,74

**LLEIDANETWORKS SERVEIS
TELEMÀTICS, S.A. AND SUBSIDIARIES**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED AS OF JUNE 30, 2019**

**NOTE 1. INCORPORATION, ACTIVITIES AND LEGAL SYSTEM OF THE PARENT
COMPANY**

a) Incorporation and registered Office of the Parent Company

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "Parent Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Parent Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. In the previous year its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, de Lleida.

On June 30, 2011, the General Shareholders' Meeting was held in which the transformation from a Limited Company to a Public Limited Company was agreed. On December 12, 2011, the agreement reached at the aforementioned meeting was notarized and deposited in the Mercantile Registry on February 17, 2012.

b) Activity of the Parent Company

Its activity consists in acting as a teleoperator for short message management services (SMS) over the Internet, as well as any other activity related to the aforementioned corporate purpose.

c) Activities of the Group Companies

Main activity of the subsidiaries consists in the provision of telecommunications services, the development of programs, the sending of text messages and electronic mail, and the provision of study services and analysis of computer processes in general.

d) Legal System of the Parent Company

Parent Company is governed by its Articles of Association and by the current Corporate Enterprises Act.

e) Quotation in the Alternative Stock Market and Euronext Growth

On June 1st, 2015, the Parent Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market of all the shares of the Parent Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16.049.943 shares of 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. The Parent Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. as its Registered Advisor and as Liquidity Provider to BEKA Finance, S.V., S.A. company subsequently integrated into the GVC GAESCO VALORES SV, S.A. group. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On 19 December 2018, the Parent Company began listing on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor and Liquidity Provider.

1.2) Group Companies

The Parent Company holds, directly, investments in different national and international companies, and controls, directly, these companies. On January 1st, 2016 the first consolidation of the Group Companies was carried out.

Group Companies included in the Consolidation Perimeter

The breakdown of the Group Companies included in the consolidation perimeter as of June 30, 2019 is the following:

	Percentage of Holding	Applied Method of Consolidation
Group Lleidanetworks Serveis Telemàtics, S.A.		
which maintains the following investments:		
Lleidanetworks Serveis Telemàtics, LTD	100%	Global Integration
Lleidanet USA Inc	100%	Global Integration
Lleidanet Honduras, SA	70%	Global Integration
Lleidanet Dominicana, SRL	99,98%	Global Integration
Lleida SAS	100%	Global Integration
Lleida Chile SPA	100%	Global Integration
Lleidanet do Brasil Ltda	99,99%	Global Integration
Lleidanet Guatemala	80%	Global Integration
Portabilidades Españolas, S.A.	100%	Global Integration
Lleidanet Costa Rica	100%	Global Integration
Lleidanet Perú	100%	Global Integration
Lleidanet India	25%	Equity Method

The financial year of the Parent Company and the Subsidiaries begins on 1st of January and ends on 31st of December of each year. The last Annual Accounts of the Parent Company and its Subsidiaries drawn up correspond to the financial year ended on December 31, 2018.

Detail of activities and registered office of the Subsidiaries included in the perimeter of consolidation as of June 30, 2019, is indicated below:

Lleidanetworks Serveis Telemàtics, LTD

Incorporated on December 28, 2005 in Dublin, with its registered office in Birchin Court 20, Birchin Lane London (United Kingdom). Its main activity is as operator.

Lleidatrans USA Inc.

Incorporated on May 12, 2009 and its registered office is at 2719 Hollywood Boulevard Street 21 FL33020, Hollywood. Its main activity is as operator. On June 30, 2013 a capital increase was made in Lleidatrans USA Inc. for 397.515,00 euros which Lleidatrans Serveis Telemàtics, S.A. subscribed in entirety.

Lleidatrans Honduras, S.A.

Its registered office in Tegucigalpa (Honduras), it was incorporated on January 11, 2012 subscribing, Lleidatrans Serveis Telemàtics, S.A., 175 shares out of a total amount of 250 that were issued. Its main activity consists on being SMS operator, based on an interconnection network with the fixed and mobile operations of the Republic of Honduras.

Lleidatrans Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012 subscribing, Lleidatrans Serveis Telemàtics, S.A., 4.999 shares of a total of 5.000 that were issued. Its main activity is based on the dissemination of telematics systems.

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012 subscribing, Lleidatrans Serveis Telemàtics, S.A., 100 shares out of a total of 100 that were issued. Its main activity is based on the dissemination of telematics systems. On June 15, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95.802 euros which Lleidatrans Serveis Telemàtics, S.A. subscribed in full.

Lleida Chile SPA

With its registered office in Santiago (Chile), it was incorporated on March 12, 2013, subscribing, Lleidatrans Serveis Telemàtics, SA, 200 shares out of a total of 200 that were issued. Its main activity is based on the provision, organization and commercialization of telecommunications services.

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013 subscribing, Lleidatrans Serveis Telemàtics, S.A., 12,500 shares out of a total of 50,000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging

Lleidatrans do Brasil Ltda

With its registered office in Sao Paulo (Brazil), it was incorporated on October 2, 2013 subscribing, Lleidatrans Serveis Telemàtics, S.A., 329 shares out of a total of 330 that were issued. Its main activity is based on the provision of telecommunication services, program development, sending of text messages and electronic mail and the provision of services of study and analysis of computer processes in general.

Lleidanet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013 subscribing, Lleidanetworks Serveis Telemàtics, S.A., 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Portabilidades Españolas, S.A.

Incorporated on December 4, 2015, subscribing, Lleidanetworks Serveis Telemàtics S.A., representing 100% of the share capital of 3,000 shares for a total value of euros 3,000. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages.

Lleidanet Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent Company acquires D. Francisco José Sapena Soler 100% of this Company for the amount of 16.06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidanet Perú

On August 25, 2016, the Parent Company made a contribution of 268.09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

NOTE 2. PRESENTATION BASIS OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

a) True and Fair View

The accompanying Interim Consolidated Financial statements of the period ended as of June 30, 2019 were prepared with the accounting records of the different constituent companies of the Group, whose respective annual statements were prepared in accordance with the applicable commercial law currently in force and according to the General Accounting Plan approved by Spanish Royal Decree 1514/2007, 16 of November, in the case of Spanish companies, and in accordance with the applicable legislation in the other countries in which the companies that are part of the Consolidated Group are located, and are submitted as provided by the Royal Decree 1159/2010 of 17 September, so as to provide a true and fair view of the net worth, financial situation, results and accuracy of the cash flows included in the Consolidated Cash Flow Statement.

b) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the Interim Consolidated Financial Statements are expressed in euros.

c) Critical Aspects of Uncertainties Valuation and Estimation

There are no significant uncertainties or aspects concerning the future which are potentially associated with any serious risk and which may involve significant changes in the value of assets and liabilities in the following financial year.

There have been no changes in accounting estimates that have affected the current six-month period or that could significantly affect years.

d) Comparison of the Information

In accordance with commercial legislation, the Board of Directors of the Parent Company presents, for comparison purposes, each of the Consolidated Balance Sheets and Consolidated Statement of Changes in Equity, in addition to the figures for the six-month period ended on June 30, 2019, those corresponding to the 12-month period ended December 31, 2018, which were part of the Interim Consolidated Financial Statements for the year 2018 approved by the General Shareholders' Meeting on June 10, 2019. Referring to the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement, the Board of Directors of the Parent Company presents, in addition to the figures for the six-month period ended June 30, 2019, those corresponding to the States Interim Consolidated Financial Statements as of June 30, 2018, which is why the effects on the Consolidated Profit and Loss Account recognized in certain Notes to the Interim Consolidated Financial Statements are not directly traceable to the Consolidated Profit and Loss Account because they reflect the effect of the entire year, while the Consolidated Statement of Income only reflects the effect of the 6-month period. This fact must be considered in the interpretation of these interim financial statements.

e) Changes in Accounting Standards

There have been no changes in the accounting standards.

f) Responsibility for the Information given and the Estimates made

Company's Directors are responsible for the information provided in these Interim Financial Statements. For the preparation of the Interim Consolidated Financial Statements estimates have been used in order to value some of the assets, liabilities, incomes, expenses and compromises that are registered, and that, basically, these estimations are referred to the evaluation of losses by impairment of certain assets, the useful life of non-current assets and the probability of occurrence of provisions.

Notwithstanding that these estimates were made according to the best information available at the time of the preparation of these Interim Consolidated Financial Statements, it is possible that future events may occur that require their amendment for the next financial years; which would be carried out prospectively, taking account of the effects of the estimate change on the corresponding profit and loss accounts.

g) Statement of Recognized Income and Expenses

In this year, as in the previous year, the Group has not recognized income or expenses directly in equity, having recorded all of them in the income statement for the corresponding year. Therefore, these Interim Consolidated Financial Statements do not include the Statement of Recognized Income and Expenses.

NOTE 3. RECOGNITION AND VALUATION STANDARDS

The principal valuation standards used by the Group in the drafting of its Interim Consolidated Financial Statements on June 30, 2019, in accordance with those established by the General Accounting Plan, were as follows:

a) Consolidation Principles

The consolidation of the Financial Statements of **Lleidanetworks Serveis Telemàtics, S.A.** with the Financial Statements of its investee companies mentioned in Notes 1.2 and 2, was carried out using the following methods:

1. Application of the global integration method for all Group companies, i.e. those over which it as effective control.
2. Application of the equity method as equivalence for associated companies, i.e. those over which a notable influence is exercised in terms of management but in which there is no majority vote or joint management with third parties.

The consolidation of the operations of **Lleidanetworks Serveis Telemàtics, S.A.** with those of the aforementioned subsidiaries was performed according to the following basic principles:

- The criteria used in formulation of the Balance Sheets, the Profit and Loss Account and the Statement of Changes in Equity and Cash-Flow Statements for each one of the consolidated companies are, generally, and in their basic aspects, homogenous.
- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow include all adjustments and eliminations of the consolidation process, as well as relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.
- Balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with group, affiliated and associated companies which have been excluded from the consolidation are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.

- The deletion of Subsidiary equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiaries which is represented by the shareholding on the date of the first consolidation. The first consolidation differences were treated as follows:
 - a) Positive differences which cannot be allocated to the equity elements of the Subsidiaries were included in the "Consolidation Goodwill" heading of the Consolidated Balance Sheet. The impairment losses must be recognized in the Consolidated Profit and Loss Account and are irreversible
 - b) Negative differences, obtained as first consolidation, are recognized as reserves for the year considering that the group already existed previously in the different subgroups contributed to the Parent Company.
- The consolidated income for the financial year shows the part that may be attributed to the Parent Company, comprised of the income obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the invested companies
- The shareholding value of the minority interests in the equity and the attribution of income in the consolidated subsidiaries is presented in the "Minority Interest" heading of the Equity of the Consolidated Balance Sheet. The value breakdown of these shareholdings is presented in Note 4.

b) Intangible Fixed Assets

Assets included in intangible fixed assets are valued by their cost, whether purchase price or production cost, reduced by the corresponding accumulated amortization and losses from any impairment which, where appropriate, has occurred.

Research and Development Costs

Capitalized research and development costs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, Management the Group has substantial grounds for expecting the technical success and the financial and commercial profitability of these projects

Research and development costs that appear as assets are amortized on a straight-line basis over their useful life, at an annual rate of 20%, and always within a period of 5 years.

As soon as there are reasonable doubts over the technical success or financial and commercial profitability of a project, the values recorded in the asset that apply to it are directly allocated to the financial year's losses.

Computer Applications

Licenses for computer applications purchased from third parties are capitalized on the basis of the costs incurred for purchasing.

Computer applications are amortized on a straight-line basis throughout their useful lives, at an annual rate of 33%.

Maintenance expenses for computer applications incurred during the financial year are recognized in the Consolidated Profit and Loss Account.

Industrial Property

Corresponds to the capitalized development expenses for which the relevant patent or similar has been obtained, and includes the registration and formalization costs for the industrial property, as well as the costs for purchasing the corresponding rights from third parties.

During all these years, the Group has been able to develop methods and unique technologies in its sector by continuous investment in research and development. The result of this effort has been the publication of patents at European, American and PCT levels, putting in value the effort developed during these last years. These patents allow the Group to license this technology to third parties and protect it against possible copies of other actors in the sector, less scrupulous when creating original models.

c) Tangible Fixed Assets

Tangible fixed assets are valued by their acquisition price or production cost, net of the corresponding accumulated amortization and, where appropriate, of the accumulated value of the recognized allowances for impairment.

Repair and maintenance expenses incurred during the financial year are debited in the Consolidated Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognized.

Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Group hopes to use them, according to the following table:

	Annual Percentage	Estimated Years of Useful Life
Buildings	2,50	40
Technical facilities	8 - 10	12,50 - 10
Machinery	20 - 25	5 - 4
Other installations	10	10
Furniture	10 - 15	10 - 6,67
Computer equipment	25 - 50	4 - 2
Other tangible fixed assets	15	6,67

The book value of a tangible fixed-asset item is de-recognized in the accounts through its alienation or disposal by other means; or where no future economic benefits or profits are expected to be obtained for its use, alienation or disposal by other means.

The loss or profit resulting from writing-off a tangible fixed-asset item is determined as the difference between the net values, where appropriate, of the sales costs resulting from its alienation or disposal by other means, where available, and the item's book value, and is allocated to the Consolidated Profit and Loss Account for the financial year in which this occurs.

At the financial year's closure, the Group, assesses whether there are signs of impairment in a tangible fixed-asset item or any cash-generating unit, in which case the recoverable amounts are estimated and the necessary allowances are made.

An impairment loss is deemed to have occurred in a tangible fixed-asset item where its book value exceeds its recoverable value, this being understood as the higher value between its fair value less the sales costs and its value in use.

Allowances for impairment in the tangible fixed-asset items, as well as their reversals where the circumstances producing them cease, are recognized as an expense or income respectively in the Consolidated Profit and Loss Account.

d) Leases and Other Transactions of a Similar Nature

Operating-lease expenses incurred during the financial year are debited in the Consolidated Profit and Loss Account.

e) Financial Instruments

The Group determines the classification of its financial assets on their initial recognition and, where permitted and appropriate, this classification is re-assessed on each closing of the consolidated balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items and Debts and Payable Items

Loans and Receivable Items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Group cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and Payable Items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: financial liabilities which, not being derivate instruments, have no commercial origins.

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, as well as, where appropriate, advances and loans made to staff, receivable dividends and called payments on equity instruments, the amounts for which are expected to be received in the short term, and payments called by third parties on holdings, the amounts for which are expected to be paid in the short term, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Consolidated Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired, i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of June 30, 2019, has been estimated on the basis of the analysis made on each of the individualized outstanding receivables on that date.

Financial Assets Available for Sale

This category includes debt securities and equity instruments from other companies not classified in any of the preceding categories.

Subsequently, they are valued by their fair value, without deducting the transaction costs that might be incurred in their alienation. Changes in fair value are directly recognized in the equity, until the financial asset leads to de-recognition or is impaired, where the value so recognized is allocated to the Consolidated Profit and Loss Account.

Notwithstanding the above, allowances for impairment and losses and gains which arise from exchange differences in monetary financial assets in foreign currency are recognized in the Consolidated Profit and Loss Account rate.

The value of both the interest, calculated under the effective interest method, and the accrued dividends are also recognized in the Consolidated Profit and Loss Account.

Investments in equity instruments whose fair value cannot be reliably determined are valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment.

De-recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

De-recognition of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases.

Interest Received from Financial Assets

Interest from financial assets accrued subsequent to their purchase are recognized as income in the Consolidated Profit and Loss Account.

Interests are recognized by using the effective interest rate method. For these purposes in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time, and the value of the dividends agreed to by the competent body on acquisition, are recognized independently, bearing in mind their maturity.

Guarantees Given

Guarantees given and received through operating leases and provision of service are valued by the amount paid out and received respectively.

f) Transactions in Foreign Currencies

Transactions in foreign currencies are recognized by their exchange value in Euros, by using the spot exchange-rate for the dates on which they occur.

On the close of each financial year, monetary items are valued by applying the average spot exchange-rate on that date. Exchange differences, both positive and negative, which result from this process, as well as those generated on selling off equity items, are recognized in the Consolidated Profit and Loss Account for the financial year in which they arise.

g) Profit Tax

Profit tax is recognized in the Consolidated Profit and Loss Account or directly in the Consolidated Equity depending on where the gains or losses giving rise to it are recognized. Profit tax for each financial year includes both current and deferred taxes, where appropriate.

The current tax amount is the sum to be paid by the companies as a result of the assessment notices for the tax.

Differences between the book value of assets and liabilities, and their tax base, generate the deferred tax asset or liability tax balances which are calculated using the expected tax rates at the time of their reversal, and under the method in which it can be reasonably expected to recover or pay the asset or liability.

Variations arising during the financial year in deferred tax asset or liability are recognized either in the Consolidated Profit and Loss Account or directly in the Consolidated Equity, as appropriate.

Deferred tax assets are only recognized insofar as it is probable that the company will have future tax gains that allow these assets to be applied.

In each closing balance sheet the book value of the recognized deferred tax assets is analyzed and the necessary adjustments are made insofar as there are doubts over their future tax recoverability. Likewise, in each closing non-recognized deferred taxes are assessed in the balance sheet and these are subject to recognition to the extent that their recovery with future tax benefits is probable.

h) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less the amount of any discount, reduction or other similar items, as well as the interest incorporated into the face value of the credits.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Group receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

i) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Group, and whose value and time of cancellation are indeterminate, are recognized on the consolidated balance sheet as provisions and are valued by the current value of the best possible estimate for the amount necessary to cancel the obligation or transfer it to a third party.

j) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the Consolidated equity and recognized in the Consolidated Profit and Loss Account in proportion to the amortization undergone over the period by the assets financed through these grants, unless these are non-depreciable assets, in which case they will be allocated to the earnings of the financial year in which their alienation or de-recognition takes place.

Grants intended for cancelling debts are allocated as income for the financial year in which the cancellation occurs, unless they are received for a specific financing, in which case the allocation is made according to the item that is financed.

Refundable grants are recognized as long-term debt convertible into subsidies until they become non-refundable.

