UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE SIX MONTH PERIOD ENDED: JUNE 30, 2019

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number: **333-148987**

CUENTAS, INC.
(Exact name of Registrant as specified in its charter)

Florida	**20-3537265**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

19 W. FLAGLER ST, SUITE 902, MIAMI, FL 33130
(Address of principal executive offices)

800-611-3622
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 7, 2019, the issuer had 2,677,993 shares of its common stock issued and outstanding.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CUENTAS, INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2019

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CUENTAS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands except share and per share data)

	June 30, 2019 Unaudited	December 31, 2018 Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	60	154
Marketable securities	48	79
Trade account receivables	7	3,673
Other current assets	129	127
Total current assets	244	4,033
Property and Equipment, net	5	13
Intangible assets	-	1,924
Total assets	249	5,970
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	1,395	3,184
Other accounts liabilities	612	2,560
Deferred revenue	524	583
Notes and Loan payable	107	110
Derivative liabilities – Short term	8	-
Related parties' payables	25	4,919
Stock based liabilities	127	225
Total current liabilities	2,798	11,581
Related party payables – Long term	-	806
Derivative liabilities – long term	-	33
TOTAL LIABILITIES	2,798	12,420
STOCKHOLDERS' DEFICIENCY		
Common stock subscribed	1,250	100
Series B preferred stock, $0.001 par value, designated 10,000,000; 10,000,000 issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	10	10
Common stock, authorized 360,000,000 shares, $0.001 par value; 2,122,994 and 1,588,942 issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	2	2
Additional paid in capital	13,339	12,160
Accumulated deficit	(16,525)	(18,070)
Total Cuestas Inc. stockholders' deficit	(1,924)	(5,798)
Non-controlling interest in subsidiaries	(625)	(652)
Total stockholders' deficit	(2,549)	(6,450)
Total liabilities and stockholders' deficit	249	5,970

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

CUENTAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(U.S. dollars in thousands except share and per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2019	2018	2019	2018
REVENUE	564	40,908	262	20,909
COST OF REVENUE	467	39,915	230	20,655
GROSS PROFIT	97	993	32	254
OPERATING EXPENSES				
General and administrative	1,000	1,698	510	828
TOTAL OPERATING EXPENSES	1,000	1,698	510	828
OPERATING LOSS	(903)	(705)	(478)	(574)
OTHER INCOME (EXPENSE)				
Other income (expense)	2,539	(95)	2,319	(70)
Interest expense	(69)	(748)	(9)	(347)
Gain (loss) on derivative liability	25	427	26	15
Gain from Change in extinguishment of debt	-	99	-	-
Gain from Change in fair value of stock-based liabilities	(20)	1,559	34	(3)
TOTAL OTHER INCOME (EXPENSE)	2,475	1,242	2,370	(405)
NET INCOME (LOSS) BEFORE CONTROLLING INTEREST	1,572	537	1,892	(979)
NET INCOME ATTRIBUTILE TO NON-CONTROLLING INTEREST	(27)	17	(27)	10
NET LOSS ATTRIBUTILE TO NET INCOME (LOSS) ATTRIBUTILE TO CUENTAS INC.	1,545	554	1,865	(969)
Net income (loss) per basic share	0.80	0.47	0.91	(0.81)
Net income (loss) per diluted share	0.66	0.43	0.74	(0.81)
Weighted average number of basic common shares outstanding	1,938,005	1,183,555	2,058,110	1,191,972
Weighted average number of diluted common shares outstanding	2,351,507	1,287,382	2,516,405	1,191,972

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

CUENTAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(U.S. dollars in thousands)

	Six Months Ended June 30,	
	2019	2018
Cash Flows from Operating Activities:		
Net Income before non-controlling interest	1,572	537
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock based compensation and shares issued for services	211	44
Imputed interest	67	120
Loss (gain) on extinguishment of debt	-	(99)
Loss on fair value of marketable securities	31	70
Interest and Debt discount amortization	(3)	72
Gain on derivative fair value adjustment	(25)	(428)
License fee amortization		35
Gain from Change in on fair value of stock-based liabilities	20	(1,559)
Depreciation and amortization expense	1	216
Changes in Operating Assets and Liabilities:		
Accounts receivable	11	2,640
Other receivables	(23)	83
Accounts payable	(347)	(1,754)
Other Accounts payable	137	-
Related parties, net	(2,377)	
Deferred revenue	(59)	(74)
Net Cash Used by Operating Activities	(784)	(97)
Cash Flows from Investing Activities:		
Proceeds from the recession of the Limecom shares – net of cash divested	-	-
Purchase of equipment	-	(11)
Net Cash Provided by Investing Activities	-	(11)
Cash Flows from Financing Activities:		
Repayments of loans	-	1
Proceeds from (Payments to) related party	(610)	40
Repayments of loan and convertible notes	-	(12)
Proceeds from issuance of common stock, net of issuance expense	50	-
Proceeds from common stock subscriptions	1,250	-
Net Cash Provided by Financing Activities	690	29
Net Increase (Decrease) in Cash	(94)	(79)
Cash at Beginning of Period	154	93
Cash at End of Period	60	14
Supplemental disclosure of cash flow information		
Cash paid for interest	-	586
Supplemental disclosure of non-cash financing activities		
Common stock issued for conversion of convertible note principal	-	27
Common stock issued for settlement of stock-based liabilities	464	155
Common stock issued for settlement of common stock subscribed	100	400

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

NOTE 1 – GENERAL

Cuentas, Inc. (formerly Next Group Holdings, Inc., the “Company”) together with its subsidiaries, is focused on Financial Technology (“FINTECH”) services, delivering mobile banking, online banking, prepaid debit and digital content services to unbanked, underbanked and underserved communities. The Company derives its revenue from the sales of prepaid and wholesale calling minutes. Additionally, The Company has an agreement with Incomm, a leading processor of general purpose reloadable (“GPR”) debit cards, to market and distribute a line of GPR cards targeted towards the Latin American market.