Operation grants are credited to the earnings of the financial year when they accrue.

k) Related-Party Transactions

In general, items forming the subject matter of a related-party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Group receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

i) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Group, and whose value and time of cancellation are indeterminate, are recognized on the consolidated balance sheet as provisions and are valued by the current value of the best possible estimate for the amount necessary to cancel the obligation or transfer it to a third party.

j) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the Consolidated equity and recognized in the Consolidated Profit and Loss Account in proportion to the amortization undergone over the period by the assets financed through these grants, unless these are non-depreciable assets, in which case they will be allocated to the earnings of the financial year in which their alienation or de-recognition takes place.

Grants intended for cancelling debts are allocated as income for the financial year in which the cancellation occurs, unless they are received for a specific financing, in which case the allocation is made according to the item that is financed.

Refundable grants are recognized as long-term debt convertible into subsidies until they become non-refundable.

Operation grants are credited to the earnings of the financial year when they accrue.

k) Related-Party Transactions

In general, items forming the subject matter of a related-party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

I) Cash-Flow Statements

Cash-flow statements use the following expressions according to the meanings given below:

Cash and Equivalents: Cash is both cash in hand and demand deposits. Cash equivalents are financial instruments forming part of the Group's normal cash management, are convertible into cash, have initial maturities no greater than three months and are subject to little significant risk of change in their value.

Cash Stream-flows: inflows and outflows of cash or other equivalent resources, with the latter being understood as investments having terms under three months, high liquidity and low risk of changes in value.

Operating Activities: these are the activities that make up the principal source of the Group's ordinary income, as well as other activities that cannot be classified under investment or financing.

Investment Activities: acquisition, alienation or disposal by other means of long-term assets and other investments not included in cash or cash equivalents.

Financing Activities: activities that lead to changes in the size and composition of the equity and financial liabilities.

NOTE 4. MINORITY INTEREST

The breakdown of the value of minority interests in the equity of the consolidated subsidiaries as of June 30, 2019 is as follows, in Euros:

Group Company	Percentage of minority interests shareholders (holdings)	Equity	Others	Period results	Total Minority interests
Lleidatrans Guatemala	20%	4.042,50	(544,07)	-	699,69
Lleidatrans Honduras	30%	-	-	-	-
Lleidatrans Brasil	0,01%	(22.561,10)	(861,46)	(2.662,22)	(2,61)
Lleidatrans República Dominicana	0,02%	(10.669,07)	1.581,49	(2.947,94)	(2,41)
					694,67

NOTE 5. INTANGIBLE FIXED ASSETS

The detail and movement of Intangible Fixed Assets for the six-month period ended as of June 30, 2019 is as follows, in euros:

	31/12/2018	Additions	Transfers	30/06/2019
Cost:				
Research	10.127.878,55	510.649,77	-	10.638.528,32
Industrial Property	698.046,72	-	34.725,26	732.771,98
Computer applications	226.637,13	570,00	32.190,15	259.397,28
Advances for intangible fixed assets	573.525,05	59.907,17	(66.915,41)	566.516,81
	11.626.087,45	571.126,94	-	12.197.214,39
Accumulated amortization:				
Research	(7.424.990,57)	(461.666,97)	-	(7.886.657,54)
Industrial Property	(164.285,00)	(37.403,29)	-	(201.688,29)
Computer applications	(195.099,49)	(9.033,37)	-	(204.132,86)
	(7.784.375,06)	(508.103,63)	-	(8.292.478,69)
Intangible Fixed Assets, Net	3.841.712,39	63.023,31	-	3.904.735,70

The details and changes in intangible fixed assets throughout the financial year 2018 were as follows, in euros:

	31/12/2017	Additions	Transfers	31/12/2018
Cost:				
Research	9.341.242,16	786.636,39	-	10.127.878,55
Industrial Property	388.550,99	-	309.495,73	698.046,72
Computer applications	221.657,90	4.979,23	-	226.637,13
Advances for intangible fixed assets	656.368,89	226.651,89	(309.495,73)	573.525,05
	10.607.819,94	1.018.267,51	-	11.626.087,45
Accumulated amortization:				
Research	(6.514.100,47)	(910.890,10)	-	(7.424.990,57)
Industrial Property	(65.531,01)	(98.753,99)	-	(164.285,00)
Computer applications	(180.680,96)	(14.418,53)	-	(195.099,49)
	(6.760.312,44)	(1.024.062,62)	-	(7.784.375,06)
Intangible Fixed Assets, Net	3.847.507,50	(5.795,11)	-	3.841.712,39

Fully-amortized and in-use items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is the following, stating their cost values in Euros:

	30/06/2019	31/12/2018
Research	5.472.949,24	5.472.949,24
Patents	70.684,26	26.783,16
Computer applications	167.566,20	167.566,20
	5.711.199,70	5.667.298,60

NOTE 6. TANGIBLE ASSETS

The detail and changes of tangible fixed assets for year 2019, until June 30, is the following, in euros:

	31/12/2018	Additions	Others movements	30/06/2019
Cost:				
Land and buildings	197.185,74	-	-	197.185,74
Technical installations and machinery	258.126,00	-	(377,03)	257.748,97
Other installations, tools and furniture	99.263,23	6.855,66	-	106.118,89
Data processing equipment	418.970,47	32.759,78	982,06	452.712,31
Other tangible fixed assets	4.935,79	-	-	4.935,79
	978.481,23	39.615,44	605,03	1.018.701,70
Accumulated amortization:				
Land and buildings	(33.968,63)	(2.547,53)	-	(36.516,16)
Technical installations and machinery	(205.019,89)	(10.613,81)	-	(215.633,70)
Other installations, tools and furniture	(54.907,55)	(4.841,60)	-	(59.749,15)
Data processing equipment	(337.699,72)	(41.761,05)	-	(379.460,77)
Other tangible fixed assets	(3.370,60)	(152,76)	-	(3.523,36)
	(634.966,39)	(59.916,75)	-	(694.883,14)
Tangible Fixed Assets, Net	343.514,84	(20.301,31)	605,03	323.818,56

The details and changes in tangible fixed assets throughout the financial year 2018 were as follows, in euros:

	31/12/2017	Additions	Transfers	31/12/2018
Cost:				
Land and buildings	172.228,55	24.957,19	-	197.185,74
Technical installations and machinery	258.126,00	-	-	258.126,00
Other installations, tools and furniture	79.150,73	20.112,50	-	99.263,23
Data processing equipment	382.133,66	36.836,81	-	418.970,47
Other tangible fixed assets	3.087,87	1.847,92	-	4.935,79
	894.726,81	83.754,42	-	978.481,23
Accumulated amortization:				
Land and buildings	(28.901,34)	(5.067,29)	-	(33.968,63)
Technical installations and machinery	(184.466,49)	(20.553,40)	-	(205.019,89)
Other installations, tools and furniture	(45.553,76)	(9.353,79)	-	(54.907,55)
Data processing equipment	(244.899,88)	(92.799,84)	-	(337.699,72)
Other tangible fixed assets	(3.087,87)	(282,73)	-	(3.370,60)
	(506.909,34)	(128.057,05)	-	(634.966,39)
Tangible Fixed Assets, Net	387.817,47	(44.302,63)	-	343.514,84

Fully-Amortized and in-Use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is shown below stating their cost values in Euros:

	30/06/2019	31/12/2018
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	241.119,00	148.061,46
	284.587,70	191.530,16

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial lease agreements as of June 30, 2019, in euros:

	Fair Value	Value of the purchase option	Due Date	Signature date	Outstanding dues
Computer equipment	80.798,12	1.707,27	04/04/2021	04/05/2017	38.588,30

The following is the total amount of future payments in financial leases as of June 30, 2019, in euros:

	Financial year 2019
Total amount of minimum future payments at the close of the year	37.559,94
(-) Non-accrued financial expenses	(678,91)
Value of the purchase option	1.707,27
Current value at the close of the year	38.588,30

7.2) Operating Leases (the Company as Lessee)

The operating lease charge against the results as an expense in the period ended as of June 30, 2019, is 130.522,36 euros (152.277,02 euros in the period of six months ended as of June 30, 2018).

The following is the breakdown of the total amount of the minimum future payments corresponding to the non-cancellable operating leases:

	2019	2018
Up to 1 year	153.252,60	192.824,27
Between 1 and 5 years	168.456,82	247.519,69
More of 5 years	325.942,92	166.082,40
	647.652,34	606.426,36

NOTE 8. FINANCIAL ASSETS

The following is the breakdown of the long-term financial assets, in Euros:

	Equity instruments 30/06/2019	Equity instruments 31/12/2018	Credits and Others Financial Assets 30/06/2019	Credits and Others Financial Assets 31/12/2018
Loans and receivable items (Note 8.2)	-	-	32.709,57	34.851,15
Financial assets available for sale (Note 8.3)	154.257,40	154.077,40	-	-
	154.257,40	154.077,40	32.709,57	34.851,15

The breakdown of the short-term financial assets, is as follows, in euros:

	Credits and Others Financial Assets 30/06/2019	Credits and Others Financial Assets 31/12/2018
Assets at fair value through the profit and loss:	1.195.002,17	1.127.282,85
Cash or other liquid assets (Note 8.1)	1.195.002,17	1.127.282,85
Loans and receivable items (Note 8.2)	3.541.095,80	2.984.977,39
Total	4.736.097,97	4.112.260,24

8.1) Assets at Fair Value through the Profit and Loss

Cash and other Equivalent Liquid Assets

The detail of these assets as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance at 30/06/2019	Balance at 31/12/2018
Current Accounts	1.187.160,35	1.119.515,46
Cash	7.841,82	7.767,37
Total	1.195.002,17	1.127.282,85

8.2) Loans and Receivable Items

The composition of loans and receivable items as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance at 30/06/2019		Balance at 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Third party customers	-	2.474.320,42	-	2.198.612,84
Third party debtors	-	50.302,02	-	79.078,65
Total loans and receivables items for commercial transactions	-	2.524.622,44	-	2.277.691,49
Loans and receivables for non-commercial transactions				
Staff	-	4.451,36	-	4.280,40
Short-term deposits (*)	-	1.012.022,00	-	703.005,50
Securities and deposits	32.709,57	-	34.851,15	-
Total loans and receivables for non-commercial transactions	32.709,57	1.016.473,36	34.851,15	707.285,90
Total	32.709,57	3.541.095,80	34.851,15	2.984.977,39

(*) Short-term deposits have a maturity to short-term and accrue a market interest rate.

Trade and other receivables include impairments due to insolvency risks, as detailed below:

	Amount
Accumulated impairment end of financial year 2017	554.966,77
Impairment losses on trade receivables	-
Accumulated impairment end of financial year 2018	554.966,77
Impairment losses on trade receivables	(6.470,28)
Accumulated impairment as of June 30, 2019	548.496,49

8.3) Financial Assets available for Sale

Correspond mainly to two investments made for the Group in:

- E.Kuantia: financial institution specialized in the issuance of means of payment and electronic money. The investment amounts to 143.880 euros and corresponds to 2% of the share capital.
- IBAN Wallet: global platform, linking investors and loan applicants, with high rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the share capital.

NOTE 9. FINANCIAL LIABILITIES

Detail of long-term financial liabilities, is as follows, in euros:

	Debts with credit institutions		Others liabilities		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Debits and payable items (Note 9.1)	1.845.343,73	1.155.619,16	207.180,80	217.962,09	2.052.524,53	1.373.581,25

Detail of short-term financial liabilities, is as follows, in euros:

	Debts with credit institutions		Others liabilities		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Debits and payable items (Note 9.1)	1.513.974,26	2.272.835,76	2.083.014,17	1.932.320,32	3.596.988,43	4.205.156,08

9.1) Debits and Payable Items

The breakdown as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance as of 30/06/2019		Balance as of 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.376.159,05	-	1.446.569,02
Creditors	-	319.946,50	-	212.433,28
Advances from costumers	-	161.732,12	-	188.622,38
Total balances for commercial transactions	-	1.857.837,67	-	1.847.624,68
For non-commercial operations:				
Debts with credit institutions	1.826.727,05	1.494.002,64	1.126.973,02	2.253.038,00
Other financial liabilities	18.616,68	19.971,62	28.646,14	19.797,76
Other debts	207.180,80	121.567,49	217.962,09	72.680,91
Debits and payable items	2.052.524,53	1.635.541,75	1.373.581,25	2.345.516,67
Staff (remuneration payable)	-	103.609,01	-	12.014,73
Total balances for non-commercial operations	2.052.524,53	1.739.150,76	1.373.581,25	2.357.531,40
Total debts and payable items	2.052.524,53	3.596.988,43	1.373.581,25	4.205.156,08

9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of June 30, 2019 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	670.738,50	-	670.738,50
Loans	823.264,14	1.826.727,05	2.649.991,19
Leasings	19.971,62	18.616,68	38.588,30
	1.513.974,26	1.845.343,73	3.359.317,99

The breakdown of debts with credit institutions at December 31, 2018 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1.329.790,09	-	1.329.790,09
Loans	770.761,21	1.126.973,02	1.897.734,23
Leasings	19.797,76	28.646,14	48.443,90
Discounted effects	152.486,70	-	152.486,70
	2.272.835,76	1.155.619,16	3.428.454,92

Loans

The detail of the bank loans as of June 30, 2019, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Loan 22	08/10/2019	250.000,00	21.821,27
Loan 24 (*)	15/10/2025	78.375,60	68.447,45
Loan 28	14/12/2019	300.000,00	38.848,08
Loan 29	25/02/2020	250.000,00	35.046,01
Loan 30	30/06/2020	150.000,00	38.908,80
Loan 31	14/12/2020	465.000,00	144.920,22
Loan 32	31/12/2020	287.619,11	89.664,67
Loan 35	29/09/2019	500.000,00	43.363,16
Loan 36	02/11/2022	300.000,00	209.736,91
Loan 37	01/03/2022	150.000,00	103.125,00
Loan 38	18/06/2023	195.000,00	157.588,61
Loan 39	02/07/2023	200.000,00	165.359,34
Loan 40	28/12/2023	400.000,00	361.097,29
Loan 41	29/03/2024	250.000,00	239.627,95
Loan 42	12/04/2024	400.000,00	387.222,47
Loan 43	03/05/2024	300.000,00	295.213,96
Loan 44	04/06/2024	250.000,00	250.000,00
		4.725.994,71	2.649.991,19

(*) It corresponds to a loan granted by the CDTI

The detail of the bank loans as of December 31, 2018, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending closing
Loan 21	12/03/2019	300.000,00	16.049,12
Loan 22	08/10/2019	250.000,00	54.214,79
Loan 24 (*)	15/10/2025	78.375,60	73.411,60
Loan 28	14/12/2019	300.000,00	77.309,86
Loan 29	25/02/2020	250.000,00	60.987,90
Loan 30	30/06/2020	150.000,00	58.003,72
Loan 31	14/12/2020	465.000,00	192.198,58
Loan 32	31/12/2020	287.619,11	118.930,40
Loan 34	31/03/2019	350.000,00	38.888,90
Loan 35	29/09/2019	500.000,00	86.414,22
Loan 36	02/11/2022	300.000,00	238.697,25
Loan 37	01/03/2022	150.000,00	121.875,00
Loan 38	18/06/2023	195.000,00	176.390,56
Loan 39	02/07/2023	200.000,00	184.362,33
Loan 40	28/12/2023	400.000,00	400.000,00
		4.175.994,71	1.897.734,23

(*) It corresponds to a loan granted by the CDTI

Credit Lines

As of June 30, 2019, the Group has credit policies granted with a total limit amounting to 1.715.000 euros (1.715.000 euros at the end of the previous year), which amount drawn at the aforementioned date is 670.738,50 euros (1.329.790,09 euros at the end of the previous year).

Lines of Effects and Import Advances

As of June 30, 2019, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), for which no amount has been drawn down by that date (152.486,70 euros at the end of the previous year).

9.1.2) Other debts

Other debts mainly comprise two loans held by the Group with the Institut Català de Finances (ICF). The detail at 30 June 2019 is as follows, in euros:

Entity	Maturity Date	Amount granted	Pending Amount
Loan 1	29/04/2020	336.737,98	49.009,54
Loan 2	25/07/2023	300.000,00	274.374,56
		636.737,98	323.384,10

The detail at the close of fiscal year 2018 was as follows, in euros:

Entity	Maturity Date	Amount granted	Pending Amount
Loan 1	29/04/2020	336.737,98	71.286,08
Loan 2	25/07/2023	300.000,00	211.677,61
		636.737,98	282.963,69

9.2) Other Information related to Financial Liabilities

a) Classification by Maturity Date

The breakdown of the maturity dates of the liability financial instruments as of June 30, 2019 is the following, in Euros:

Maturity years							
	2020	2021	2022	2023	2024	More than 5 years	Total
Financial debts:	1,513.974,26	600.476,84	502.616,04	445.930,24	271.966,38	24.354,23	3.359.317,99
Debts with credit institutions	1.494.002,64	581.860,16	502.616,04	445.930,24	271.966,38	24.354,23	3.320.729,69
Financial lease	19.971,62	18.616,68	-	-	-	-	38.588,30
Other debts	121.567,49	91.759,34	47.206,08	47.206,08	21.009,30	-	328.748,29
Commercial creditors and other payable items:	1.961.446,68	-	-	-	-	-	1.961.446,68
Suppliers	1.376.159,05	-	-	-	-	-	1.376.159,05
Sundry creditors	319.946,50	-	-	-	-	-	319.946,50
Staff	103.609,01	-	-	-	-	-	103.609,01
Advances from costumers	161.732,12	-	-	-	-	-	161.732,12
Total	3.596.988,43	692.236,18	549.822,12	493.136,32	292.975,68	24.354,23	5.649.512,96

The breakdown of the maturity dates of the liability financial instruments at the close of 2018 is the following, in Euros:

Maturity years							
	2019	2020	2021	2022	2023	More than 5 years	Total
Financial debts:	2.272.835,76	471.525,55	277.624,44	240.401,60	137.095,10	28.972,47	3.428.454,92
Debts with credit institutions	2.253.038,00	451.378,55	269.125,30	240.401,60	137.095,10	28.972,47	3.380.011,02
Financial lease	19.797,76	20.147,00	8.499,14	-	-	-	48.443,90
Other debts	72.680,91	91.759,34	47.206,08	47.206,08	27.537,13	-	286.389,54
Commercial creditors and other payable items:	1.859.639,41	-	-	-	-	-	1.859.639,41
Suppliers	1.446.569,02	-	-	-	-	-	1.446.569,02
Sundry creditors	212.433,28	-	-	-	-	-	212.433,28
Staff	188.622,38	-	-	-	-	-	188.622,38
Advances from costumers	12.014,73	-	-	-	-	-	12.014,73
Total	4.205.156,08	563.284,89	324.830,52	287.607,68	164.632,23	28.972,47	5.574.483,87

b) Breach of Contractual Obligations

No incidence has been produced in breach of the obligations relating to the loans received from third parties.