The Company was incorporated under the laws of the State of Florida on September 21, 2005 to act as a holding company for its subsidiaries. Its subsidiaries are Meimoun and Mammon, LLC (100% owned), Next Cala, Inc (94% owned), NxtGn, Inc. (65% owned) and Next Mobile 360, Inc. (100 % owned). Additionally, Next Cala, Inc. has a 60% interest in NextGlocal, a subsidiary formed in May 2016. During the year ended December 31, 2016, the Company acquired a business segment, Tel3, from an existing corporation. Tel3 provides prepaid calling cards to consumers directly and operates in a complimentary space as Meimoun and Mammon, LLC. Tel3 was merged into Meimoun and Mammon, LLC effective January 1, 2017. On October 23, 2017, the Company acquired 100% of the outstanding interests in Limecom, Inc, and in January 30, 2019 it rescinded the acquisition.

Meimoun and Mammon, LLC (“M&M”) was formed under the laws of the State of Florida on May 21, 2001 as a real estate investment company. During the year ended December 31, 2010, M&M began winding down real estate operations and engaged in telecommunications services. M&M acquired telecom registrations, licenses and authorities to provide telecom services to the retail and wholesale markets including sales of prepaid long-distance telecom services and Mobile Virtual Network Operator (MVNO) services. The services are sold under the brand name Next Mobile 360 and through the subsidiary of the same name.

Next Cala, Inc, (“Cala”) was formed under the laws of Florida on July 10, 2009 for the purpose of offering prepaid and reloadable debit cards to the retail market. Cala serves consumers in the underbanked and unbanked populations through Incomm, a leading provider of 3rd party gift cards, GPR debit cards and payment remittance services worldwide.

NxtGn, Inc. (“NxtGn”) was formed under the laws of Florida on August 24, 2011 to develop a High Definition telepresence product (AVYDA) which allows users to connect with celebrities, public figures, healthcare and education applications via a mobile phone, tablet or personal computer. NxtGn has entered into a joint venture with telephony platform industry leader Telarix, Inc. to develop and market the AVYDA Powered by Telarix™ HD telepresence platform. The AVYDA Powered by Telarix™ product is marketed throughout the world by the Telarix sales force.

On December 6, 2017, the Company completed the formation of SDI NEXT Distribution LLC in which it owns 51% of the membership interests. The remainder of the membership interests is owned by Fisk Holdings, LLC. The Company acts as the Managing Member of SDI NEXT Distribution LLC. Under the Operating Agreement, the Company will contribute a total of $500. Fisk Holdings, LLC will contribute 30,000 active Point of Sale locations for distribution of retail telecommunications and prepaid financial products and services to include, but not be limited to: prepaid general-purpose reloadable cards, prepaid gift cards, prepaid money transfer, prepaid utility payments, and other prepaid products.

On October 23, 2017, the Company, completed the acquisition of Limecom, Inc. (“Limecom”), Limecom is a global telecommunication company, providing services to telecommunication providers from all over the world. Limecom operates a network built on internet protocol (“IP”) switching equipment. It was organized as a Florida limited liability company (“LLC”) on November 21, 2014 and known as Limecom LLC. On September 29, 2015, Limecom converted to a Florida C-Corporation. The Acquisition was completed for total consideration of $3,927 which included an issuance of 172,683 shares of common stock, which were valued at $1,295 as of the acquisition date.

On January 29, 2019, the Company and Heritage agreed to extend the right of the Company to rescind at its option, to sell back the stock in Limecom back to Heritage in consideration for the following:

(a) The 138,147 shares of the Company issued to Heritage and its Stockholders will not be returned to the Company, and the remaining 34,537 shares of the Company will not be issued to Heritage. Instead, it was agreed that the Company will issue an additional 90,000 shares of the Company as directed by Heritage. The Company also agreed to issue 20,740 shares of the Company’s restricted stock to several Limecom employees in exchange for salaries due to them.

(b) The $1,807 payment under the Limecom Purchase Agreement will be cancelled.

(c) The Employment Agreement with Orlando Taddeo as International CEO of Limecom will be terminated.

(d) Heritage and the Limecom agreed that the intercompany loans in the amount of $231 will be cancelled.

On January 30, 2019, Cuentas sent an executed document to Limecom rescinding the acquisition of Limecom, Inc. (“Limecom”) according to the Amendment signed January 29, 2019.

(Amounts in U.S. dollar thousands, except share and per share data)

Pro forma results

The following are unaudited pro forma financial information for the 6 months period ended June 30, 2018 and presents the condensed consolidated statements of operations of the Company due to the rescission of the acquisition described above, as if the acquisitions had not occurred. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's condensed consolidated statements of operations that would have been reported had these acquisitions been completed as of the beginning of the period presented and should not be taken as indicative of the Company's future condensed consolidated statements of operations.

	6 Months Ended June 30, 2018
Revenues	$ 733
Net Income before controlling Interest	931
Net Income	948
Basic net income earnings per common share	0.80
Diluted net income earnings per common share	$ 0.74

The following are unaudited pro forma financial information for the 3 months period ended June 30, 2018 and presents the condensed consolidated statements of operations of the Company due to the rescission of the acquisition described above, as if the acquisitions had not occurred. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's condensed consolidated statements of operations that would have been reported had these acquisitions been completed as of the beginning of the period presented and should not be taken as indicative of the Company's future condensed consolidated statements of operations.

	3 Months Ended June 30, 2018
Revenues	$ 322
Net Income before controlling Interest	(600)
Net Income	(593)
Basic and diluted net income earnings per common share	(0.50)

GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As of June 30, 2019, the Company had approximately $60 in cash and cash equivalents, approximately $2,554 in negative working capital, a stockholders' deficiency of approximately $2,549 and an accumulated deficit of approximately $16,525. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Company's ability to continue as a going concern is dependent upon raising capital from financing transactions and revenue from operations. Management anticipates their business will require substantial additional investments that have not yet been secured. Management is continuing in the process of fund raising in the private equity and capital markets as the Company will need to finance future activities. These financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Unaudited Interim Financial Statements

The accompanying unaudited consolidated financial statements include the accounts of the Company and its subsidiaries, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the financial statements presented herein have not been audited by an independent registered public accounting firm but include all material adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the financial condition, results of operations and cash flows for the for six-months ended June 30, 2019. However, these results are not necessarily indicative of results for any other interim period or for the year ended December 31, 2019. The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual amounts could differ from these estimates.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted pursuant to the rules of the U.S. Securities and Exchange Commission ("SEC"). The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on April 15, 2019 (the "Annual Report"). For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Principles of Consolidation

The consolidated financial statements are prepared in accordance with US GAAP. The consolidated financial statements of the Company include the Company and its wholly-owned and majority-owned subsidiaries. All inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, certain revenues and expenses, and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates. Estimates are used when accounting for stock-based compensation and fair value calculations related to embedded derivative features of outstanding convertible notes payable and other financial instruments.

(Amounts in U.S. dollar thousands, except share and per share data)

Deferred Revenue

Deferred revenue is comprised mainly of unearned revenue related to prepayments from retail consumers for telecommunications minutes. The following table represents the changes in deferred revenue for the six months ended June 30, 2019:

	Deferred Revenue
Balance at December 31, 2018	$ 583
Change in deferred revenue	(59)
Balance at June 30, 2019	$ 524

Revenue allocated to remaining performance obligations represent contracted revenue that has not yet been recognized ("contracted not recognized"). Contracted not recognized revenue was $524 as of June 30, 2019, of which the Company expects to recognize 100% of the revenue over the next 12 months.

<u>Derivative and Fair Value of Financial Instruments</u>

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments and measurement of their fair value for accounting purposes. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt under ASC 470, the Company will continue its evaluation process of these instruments as derivative financial instruments under ASC 815.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives.

Fair value of certain of the Company's financial instruments including cash, accounts receivable, accounts payable, accrued expenses, notes payables, and other accrued liabilities approximate cost because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, "Fair Value Measurements and Disclosure" defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements.

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company's credit risk.

(Amounts in U.S. dollar thousands, except share and per share data)

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity, and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earning are reported in the statement of income.

The Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy are as follows:

	Balance as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities	48	-	-	48
Total assets	48	-	-	48
Liabilities:				
Stock based liabilities	127	-	-	127
Short term derivative value	8	-	-	8
Total liabilities	135	-	-	135

	Balance as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities	79	-	-	79
Total assets	79	-	-	79
Liabilities:				
Stock based liabilities	225	-	-	225
Long term derivative value	33	-	-	33
Total liabilities	258	-	-	258

A summary of the changes in derivative liabilities balance for the six months ended June 30, 2019 is as follows:

Fair Value of Embedded Derivative Liabilities:	
Balance, December 31, 2018	33
Change in fair value	(25)
Balance, June 30, 2019	8

(Amounts in U.S. dollar thousands, except share and per share data)

The value of the embedded derivative liabilities for the convertible notes payable and outstanding option awards was determined using the Black-Scholes option pricing model based on the following assumptions:

	June 30, 2019	December 31, 2018
Common stock price	1.23	3
Expected volatility	281 %	233%
Expected term (in years)	0.85	1.26
Risk free rate	1.92%	2.81%
Forfeiture rate	0%	0%
Expected dividend yield	0%	0%

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted average number of shares adjusted for any potentially dilutive debt or equity.

Reclassified Amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications did not have material effect on the reported results of operations, shareholder's deficit or cash flows.

Recent Accounting Standards announced

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments apply to reporting entities that are required to make disclosures about recurring or nonrecurring fair value measurements and should improve the cost, benefit, and effectiveness of the disclosures. ASU 2018-13 categorized the changes into those disclosures that were removed, those that were modified, and those that were added. The primary disclosures that were removed related to transfers between Level 1 and Level 2 investments, along with the policy for timing of transfers between levels. In addition, disclosing the valuation processes for Level 3 fair value measurements was removed. The amendments are effective for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company notes that this guidance will impact its disclosures beginning January 1, 2020.

(Amounts in U.S. dollar thousands, except share and per share data)

NOTE 3 – STOCK OPTIONS

The following table summarizes all stock option activity for the nine months ended June 30, 2019:

	Shares	Weighted-Average Exercise Price Per Share
Outstanding, December 31, 2018	162,044	$ 16.09
Granted	50,000	2.09
Forfeited	-	-
Outstanding, June 30, 2019	212,044	$ 12.79

The following table discloses information regarding outstanding and exercisable options at June 30, 2019:

	Outstanding			Exercisable	
Exercise Prices	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number of Option Shares	Weighted Average Exercise Price
$ 54.00	25,000	$ 54.00	0.75	25,000	$ 54.00
21.00	47,044	21.00	0.99	47,044	21.00
3.00	90,000	3.00	2.21	30,000	3.00
7.28	50,000	2.09	2.742	16,667	2.09
	212,044	$ 12.79	1.89	118,710	$ 20.75

(Amounts in U.S. dollar thousands, except share and per share data)

NOTE 4 – STOCKHOLDERS' EQUITY

Common Stock

The following summarizes the common stock activity for the six months ended June 30, 2019:

Summary of common stock activity for the nine months ended June 30, 2019	**Outstanding shares**
Balance, December 31, 2018	1,588,942
Shares issued for common stock subscriptions	99,312
Shares issued due to the recession of Limecom acquisition	125,243
Shares issued as settlement of debt	309,497
Balance, June 30, 2019	2,122,994

On January 7, 2019, the Company issued 16,667 shares of its common stock pursuant to a Securities Purchase Agreement which it entered on September 21, 2018. The fair market value of the shares at the subscription date was $50.

On January 7, 2019, the Company received $50 under a private placement of equity and issued 16,667 shares of its common stock and warrants to purchase up to 16,667 shares of its common stock at an exercise price equal to $3.25 per share under a private placement of securities closed on December 13, 2018.

On January 29, 2019, the Company issued 125,243 shares of the Company to Heritage and its officers under the agreement to rescind the Company's option to sell the stock in Limecom back to Heritage.

On February 12, 2019, the Company issued warrants to purchase up to 35,834 shares of its common stock at an exercise price equal to $3.25 per share under the October 25, 2018 private placement.

On February 28, 2018, the Company issued 309,497 shares of its common stock pursuant to a settlement of stock-based liabilities. The fair market value of the shares was $464.