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the third additional provision 'Duty to inform' of Law 15/2010, of July 5 (modified by Law 31/2014), to amend Law 3/2004 of December 29, by which are established measures to combat late payment in commercial transactions and with regard to the resolution January 29, 2016, of the Institute of Accounting and Audit Statements, about the information to include in the Notes to the Annual Accounts with regard to the average payment period to suppliers in commercial transactions, is as follows:

	Payments made and pending payment on the Closing Date Balance	
	Financial year 2019 Days	Financial year 2018 Days
Average payment period to suppliers	35,03	34,06
Ratio paid operations	35,13	34,89
Ratio of outstanding payment transactions	34,78	30,42

	Financial year 2019 (six months)	Financial year 2018
	Amount	Amount
Total payments	4.014.441,97	8.269.485,73
Total outstanding payments	1.899.045,08	1.876.345,74

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

Group activities are exposed to various types of financial risk, most especially credit, liquidity and market risks (exchange rate, interest rate and other price risks).

11.1) Credit Risk

The Group's main financial assets are cash and cash balances, 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 attributable mainly to its commercial debts. The amounts are reflected in the net balance of provisions for bad debts, estimated by the Parent Company's management based on the experience of previous years and its assessment of the current economic environment.

11.2) Liquidity Risk

The general situation of financial markets, especially the banking market, has been particularly unfavourable for credit claimants. The Group pays constant attention to the evolution of the different factors that can help to solve liquidity crises, and especially to the sources of financing and their characteristics.

11.3) Market Risk

The general market situation during the last years has been unfavourable due to the difficult economic situation of the environment.

11.4) Exchange Rate Risk

The Group is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments.

11.5) Interest Rate Risk

Changes in interest rates modify the fair value of assets and liabilities bearing a fixed interest rate as well as the future flows of assets and liabilities referenced to a variable interest rate.

The objective of interest rate risk management is to achieve a balance in the debt structure that will minimize the cost of debt over the multiannual horizon with a reduced volatility in the Consolidated Profit and Loss Account.

NOTE 12. EQUITY

12.1) Share Capital of Parent Company

12.1) Share Capital

As of December 31, 2018 and June 30, 2019, the share capital amounts to 320.998,86 euros and is represented by 16.049.943 registered shares of 0,02 euros nominal each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of June 30, 2019, as well as of December 31, 2018, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

Capital Increase

By virtue of the admission to trading on the Alternative Stock Market, the Parent Company carried out the following transactions in its share capital:

- On June 1, 2015, a General Shareholders' Meeting resolved to split the shares of the Parent Company by reducing the par value of the shares by 60,10 euros at a nominal value of 0,02 euros per share. In this operation, 3.005 shares were generated for each old share, with the capital stock being formed by 11.812.655 shares with a nominal value of each share at nominal 0,02 euros each.
- On June 1, 2015, it was agreed by the General Shareholders' Meeting to modify the system of representation of the shares, transforming the nominative securities representing the shares in which the Parent Company's capital is divided into account entries.
- On June 1, 2015, it was resolved by means of a General Meeting of Shareholders to modify the transmission regime of the shares of the Parent Company, passing this transfer of shares to be free and not subject to consent or authorization by the Company nor by shareholders
- On June 1, 2015, it was agreed by the General Meeting of Shareholders to request the incorporation in the segment of Companies in Expansion of the Alternative Stock Market of all the shares representing the Parent Company.
- On September 30, 2015, it was agreed to increase the Parent Company's Capital Stock by 84.745,78 euros through the issuance of 4.237.288 shares with a nominal value of 0,02 euros and an issue premium of 1,16 euros per share. This extension is fully subscribed and disbursed.

12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	30/06/2019	31/12/2018
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.452.968,65	1.394.506,07
Negative results from previous years	(3.056.335,02)	(3.330.474,77)
	(1.555.862,65)	(1.888.464,98)

12.3) Issue Premium

This reserve amounted to 5.244.344,28 euros, of which 329.090,20 euros arose as a result of the capital increase carried out in 2007 and 4.915.254,08 euros arose as a result of the capital increase carried out in the 2015 exercise for the departure of the Parent Company to the Alternative Stock Market. It has the same restrictions and can be used for the same purposes as voluntary reserves, including their conversion into share capital.

12.4) Own Shares

The Board of Shareholders of the Parent Company agreed on June 1, 2015 to authorize the Parent Company's Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity provider GVC Gaesco Valores SV, S.A, making available a total value of 1.200.000 euros and Invest Securities S.A. in Euronext Grothw, with a total disposition of 50.000 euros, in order to be able to carry out transactions for the purchase and sale of its own shares, in accordance with the regulations of the Alternative Stock Market and Euronext Grothw, respectively. Own shares are valued at acquisition cost.

As of June 30, 2019, the Parent Company holds own shares for an amount of 753.800,17 euros.

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances as of June 30, 2019, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	DOP	BRL	PER
CURRENT ASSETS	681,594.04	202,954.38	113,017.50	1,096,196,442.10	1,165,811.69	41,501.28	172,401.32
Trade debtors and other accounts receivable	302,975.66	142,673.00	43,709.51	290,693,179.37	507,759.42	-	149,513.57
Cash	378,618.38	60,281.38	69,307.99	805,503,262.73	658,052.27	41,501.28	22,887.75
CURRENT LIABILITIES	28,462.63	4,063.41	16,974.34	11,537,938.49	102,658.06	-	3,609.82
Trade creditors and other payable accounts	28,462.63	4,063.41	16,974.34	11,537,938.49	102,658.06	-	3,609.82

The most significant foreign currency balances as of December 31, 2018, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	COP	BRA	DOP	PEN
CURRENT ASSETS	785,082.81	425,203.62	127,538.70	831,914,661.83	10,722.15	1,070,155.35	55,635.77
Trade debtors and other accounts receivable	419,821.44	324,103.44	88,908.30	65,107,976.88	158.76	507,759.42	44,142.90
Cash	365,261.37	101,100.18	38,630.40	766,806,684.95	10,563.39	562,395.93	11,512.87
CURRENT LIABILITIES	217,074.29	215,907.83	20,815.10	4,969,181.54	-	50,946.14	11,553.97
Trade creditors and other payable accounts	217,074.29	215,907.83	20,815.10	4,969,181.54	-	50,946.14	11,553.97

The most significant transactions carried out during the six-month period ended June 30, 2019, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	COP	PER	DOP	BRL
Purchases and services received	126.313,84	8.080,37	97.298,85	15.477.000,00	-	99.108,13	19.275,00
Sales and services given	505.152,83	114.243,74	171.402,14	624.674.775,58	134.993,76	86.018,08	12.391,17

The most significant transactions carried out during the financial year 2018 ended December 31, 2018, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	ZAR	BRL	DOP	PEN	MXN	AED
Purchases and services received	334.200,26	25.800,41	174.001,00	7.546.771	21,06	332.715,14	1.347,47	120,96	-	118.913	4.492,50
Sales and services given	850.285,38	351.775,09	139.312,00	-	945.946.956,69	-	4.412,74	97.779,72	33.192,46	-	-

NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of June 30, 2019 and December 31, 2018, in euros:

	30/06/2019		31/12/2018	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred Tax Assets	1.965,61	-	2.980,95	-
	1.965,61	-	2.980,95	-
Current:				
Value Added Tax	3.478,66	138.800,48	8.799,51	54.529,31
Subsidies receivable (*)	27.732,78	-	34.932,78	-
Income Tax retentions	-	38.165,86	-	42.631,58
Company Tax	129.256,52	-	112.893,14	-
Social Security bodies	1.555,10	71.762,11	2.375,03	55.739,44
	162.023,06	248.728,45	159.000,46	152.900,33

Tax Situation

In accordance with current legislation, tax payments cannot be considered final until they have been inspected by the tax authorities, or until the statute barring period of four years has passed. In consequence, for the purposes of subsequent inspections, liabilities may arise additional to those recorded by the Group.

As of June 30, 2019, the Group has open to tax inspection all the taxes to which it is subject from the financial year 2015 to the 2018 financial year. Consequently, as a result of possible inspections, additional liabilities could arise to those registered by the Group. However, the Directors of the Parent Company and its tax advisors consider that such liabilities, if they occur, would not be significant on the financial statements taken as a whole.

Profit Tax

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2019 of the Parent Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six-months)			153.989,39
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	2.980,95	-	2.980,95
Permanent differences	18.795,97	-	18.795,97
Offset of negative tax bases	-	(175.766,31)	(175.766,31)
Taxable income (tax result)			-

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2018 of the Parent Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six-months)			(230.124,06)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	-	-	-
Permanent differences	581.848,20	-	581.848,20
Offset of negative tax bases			(351.724,14)
Taxable income (tax result)			-

The following are the calculations made with regard to the Company Tax to be paid, in Euros:

	2019 (6 months)	2018 (6 months)
Charge at 25 % of Taxable Income	-	-
Deductions	-	-
Net tax payable	-	-
Less: withholdings and payments	(62,25)	-
Tax payable	(62,25)	-

The main components of corporate income tax expense are as follows:

	2019	2018
Current tax	3.363,89	-
Deferred tax	2.970,45	(18.021,27)
Total	6.334,34	(18.021,27)

The movement of deferred taxes generated and cancelled during June 30, 2019 is detailed below in euros:

	Balance at 31/12/2018	Generated	Applied	Balance at 30/06/2019
Deferred tax assets:				
Tax credits	2.980,95	1.965,61	(2.980,95)	1.965,61

The movement of deferred taxes generated and cancelled during financial year 2018 is detailed below in euros:

	Balance at 31/12/2017	Generated	Balance at 31/12/2018
Deferred tax assets:			
Tax credits	138.100,65	(135.119,70)	2.980,95

Tax Loss Carry forwards

Part of the tax base credits have been recognised, since they meet the requirements established by current legislation for their recognition and since there are no doubts as to the Group's ability to generate future taxable profits that will enable it to be recovered. The detail of the tax loss carry forwards to be offset in future years is as follows:

Year of Origin	Amount
2016	1.154.777,05
2017	138.100,65
	1.292.877,70

Credits for Tax Losses Carry Forward

As of June 30, 2019, the Group has the following deductions to apply:

Year of Origin	Amount
2005	13.460,45
2006	71.214,06
2007	75.820,66
2008	201.266,41
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	251.779,01
2013	90.887,05
2014	127.371,20
2015	369.824,03
2016	188.991,46
2017	182.112,92
2018	171.929,09
	2.312.852,97

NOTE 15. INCOME AND EXPENSES

a) Supplies

This heading in the Consolidated Profit and Loss Account is composed as follows, in Euros:

	2019 (6 months)	2018 (6 months)
Consumption of merchandise		
Domestics	1.308.854,40	1.537.977,13
Intra-Community Acquisitions	807.769,31	880.439,18
Imports	685.644,86	862.809,17
	2.802.268,57	3.281.225,48

b) Staff expenses

The staff expenses as in the Consolidated Profit and Loss Account are composed as follows, in euros:

	2019 (6 months)	2018 (6 months)
Company Social Security contributions	284.943,46	240.183,78
Other welfare costs	76.932,61	61.244,34
	361.876,07	301.428,12

c) Financial Results

This heading in the Consolidated Profit and Loss Account is composed as follows, in Euros:

	2019 (6 months)	2018 (6 months)
Financial incomes	239,15	222,19
Other financial incomes	239,15	222,19
Financial expenses	(40.232,55)	(54.140,79)
For debts with credit institutions	(40.232,55)	(54.140,79)
Change in fair value of financial instruments	125,06	88,90
Exchange differences	(5.044,23)	(8.011,00)
Financial Result Positive / (Negative)	(44.912,57)	(61.840,70)

NOTE 16. INFORMATION ON THE ENVIRONMENT

The Group has no assets, nor has it incurred expenses, aimed at minimizing the environmental impact and protecting and improving the environment. There are likewise no provisions for risks and expenses and no contingencies relating to protection and improvement of the environment.

NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 30 June 2019, no significant events affecting the Group's Consolidated Interim Financial Statements at that date have occurred.

NOTE 18. CONSOLIDATED EARNINGS

The following is the breakdown as of June 30, 2019 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Earnings Attributed to Minority Interests
Lleidanetworks Serveis Telemàtics, S.A.	153.989,39	-	153.989,39	-
Lleidanetworks Serveis Telemàtics, LTD	53.969,00	100%	53.969,00	-
Lleidanet USA Inc	17.332,88	100%	17.332,88	-
Lleidanet Honduras, SA	-	70%	-	-
Lleidanet Dominicana, SRL	(2.947,94)	99,98%	(2.947,35)	(0,59)
Lleida SAS	16.669,84	100%	16.669,84	-
Lleida Chile SPA	-	100%	-	-
Lleidanet do Brasil Ltda	(2.662,22)	99,99%	(2.661,95)	(0,27)
Lleidanet Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	(31,50)	100%	(31,50)	-
Lleidanet Costa Rica	(42,49)	100%	(42,49)	-
Lleidanet Perú	5.399,08	100%	5.399,08	-
			241.676,90	(0,86)

The following is the breakdown for financial year 2018 of the Consolidated Earnings in Euros:

Subsidiary	Individual Earnings of the Companies	Shareholding	Earnings Attributed to Parent Company	Earnings Attributed to Minority Interests
Lleidanetworks Serveis Telemàtics, S.A.	(252.961,94)	-	(252.961,94)	-
Lleidanetworks Serveis Telemàtics, LTD	6.875,00	100%	6.875,00	-
Lleidanet USA Inc	(20.479,98)	100%	(20.479,98)	-
Lleidanet Honduras, SA	-	70%	-	-
Lleidanet Dominicana, SRL	(4.209,07)	99,98%	(4.208,23)	(0,84)
Lleida SAS	(17.252,40)	100%	(17.252,40)	-
Lleida Chile SPA	-	100%	-	-
Lleidanet do Brasil Ltda	(3.783,51)	99,99%	(3.783,13)	(0,38)
Lleidanet Guatemala	-	80%	-	-
Portabilidades Españolas, S.A.	(77,06)	100%	(77,06)	-
Lleidanet Costa Rica	(10,63)	100%	(10,63)	-
Lleidanet Perú	(12.498,31)	100%	(12.498,31)	-
			(304.396,68)	(1,22)

The adjustments made to the Earnings associated to Parent Company at June 30, 2019 is as follows:

Individual earnings attributed to Parent Company	241.676,90
Consolidation adjustments:	
Interest elimination	(16.271,43)
Total	225.405,47

The adjustments made to the Earnings associated to Parent Company at June 30, 2018 was as follows:

Individual earnings attributed to Parent Company	(304.396,68)
Consolidation adjustments:	
Deterioration elimination	575.552,69
Total	271.156,01

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

19.1) Balances and Transactions with the Directors of the Parent Company and Senior Executives

The remuneration accrued during the six-month period ended June 30, 2019 by the Board of Directors of the Parent Company amounted to 45.000 euros. In the six-month period ended June 30, 2018, remunerations were accrued by the Parent Company's Board of Directors amounting to 42.000 euros.

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 116.595,36 euros (109.360,42 euros for the six-month period ended June 30, 2018) and 7.161,88 in other retributions (6.839,50 euros in the six-month period ended June 30, 2018).

As of June 30, 2019, as well as December 31, 2018, there are no credits or advances with the Board of Directors of the Parent Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

Other Information Regarding the Board of Directors

Pursuant to the Capital Companies Law, it is reported that the members of the Parent Company's Management Body do not hold interests in other companies with the same, similar or complementary corporate purpose.

In accordance with the above-mentioned Law Capital Companies, it is also reported that the members of the Board have carried out no activity, on their own behalf or on behalf of others, with the Group, which may be considered to be not in accordance with normal trading and not carried out under normal market conditions.

NOTE 20. OTHER INFORMATION

The average number of employees during the financial year 2019 and 2018, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

	2019				2018			
	Men	Women	Total	Disability greater than or equal to 33%	Hombres	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	1	2	-	1	1	2	-
Administration	-	5	5	1	-	5	5	1
Commercial	6	11	17	-	8	9	17	-
Human Resources	-	1	1	-	-	1	1	-
Production	28	7	35	-	18	3	21	-
Maintenance	-	2	2	-	-	1	1	-
Reception	-	6	6	-	-	6	6	-
Business development	2	5	7	-	3	5	8	-
Compliance	-	2	2	-	-	-	-	-
Intellectual Property	1	-	1	-	-	-	-	-
TOTAL	38	40	78	1	30	31	61	1

The amount of fees accrued for the individual and consolidated review services of the Interim Consolidated Financial Statements for the year ended June 30, 2019 amounted to 17.065 (16.650 euros in the previous period of 6 months ended June 30, 2018).

It is reported that during the year the Parent Company paid the premium corresponding to the civil liability policy that would eventually cover the damage caused to third parties by acts or omissions related to the performance of their functions. The premium amounted to 9.553,50 euros (20.071,21 euros in the previous year).

NOTE 21. SEGMENTED INFORMATION

The distribution of the net amount of turnover corresponding to the ordinary activities of the Group, by category and / or business segment, is shown below, in euros:

Business Areas (in thousands of euros)	2019 (6 months)		2018 (6 months)	
	Euros	%	Euros	%
SaaS Services	1.774.078,88	29,30%	1.621.962,76	25,83%
SMS Solutions	1.307.058,11	21,59%	1.425.967,26	22,71%
ICX Wholesale Solutions	2.974.132,23	49,12%	3.230.925,81	51,46%
Total	6.055.269,22	100%	6.278.855,83	100%

The distribution of the net amount of turnover corresponding to the ordinary activities of the Group, by geographic markets, is shown below, in euros:

Description of geographic markets	2019 (6 months)		2018 (6 months)	
	Euros	%	Euros	%
Domestic	2.986.878,72	49%	3.224.597,04	51%
European Union	1.848.369,50	31%	1.922.404,39	31%
Rest of the World	1.220.021,00	20%	1.131.854,40	18%
Total	6.055.269,22	100%	6.278.855,83	100%

**GROUP LLEIDANETWORKS SERVEIS
TELEMÀTICS, S.A. AND SUBSIDIARIES**

**CONSOLIDATED DIRECTORS' REPORT FOR
THE SIX-MONTH PERIOD ENDED AS OF JUNE 30, 2019**

**GROUP LLEIDANETWORKS SERVEIS
TELEMÀTICS, S.A. AND SUBSIDIARIES**

**CONSOLIDATED DIRECTORS' REPORT FOR
THE SIX-MONTH PERIOD ENDED ON JUNE 30, 2019**

In compliance with the provisions of the Capital Companies Law, the directors then present the director's report for the year, in order to complement, expand and comment on the balance sheet, profit and loss account and the corresponding report for the first half of the year 2019

1. EVOLUTION OF RESULT AND NET TURNOVER

The first half of 2019 was marked by a decline in SMS sales both in the end customer SMS lines and in Wholesale for large operators and aggregators. The first half of 2018 was marked by the implementation of the new RGPD regulations, which led to an extraordinary peak in all of the company's sales. Therefore, we are currently comparing a particularly positive half-year in 2018 with a more stable half-year in 2019.

SMS sales are the ones that leave the company with the lowest margins, therefore, the most important weight of sales of the SaaS line has meant that despite the 4% decrease in general sales, the gross margin has increased by 9%.

In terms of SaaS sales, the company is making a significant effort to recruit both technical and commercial staff. The objective is to produce more complete standard products, allowing for exponential growth in sales. The current maturation time of a complex circuit can be extended up to 6 months. The new functionalities that we are implementing in standard products meet the expectations of a greater number of potential customers who are put into production immediately, instead of going through custom processes.

The number of circuits put into operation in the first quarter of 2019 has increased by 248% to 238 circuits compared to the first quarter of 2018.

EBITDA was reduced by 9% as a result of:

- Increase in personnel costs, as mentioned above, focused on strengthening the entire SaaS line. Concentrated mainly in the area of R+D+i with the aim of improving both the processes and the functionalities of the products. The search for talent is an essential characteristic within the company's growth project and is also reflected in the investment it is making in R+D+i at a cost of 511 thousand euros. The investment in R&D is aimed at strengthening the range of products we offer with the aim of continuing to be a key player in the sector, differentiating us by our innovation, adaptability to customer needs and reliability.

- An increase of 21% in external service costs, due to the inherent costs of incorporating personnel, and due to participation in a greater number of international events.

Both EBITDA and pre-tax results continue to be positive; the increase in the gross margin has allowed the company to continue with its strategic plan by attracting talent.

<i>Sales by business lines - Thousand of euros</i>	S1 2018	S1 2019	Var. €	Var.%
SaaS Services	1.622	1.774	152	9%
SMS Solutions	1.426	1.307	-119	-8%
ICX WHOLESALE Solutions	3.231	2.974	-257	-8%
Total	6.279	6.055	-224	-4%

<i>Data in Thousand of Euros</i>	S1 2018	S1 2019	Var. €	Var.%
Sales	6.279	6.055	(224)	-4%
Cost of Sales	(3.281)	(2.802)	(479)	-15%
Gross Margin	2.998	3.253	255	9%
Payroll	(1.211)	(1.471)	260	21%
External Services	(1.201)	(1.453)	252	21%
Other Incomes	10	5	(5)	-50%
Activations	328	511	183	56%
EBITDA	924	845	(79)	-9%
Amortizations	(573)	(568)	(5)	-1%
Profit from operations	351	277	(74)	-21%
Financial Net Result	(54)	(40)	(14)	-26%
Exchange rate differences	(8)	(5)	(3)	-38%
Profit before taxes	289	232	(57)	-20%

2. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to June 30, 2019 and up to the date of preparation of this Directors' Report there have been no subsequent events, in addition to those already mentioned in the Notes to the Interim Consolidated Financial Statements, which highlight circumstances that already existed at June 30, 2019 and which, due to the importance of their economic impact, should lead to adjustments in the Financial Statements or modifications in the information contained in the Explanatory Notes.

Nor are there any subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist at June 30, 2019 and that are of such importance that they require additional information in the Explanatory Notes to the Consolidated Interim Financial Statements.

3. PROBABLE EVOLUTION OF THE GROUP

Forecasts for the second half of 2019 are to increase the company's gross margin by amounts, reinforcing sales of certified products by consolidating products internationally.

The growth will be marked in the EMEA market, as evidenced by the recent agreements signed with the Polish subsidiary of BNP, which will use Lleida.net technology to recover and reclaim debt. Similarly, the agreement with The Professional Courier for the development of joint service and launch in the United Arab Emirates the concept of Courier Digital for public and private companies.

As well as direct agreement of interconnection and transit to third parties with the operators China Mobile, through its subsidiary China Mobile International based in Hong Kong and simultaneously with China Telecom through its subsidiary China Telecom Global. Both operators have more than one billion customers, 713 million China Mobile and 303 million China Telecom, according to the 2018 Q4 report of GSMA Intelligence.

4. RESEARCH ACTIVITIES

In the first half of fiscal year 2019, the Company invested 511 thousand euros in research activities aimed mainly at the company's certification line.

5. OPERATIONS WITH OWN SHARES

In accordance with the regulations of the Alternative Stock Market, the company signed a liquidity agreement with the placing bank as part of its market launch. This agreement establishes both the delivery of a certain amount of own shares and the deposit of an amount of cash. The objective of this contract is to allow investors to trade the company's shares, ensuring that any interested person has the possibility of buying or selling shares.

On August 12, 2016, the Board of Directors approved the acquisition of own shares with a maximum amount of 200 thousand euros. The programme was extended until 1 June 2020 following the agreement of the Board of Directors on July 30, 2019.

On 19 June, Eiffel Investment Group purchased 1,215% of Lleida.net shares at a price of 0,90 euros per share. In addition, 75.000 own shares were sold at a price of 0,90 euros per share to GVC Gaesco.

At June 30, 2019, the company held 721.180 shares with a valuation on that date of 753.800,17 euros, representing 4,49% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2019, the Company has not used instruments related to financial derivatives.

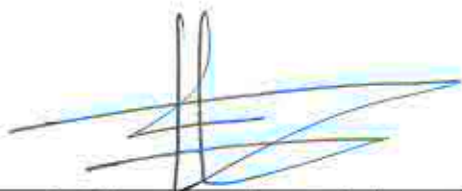
7. DEFERRALS OF PAYMENT TO SUPPLIERS

Information regarding deferrals of payment to suppliers is shown in the Financial Statements in Note 10.

**PREPARATION OF THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AND DIRECTORS' REPORT**

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Interim Consolidated Financial Statements and the Consolidated Directors' Report for the period that ends on June 30, 2019. Both of them are comprised in the attached pages number 1 to 46.

Lleida, October 17, 2019
The Board of Directors



Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer



Mr. Marcos Gallardo Meseguer
Secretary



Mr. Miguel Pérez Subías
Independent Director



Mr. Antonio López del Castillo
Independent Director



Mr. Jordi Carbonell i Sebarroja
Independent Director



Mrs. Arrate María Usandizaga Ruíz
Executive Director



Investor Group composed of
Sepi Desarrollo Empresarial, S.A.,
Empresa Nacional de Innovación, S.M.E., S.A.
& Cántabro Catalana de Inversiones, S.A.
represented by
D. Jorge Sainz de Vicuña
External Director

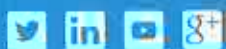


Institut Català de Finances Capital,
S.G.E.I.C., S.A.U.
Represented by
Mr. Emilio Gómez Jané
External Director

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LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON JUNE, 30TH 2019 TOGETHER WITH THE INDEPENDENT LIMITED REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

(TRANSLATION FROM THE INTERIM FINANCIAL STATEMENTS TO BE ISSUED ORIGINALLY IN SPANISH AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN SPAIN. IN THE EVENT OF A DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS)



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Interim Financial Statements and Directors'
Report for the period ended on June, 30th 2019
together with the Independent Auditor's
Report on the Interim Financial Statements

LIMITED REVIEW AUDIT REPORT ON THE INTERIM FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS AND NOTES FOR THE SIX MONTH PERIOD ENDED ON JUNE 30, 2019:

Balance Sheets as of June 30, 2019 and December 31, 2018

Income and Expenses Statement for the six-month period ended on June 30, 2019 and the six-month period ended on June 30, 2018.

Statements of Changes in Equity for the six-month period ended on June 30, 2019 and the year 2018.

Statements of Cash Flows for the six-month period ended on June 30, 2019 and the six-month period ended on June 30, 2018.

Notes to the Interim Financial Statements as of June 30, 2019.

DIRECTORS' REPORT FOR THE SIX MONTH PERIOD ENDED ON JUNE 30th 2019



LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

LIMITED REVIEW AUDIT REPORT ON THE INTERIM FINANCIAL STATEMENTS



*(Translation of the report originally issued in Spanish.
In the event of discrepancy, the Spanish Language version prevails)*

Limited Review Report on the Interim Financial Statements

To the Shareholders of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

Limited review report on the interim financial statements

Introduction

We have reviewed the interim financial statements of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A., which comprise the balance sheet as of June 30, 2019, the income statement, the statement of changes in equity, the cash-flow statement and the notes to the interim financial statements for the six-month period then ended. The directors are responsible for the preparation and fair presentation of the interim financial statements in accordance with the regulatory framework of financial information applicable to the Company in Spain, as identified in Note 2.a of the accompanying notes to the interim financial statements, and of the internal control deemed necessary to enable the preparation of the financial statements free of material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Company". A limited review on interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A limited review has a substantially lower scope than an audit conducted in accordance with the regulations governing the auditing of accounts and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our limited review, which cannot be understood as an audit of accounts, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects the true and fair view of the equity and financial position of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A., as of June 30, 2019, as well as its results and its cash-flows for the six-month period then ended, in accordance with the applicable financial information regulatory framework and, in particular, with the accounting principles and criteria contained therein.

Other matters

This report has been prepared at the request of the Board of Directors of LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. in connection with the publication of the six-month period financial report required by the Circular 15/2016, of the Spanish Alternative Stock Market about 'Information to be supplied by companies in expansion and SOCIMI incorporated to negotiation in the Alternative Stock Market'.

BDO Auditores, S.L.P. (ROAC nº S1273)

Ignacio Algas (ROAC 21.841)
Audit Partner

October 18th, 2019

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

INTERIM FINANCIAL STATEMENTS FOR
THE PERIOD ENDED ON JUNE 30, 2019

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018**

(Expressed in Euros)

ASSETS	Notes to the Interim Financial Statements	30/06/2019	31/12/2018
NON-CURRENT ASSETS		4.770.929,37	4.812.707,36
Intangible assets	Note 4	3.904.735,70	3.841.712,39
Research		2.751.870,78	2.702.887,98
Patents, licenses, trade marks and similar		531.083,69	533.761,72
Computer applications		55.264,42	31.537,64
Other intangible assets		566.516,81	573.525,05
Tangible fixed assets	Note 5	320.333,76	337.969,59
Land and buildings		160.669,58	163.217,11
Technical installations and other tangible fixed assets		159.664,18	174.752,48
Long-term investments in group and affiliated companies		362.035,15	444.204,73
Equity instruments	Note 8	162.762,39	162.762,39
Loans to companies	Notes 7.2 y 18.1	199.272,76	281.442,34
Long-term financial investments	Note 7	183.824,76	185.839,70
Equity instruments		154.257,40	154.077,40
Other financial assets		29.567,36	31.762,30
Deferred Tax Assets	Note 14	-	2.980,95
CURRENT ASSETS		5.579.385,69	4.976.372,02
Trade and other receivables		3.373.333,58	3.131.672,82
Client receivables for sales and services	Notes 7.2	2.171.196,09	1.985.476,55
Clients, group and affiliated companies	Notes 7.2 y 18.1	1.117.207,57	1.018.177,08
Sundry debtors	Notes 7.2	47.693,69	76.772,54
Staff	Notes 7.2	4.451,36	4.280,40
Current tax assets	Note 14	104,65	6.400,62
Other receivables from Public Authorities	Note 14	32.680,22	40.565,63
Short-term investments in group and affiliated companies	Note 7.2	180.997,06	164.725,64
Loans to companies		180.997,06	164.725,64
Short-term financial investments	Note 7.2	1.012.022,00	703.005,50
Other financial assets		1.012.022,00	703.005,50
Short-term accruals		203.114,35	233.061,91
Cash and cash equivalents	Note 7.1	809.918,70	743.906,15
Cash		809.918,70	743.906,15
TOTAL ASSETS		10.350.315,06	9.789.079,38

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018**

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes to the Interim Financial Statements	30/06/2019	31/12/2018
EQUITY		4.203.018,66	3.790.079,13
Equity		4.203.018,66	3.790.079,13
Capital	Note 12.1	320.998,86	320.998,86
Share Capital		320.998,86	320.998,86
Issue Premium	Note 12.3	5.244.344,28	5.244.344,28
Reserves	Note 12.2	1.500.472,37	1.442.009,79
Legal and statutory		47.503,72	47.503,72
Other Reserves		1.452.968,65	1.394.506,07
(Shares and own holdings in equity)	Note 12.4	(753.800,17)	(954.287,73)
Retained earnings		(2.262.986,07)	(2.054.232,27)
Financial year's earnings		153.989,39	(208.753,80)
NON-CURRENT LIABILITIES		2.052.524,53	1.373.581,25
Long-term debts	Note 9.1	2.052.524,53	1.373.581,25
Debts with credit institutions		1.826.727,05	1.126.973,02
Financial lease debts		18.616,68	28.646,14
Other financial liabilities		207.180,80	217.962,09
CURRENT LIABILITIES		4.094.771,87	4.625.419,00
Short-term provisions		91.450,00	85.450,00
Short-terms debts	Note 9.1	1.635.541,75	2.345.516,67
Debts with credit institutions		1.494.002,64	2.253.038,00
Financial lease debts		19.971,62	19.797,76
Other financial liabilities		121.567,49	72.680,91
Trade and other payables		2.367.780,12	2.194.452,33
Suppliers	Note 9.1	1.347.696,40	1.462.172,12
Suppliers, group and affiliated companies	Note 9.1	261.975,40	245.540,89
Sundry creditors	Note 9.1	289.373,28	168.632,73
Staff (remuneration payable)	Note 9.1	88.526,87	-
Other debts with Public Authorities	Note 14	218.476,05	129.484,21
Advances from clients	Note 9.1	161.732,12	188.622,38
TOTAL EQUITY AND LIABILITIES		10.350.315,06	9.789.079,38

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**INCOME AND EXPENSES STATEMENT FOR THE SIX MONTH PERIOD ENDED
ON JUNE 30, 2019 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2018**

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes to the Interim Financial Statements	2019 (6 months)	2018 (6 months)
Net turnover	Note 20	5.732.744,27	6.196.714,14
Net sales		5.732.744,27	6.196.714,14
Work performed by the company for its assets	Note 4	510.649,77	328.140,30
Supplies	Note 15.a	(2.771.569,59)	(3.256.935,92)
Goods consumed		(2.771.569,59)	(3.256.935,92)
Other operating income		5.689,49	4.109,82
Ancillary and other current operating income		-	109,82
Operating grants income		5.689,49	4.000,00
Staff expenses		(1.441.524,42)	(1.187.984,51)
Wages, salaries and the like		(1.079.648,35)	(886.556,39)
Fringe benefits	Note 15.b	(361.876,07)	(301.428,12)
Other operating expenses		(1.279.975,63)	(1.117.557,50)
External charges for services		(1.278.343,88)	(1.109.518,05)
Taxes		(6.709,51)	(8.034,32)
Losses, Impairment and change in trade provisions		5.077,76	(5,13)
Amortization of fixed assets	Notes 4 y 5	(565.354,90)	(571.032,02)
OPERATING EARNINGS		190.658,99	395.454,31
Financial income	Note 15.c	16.510,58	23.060,07
Income from negotiable securities and other financial instruments, group and affiliated companies		16.271,42	22.837,88
Other income from negotiable securities and other third-party financial instruments		239,16	222,19
Financial expenses	Note 15.c	(39.471,73)	(53.402,23)
For debts with third parties		(39.471,73)	(53.402,23)
Exchange differences	Note 15.c	(10.727,50)	(19.683,52)
Impairments and earnings for disposals of financial instruments	Notes 7.2 y 8	-	(575.552,69)
Impairments and losses		-	(575.552,69)
FINANCIAL EARNINGS		(33.688,65)	(625.578,37)
PRE-TAX EARNINGS		156.970,34	(230.124,06)
Profit tax	Note 14	(2.980,95)	-
FINANCIAL YEAR'S EARNINGS FROM CONTINUED OPERATIONS		153.989,39	(230.124,06)
FINANCIAL YEAR'S EARNINGS		153.989,39	(230.124,06)

LEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENTS OF CHANGES IN EQUITY FOR THE SIX
MONTH PERIOD ENDED ON JUNE 30, 2019 AND THE YEAR 2018**

(Expressed in euros)

	Share Capital	Own holdings in equity	Share Premium	Reserves	Retained Earnings	Financial year's earnings	Total
BALANCE, END OF 2017	320.998,86	(935.557,23)	5.244.344,28	1.466.165,42	(1.801.339,18)	(252.893,09)	4.041.719,06
Total recognized income and expenses	-	-	-	-	-	(208.753,80)	(208.753,80)
Transactions with shareholders:	-	(18.730,50)	-	(24.155,63)	-	-	(42.886,13)
Capital increases	-	-	-	-	-	-	-
Transactions with own equity instruments (net)	-	(18.730,50)	-	(24.155,63)	-	-	(42.886,13)
Other changes in equity:	-	-	-	-	(252.893,09)	252.893,09	-
Distribution of earnings from the previous year	-	-	-	-	(252.893,09)	252.893,09	-
BALANCE, END OF 2018	320.998,86	(954.287,73)	5.244.344,28	1.442.009,79	(2.054.232,27)	(208.753,80)	3.790.079,13
Total recognized income and expenses	-	-	-	-	-	153.989,39	153.989,39
Transactions with shareholders:	-	200.487,56	-	58.462,58	-	-	258.950,14
Transactions with own equity instruments (net)	-	200.487,56	-	58.462,58	-	-	258.950,14
Other changes in equity:	-	-	-	-	(208.753,80)	208.753,80	-
Distribution of earnings from the previous year	-	-	-	-	(208.753,80)	208.753,80	-
BALANCE AS OF JUNE 30, 2019	320.998,86	(753.800,17)	5.244.344,28	1.500.472,37	(2.262.986,07)	153.989,39	4.203.018,66

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.**STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED ON
JUNE 30, 2019 AND THE SIX MONTH PERIOD ENDED ON JUNE 30, 2018**

(Expressed in Euros)

	2019 (6 months)	2018 (6 months)
CASH FLOW FROM OPERATING ACTIVITIES	415.345,35	565.138,41
Financial year's pre-tax earnings	156.970,34	(230.124,06)
Adjustments to earnings	589.238,29	1.178.432,00
Fixed asset amortisation	565.354,90	571.032,02
Valuation changes for impairment	(5.077,76)	575.557,82
Change in provisions	6.000,00	1.500,00
Financial income	(16.510,58)	(23.060,07)
Financial expenses	39.471,73	53.402,23
Changes in current capital	(133.201,04)	(206.702,41)
Inventories	-	-
Debtors and other accounts receivable	(336.476,39)	(505.079,65)
Other current assets	29.947,56	23.901,62
Trade payables and other accounts payable	173.327,79	274.475,62
Other cash flow from operating activities	(197.662,24)	(176.467,12)
Interest payments	(39.471,73)	(53.402,23)
Receipts of interests	(164.486,48)	(124.476,67)
Receipts (payments) for profit tax	6.295,97	1.411,78
CASH FLOW FROM INVESTMENT ACTIVITIES	(577.251,30)	(4.297,89)
Payments for investments	(917.743,94)	(464.152,97)
Intangible assets	(571.126,94)	(405.566,44)
Tangible assets	(39.615,44)	(58.586,53)
Other financial assets	(307.001,56)	-
Proceeds from disposals	340.492,64	459.855,08
Group and affiliated companies	340.492,64	148.634,10
Other financial assets	-	311.220,98
CASH FLOW FROM FINANCING ACTIVITIES	227.918,50	(456.941,33)
Receipts and payments for equity instruments	258.950,14	-
Acquisition of own equity instruments	258.950,14	-
Receipts and payments for financial-liability instruments	(31.031,64)	(456.941,33)
Issuance	1.238.105,29	345.000,00
Amounts owed to credit institutions	1.200.000,00	345.000,00
Others	38.105,29	-
Repayment and amortisation of:	(1.269.136,93)	(801.941,33)
Amounts owed to credit institutions	(1.269.136,93)	(780.249,71)
Others	-	(21.691,62)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	66.012,55	103.899,19
Cash and cash equivalents at start of the financial year	743.906,15	300.107,31
Cash and cash equivalents at end of the financial year	809.918,70	404.006,50

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.