On February 28, 2019, The Company signed a Binding Term Sheet with Optima Fixed Income LLC ("Optima") for a total investment of $2,500 over one year and received $500 on the same date. Under the Binding Term Sheet, it was agreed that the initial invested amount of $500 will in consideration of 166,667 shares of Common Stock of the Company. These shares will be issued in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act. It was also agreed that Optima may purchase a Convertible Note in the amount of $2,000 which may be funded on a quarterly basis. The term of the Convertible Note shall be three years and it may be converted with a discount of 25% on the share price at date of conversion, but in any case, not less than $3 per share. Optima will additionally get rights to vote some of the Series B Preferred. In any case, the total investment in the Company shall be not be less than 25% of the outstanding shares at the first anniversary of this Binding Term Sheet.

On May 10, 2019 the Company signed an Amendment to the Binding Term Sheet with Optima whereas Optima will make an additional deposit of $550 to the Company and whereas that additional deposit will be provided to the Company in the form of a Convertible Note as discussed in the Binding Term Sheet. It was also agreed that Optima will provide an additional amount of $1,450 to the Company which will be provided in a form of a Convertible Note at the following dates:

Date	**Amount**
05/28/2019	$ 200
08/28/2019	$ 500
11/28/2019	$ 500
02/28/2020	$ 250

All the other terms and conditions of the Binding Term Sheet, will remain in full force and effect. On May 11, 2019 Optima made an additional deposit of $550.

On May 28, 2019 Optima made an additional deposit of $200.

On June 18, 2019, the Company issued 65,978 shares of its common stock to a private investor pursuant to a Securities Purchase Agreement which it entered on October 25, 2018. Under that particular Securities Purchase Agreement , the Company has to issue additional shares of Common Stock to the private investor in an amount sufficient such that, when sold and the net proceeds thereof are added to the net proceeds from the sale of any of the previously issued and sold Shares, the private investor shall have received total net funds equal to $3.60 per Share.

(Amounts in U.S. dollar thousands, except share and per share data)

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company has had extensive dealings with related parties including those in which our Chief Executive Officer holds a significant ownership interest as well as an executive position during the six months ended June 30, 2019 and year ended December 31, 2018. Due to our operational losses, the Company has relied to a large extent on funding received from Next Communications, Inc., an organization in which the Company's Chief Executive Officer holds a controlling equity interest and an executive position. During the first calendar quarter of 2017, Next Communications, Inc. filed for bankruptcy protection. As a result, the related party payable is being handled by a court appointed trustee as an asset of Next Communications, Inc. and the Company may be compelled to repay the amounts due. On January 29, 2019, the United States Bankruptcy Court Southern District of Florida Miami Division approved a Plan of Reorganization for Next Communications, Inc., whereby Cuentas Inc. would pay $600 to a specific creditor in consideration for the forgiveness of the balance of the payable balance. On March 5, 2019, Cuentas paid $50 to the trust account of the specific creditor and on May 10, 2019, the Company paid $550 to the trust account of the specific creditor per the order and satisfied its obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019.

With the exception of the Company's purchase of a 9% interest in Next Cala, Inc. from a related party and the related party payable to Orlando Taddeo for the acquisition of Limecom as described below, amounts scheduled below as "due to related parties" and "due from related parties" have not had their terms, including amounts, collection or repayment terms or similar provisions memorialized in formalized written agreements.

Related party balances at June 30, 2019 and December 31, 2018 consisted of the following:

Due from related parties

	June 30, 2019	December 31, 2018
(a) Glocal Card Services	36	36
Total Due from related parties	36	36

Related party payables, net of discounts

	June 30, 2019	December 31, 2018
(b) Due to Next Communications, Inc. (current)	$ -	$ 2,972
(c) Due to Asiya Communications SAPI de C.V. (current)	12	26
(d) Michael De Prado (current)	-	100
(e) Orlando Taddeo	-	2,613
(f) Next Cala 360 (current)	13	14
Total Due from related parties	$ 25	$ 5,725

(a) Glocal Card Services is the Company's partner in the Glocal Joint Venture

(b) Next Communication, Inc. is a corporation in which our Chief Executive Officer holds a controlling interest and serves as the Chief Executive Officer. During the first calendar quarter of 2017, Next Communications, Inc. filed for bankruptcy protection. As a result, the related party payable is being handled by a court appointed trustee as an asset of Next Communications, Inc. On January 29, 2019, the United States Bankruptcy Court Southern District of Florida Miami Division approved a Plan of Reorganization for Next Communications, Inc., whereby Cuentas Inc. would pay $600 until April 29, 2019 to a specific creditor in consideration for the forgiveness of the balance of the payable balance. On March 5, 2019, Cuentas paid $50 to the trust account of the specific creditor. On April 30, 2019, Cuentas received a Notice of Default (the "Notice") from Genovese Joblove Battista contending that a $550 Payment was in default due to the non-payment ordered by the United States Bankruptcy Court Southern District of Florida Miami Division and the potential reinstatement of a $1,678 Final Judgment in favor of 100 NWT if not cured by May 11, 2019. On May 10, 2019, the Company paid $550 to the trust account of the specific creditor per the order and satisfied its obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019.

(c) Asiya Communications SAPI de C.V.is a telecommunications company organized under the laws of Mexico, in which the Company's Chief Executive Officer holds a substantial interest and is involved in active management.

(d) Michael De Prado is the Company's President. On February 28, 2019, the Company issued 66,402 shares of its common stock to a settle this debt.

(e) Amount due to Orlando Taddeo from the acquisition of Limecom.

(f) Next Cala 360, is a Florida corporation established and managed by the Company's Chief Executive Officer.

During the six months period ended June 2019, the Company recorded interest expense of $67, using an interest rate equal to that on the outstanding convertible notes payable as imputed interest on the related party payable due to Next Communications. During the year ended December 31, 2018, the Company recorded interest expense of $237 using an interest rate equal to that on the outstanding convertible notes as imputed interest on the related party payable due to Next Communications. The interest was immediately forgiven by the related party and recorded to additional paid in capital.