**NOTES TO THE INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD ENDED AS OF JUNE 30, 2019**

**NOTE 1. INCORPORATION, ACTIVITIES AND LEGAL SYSTEM OF THE
COMPANY**

a) Incorporation and registered Office of the Company

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A. (hereinafter "the Company"), was registered in Lleida on January 30th, 1995. On October 7, 2017, the Company approved the change of registered office, which is currently located at General Lacy, number 42, Ground Floor - Local I in Madrid. In the previous year its registered office was at the Parc Científic i Tecnològic Agroalimentari de Lleida, Edifici H1, Planta 2, de Lleida.

On June 30, 2011, the General Shareholders' Meeting was held in which the transformation from a Limited Company to a Public Limited Company was agreed. On December 12, 2011, the agreement reached at the aforementioned meeting was notarized and deposited in the Mercantile Registry on February 17, 2012.

b) Activities

Its activity consists in acting as a teleoperator for short message management services (SMS) over the Internet, as well as any other activity related to the aforementioned corporate purpose.

The Company financial year starts on 1 January and ends on 31 December of each year. The accompanying Interim Financial Statements cover the time period between January, 1 and June, 30 of 2019.

c) Legal System of the Company

The Company is governed by its Articles of Association and by the current Corporate Enterprises Act.

d) Quotation in the Alternative Stock Market and in Euronext Growth

On June 1st, 2015, the Company approved at the Shareholders' Meeting the request for incorporation into the Alternative Stock Market (MAB) of all the shares of the Company.

On October 7th, 2015, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., approved the incorporation of 16.049.943 shares of 0,02 euros' nominal value each into the segment of companies in expansion of the Alternative Stock Market, effective as of October 9, 2015. The Company appointed PricewaterhouseCoopers Asesores de Negocios, S.L. and as Liquidity Provider to BEKA Finance, S.V., S.A. company subsequently integrated into the GVC GAESCO VALORES SV, S.A. group. On November 7, 2015, the Parent Company changed its Registered Advisor, appointing GVC GAESCO VALORES SV, S.A. On December 19, 2018, the Company was listed on Euronext Growth Paris under the dual listing system, with Invest Securities being the Listing Sponsor and Liquidity Provider.

NOTE 2. PRESENTATION BASIS OF INTERIM FINANCIAL STATEMENTS

a) True and Fair View

The accompanying Interim Financial statements of the period ended as of June 30, 2019 were prepared with the accounting records of the Company and drawn up in accordance with the applicable commercial law currently in force and with the standards established in the General Accounting Plan approved by Spanish Royal Decree 1514/2007, of 16 November, applying the modifications introduced by Royal Decree 1159/2010, of 17 september, and Royal Decree 602/2016, of 2 December, to provide a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash flows included in the cash-flow statement.

b) Accounting Principles Applied

The Interim Financial Statements have been drawn up by applying the accounting principles established in the Spanish Commercial Code and in the General Accounting Plan.

c) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the Interim Financial Statements are expressed in euros.

d) Critical Aspects of Uncertainties Valuation and Estimation

There are no significant uncertainties or aspects concerning the future which are potentially associated with any serious risk and which may involve significant changes to the value of assets and liabilities in the following financial year.

There have been no changes in accounting estimates that have affected the current year or that could significantly affect future years.

e) Comparison of the Information

In accordance with commercial legislation, the Board of Directors of the Company presents, for comparison purposes, each of the Balance Sheets and the Statement of Changes in Equity, in addition to the figures for the six-month period ended on June 30, 2019, those corresponding to the 12-month period ended December 31, 2018, which were part of the Financial Statements for the year 2018 approved by the General Shareholders' Meeting on June 10, 2019. Referring to the Profit and Loss Account and the Cash Flow Statement, the Board of Directors of the Company presents, in addition to the figures for the six-month period ended June 30, 2019, those corresponding to the Interim Financial Statements as of June 30, 2018, which is why the effects on the Profit and Loss Account recognized in certain Notes to the Interim Financial Statements are not directly traceable to the Profit and Loss Account because they reflect the effect of the entire year, while the Statement of Income only reflects the effect of the 6-month period. This fact must be considered in the interpretation of these interim financial statements.

f) Changes in Accounting Standards

There have been no changes in the accounting standards.

g) Correction of Errors

The Interim Financial Statements for the six-month period ended June 30, 2019 do not include any adjustment related to as consequence of errors detected in previous financial years.

h) Responsibility for the Information given and the Estimates made

Company's Directors are responsible for the information provided in these Interim Financial Statements. For the preparation of the Interim Financial Statements estimates have been used in order to value some of the assets, liabilities, incomes, expenses and compromises that are registered, and that, basically, these estimations are referred to the evaluation of losses by impairment of certain assets, the useful life of non-current assets and the probability of occurrence of provisions.

Notwithstanding that these estimates were made according to the best information available at the time of the preparation of these Interim Financial Statements, it is possible that future events may occur that require their amendment for the next financial years; which would be carried out prospectively, taking account of the effects of the estimate change on the corresponding profit and loss accounts.

i) Statement of Recognized Income and Expenses

In this year, as in the previous year, the Company has not recognized income or expenses directly in equity, having recorded all of them in the income statement for the corresponding year. Therefore, these Interim Financial Statements do not include the Statement of Recognized Income and Expenses.

NOTE 3. RECOGNITION AND VALUATION STANDARDS

The principal valuation standards used by the Company in the drafting of its Interim Financial Statements on June 30, 2019, in accordance with those established by the General Accounting Plan, were as follows:

a) Intangible Fixed Assets

Assets included in intangible fixed assets are valued by their cost, whether purchase price or production cost, reduced by the corresponding accumulated amortization and losses from any impairment which, where appropriate, has occurred.

Research and Development Costs

Capitalized research and development costs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, the Management of the Company has substantial grounds for expecting the technical success and the financial and commercial profitability of these projects

Research and development costs that appear as assets are amortized on a straight-line basis over their useful life, at an annual rate of 20%, and always within a period of 5 years.

As soon as there are reasonable doubts over the technical success or financial and commercial profitability of a project, the values recorded in the asset that apply to it are directly allocated to the financial year's losses.

Computer Applications

Licenses for computer applications purchased from third parties are capitalized on the basis of the costs incurred for purchasing.

Computer applications are amortized on a straight-line basis throughout their useful lives, at an annual rate of 33%.

Maintenance expenses for computer applications incurred during the financial year are recognized in the Profit and Loss Account.

Industrial Property

Corresponds to the capitalized development expenses for which the relevant patent or similar has been obtained, and includes the registration and formalization costs for the industrial property, as well as the costs for purchasing the corresponding rights from third parties.

During all these years, the Company has been able to develop methods and unique technologies in its sector by continuous investment in research and development. The result of this effort has been the publication of patents at European, American and PCT levels, putting in value the effort developed during these last years. These patents allow the Company to license this technology to third parties and protect it against possible copies of other actors in the sector, less scrupulous when creating original models.

b) Tangible Fixed Assets

Tangible fixed assets are valued by their acquisition price or production cost, net of the corresponding accumulated amortization and, where appropriate, of the accumulated value of the recognized allowances for impairment.

Repair and maintenance expenses incurred during the financial year are debited in the Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognized.

Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Company hopes to use them, according to the following table:

	Annual Percentage	Estimated Years of Useful Life
Buildings	2,50	40
Technical facilities	8 - 10	12,50 - 10
Machinery	20 - 25	5 - 4
Other installations	10	10
Furniture	10 - 15	10 - 6,67
Computer equipment	25 - 50	4 - 2
Other tangible fixed assets	15	6,67

The book value of a tangible fixed-asset item is de-recognized in the accounts through its alienation or disposal by other means; or where no future economic benefits or profits are expected to be obtained for its use, alienation or disposal by other means.

The loss or profit resulting from writing-off a tangible fixed-asset item is determined as the difference between the net values, where appropriate, of the sales costs resulting from its alienation or disposal by other means, where available, and the item's book value, and is allocated to the Profit and Loss Account for the financial year in which this occurs.

At the financial year's closure, the Company, assesses whether there are signs of impairment in a tangible fixed-asset item or any cash-generating unit, in which case the recoverable amounts are estimated and the necessary allowances are made.

An impairment loss is deemed to have occurred in a tangible fixed-asset item where its book value exceeds its recoverable value, this being understood as the higher value between its fair value less the sales costs and its value in use.

Allowances for impairment in the tangible fixed-asset items, as well as their reversals where the circumstances producing them cease, are recognized as an expense or income respectively in the Profit and Loss Account.

c) Leases and Other Transactions of a Similar Nature

Operating-lease expenses incurred during the financial year are debited in the Profit and Loss Account.

d) Financial Instruments

The Company determines the classification of its financial assets on their initial recognition and, where permitted and appropriate, this classification is re-assessed on each closing of the balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items and Debts and Payable Items

Loans and Receivable Items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Company cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and Payable Items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: financial liabilities which, not being derivative instruments, have no commercial origins.

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, as well as, where appropriate, advances and loans made to staff, receivable dividends and called payments on equity instruments, the amounts for which are expected to be received in the short term, and payments called by third parties on holdings, the amounts for which are expected to be paid in the short term, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired, i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of June 30, 2019, has been estimated on the basis of the analysis made on each of the individualized outstanding receivables on that date.

Investments in group, multi-group and affiliated companies equity instrument's

They are initially valued at cost, which corresponds to the fair value of the consideration paid plus the transaction costs which are directly attributable to them.

They are subsequently valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment

At the close of the financial year, and where there is objective evidence that the book value of an investment will not be recoverable, the necessary allowances are made.

The value of the allowance is determined as the difference between the book value and the recoverable value, unless there is better evidence of the recoverable value of the investments, account is taken, in estimating the impairment in this class of assets, of the proportion of equity of the entity in which there are holdings, corrected for the implicit capital gains present at the date of valuation, which correspond to items identifiable on the balance sheet of the entity in which there are holdings.

Allowances for impairment and, where appropriate, its reversal, are recognized as an expense or income respectively in the Profit and Loss Account. The reversal of the impairment shall be limited to the book value of the investment that would have been recognized on the reversal date had the impairment not been recognized.

Financial Assets Available for Sale

This category includes debt securities and equity instruments from other companies not classified in any of the preceding categories.

Subsequently, they are valued by their fair value, without deducting the transaction costs that might be incurred in their alienation. Changes in fair value are directly recognized in the equity, until the financial asset leads to de-recognition or is impaired, where the value so recognized is allocated to the Profit and Loss Account.

Notwithstanding the above, allowances for impairment and losses and gains which arise from exchange differences in monetary financial assets in foreign currency are recognized in the Profit and Loss Account rate.

The value of both the interest, calculated under the effective interest method, and the accrued dividends are also recognized in the Profit and Loss Account.

Investments in equity instruments whose fair value cannot be reliably determined are valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment.

De-recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

De-recognition of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases.

Interest Received from Financial Assets

Interest from financial assets accrued subsequent to their purchase are recognized as income in the Profit and Loss Account.

Interests are recognized by using the effective interest rate method. For these purposes in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time, and the value of the dividends agreed to by the competent body on acquisition, are recognized independently, bearing in mind their maturity.

Guarantees Given

Guarantees given and received through operating leases and provision of service are valued by the amount paid out and received respectively.

e) Transactions in Foreign Currencies

Transactions in foreign currencies are recognized by their exchange value in Euros, by using the spot exchange-rate for the dates on which they occur.

On the close of each financial year, monetary items are valued by applying the average spot exchange-rate on that date. Exchange differences, both positive and negative, which result from this process, as well as those generated on selling off equity items, are recognized in the Profit and Loss Account for the financial year in which they arise.

f) Profit Tax

Profit tax is recognized in the Profit and Loss Account or directly in the Equity depending on where the gains or losses giving rise to it are recognized. Profit tax for each financial year includes both current and deferred taxes, where appropriate.

The current tax amount is the sum to be paid by the Company as a result of the assessment notices for the tax.

Differences between the book value of assets and liabilities, and their tax base, generate the deferred tax asset or liability tax balances which are calculated using the expected tax rates at the time of their reversal, and under the method in which it can be reasonably expected to recover or pay the asset or liability.

Variations arising during the financial year in deferred tax asset or liability are recognized either in the Profit and Loss Account or directly in the Equity, as appropriate.

Deferred tax assets are only recognized insofar as it is probable that the company will have future tax gains that allow these assets to be applied.

In each closing balance sheet the book value of the recognized deferred tax assets is analyzed and the necessary adjustments are made insofar as there are doubts over their future tax recoverability. Likewise, in each closing non-recognized deferred taxes are assessed in the balance sheet and these are subject to recognition to the extent that their recovery with future tax benefits is probable.

g) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less the amount of any discount, reduction or other similar items, as well as the interest incorporated into the face value of the credits.

Income from services is recognized when the result of the transaction can be estimated reliably, considering the percentage of completion of the service at the year-end date. Consequently, only income from the provision of services is accounted for when all and each of the following conditions:

- a) The amount of the income can be reliably valued.
- b) It is probable that the Company receives financial benefits or profits arising from the transaction.
- c) The extent of the transaction carried out, on the date of closure of the financial year, can be reliably valued, and
- d) The costs already incurred in the service's provision, as well as those that are yet to be incurred up to its completion, can be reliably valued.

h) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Company, and whose value and time of cancellation are indeterminate, are recognized on the balance sheet as provisions and are valued by the current value of the best possible estimate for the amount necessary to cancel the obligation or transfer it to a third party.

i) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the equity and recognized in the Profit and Loss Account in proportion to the amortization undergone over the period by the assets financed through these grants, unless these are non-depreciable assets, in which case they will be allocated to the earnings of the financial year in which their alienation or de-recognition takes place.

Grants intended for cancelling debts are allocated as income for the financial year in which the cancellation occurs, unless they are received for a specific financing, in which case the allocation is made according to the item that is financed.

Refundable grants are recognized as long-term debt convertible into subsidies until they become non-refundable.

Operation grants are credited to the earnings of the financial year when they accrue.

j) Related-Party Transactions

In general, items forming the subject matter of a related-party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

k) Cash-Flow Statements

Cash-flow statements use the following expressions according to the meanings given below:

Cash and Equivalents: Cash is both cash in hand and demand deposits. Cash equivalents are financial instruments forming part of the Company's normal cash management, are convertible into cash, have initial maturities no greater than three months and are subject to little significant risk of change in their value.

Cash Stream-flows: inflows and outflows of cash or other equivalent resources, with the latter being understood as investments having terms under three months, high liquidity and low risk of changes in value.

Operating Activities: these are the activities that make up the principal source of the Company's ordinary income, as well as other activities that cannot be classified under investment or financing.

Investment Activities: acquisition, alienation or disposal by other means of long-term assets and other investments not included in cash or cash equivalents.

Financing Activities: activities that lead to changes in the size and composition of the equity and financial liabilities.