(Amounts in U.S. dollar thousands, except share and per share data)

Revenues (Related Party)

The Company generated revenues from related parties of $0 and $11,189 during the six months ended June 30, 2019 and 2018 as itemized below:

	For the Six Months Ended June 30,	
	2019	2018
Next Communications, Inc.	-	5,813
Asiya Communications SAPI de C.V.	-	5,376
Total	-	11,189

The Company generated revenues from related parties of $0 and $8,941 during the three months ended June 30, 2019 and 2018 as itemized below:

	For the Three Months Ended June 30,	
	2019	2018
Next Communications, Inc.	-	4,688
Asiya Communications SAPI de C.V.	-	4,253
Total	-	8,941

NOTE 6 – CUSTOMER CONCENTRATION

The Company did not have any one customer account for more than 10% of its revenues during the six and three months ended June 30, 2019. The Company generated approximately 51% of its revenues for the six months ended June, 2018 from three separate customers and 78% of its revenues for the three months ended June, 2018 from three separate customers

NOTE 7 – COMMITMENTS AND CONTINGENCIES

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

On April 7, 2016, the Company executed an agreement with a service provider to provide certain services for the Company. In addition to cash and stock compensation, the agreement requires 1% of the outstanding common share equivalent to be issued to the third party when the market capitalization of the Company reaches $500 and an additional 1% when it reaches $750. The Company recorded an expense associated with the non-variable portion of the agreement. However, the probability of the Company's market capitalization reaching these thresholds is uncertain at present and the Company has not accrued a contingent fee as of June 30, 2019.

On February 12, 2018, the Company was served with a complaint from Viber Media, Inc. ("Viber") for reimbursement of attorney's fees and costs totaling $528 arising from a past litigation with Viber. The Company is vigorously defending their rights in this case as we believe this demand is premature as litigation is ongoing. The Company has no accrual related to this complaint as of June 30, 2019 given the premature nature of the motion.

On July 6, 2017, the Company received notice an existing legal claim against Accent InterMedia ("AIM") had been amended to include claims against the Company. The claims brought against the Company include failure to comply with certain judgments for collection of funds by the plaintiff while having a controlling interest in AIM via its ownership of Transaction Processing Products ("TPP"). On April 17, 2019, the Company signed a Settlement Agreement with Comdata, Inc. d/b/a Stored Value Solutions ("SVS") whereby Cuentas will pay a total of $38 over a period of 7 months, starting July 1, 2019. Only in the event that the Company will default by failing to make timely payments, SVS may file in Kentucky for the judgment of $70.

On December 20, 2017, a Complaint was filed by J. P. Carey Enterprises, Inc., alleging a claim for $473 related to the Franjose Yglesias-Bertheau filed lawsuit against PLKD listed above. Even though the Company made the agreed payment of $10 on January 2, 2017 and issued 12,002 shares as conversion of the $70 note as agreed in the settlement agreement, the Plaintiff alleges damages which the Company claims are without merit because they received full compensation as agreed. The Company is in the process of defending itself against these claims. The Company has not accrued losses related to this claim due to the early stages of litigation. On January 28, 2019, J. P. Carey Enterprises, Inc. filed a similar claim against the Company in Fulton County, Georgia. The Company is vigorously defending its position in this case.

On September 28, 2018, the Company was notified of a complaint filed against it by a former supplier. The Company has not yet received formal service of the complaint and is awaiting such service at which time it can fully assess the complaint. The Company has not accrued any losses as of June 30, 2019, related to the complaint given the early nature of the process.

On October 23, 2018, the Company was served by Telco Cuba Inc. for an amount in excess of $15 but the total amount was not specified. The Company was served on Dec. 7, 2018 with a complaint alleging damages including unspecified damages for product, advertising and other expenses in addition to $50 paid to Defendants. The Company has taken steps to defend itself vigorously in this case. Depositions are in process of being scheduled.

On October 25, 2018, the Company was served with a complaint by former company CFO, Michael Naparstek claiming breach of contract for 1,666,666 shares (pre-split), $25 of compensation and $9 of expenses. This case was withdrawn in Palm Beach County and on January 11, 2019, a similar complaint was filed in Miami-Dade county. The Company has taken steps to defend itself vigorously in this case.

On November 7, 2018, the Company was served with a complaint by a service provider claiming Breach of Contract for $29. The Company settled this complaint in consideration of $5.

On November 7, 2018, the Company was served with a complaint by IDT Domestic Telecom, Inc. vs the Company and its former subsidiary Limecom, Inc. for telecommunications services provided to the Subsidiary during 2018 in the amount of $50. The Company has no accrual as of June 30, 2019, related to the complaint given the early nature of the process. The Company intends to file a motion to dismiss the Company as a defendant since the Company has no contractual relationship with the plaintiff.

On May 1, 2019, the Company received a Notice of Demand for Arbitration from Secure IP Telecom, Inc. who supposedly had a Reciprocal Carrier Services Agreement (RCS) exclusively with Limecom, Inc. and not with Cuentas. The Demand originated from a Demand for Arbitration that Secure IP received from VoIP Capital International (VoIP) in March 2019 demanding $1,053 in damages allegedly caused by unpaid receivables that Limecom assigned to VoIP based on the RCS. The Company will vigorously defend its position to be removed as a named Party in this Notice of Demand due to the fact that Cuentas rescinded the Limecom acquisition on January 30, 2019.

The Company executed a lease for office space effective July 10, 2018 with a term to October 31, 2018. The lease requires monthly rental payments of $5. Total future guaranteed payments under this lease are $5.

(Amounts in U.S. dollar thousands, except share and per share data)

NOTE 8 – SUBSEQUENT EVENTS

On July 30, 2019 Optima assigned its rights under the Binding Term Sheet to Dinar Zuz LLC. On the same date, the Company and Dinar Zuz LLC executed a Subscription Agreement with the same terms as reflected in the Binding Term Sheet and its First Amendment. Under the Subscription Agreement Dinar Zuz LLC made an additional deposit of $250 and agreed to provide an additional amount of $1,000 to the Company which will be provided in a form of a Convertible Note at the following dates:

Date	Amount
10/26/2019	$ 500
01/26/2020	$ 500

On August 2, 2019, Dinar Zuz LLC converted the outstanding note with the Company in the amount of $1,000 at a conversion rate of $3 per share. On August 5, 2019, the Company issued 500,000 shares of its common stock pursuant to a Securities Purchase Agreement which it entered on July 30, 2019.

On August 5, 2019, the Company issued 55,000 shares of its common stock pursuant to a Service Agreements which it entered. The fair market value of the shares at the issuance date was $50.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

The following discussion and analysis provide information which management of the Company believes to be relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's financial statements and the notes to the financial statements, which are included in this report.