NOTE 4. INTANGIBLE FIXED ASSETS

The detail and movement of Intangible Fixed Assets for the six-month period ended as of June 30, 2019 is as follows, in euros:

	31/12/2018	Additions	Transfers	30/06/2019
Cost:				
Research	10.127.878,55	510.649,77	-	10.638.528,32
Industrial Property	698.046,72	-	34.725,26	732.771,98
Computer applications	226.637,13	570,00	32.190,15	259.397,28
Advances for intangible fixed assets	573.525,05	59.907,17	(66.915,41)	566.516,81
	11.626.087,45	571.126,94	-	12.197.214,39
Accumulated amortization:				
Research	(7.424.990,57)	(461.666,97)	-	(7.886.657,54)
Industrial Property	(164.285,00)	(37.403,29)	-	(201.688,29)
Computer applications	(195.099,49)	(9.033,37)	-	(204.132,86)
	(7.784.375,06)	(508.103,63)	-	(8.292.478,69)
Intangible Fixed Assets, Net	3.841.712,39	63.023,31	-	3.904.735,70

The details and changes in intangible fixed assets throughout the financial year 2018 were as follows, in euros:

	31/12/2017	Additions	De-Recognition	Transfers	31/12/2018
Cost:					
Research	9.341.242,16	786.636,39	-	-	10.127.878,55
Industrial Property	388.550,99	-	-	309.495,73	698.046,72
Computer applications	221.657,90	4.979,23	-	-	226.637,13
Advances for intangible fixed assets	656.368,89	226.651,89	-	(309.495,73)	573.525,05
	10.607.819,94	1.018.267,51	-	-	11.626.087,45
Accumulated amortization:					
Research	(6.514.100,47)	(910.890,10)	-	-	(7.424.990,57)
Industrial Property	(65.531,01)	(98.753,99)	-	-	(164.285,00)
Computer applications	(180.680,96)	(14.418,53)	-	-	(195.099,49)
	(6.760.312,44)	(1.024.062,62)	-	-	(7.784.375,06)
Intangible Fixed Assets, Net	3.847.507,50	(5.795,11)	-	-	3.841.712,39

Fully-amortized and in-use items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is the following, stating their cost values in Euros:

	30/06/2019	31/12/2018
Research	5.472.949,24	5.472.949,24
Patents	70.684,26	26.783,16
Computer applications	167.566,20	167.566,20
	5.711.199,70	5.667.298,60

NOTE 5. TANGIBLE ASSETS

The detail and changes of tangible fixed assets for the six-month period ended June 30, 2019, is the following, in euros:

	31/12/2018	Additions	30/06/2019
Cost:			
Land and buildings	197.185,74	-	197.185,74
Technical installations and machinery	252.969,45	-	252.969,45
Other installations, tools and furniture	99.263,23	6.855,66	106.118,89
Data processing equipment	398.519,65	32.759,78	431.279,43
Other tangible fixed assets	4.935,79	-	4.935,79
	952.873,86	39.615,44	992.489,30
Accumulated amortization:			
Land and buildings	(33.968,63)	(2.547,53)	(36.516,16)
Technical installations and machinery	(200.661,94)	(10.192,24)	(210.854,18)
Other installations, tools and furniture	(54.907,55)	(4.841,60)	(59.749,15)
Data processing equipment	(321.995,55)	(39.517,14)	(361.512,69)
Other tangible fixed assets	(3.370,60)	(152,76)	(3.523,36)
	(614.904,27)	(57.251,27)	(672.155,54)
Tangible Fixed Assets, Net	337.969,59	(17.635,83)	320.333,76

The details and changes in tangible fixed assets for the six-month period ended June 30, 2018 was as follows, in euros:

	31/12/2017	Additions	Transfers	31/12/2018
Cost:				
Land and buildings	172.228,55	24.957,19	-	197.185,74
Technical installations and machinery	252.969,45	-	-	252.969,45
Other installations, tools and furniture	79.150,73	20.112,50	-	99.263,23
Data processing equipment	360.928,95	37.590,70	-	398.519,65
Other tangible fixed assets	3.087,87	1.847,92	-	4.935,79
	868.365,55	84.508,31	-	952.873,86
Accumulated amortization:				
Land and buildings	(28.901,34)	(5.067,29)	-	(33.968,63)
Technical installations and machinery	(180.108,54)	(20.553,40)	-	(200.661,94)
Other installations, tools and furniture	(45.553,76)	(9.353,79)	-	(54.907,55)
Data processing equipment	(233.200,54)	(88.795,01)	-	(321.995,55)
Other tangible fixed assets	(3.087,87)	(282,73)	-	(3.370,60)
	(490.852,05)	(124.052,22)	-	(614.904,27)
Tangible Fixed Assets, Net	377.513,50	(39.543,91)	-	337.969,59

Fully-Amortized and in-Use Items

The breakdown, by epigraphs, of the most significant assets which were fully-amortised and in use as of June 30, 2019 and at December 31, 2018, is shown below stating their cost values in Euros:

	30/06/2019	31/12/2018
Technical installations and machinery	43.468,70	43.468,70
Data processing equipment	241.119,00	148.061,46
	284.587,70	191.530,16

NOTE 6. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

6.1) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial lease agreements as of June 30, 2019, in euros:

	Fair Value	Value of the purchase option	Due Date	Signature date	Pending amount
Computer equipment	80.798,12	1.707,27	04/04/2021	04/05/2017	38.588,30

The following is the total amount of future payments in financial leases as of June 30, 2019, in euros:

	Financial year 2019
Total amount of minimum future payments at the close of the year	37.559,94
(-) Non-accrued financial expenses	(678,91)
Value of the purchase option	1.707,27
Current value at the close of the year	38.588,30

6.2) Operating Leases (the Company as Lessee)

The operating lease charge against the results as an expense in the period ended as of June 30, 2019, is 104.081,48 euros (129.380,20 euros in the period of six months ended as of June 30, 2018).

The following is the breakdown of the total amount of the minimum future payments corresponding to the non-cancellable operating leases:

	2019	2018
Up to 1 year	106.121,64	147.867,23
Between 1 and 5 years	162.434,74	200.628,85
More of 5 years	325.942,92	166.082,40
	594.499,30	514.578,48

NOTE 7. FINANCIAL ASSETS

The breakdown of the long-term financial assets, except investments in the equity of the group, multi-group and affiliated companies, which are shown in Note 8, is the following, euros:

	Equity instruments		Credits and Others Financial Assets	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Loans and receivable items (Note 7.2)	-	-	228.840,12	313.204,64
Financial assets available for sale (Note 7.3)	154.257,40	154.077,40	-	-
Total	154.257,40	154.077,40	228.840,12	313.204,64

The breakdown of the short-term financial assets, is as follows, in euros:

	Credits and Others Financial Assets	
	30/06/2019	31/12/2018
Assets at fair value through the profit and loss:	809.918,70	743.906,15
Cash or other liquid assets (Note 7.1)	809.918,70	743.906,15
Loans and receivable items (Note 7.2)	4.533.567,77	3.952.437,71
Total	5.343.486,47	4.696.343,86

7.1) Assets at Fair Value through the Profit and Loss

Cash and other Equivalent Liquid Assets

The detail of the assets as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance at 30/06/2019	Balance at 31/12/2018
Current Accounts	802.164,86	736.226,19
Cash	7.753,84	7.679,96
Total	809.918,70	743.906,15

7.2) Loans and Receivable Items

The composition of loans and receivable items as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance at 30/06/2019		Balance at 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans and receivables items for commercial transactions				
Third party customers	-	2.171.196,09	-	1.985.476,55
Group companies, customers (Note 18.1)	-	1.117.207,57	-	1.018.177,08
Third party debtors	-	47.693,69	-	76.772,54
Total loans and receivables items for commercial transactions	-	3.336.097,35	-	3.080.426,17
Loans and receivables for non-commercial transactions				
Companies of the group (Note 18.1)	199.272,76	180.997,06	281.442,34	164.725,64
Staff	-	4.451,36	-	4.280,40
Short-term deposits (*)	-	1.012.022,00	-	703.005,50
Securities and deposits	29.567,36	-	31.762,30	-
Total loans and receivables for non-commercial transactions	228.840,12	1.197.470,42	313.204,64	872.011,54
Total	228.840,12	4.533.567,77	313.204,64	3.952.437,71

(*) Short-term deposits have a maturity to short-term and accrue a market interest rate.

Trade and other receivables include impairments due to insolvency risks, as detailed below:

	Balance at 31/12/2018	Impairment allowance	Transfers	Balance at 30/06/2019
Transfers and other variations				
Clients	554.546,49	(6.050,00)	-	548.496,49
Group companies, clients	-	-	93.597,42	93.597,42
	554.546,49	(6.050,00)	93.597,42	642.093,91

The loans for non-commercial transactions with companies of the group include an impairment allowance of 549.827,27 for Lleidanetworks Serveis Telemàtics, LTD Group and an impairment allowance of 109.536,91 for Lleidanet USA, Inc.

7.3) Financial Assets available for Sale

It corresponds mainly to two investments made for the Company in:

- E.Kuantia: financial institution specialized in the issuance of means of payment and electronic money. The investment amounts to 143.880 euros and corresponds to 2% of the share capital.
- IBAN Wallet: global platform, linking investors and loan applicants, with high rates for both. The investment amounts to 10.197,40 euros and corresponds to 0,38% of the share capital.

NOTE 8. EQUITY INSTRUMENTS IN GROUP AND AFFILIATED COMPANIES

The holdings held in Group and affiliated companies as of June 30, 2019 are the following ones, in euros:

Company	% Direct Equity	Cost	Impairment allowance	Net value at 30/06/2019	Book value at 30/06/2019
Group Companies					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(572.364,00)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(630.484,83)
Lleidanet Honduras, SA	70%	659,05	-	659,05	659,05
Lleidanet Dominicana, SRL	99,98%	10.127,97	-	10.127,97	(13.614,29)
Lleida SAS	100%	147.789,60	-	147.789,60	71.020,79
Lleida Chile SPA	100%	3.256,83	-	3.256,83	3.256,83
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(25.220,80)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	3.234,00
Portabilidades Españolas, S.A.	100%	3.000,00	-	3.000,00	(233,63)
Lleida Costa Rica	100%	16,06	-	16,06	(130,66)
Lleidanet Perú	100%	268,09	-	268,09	(98.976,10)
Outstanding payments Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Outstanding payments Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Outstanding payments Lleidanet Dominica, SRL		(10.127,97)	-	(10.127,97)	-
Outstanding payments Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Affiliated Companies					
Lleida Networks India Private Limited	25%	6.575,00	-	6.575,00	20.356,32
Total		566.928,48	(404.166,09)	162.762,39	(1.242.497,32)

Impairment allowances:

During the six-month period that ended on June 30, 2019, the Company has corrected entirely its holding in Lleidanet USA, Inc. This situation has led to a negative impact of 406.166,09 in the profit and loss statement.

Detail of activities and registered office of the Subsidiaries is indicated below:

Lleidanetworks Serveis Telemàtics, LTD

Incorporated on December 28, 2005 in Dublin, with its registered office in Birchín Court 20, Birchín Lane, London (United Kingdom). Its main activity is to function as an operator.

Lleidanet USA Inc

Incorporated on May 12, 2009 and its registered office is at 2719 Hollywood Boulevard Street 21 FL33020, Hollywood. Its main activity is to function as an operator. On June 30, 2013 a capital increase was made in Lleidanet USA Inc. for 397.515,00 euros which Lleidanetworks Serveis Telemàtics, S.A. subscribed in entirety.

Lleidanet Honduras, S.A.

Its registered office in Tegucigalpa (Honduras), it was incorporated on January 11, 2012, subscribing Lleidanetworks Serveis Telemàtics, S.A. 175 shares out of a total amount of 250 that were issued. Its main activity consists on being SMS operator, based on an interconnection network with the fixed and mobile operations of the Republic of Honduras.

Lleidanet Dominicana, S.R.L.

Headquartered in Santo Domingo (Dominican Republic), was incorporated on June 26, 2012, subscribing Lleidanetworks Serveis Telemàtics, S.A. 4,999 shares of a total of 5,000 that were issued. Its main activity is based on the dissemination of telematics systems.

Lleida SAS

With its registered office in Bogotá (Colombia), it was incorporated on November 16, 2012, subscribing Lleidanetworks Serveis Telemàtics, S.A. 100 shares out of a total of 100 that were issued. Its main activity is based on the dissemination of telematics systems. On June 15, 2018 a capital increase was carried out in Lleida, SAS for an amount of 95,802 euros which Lleidanetworks Serveis Telemàtics, S.A. subscribed in entirety.

Lleida Chile SPA

With its registered office in Santiago (Chile), it was incorporated on March 12, 2013, subscribing Lleidanetworks Serveis Telemàtics, SA 200 shares out of a total of 200 that were issued. Its main activity is based on the provision, organization and commercialization of telecommunications services.

Lleida Networks India Private Limited

With its registered office in New Delhi (India), it was incorporated on January 7, 2013, subscribing Lleidanetworks Serveis Telemàtics, S.A. 12,500 shares out of a total of 50,000 that were issued. Its main activity is the creation of a telecommunications operator in India, as well as offering VAS services, including SMS, MMS, and UMS and other types of messaging

Lleidanet do Brasil Ltda

With its registered office in Sao Paulo (Brazil), it was incorporated on October 2, 2013, subscribing Lleidanetworks Serveis Telemàtics, S.A. 329 shares out of a total of 330 that were issued. Its main activity is based on the provision of telecommunication services, program development, sending of text messages and electronic mail and the provision of services of study and analysis of computer processes in general.

Lleidanet Guatemala, Sociedad Anónima

With its registered office in Guatemala (Guatemala), it was incorporated on November 7, 2013, subscribing Lleidanetworks Serveis Telemàtics, S.A. 4,800 shares out of a total of 6,000 issued. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Portabilidades Españolas, S.A.

Incorporated on December 4, 2015, subscribing Lleidanetworks Serveis Telemàtics S.A. 100% of the share capital of 3,000 shares for a total value of 3,000€. Its corporate purpose is the commercialization of services based on numerical portability data to telecommunications operators for the routing of telephone traffic and short text messages.

Lleidatrans Costa Rica Empresa Individual de Responsabilidad Limitada

On March 31, 2016, the Parent acquires from D. Francisco José Sapena Soler 100% of this Company for the amount of 16,06 euros. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on these matters.

Lleidatrans Perú

On August 25, 2016, the Company made a contribution of 268,09 euros for the incorporation of said company. Its main activity is the provision, organization and commercialization of telecommunication services and activities such as mobile messaging services (SMS and MMS), carriers, etc., the creation, generation and exploitation of information and communication technologies and the provision of consulting and advisory services on said matters.

The summary of the equity of the investee companies as of June 30, 2019, is shown below, in euros:

Company	Share capital	Reserves	Retained earnings	Profit of the year	Other captions of equity	Total equity
Group companies:						
Lleidatrans serveis Telemàtics, LTD	4,00	-	(626.337,00)	53.969,00	-	(572.364,00)
Lleidatrans USA Inc	397.591,09	-	1.045.408,80	17.332,88	-	(630.484,83)
Lleidatrans Honduras, SA (**)	941,50	-	-	-	-	941,50
Lleidatrans Dominicana, SRL	10.128,98	-	(20.798,05)	(2.947,94)	-	(13.617,01)
Lleida SAS	64.969,26	-	(10.618,31)	16.669,84	-	71.020,79
Lleida Chile SPA (**)	3.256,83	-	-	-	-	3.256,83
Lleidatrans do Brasil Ltda.	10.801,08	-	(33.362,18)	(2.662,22)	-	(25.223,32)
Lleidatrans Guatemala, S.A. (**)	4.042,50	-	-	-	-	4.042,50
Portabilidades Españolas, S.A. (**)	3.000,00	-	(3.202,13)	(31,50)	-	(233,63)
Lleidatrans Costa Rica, S.L. (**)	16,06	-	(104,23)	(42,49)	-	(130,66)
Lleidatrans Perú, S.L.	268,09	-	(104.643,27)	5.399,08	-	(98.976,10)
Affiliated companies:						
Lleida Networks India Private Limited(*)	26.300,00	83.415,22	-	(28.289,93)	-	81.425,29

(*) The balances are as of March 31, 2017.

(**) No activity during the six-month period that ended on June 30, 2019.

The holdings held in Group and affiliated companies as of December 31, 2018 are the following ones, in euros:

Company	% Direct Equity	Cost	Impairment allowance	Net value at 31/12/2018	Book value at 31/12/2018
Group companies:					
Lleidanetworks Serveis Telemàtics, LTD	100%	4,00	-	4,00	(628.609,00)
Lleidanet USA Inc	100%	397.591,09	(397.591,09)	-	(647.817,72)
Lleidanet Honduras, SA	70%	659,05	-	659,05	659,05
Lleidanet Dominicana, SRL	99,98%	10.127,97	-	10.127,97	(10.666,96)
Lleida SAS	100%	147.789,60	-	147.789,60	54.350,94
Lleida Chile SPA	100%	3.256,83	-	3.256,83	3.256,83
Lleidanet do Brasil Ltda	99,99%	10.800,00	-	10.800,00	(22.558,84)
Lleidanet Guatemala	80%	3.234,00	-	3.234,00	3.234,00
Portabilidades Españolas, S.A.	100%	3.000,00	-	3.000,00	(202,13)
Lleidanet Costa Rica	100%	16,06	-	16,06	(87,84)
Lleidanet Perú	100%	268,09	-	268,09	(104.375,18)
Desembolsos pendientes Lleidanet USA		(2.349,36)	-	(2.349,36)	-
Desembolsos pendientes Lleidanet Honduras, SA		(659,05)	-	(659,05)	-
Desembolsos pendientes Lleidanet Dominicana, SRL		(10.127,97)	-	(10.127,97)	-
Desembolsos pendientes Lleida Chile SPA		(3.256,83)	-	(3.256,83)	-
Affiliated companies:					
Lleida Networks India Private Limited	25%	6.575,00	(6.575,00)	-	20.356,32
Total		566.928,48	(404.166,09)	162.762,39	(1.332.460,53)

The summary of the equity of the investee companies as of December 31, 2018, is shown below, in euros:

Company	Share capital	Reserves	Retained earnings	Profit of the year	Other captions of equity	Total equity
Group companies:						
Lleidanetworks serveis Telemàtics, LTD	4,00	-	(580.125,00)	(48.488,00)	-	(628.609,00)
Lleidanet USA Inc	397.591,09	-	(1.044.455,26)	(953,55)	-	(647.817,72)
Lleidanet Honduras, SA (**)	941,50	-	-	-	-	941,50
Lleidanet Dominicana, SRL	10.128,98	-	(12.195,76)	(8.602,31)	-	(10.669,09)
Lleida SAS	64.969,26	-	(21.881,70)	11.263,38	-	54.350,94
Lleida Chile SPA (**)	3.256,83	-	-	-	-	3.256,83
Lleidanet do Brasil Ltda.	10.801,08	-	(19.729,02)	(13.633,16)	-	(22.561,10)
Lleidanet Guatemala, S.A. (**)	4.042,50	-	-	-	-	4.042,50
Portabilidades Españolas, S.A. (**)	3.000,00	-	(2.224,88)	(977,25)	-	(202,13)
Lleidanet Costa Rica (**)	16,06	-	(96,26)	(7,64)	-	(87,84)
Lleidanet Perú	268,09	-	(81.237,27)	(23.406,00)	-	(104.375,18)
Affiliated companies:						
Lleida Networks India Private Limited (*)	26.300,00	83.415,22	-	(28.289,93)	-	81.425,29

(*) The balances are as of March 31, 2017.

(**) No activity during financial year 2018.

NOTE 9. FINANCIAL LIABILITIES

Detail of long-term financial liabilities, is as follows, in euros:

	Debts with credit institutions		Others liabilities		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Debits and payable items (Note 9.1)	1.845.343,73	1.155.619,16	207.180,80	217.962,09	2.052.524,53	1.373.581,25

Detail of short-term financial liabilities, is as follows, in euros:

	Debts with credit institutions		Others liabilities		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Debits and payable items (Note 9.1)	1.513.974,26	2.272.835,76	2.270.871,56	2.137.649,03	3.784.845,82	4.410.484,79

9.1) Debits and Payable Items

The breakdown as of June 30, 2019 and at December 31, 2018 is as follows, in euros:

	Balance as of 30/06/2019		Balance as of 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.347.696,40	-	1.462.172,12
Suppliers associated parties	-	261.975,40	-	245.540,89
Creditors	-	289.373,28	-	168.632,73
Advances from clients	-	161.732,12	-	188.622,38
Total balances for commercial transactions	-	2.060.777,20	-	2.064.968,12
For non-commercial operations:				
Debts with credit institutions	1.826.727,05	1.494.002,64	1.126.973,02	2.253.038,00
Other financial liabilities	18.616,68	19.971,62	28.646,14	19.797,76
Other debts	207.180,80	121.567,49	217.962,09	72.680,91
Debits and payable items	2.052.524,53	1.635.541,75	1.373.581,25	2.345.516,67
Staff (remuneration payable)	-	88.526,87	-	-
Total balances for non-commercial operations	2.052.524,53	1.724.068,62	1.373.581,25	2.345.516,67
Total debts and payable items	2.052.524,53	3.784.845,82	1.373.581,25	4.410.484,79

9.1.1) Debts with credit institutions

The breakdown of debts with credit institutions as of June 30, 2019 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	670.738,50	-	670.738,50
Loans	823.264,14	1.826.727,05	2.649.991,19
Leasings	19.971,62	18.616,68	38.588,30
	1.513.974,26	1.845.343,73	3.359.317,99

The breakdown of debts with credit institutions at December 31, 2018 is as follows, in euros:

	A Short-Term	A Long-Term	Total
Credit policies	1.329.790,09	-	1.329.790,09
Loans	770.761,21	1.126.973,02	1.897.734,23
Leasings	19.797,76	28.646,14	48.443,90
Discounted effects	152.486,70	-	152.486,70
	2.272.835,76	1.155.619,16	3.428.454,92

Loans

The detail of the bank loans as of June 30, 2019, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending at closing date
Loan 22	08/10/2019	250.000,00	21.821,27
Loan 24 (*)	15/10/2025	78.375,60	68.447,45
Loan 28	14/12/2019	300.000,00	38.848,08
Loan 29	25/02/2020	250.000,00	35.046,01
Loan 30	30/06/2020	150.000,00	38.908,80
Loan 31	14/12/2020	465.000,00	144.920,22
Loan 32	31/12/2020	287.619,11	89.664,67
Loan 35	29/09/2019	500.000,00	43.363,16
Loan 36	02/11/2022	300.000,00	209.736,91
Loan 37	01/03/2022	150.000,00	103.125,00
Loan 38	18/06/2023	195.000,00	157.588,61
Loan 39	02/07/2023	200.000,00	165.359,34
Loan 40	28/12/2023	400.000,00	361.097,29
Loan 41	29/03/2024	250.000,00	239.627,95
Loan 42	12/04/2024	400.000,00	387.222,47
Loan 43	03/05/2024	300.000,00	295.213,96
Loan 44	04/06/2024	250.000,00	250.000,00
		4.725.994,71	2.649.991,19

(*) This is a loan granted by the CDTI.

The detail of the bank loans as of December 31, 2018, expressed in Euros, is the following:

Company	Last maturity	Initial amount	Pending at closing date
Loan 21	12/03/2019	300.000,00	16.049,12
Loan 22	08/10/2019	250.000,00	54.214,79
Loan 24 (*)	15/10/2025	78.375,60	73.411,60
Loan 28	14/12/2019	300.000,00	77.309,86
Loan 29	25/02/2020	250.000,00	60.987,90
Loan 30	30/06/2020	150.000,00	58.003,72
Loan 31	14/12/2020	465.000,00	192.198,58
Loan 32	31/12/2020	287.619,11	118.930,40
Loan 34	31/03/2019	350.000,00	38.888,90
Loan 35	29/09/2019	500.000,00	86.414,22
Loan 36	02/11/2022	300.000,00	238.697,25
Loan 37	01/03/2022	150.000,00	121.875,00
Loan 38	18/06/2023	195.000,00	176.390,56
Loan 39	02/07/2023	200.000,00	184.362,33
Loan 40	28/12/2023	400.000,00	400.000,00
		4.175.994,71	1.897.734,23

(*) This is a loan granted by the CDTI.

Credit Lines

As of June 30, 2019, the Company has credit policies granted with a total limit amounting up to 1.715.000 euros (1.715.000 euros at the end of the previous year). The amount drawn at the aforementioned date is 670.738,50 euros (1.329.790,09 euros at the end of the previous year).

Lines of Effects and Import Advances

As of June 30, 2019, the Company has discount policies granted with a total limit amounting to 650.000 euros (650.000 euros at the end of the previous year), with no amount discounted at said date (152.486,70 euros at the end of the previous year).

9.1.2) Other debts

The balance of other debts includes mainly two loans held by the Company with the Institut Català de Finances (ICF). The detail of those loans as of 30 June, 2019, are as follows, in euros:

Loan	Maturity Date	Initial amount	Pending at closing date
Loan 1	29/04/2020	336.737,98	49.009,54
Loan 2	25/07/2023	300.000,00	274.374,56
		636.737,98	323.384,10

The detail of these loans as of 31 December, 2018, is as follows, in euros:

Loan	Maturity Date	Initial amount	Pending at closing date
Loan 1	29/04/2020	336.737,98	71.286,08
Loan 2	25/07/2023	300.000,00	211.677,61
		636.737,98	282.963,69

9.2) Other Information related to Financial Liabilities

a) Classification by Maturity Date

The breakdown of the maturity dates of the liability financial instruments as of June 30, 2019 is the following, in Euros:

Maturity years							
	2020	2021	2022	2023	2024	More than 5 years	Total
Financial debts:	1.513.974,26	600.476,84	502.616,04	445.930,24	271.966,38	24.354,23	3.359.317,99
Debts with credit institutions	1.494.002,64	581.860,16	502.616,04	445.930,24	271.966,38	24.354,23	3.320.729,69
Financial lease	19.971,62	18.616,68	-	-	-	-	38.588,30
Other debts:	121.567,49	91.759,34	47.206,08	47.206,08	21.009,30	-	328.748,29
Commercial creditors and other payable items:	2.149.304,07	-	-	-	-	-	2.149.304,07
Suppliers	1.347.696,40	-	-	-	-	-	1.347.696,40
Suppliers associated parties	261.975,40	-	-	-	-	-	261.975,40
Sundry creditors	289.373,28	-	-	-	-	-	289.373,28
Staff	88.526,87	-	-	-	-	-	88.526,87
Advances from costumers	161.732,12	-	-	-	-	-	161.732,12
Total	3.784.845,82	692.236,18	549.822,12	493.136,32	292.975,68	24.354,23	5.837.370,35

The breakdown of the maturity dates of the liability financial instruments at the close of 2018 is the following, in Euros:

Maturity years							
	2019	2020	2021	2022	2023	More than 5 years	Total
Financial debts:	2.272.835,76	471.525,55	277.624,44	240.401,60	137.095,10	28.972,47	3.428.454,92
Debts with credit institutions	2.253.038,00	451.378,55	269.125,30	240.401,60	137.095,10	28.972,47	3.380.011,02
Financial lease	19.797,76	20.147,00	8.499,14	-	-	-	48.443,90
Other debts:	72.680,91	91.759,34	47.206,08	47.206,08	27.537,13	-	286.389,54
Commercial creditors and other payable items:	2.064.968,12	-	-	-	-	-	2.064.968,12
Suppliers	1.462.172,12	-	-	-	-	-	1.462.172,12
Suppliers associated parties	245.540,89	-	-	-	-	-	245.540,89
Sundry creditors	168.632,73	-	-	-	-	-	168.632,73
Advances from costumers	188.622,38	-	-	-	-	-	188.622,38
Total	4.410.484,79	563.284,89	324.830,52	287.607,68	164.632,23	28.972,47	5.779.812,58

b) Breach of Contractual Obligations

No incidence has been produced in breach of the obligations relating to the loans received from third parties

9.3) Guarantees

The Company has contracted guarantees with a credit institution for a total amount of 450.000 euros, which is a common instrument when signing an interconnection agreement.

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the third additional provision 'Duty to inform' of Law 15/2010, of July 5 (modified by Law 31/2014), to amend Law 3/2004 of December 29, by which are established measures to combat late payment in commercial transactions and with regard to the resolution January 29, 2016, of the Institute of Accounting and Audit Statements, about the information to include in the Notes to the Annual Accounts with regard to the average payment period to suppliers in commercial transactions, is as follows:

Payments made and pending payment on the Closing Date Balance		
	Financial year 2019 Days	Financial year 2018 Days
Average payment period to suppliers	35,03	34,06
Ratio paid operations	35,13	34,89
Ratio of outstanding payment transactions	34,78	30,42
	Financial year 2019 (six months) Amount	Financial year 2018 Amount
Total payments	4.014.441,97	8.269.485,73
Total outstanding payments	1.899.045,08	1.876.345,74

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

Company activities are exposed to a diverse set of financial risks, specifically credit risk, liquidity risk and market risks (exchange rate, interest rate and other price risks).

11.1) Credit Risk

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

The Company's credit risk is attributable mainly to its commercial debts. The amounts are reflected in the net balance of provisions for bad debts, estimated by the Company's management based on the experience of previous years and its assessment of the current economic environment.

11.2) Liquidity Risk

The general situation of financial markets, especially the banking market, has been particularly unfavourable for credit claimants. The Company pays constant attention to the evolution of the different factors that can help to solve liquidity crises, and especially to the sources of financing and their characteristics.

11.3) Market Risk

The general market situation during the last years has been unfavourable due to the difficult economic situation of the environment

11.4) Exchange Rate Risk

The Company is not exposed to a significant exchange rate risk and therefore does not trade in hedging instruments.

11.5) Interest Rate Risk

Changes in interest rates modify the fair value of assets and liabilities bearing a fixed interest rate as well as the future flows of assets and liabilities referenced to a variable interest rate.

The objective of interest rate risk management is to achieve a balance in the debt structure that will minimize the cost of debt over the multiannual horizon with a reduced volatility in the Profit and Loss Account.

NOTE 12. EQUITY

12.1) Share Capital

As of December 31, 2018 and June 30, 2019, the share capital amounts to 320.998,86 euros and is represented by 16.049.943 registered shares of 0,02 euros nominal each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of June 30, 2019, as well as December 31, 2018, there are no companies with a direct or indirect stake equal to or greater than 10% of the share capital.

Capital Increase

By virtue of the admission to trading on the Alternative Stock Market, the Company carried out the following transactions in its share capital:

- On June 1, 2015, a General Shareholders' Meeting resolved to split the shares of the Parent Company by reducing the par value of the shares by 60,10 euros at a nominal value of 0,02 euros per share. In this operation, 3.005 shares were generated for each old share, with the capital stock being formed by 11.812.655 shares with a nominal value of each share at nominal 0,02 euros each.
- On June 1, 2015, it was agreed by the General Shareholders' Meeting to modify the system of representation of the shares, transforming the nominative securities representing the shares in which the Company's capital is divided into account entries.
- On June 1, 2015, it was resolved by means of a General Meeting of Shareholders to modify the transmission regime of the shares of the Company, passing this transfer of shares to be free and not subject to consent or authorization by the Company nor by shareholders
- On June 1, 2015, it was agreed by the General Meeting of Shareholders to request the incorporation in the segment of Companies in Expansion of the Alternative Stock Market of all the shares representing the Company.

- On September 30, 2015, it was agreed to increase the Company's Capital Stock by 84.745,78 euros through the issuance of 4.237.288 shares with a nominal value of 0,02 euros and an issue premium of 1,16 euros per share. This extension is fully subscribed and disbursed.

12.2) Reserves

The breakdown for Reserves is as follows, in euros:

	30/06/2019	31/12/2018
Legal Reserve	47.503,72	47.503,72
Voluntary Reserves	1.452.968,65	1.394.506,07
Total	1.500.472,37	1.442.009,79

a) Legal Reserve

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Companies, trading companies which obtain profits under this legal form are obliged to provide the reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. At June 30, 2019, the Legal Reserve was not fully endowed.

12.3) Issue Premium

This reserve amounted to 5.244.344,28 euros, of which 329.090,20 euros arose as a result of the capital increase carried out in 2007 and 4.915.254,08 euros arose as a result of the capital increase carried out in the 2015 exercise for the departure of the Parent Company to the Alternative Stock Market. It has the same restrictions and can be used for the same purposes as voluntary reserves, including their conversion into share capital.

12.4) Own Shares

The Board of Shareholders of the Company agreed on June 1, 2015 to authorize the Board of Directors for the derivative acquisition of treasury shares under the terms established by current legislation. These acquisitions of own shares have been made through the liquidity providers GVC Gaesco Valores SV, S.A, making available a total value of 1.200.000 euros and Invest Securities S.A in the Euronext Grothw, making available a total value of 50.000 euros to be able to carry out transactions of own shares, in accordance with the provisions of the Alternative Market and Euronext Growth respectively. Own shares are valued at acquisition cost.

As of June 30, 2019, the Company holds own shares for an amount up to 753.800,17 euros (954.287,73 euros as of December 31, 2018).

NOTE 13. FOREIGN CURRENCY

The most significant foreign currency balances as of June 30, 2019, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	PNL	MXN
CURRENT ASSETS					
Trade debtors and other accounts receivable	31.766,83	35.588,09	22,69	-	-
CURRENT LIABILITIES					
Trade creditors and other payable accounts	220.272,74	222.485,10	328,45	2.918,38	541.950,19

The most significant foreign currency balances as of December 31, 2018, totalled in euros and broken down into their foreign currency equivalent, are as follows:

	EUROS	USD	GBP	ZAR
CURRENT ASSETS				
Trade debtors and other accounts receivable	3.405,75	3.843,11	14,72	-
CURRENT LIABILITIES				
Trade creditors and other payable accounts	89.842,04	98.590,68	2.138,57	62.809,12

The most significant transactions carried out during the six-month period ended June 30, 2019, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	MXN	ZAR	PNL	AED
Purchases and services received	569.303,27	576.000,07	46.934,76	3.197.743,00	15.088.515,50	44.430,23	93.992,61	9.292,27	13.662,29
Sales and services given	40.241,45	46.924,04	58,90	-	-	-	-	-	-

The most significant transactions carried out during the financial year 2018 ended December 31, 2018, totalled in euros and broken down into the equivalent in foreign currency, are as follows:

	EUR	USD	GBP	CLP	COP	MXN	ZAR	PNL	AED
Purchases and services received	1.108.095,49	963.609,63	226.826,53	7.546.771	12.983.584	118.913	332.715,14	2.745,10	4.492,50
Sales and services given	64.744,85	76.754,09	54,96	-	-	-	-	-	-

NOTE 14. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of June 30, 2019 and December 31, 2018, in euros:

	30/06/2019		31/12/2018	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred Tax Assets	-	-	2.980,95	-
	-	-	2.980,95	-
Corriente:				
Value Added Tax	3.392,34	120.606,81	3.257,82	38.711,70
Subsidies receivable	27.732,78	-	34.932,78	-
Income Tax retentions	-	34.258,36	-	36.761,47
Company Tax	104,65	-	6.400,62	54.011,04
Social Security bodies	1.555,10	63.610,88	2.375,03	-
	32.784,87	218.476,05	43.708,43	129.484,21

Tax Situation

In accordance with current legislation, tax payments cannot be considered final until they have been inspected by the tax authorities, or until the statute barring period of four years has passed.

As of June 30, 2019, the Company has open to tax inspection all the taxes to which it is subject from the financial year 2014 to the 2018 financial year. Consequently, as a result of possible inspections, additional liabilities could arise to those registered by the Company. However, the Directors of the Company and its tax advisors consider that such liabilities, if they occur, would not be significant on the annual accounts taken as a whole.