Forward-Looking Statements

This Report contains forward-looking statements that relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this Report. Forward-looking statements are often identified by words like "believe," "expect," "estimate," "anticipate," "intend," "project" and similar words or expressions that, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as "may," "will," "should," "plans," "predicts," "potential," or "continue," or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or achievements. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this Report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements in an effort to conform these statements to actual results.

Company Overview

Cuentas, Inc. (the "Company") invests in financial technology and engages in use of certain licensed technology to provide innovative telecommunications, mobility, and remittance solutions to unserved, unbanked, and emerging markets. The Company uses proprietary technology and certain licensed technology to provide innovative telecommunications and telecommunications mobility and remittance solutions in emerging markets. The Company also offers prepaid telecommunications minutes to consumers through its Tel3 division and also offers wholesale telecommunications minutes through its Limecom subsidiary.

The Company was incorporated under the laws of the State of Florida on September 21, 2005 to act as an holding company for its subsidiaries, both current and future. Its subsidiaries are Meimoun and Mammon, LLC (100% owned), Next Cala, Inc (94% owned), NxtGn, Inc. (65% owned) and Next Mobile 360, Inc. (100% owned), SDI Next Distribution LLC (51% owned). Additionally, Next Cala, Inc. has a 60% interest in NextGlocal, a subsidiary formed in May 2016. During the year ended December 31, 2016, the Company acquired a business segment, Tel3, from an existing corporation. Tel3 was merged into Meimoun and Mammon, LLC effective January 1, 2017.

Formation of SDI NEXT Distribution LLC ("SDI NEXT")

On December 6, 2017, the Company completed its formation of SDI NEXT Distribution in which it owns a 51% membership interest, previously announced August 24, 2017 as a Letter of Intent with Fisk Holdings, LLC. As Managing Member of the newly formed LLC, the Company will contribute a total of $500,000, to be paid per an agreed-upon schedule over a twelve-month period. Fisk Holdings, LLC will contribute 30,000 (thirty thousand) active Point of Sale locations for distribution of retail telecommunications and prepaid financial products and services to include, but not be limited to: prepaid General Purpose Reload ("GPR") cards, prepaid gift cards, prepaid money transfer, prepaid utility payments, and other prepaid products. The completed formation of an established distribution business for third-party gift cards, digital content, mobile top up, financial services and digital content, which presently includes more than 31,600 U.S. active Point of Sale locations, including store locations, convenience stores, bodegas, store fronts, etc. The parties agreed that additional product lines may be added with unanimous decision by the Managing Members of the LLC. During 2018, it was agreed between the parties to distribute the Company's recently announced CUENTAS GPR card and mobile banking solution aimed to the unbanked, underbanked and financially underserved consumers, making them available to customers at the more than 31,600 retail locations SDI presently serves.

Limecom

On October 23, 2017, the Company acquired 100% of the outstanding interests in Limecom, Inc.

On January 29, 2019, the Company and Heritage agreed to extend the right of the Company to rescind the agreement, to sell the stock in Limecom back to Heritage as the follows:

(a) The 138,147 shares of the Company issued to Heritage and its Stockholders will not be returned to the Company, and the remaining 34,537 shares of the Company in escrow will not be issued to Heritage. Instead, the Company will issue an additional 90,000 shares of the Company as directed by Heritage.

(b) The $1,807,000 payment obligation under the Limecom Purchase Agreement will be cancelled.

(c) The Employment Agreement with Orlando Taddeo as International CEO of Limecom will be terminated.

(d) Heritage, its Stockholders and the current management of Limecom agreed to indemnify and hold harmless Next Group Acquisition and the Company from any liabilities (known and unknown) incurred by Limecom (accrued, disclosed or undisclosed by Limecom) up to and including the rescission date.

(e) Heritage and Limecom's current management agreed to cooperate with Next Group Acquisition and/or the Company with any information required to be disclosed to the Securities and Exchange Commission ("SEC") as a part of Cuentas' SEC disclosure obligations with respect to the recession.

(f) Heritage, Limecom and its current management and Stockholders agreed to cooperate with Cuentas' auditors in providing all material information to Cuentas' auditors as is reasonably required.

(g) Heritage and the Limecom current management agreed that the intercompany loan in the approximate sum of $231,000 will be cancelled.

(h) Cuentas agreed to issue 20,740 shares of Cuentas restricted stock to several Limecom employees in exchange for salaries due to them. Those shares will be issued and held in escrow until the full satisfaction of the terms of this Amendment.

(i) Cuentas agreed to advance the sum of $25,000 toward the payments agreed upon to be paid to American Express ("AMEX") by Limecom, and Limecom agrees to pay the sum of $25,000 to AMEX and the balance of the payments under the Stipulation of Settlement with American Express as agreed upon by Limecom.

On January 30, 2019, Cuentas sent an executed document to Limecom rescinding the acquisition of Limecom, Inc. ("Limecom") according to the Amendment signed January 29, 2019.

Cuentas fulfilled its obligation to pay $25,000 to AMEX pursuant to the Amendment dated January 29, 2019.

Next Communications, Inc. Bankruptcy

The Company has historically received financing from Next Communications, Inc., an entity controlled by our CEO, and had a related party payable balance of approximately $0 and approximately $2,972,000 due to Next Communications, Inc. as of June 30, 2019 and December 31, 2018. During the first calendar quarter of 2017, Next Communications, Inc. filed for bankruptcy protection. As a result, the related party payable is being handled by a court appointed trustee as an asset of Next Communications, Inc. On January 29, 2019, the United States Bankruptcy Court Southern District of Florida Miami Division approved a Plan of Reorganization for Next Communications, Inc., whereby the Company would pay $600,000 to a specific creditor in consideration for the forgiveness of the balance of the payable to Next Communications, Inc. On March 10, 2019, the Company paid $50,000 to the trust account of the specific creditor per the order and on May 10, 2019, the Company paid $550,000 to the same trust account of the specific creditor per the order and satisfied its obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019.

Entrance into Non-Binding Letter of Intent with Facio

On March 14, 2019, The Company has entered into a Letter of Intent with Facio Ltd, an Israeli FinTech company that has developed innovative artificial intelligence and big data technologies to deliver digital banking services autonomously, without human intervention. This agreement, if consummated and implemented, will enable the Cuentas GPR Card users to purchase popular digital content, products and services at a discounted price within an advanced and personalized mobile app experience which combines traditional banking services with new innovative services. The Company will enable its Cuentas GPR Card users to use Facio's innovative point of sale directly from their mobile phone using Facio's Tap-to-pay NFC or QR technology. However, the Company cautions its shareholders and others considering trading its securities that, due to the nature of the Letter neither the Company or Facio Ltd. are obligated to consummate and implement the above transaction.

Entrance into a Term Sheet with Cima Telecom Inc. ("Cima")

On May 16, 2019, the Company entered into a Term Sheet outlining its License for Cima's Knetik and Auris technology platforms. Collectively, the platforms would provide the back-end software for the Cuentas General Purpose Card and compatibility via APIs with 3rd party software and the mobile app. Under the Term Sheet, Cima Group would receive a 1-time licensing fee in consideration of $8,000,000 is a form of a convertible note that may be converted into up to 25% of the total shares of the Company on a fully diluted basis within two years from the closing of the transaction. Cima will grant the Company a world-wide, perpetual, non-sublicensable license (the "License") to utilize the Auris and Knetic platforms and intellectual properties included in such platforms for the Financial Technology ("FINTECH") worldwide vertical markets. (the "Platforms"). The License to be granted shall be exclusive for use within the FINTECH space, which for purposes of the License shall be defined as "connecting banking and prepaid card usage". In addition, the Company shall have the right to grant its customers, and its customers' end-users, access to the services provided by the Platforms.

Entrance into a Prepaid Card Program Management Agreement (PCPMA) with Sutton Bank ("Sutton")

On June 27, 2019, Cuentas, Inc. entered into a Prepaid Card Program Management Agreement (PCPMA) with Sutton Bank ("Sutton"), an Ohio chartered bank Corporation. The PCPMA establishes that Sutton Bank operates a prepaid card service and is an approved issuer of prepaid cards on the Discover, Mastercard, and Visa Networks and provides services in connection with Card Transactions processed on one or more Networks. The PCPMA designates Cuentas to become Manager of the "Cuentas Mastercard Prepaid Card" Management Program, a General Purpose Reload (GPR) debit card program, subject to the terms and conditions of the PCPMA.

Entrance into a Prepaid Services Agreement (PSA) with Interactive Communications International, Inc. ("InComm")

On July 23, 2019, the Company entered into a five (5) years Processing Services Agreement with Incomm, a leading payments technology company, to power and expand the Cuentas General Purpose Reload ("GPR") card network. Per the PSA, InComm, through its VanillaDirect network, will act as prepaid card processor and expand the Cuentas GPR Card network. VanillaDirect is currently available at major retailers such as: Walmart, Seven Eleven, Walgreens, CVS Pharmacy, Rite Aid and many more. In addition, the Company will implement the VanillaDirect cash reload services into its 31,600 U.S. locations under SDI NEXT Distribution LLC.

The Cuentas General Purpose Reload ("GPR") card is intended to be launched during the third quarter of 2019, provides comprehensive solution for the approximately twenty million unbanked community in the United States, uniquely enabling access to the U.S. financial system to those without the necessary documented to bank with the traditional financial institutions in the U.S. The Cuentas General Purpose Reload ("GPR") will provide an FDIC insured bank account and electronic wallet. The Cuentas FDIC insured bank account will embed with functionality such as: international remittance, bill pay, ATM, direct deposit, cash reload and mobile banking capabilities. The Cuentas' electronic Wallet will have unique features such as, Digital Content, Gaming, Internet Shopping, Tolling and Public Transportation, Food & Restaurants as well as Mobile Topups.

Results of operations for the three months ended June 30, 2019 and 2018

Revenue

The Company generates revenues through the sale and distribution of prepaid telecom minutes and other related telecom services.

	Three Months Ended June 30,	
	2019	**2018**
Revenue from sales	262,000	11,968,000
Revenue, sales to related parties	-	8,941,000
Total revenue	262,000	20,909,000

Revenues during the three months ended June 30, 2019 totaled $262,000 compared to $20,909,000 for the three months ended June 30, 2018. The decrease in the total Revenue is mainly due to the recession of the Limecom acquisition which was consolidated for the full three months ended June 30, 2018 and not consolidated in the three months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Costs of Revenue

Costs of revenue consists of the purchase of wholesale minutes for resale. Cost of revenues during the three months ended June 30, 2019 totaled $ 230,000 compared to $20,655,000 for the three months ended June 30, 2018. The decrease in the total Cost of Revenue is mainly due to the recession of the Limecom acquisition which was consolidated for the full three months ended June 30, 2018 and not consolidated in the three months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Operating Expenses

Operating expenses totaled $510,000 during the three months ended June 30, 2019 compared to $828,000 during the three months ended June 30, 2018 representing a net decrease of $318,000. The decrease in the operating expenses is mainly due to the recession of the Limecom acquisition which was consolidated for the full three months ended June 30, 2018 and not consolidated in the three months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Other Income

The Company recognized other income of $2,370,000 during the three months ended June 30, 2019 compared to an expense $405,000 during the three months ended June 30, 2018. The net change from the prior period is mainly due to other income in the amount of $2,362,000 from the satisfaction of the Company's obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019 pursuant to which we paid $600,000 to satisfy an obligation of approximately $2,962,000.

Net Income (Loss)

Due to the above, we incurred a net income of $1,865,000 for the three-month period ended June 30, 2019, as compared to a net loss of $969,000 for the three-month period ended June 30, 2018.

Pro forma results

The following are unaudited pro forma financial information for the 3 months period ended June 30, 2018 and presents the condensed consolidated statements of operations of the Company due to the rescission of the acquisition described above, as if the acquisitions had not occurred. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's condensed consolidated statements of operations that would have been reported had these acquisitions been completed as of the beginning of the period presented and should not be taken as indicative of the Company's future condensed consolidated statements of operations.

	3 Months Ended June 30, 2018
Revenues	$ 322,000
Net Income before controlling Interest	(600,000)
Net Income	(593,000)

Results of operations for the six months ended June 30, 2019 and 2018

Revenue

The Company generates revenues through the sale and distribution of prepaid telecom minutes and other related telecom services.