Profit Tax

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2019 of the Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six months)			153.989,39
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	2.980,95	-	2.980,95
Permanent differences	18.795,97	-	18.795,97
Offset of negative tax bases	-	(175.766,31)	(175.766,31)
Taxable income (tax result)			-

The conciliation of the net amount of income and expenses for the six-month period ended June 30, 2018 of the Company with the taxable income tax base is as follows:

Profit and Loss Account			
Financial year's earnings (After taxes) (six months)			(230.124,06)
	<i>Increases</i>	<i>Decreases</i>	<i>Net effect</i>
Profit tax	-	-	-
Permanent differences	581.848,20	-	581.848,20
Offset of negative tax bases			(351.724,14)
Taxable income (tax result)			-

The following are the calculations made with regard to the Company Tax to be paid, expressed in euros:

	2019 (6 months)	2018 (6 months)
Charge at 25 % of Taxable Income	-	-
Deductions	-	-
Net tax payable	-	-
Less: withholdings and payments	(62,25)	-
Tax payable	(62,25)	-

The main components of the Corporate Income Tax expense are the following:

	2019	2018
Current tax	-	-
Deferred tax	2.980,95	-
	2.980,95	-

The movement of deferred taxes generated and cancelled during June 30, 2019 is detailed below in euros:

	Balance at 31/12/2018	Applied	Balance at 30/06/2019
Deferred tax assets:			
Tax credits	2.980,95	(2.980,95)	-

Tax Loss Carry forwards

Part of the tax base credits have been recognised, since they meet the requirements established by current legislation for their recognition and since there are no doubts as to the Company's ability to generate future taxable profits that will enable it to be recovered. The detail of the tax loss carry forwards to be offset in future years is as follows:

Year of Origin	Amount
2016	1.154.777,05
2017	138.100,65
	1.292.877,70

Deductions Pending Application

As of June 30, 2019, the Company has the following deductions to apply:

Year of Origin	Amount
2005	13.460,45
2006	71.214,06
2007	75.820,66
2008	201.266,41
2009	172.071,08
2010	181.164,26
2011	214.961,29
2012	251.779,01
2013	90.887,05
2014	127.371,20
2015	369.824,03
2016	188.991,46
2017	182.112,92
2018	171.929,09
	2.312.852,97

NOTE 15. INCOME AND EXPENSES**a) Supplies**

This heading in the Profit and Loss Account is composed as follows, in Euros:

	2019 (6 months)	2018 (6 months)
Consumption of merchandise		
Domestics	1.308.854,40	1.537.977,13
Intra-Community Acquisitions	699.027,57	858.599,38
Imports	763.687,62	860.359,41
	2.771.569,59	3.256.935,92

b) Staff expenses

The staff expenses as in the Profit and Loss Account are composed as follows, in euros:

	2019 (6 months)	2018 (6 months)
Company Social Security contributions	284.943,46	240.183,78
Other welfare costs	76.932,61	61.244,34
	361.876,07	301.428,12

c) Financial Results

This heading in the Profit and Loss Account is composed as follows, in Euros:

	2019 (6 months)	2018 (6 months)
Financial incomes		
Income from loans granted to group companies	16.271,42	22.837,88
Other financial incomes	239,16	222,19
	16.510,58	23.060,07
Financial expenses		
For debts with credit institutions	(39.471,73)	(53.402,23)
	(39.471,73)	(53.402,23)
Change in fair value of financial instruments	(10.727,50)	(19.683,52)
Exchange differences	-	(575.552,69)
Financial Result Positive / (Negative)	(33.688,65)	(625.578,37)

NOTE 16. INFORMATION ON THE ENVIRONMENT

The Company has no assets, nor has it incurred expenses, aimed at minimizing the environmental impact and protecting and improving the environment. There are likewise no provisions for risks and expenses and no contingencies relating to protection and improvement of the environment.

NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 30 June 2019, no significant events affecting the Company's Interim Financial Statements at that date have occurred.

NOTE 18. TRANSACTIONS WITH RELATED PARTIES**18.1) Balances between related parties**

Below is the breakdown of the balances held with related parties at June 30, 2019, in Euros:

Balances held with related parties at financial year 2019	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA REP. DOMINIC.	PORTABILLIDADES ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	Total
NON-CURRENT ASSETS	-	-	58,73	32,364,97	3,000,00	34,524,95	127,942,83	1,381,38	199,272,86
Long-term financial investments in group companies	-	-	58,73	32,364,97	3,000,00	34,524,95	127,942,83	1,381,38	199,272,86
Credits	549,827.27	109,536.91	58,73	32,364,97	3,000,00	34,524,95	127,942,83	1,381,38	858,637,04
Value corrections for doubtful credits	(549,827.27)	(109,536.91)	-	-	-	-	-	-	(659,364,18)
CURRENT ASSETS	116,817,87	805,914,44	343,435,91	4,738,87	-	1,447,93	25,799,61	-	1,298,154,63
Trade and other receivables	29,807,28	729,843,29	333,585,76	4,198,71	-	-	19,722,53	-	1,117,157,57
Customers	54,980,01	798,267,98	333,585,76	4,198,71	-	-	19,722,53	-	1,210,754,99
Impairment allowances	(25,172,73)	(68,424,69)	-	-	-	-	-	-	(93,597,42)
Short-term financial investments in group companies	87,010,59	76,071,15	9,850,15	540,16	-	1,447,93	6,077,08	-	180,997,06
Credits	87,010,59	76,071,15	9,850,15	540,16	-	1,447,93	6,077,08	-	180,997,06
CURRENT LIABILITIES	(2,029,12)	(255,906,71)	(2,005,74)	(2,033,83)	-	-	-	-	(261,975,40)
Trade and other payables:	(2,029,12)	(255,906,71)	(2,005,74)	(2,033,83)	-	-	-	-	(261,975,40)
Suppliers	(2,029,12)	(255,906,71)	(2,005,74)	(2,033,83)	-	-	-	-	(261,975,40)

Below is the breakdown of the balances held with related parties at December 31, 2018, in Euros:

Balances held with related parties financial year 2018	LLEIDA NET UK	LLEIDA NET USA	LLEIDA SAS	LLEIDA DOMINIC.	PORTABILIDADE S ESPAÑOLAS	LLEIDANET BRASIL	LLEIDANET PERÚ	LLEIDANET COSTA RICA	Total
NON-CURRENT ASSETS	57,818,18	55,671,88	-	28,890,36	3,000,00	24,524,85	110,155,69	1,381,38	281,442,34
Long-term financial investments in group companies	57,818,18	55,671,88	-	28,890,36	3,000,00	24,524,85	110,155,69	1,381,38	281,442,34
Credits	632,818,18	233,633,48	-	28,890,36	3,000,00	24,524,85	110,155,69	1,381,38	1,034,403,94
Value corrections for doubtful credits	(575,000,00)	(177,961,60)	-	-	-	-	-	-	(752,961,60)
CURRENT ASSETS	113,893,73	791,649,93	265,401,64	3,520,56	-	872,78	7,564,08	-	1,182,902,72
Trade and other receivables	36,975,75	718,541,79	255,551,49	3,520,56	-	-	3,587,49	-	1,018,177,08
Customers	36,975,75	718,541,79	255,551,49	3,520,56	-	-	3,587,49	-	1,018,177,08
Short-term financial investments in group companies	76,917,98	73,108,14	9,850,15	-	-	872,78	3,976,59	-	164,725,64
Credits	76,917,98	73,108,14	9,850,15	-	-	872,78	3,976,59	-	164,725,64
CURRENT LIABILITIES	2,029,12	239,472,20	2,005,74	2,033,83	-	-	-	-	245,540,89
Trade and other payables:	2,029,12	239,472,20	2,005,74	2,033,83	-	-	-	-	245,540,89
Suppliers	2,029,12	239,472,20	2,005,74	2,033,83	-	-	-	-	245,540,89

18.2) Transactions with related parties

The most significant transactions carried out with associated parties during the six-month period that ended on June 30, 2019, is as follows:

Transactions with related parties at financial year 2019	LLEIDANET USA	LLEIDANET WORKS SERVEIS TELEMÀTICS LIMITED	LLEIDA SAS	LLEIDANET REPÚBLICA DOMINICANA	LLEIDANET PERÚ	LLEIDANET BRASIL
Sales	69.726,19	18.004,26	78.034,27	678,15	16.185,04	-
Purchases	6.434,51	-	-	-	-	-
Income for interest received	2.963,01	10.092,61	-	540,16	2.100,49	575,15

The most significant transactions carried out with associated parties at financial year 2018, is as follows:

Transactions with related parties at financial year 2018	LLEIDANET USA	LLEIDANET WORKS SERVEIS TELEMÀTICS LIMITED	LLEIDA SAS	LLEIDANET REPÚBLICA DOMINICANA	LLEIDANET PERÚ	LLEIDANET BRASIL
Sales	230.482,00	11.682,37	51.683,95	355,02	-	-
Purchases	5.467,39	-	-	-	-	-
Income for interest received	8.204,10	10.958,06	1.651,03	-	1.591,89	432,80

18.3) Balances and Transactions with the Directors of the Company and Senior Executives

The remuneration accrued during the six-month period ended June 30, 2019 by the Board of Directors of the Company amounted to 45.000 euros. In the six-month period ended June 30, 2018, remunerations were accrued by the Board of Directors amounting to 42.000 euros.

The Senior Management tasks are performed by two members of the same Board of Directors, with compensation for salaries and wages amounting to 116.595,36 euros (109.360,42 euros for the six-month period ended June 30, 2018) and 7.161,88 in other retributions (6.839,50 euros in the six-month period ended June 30, 2018).

As of June 30, 2019, as well as December 31, 2018, there are no credits or advances with the Board of Directors of the Company, as well as commitments for pension supplements, guarantees or guarantees granted in its favour.

Other Information Regarding the Board of Directors

Pursuant to the Capital Companies Law, it is reported that the members of the Company's Management Body do not hold interests in other companies with the same, similar or complementary corporate purpose.

In accordance with the above-mentioned Law Capital Companies, it is also reported that the members of the Board have carried out no activity, on their own behalf or on behalf of others, with the Group, which may be considered to be not in accordance with normal trading and not carried out under normal market conditions.

NOTE 19. OTHER INFORMATION

The average number of employees during the financial year 2019 and 2018, which does not differ significantly from the number of employees at the end of the year, broken down by category and sex, is as follows:

	2019				2018			
	Men	Women	Total	Disability greater than or equal to 33%	Hombres	Women	Total	Disability greater than or equal to 33%
Senior Executives	1	1	2	-	1	1	2	-
Administration	-	5	5	1	-	5	5	1
Commercial	6	9	15	-	8	8	16	-
Human Resources	-	1	1	-	-	1	1	-
Production	28	7	35	-	18	3	21	-
Maintenance	-	2	2	-	-	1	1	-
Reception	-	6	6	-	-	6	6	-
Business development	2	5	7	-	3	5	8	-
Compliance	-	2	2	-	-	-	-	-
Intellectual Property	1	-	1	-	-	-	-	-
TOTAL	38	38	76	1	30	30	60	1

The amount of fees accrued for the individual review services of the Interim Financial Statements for the year ended June 30, 2019 amounted to 9.775 (9.535 euros in the previous period of 6 months ended June 30, 2018).

It is reported that during the year the Company paid the premium corresponding to the civil liability policy that would eventually cover the damage caused to third parties by acts or omissions related to the performance of their functions. The premium amounted to 9.553,50 euros (20.071,21 euros in the previous year).

NOTE 20. SEGMENTED INFORMATION

The distribution of the net amount of turnover corresponding to the ordinary activities of the Company, by category and / or business segment, is shown below, in euros:

Business Areas (in thousands of euros)	2019 (6 months)		2018 (6 months)	
	Euros	%	Euros	%
SaaS Services	1.463.934,70	25,54%	1.506.930,48	24,32%
SMS Solutions	1.307.941,65	22,82%	1.425.934,22	23,01%
ICX Wholesale Solutions	2.960.867,92	51,65%	3.263.849,44	52,67%
Total	5.732.744,27	100%	6.196.714,14	100%

The distribution of the net amount of turnover corresponding to the ordinary activities of the Company, by geographic markets, is shown below, in euros:

Description of geographic markets	2019 (6 months)		2018 (6 months)	
	Euros	%	Euros	%
Domestic	2.986.878,72	52,10%	3.224.597,04	52,04%
European Union	1.674.813,76	29,21%	1.906.926,79	30,77%
Rest of the World	1.071.051,79	18,68%	1.065.190,31	17,19%
Total	5.732.744,27	100%	6.196.714,14	100%

LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.
DIRECTORS' REPORT FOR
THE SIX-MONTH PERIOD ENDED AS OF JUNE 30, 2019

LLEIDANETWORKS SERVEIS TELEMATICS, S.A.

MANAGEMENT REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

In compliance with the provisions of the Spanish Corporations Law, the Board of Directors hereby submits the director's report for the year, in order to complement, expand and comment on the balance sheet, the profit and loss account and the report corresponding to the first half of fiscal year 2019.

1. EVOLUTION OF BUSINESS

The first half of 2019 was marked by a decline in SMS sales both in the end customer SMS lines and in Wholesale for large operators and aggregators. The first half of 2018 was marked by the implementation of the new RGD regulations, which led to an extraordinary peak in all of the company's sales. Therefore, we are currently comparing a particularly positive half-year in 2018 with a more stable half-year in 2019.

SMS sales are the ones that leave the company with the lowest margins, therefore, the most important weight of sales of the SaaS line has meant that despite the 7% decrease in general sales, the gross margin has increased by 1%.

In terms of SaaS sales, the company is making a significant effort to recruit both technical and commercial staff. The objective is to produce more complete standard products, allowing for exponential growth in sales. The current maturation time of a complex circuit can be extended up to 6 months. The new functionalities that we are implementing in standard products meet the expectations of a greater number of potential customers who are put into production immediately, instead of going through custom processes.

The number of circuits put into operation in the first quarter of 2019 has increased by 248% to 238 circuits compared to the first quarter of 2018.

EBITDA was reduced by 21% as a result of:

- Increase in personnel costs, as mentioned above, focused on boosting the entire SaaS line. Concentrated mainly in the area of R+D+i with the aim of improving both the processes and the functionalities of the products. The search for talent is an essential characteristic within the company's growth project and is also reflected in the investment it is making in R+D+i at a cost of 511 thousand euros. The investment in R&D is aimed at strengthening the range of products we offer with the aim of continuing to be a key player in the sector, differentiating us by our innovation, adaptability to customer needs and reliability.

- A 20% increase in external service costs, due to the expenses inherent in the incorporation of personnel, and due to participation in a greater number of international events.

Both EBITDA and pre-tax results remain positive, the increase in the gross margin has allowed the company to continue with its strategic plan by attracting talent.

<i>Sales by business lines - Thousand of euros</i>	S1 2018	S1 2019	Var. €	Var.%
SaaS Services	1.507	1.464	-43	-3%
SMS Solutions	1.426	1.308	-118	-8%
ICX WHOLESALE Solutions	3.264	2.961	-303	-9%
Total	6.197	5.733	-464	-7%

<i>Data in thousand of Euros</i>	S1 2018	S1 2019	Var. €	Var.%
Sales	6.197	5.733	(464)	-7%
Cost of Sales	(3.258)	(2.772)	(486)	-15%
Gross Margin	2.939	2.961	22	1%
Payroll	(1.188)	(1.442)	254	21%
External Services	(1.117)	(1.263)	146	13%
Other Incomes	4	5	1	25%
Activations	328	503	175	53%
EBITDA	966	764	(202)	-21%
Amortizations	(571)	(565)	(6)	-1%
Profit from operations	395	199	(196)	-50%
Financial Net Result	(30)	(38)	8	27%
Impairment and gains or losses on disposals	(575)		(575)	-100%
Exchange Rate Differences	(20)	(11)	(9)	-45%
Profit Before Tax	(230)	150	380	165%

2. IMPORTANT EVENTS OCCURRED AFTER THE CLOSURE

After June 30, 2019 and up to the date of preparation of this Directors' Report, there have been no subsequent events, in addition to those already mentioned in the Explanatory Notes to the Interim Financial Statements, which highlight circumstances that already existed at June 30, 2019 and which, due to the importance of their economic impact, should lead to adjustments in the Financial Statements or modifications in the information contained in the Explanatory Notes.

Nor are there any subsequent events, other than those already mentioned in the Explanatory Notes, that demonstrate conditions that did not exist at June 30, 2019 and that are of such importance that they require additional information in the Explanatory Notes to the Interim Financial Statements.

3. SUSCEPTIBLE EVOLUTION OF SOCIETY

Forecasts for the second half of 2019 are to increase the company's gross margin, reinforcing sales of certified products by consolidating products internationally.

The growth will be marked in the EMEA market, as evidenced by the recent agreements signed with the Polish subsidiary of BNP, which will use Lleida.net technology to recover and reclaim debt. Also, the agreement with The Professional Courier for the development of joint service and launch in the United Arab Emirates the concept of Courier Digital for public and private companies.

As well as direct agreement of interconnection and transit to third parties with the operators China Mobile, through its subsidiary China Mobile International based in Hong Kong and simultaneously with China Telecom through its subsidiary China Telecom Global. Both operators have more than one billion customers, 713 million China Mobile and 303 million China Telecom, according to the 2018 Q4 report of GSMA Intelligence.

4. R&D ACTIVITIES:

In the first half of fiscal year 2019, the Company has invested 511 thousand euros in research activities aimed mainly at the company's certification line.

5. OPERATIONS WITH OWN SHARES:

In accordance with the regulations of the Alternative Stock Market, the company signed a liquidity agreement with the placing bank as part of its market launch. This agreement establishes both the delivery of a certain amount of own shares and the deposit of an amount of cash. The objective of this contract is to allow investors to trade the company's shares, ensuring that any interested person has the possibility of buying or selling shares.

The Board of Directors on August 12, 2016 approved the acquisition of own shares with a maximum amount of 200 thousand euros. The programme was extended until June 1, 2020 following the agreement of the Board of Directors on July 30, 2019.

On 19 June, Eiffel Investment Group purchased 1.215% of Lleida.net shares at a price of 0,90 euros per share. It also sold 75 thousand treasury shares at a price of 0,90 euros per share to GVC Gaesco.

As of June 30, 2019, the company held 721.180 shares with a valuation on that date of 753.800,17 euros, representing 4,49% of the shares of Lleidanetworks Serveis Telemàtics, S.A.

6. FINANCIAL INSTRUMENTS

During 2019, the Company has not used instruments related to financial derivatives.

7. DEFERRALS OF PAYMENT TO SUPPLIERS


Information regarding deferrals of payment to suppliers is shown in the Financial Statements in Note 10.

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**PREPARATION OF THE INTERIM FINANCIAL
STATEMENTS AND DIRECTORS' REPORT**

In compliance with company law, the Board of Directors of **LLEIDANETWORKS SERVEIS TELEMÀTICS, S.A.** draws up the Interim Financial Statements and the Directors' Report for the period that ends on June 30, 2019. Both of them are comprised in the attached pages number 1 to 45.

Lleida, October 18th, 2019
The Board of Directors



Mr. Francisco Sapena Soler
Chairman and Chief Executive Officer

Mr. Marcos Gallardo Meseguer
Secretary

Mr. Miguel Pérez Subías
Independent Director

Mr. Antonio López del Castillo
Independent Director

Mr. Jordi Carbonell i Sebarroja
Independent Director

Mrs. Arrate María Usandizaga Ruíz
Independent Director

Investor Group composed of
Sepi Desarrollo Empresarial, S.A.,
Empresa Nacional de Innovación, S.M.E.,
S.A.
& Cántabro Catalana de Inversiones, S.A.
represented by
Mr. Jorge Sainz de Vicuña
External Director

Institut Català de Finances Capital,
S.G.E.I.C., S.A.U.
Represented by
Mr. Emilio Gómez Jané
External Director

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