	Six Months Ended June 30, 2019	**Six Months Ended June 30, 2018**
Revenue from sales	564,000	29,719,000
Revenue, sales to related parties	-	11,189,000
Total revenue	564,000	40,908,000

Revenues during the six months ended June 30, 2019 totaled $564,000 compared to $40,908,000 for the six months ended June 30, 2018. The decrease in the total Revenue is mainly due to the recession of the Limecom acquisition which was consolidated for the full Six months ended June 30, 2018 and not consolidated in the Six months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Costs of Revenue

Costs of revenue consists of the purchase of wholesale minutes for resale. Cost of revenues during the Six months ended June 30, 2019 totaled $467,000 compared to $39,915,000 for the six months ended June 30, 2018. The decrease in the total Cost of Revenue is mainly due to the recession of the Limecom acquisition which was consolidated for the full Six months ended June 30, 2018 and not consolidated in the six months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Operating Expenses

Operating expenses totaled $1,000,000 during the Six months ended June 30, 2019 compared to $1,698,000 during the Six months ended June 30, 2018 representing a net decrease of $698,000. The decrease in the operating expenses is mainly due to the recession of the Limecom acquisition which was consolidated for the full Six months ended June 30, 2018 and not consolidated in the Six months ended June 30, 2019. The Company no longer owns Limecom as of January 2019.

Other Income

The Company recognized other income of $2,475,000 during the six months ended June 30, 2019 compared to an income $1,242,000 during the six months ended June 30, 2018. The net change from the prior period is mainly due to other income in the amount of $2,362,000 from the satisfaction of the Company's obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019 pursuant to which we paid $600,000 to satisfy an obligation of approximately $2,962,000.

Net Income (Loss)

Due to the above, we incurred a net income of $1,545,000 for the six-month period ended June 30, 2019, as compared to a net income of $554,000 for the Six-month period ended June 30, 2018.

Pro forma results

The following are unaudited pro forma financial information for the 6 months period ended June 30, 2018 and presents the condensed consolidated statements of operations of the Company due to the rescission of the acquisition described above, as if the acquisitions had not occurred. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's condensed consolidated statements of operations that would have been reported had these acquisitions been completed as of the beginning of the period presented and should not be taken as indicative of the Company's future condensed consolidated statements of operations.

	6 Months Ended June 30, 2018
Revenues	$ 733,000
Net Income before controlling Interest	931,000
Net Income	948,000

Inflation and Seasonality

In management's opinion, our results of operations have not been materially affected by inflation or seasonality, and management does not expect that inflation risk or seasonality would cause material impact on our operations in the future.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of June 30, 2019, we had cash and cash equivalents of $60,000 as compared to $154,000 as of December 31, 2018. As of June 30, 2019, we had a working capital deficit of $2,574,000 thousand, as compared to a deficit of $7,548,000 as of December 31, 2018. The decrease in our working capital deficit was mainly attributable to the decrease of $1,789,000 in our accounts payable, $1,948,000 in our other accounts' payables and $4,894,000 in short term related parties' payables, which was mitigated by a decrease of $3,666,000 in our trade account receivables.

Net cash used in operating activities was $784,000 for the six-month period ended June 30, 2019, as compared to cash used in operating activities of $97,000 for the six-month period ended June 30, 2018. The Company's primary uses of cash have been for professional support and working capital purposes.

Net cash used in investing activities was $0 for the six-month period ended June 30, 2019, as compared to $11,000 for the six-month period ended June 30, 2018.

Net cash provided by financing activities was approximately $690,000 for the six-month period ended June 30, 2019, as compared to net cash from financing activities of approximately $29,000 for six-month period ended June 30, 2018. We have principally financed our operations in 2019 through the sale of our common stock and the issuance of debt.

We have principally financed our operations through the sale of our common stock and the issuance of debt. Due to our operational losses, we relied to a large extent on funding received from Next Communications, Inc., an organization in which our Chief Executive Officer and Chairman holds a controlling equity interest and holds an executive position. During the first calendar quarter of 2017, Next Communications, Inc. filed for bankruptcy protection. There was $0 and $2,972,000 due to Next Communications, Inc as of June 30, 2019 and December 31, 2018, respectively.

As discussed in an 8-K filed with the SEC on February 5, 2019, On January 29, 2019, the United States Bankruptcy Court Southern District of Florida Miami Division approved a Plan of Reorganization for Next Communications, Inc., whereby Cuentas Inc. would pay $600,000 to a specific creditor (100 NWT) in consideration from forgiveness of the balance of the payable balance was not paid in the first quarter of 2019. Our financial statements have been prepared assuming that the Company will continue as a going concern.

On or about March 5, 2019, Cuentas and Next Communication Inc. paid $100,000 to the trust account of Genovese Joblove Battista, counsel for 100 NWT. Unfortunately, Cuentas was financially unable to make the $550,000 payment and was planning on making payments according to a payment plan previously approved by the court, but by omission, was not included in the final motions.

On April 30, 2019, Cuentas received a Notice of Default (the "Notice") from Genovese Joblove Battista, a creditor of Next Communication Inc., contending that a $550,000 Payment was in default due to the non-payment ordered by the United States Bankruptcy Court Southern District of Florida Miami Division and the potential reinstatement of approximately $1,678,000 Final Judgment in favor of 100 NWT if not cured by May 11, 2019. On May 10, 2019, the Company paid $550,000 to the trust account of the specific creditor per the order and satisfied its obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019.

Our liquidity needs are principally for the funding of our operations and the development and the launch of the Cuentas GPR Card. Based on the foregoing, On February 28, 2019, The Company signed a Binding Term Sheet with Optima Fixed Income LLC ("Optima") for a total investment of $2,500,000 over one year and received the first deposit of $500,000 on the same date. Under the Binding Term Sheet, it was agreed that the initial invested amount of $500,000 will in consideration of 166,667 shares of Common Stock of the Company. It was also agreed that Optima may purchase a Convertible Note in the amount of $2,000,000, which may be funded on a quarterly basis. The term of the Convertible Note shall be three years and it may be converted with a discount of 25% on the share price at date of conversion, but in any case, not less than $3 per share. In any case, the total investment in the Company shall be not be less than 25% of the outstanding shares at the first anniversary of this Binding Term Sheet.

On May 10, 2019 the Company signed an Amendment to the Binding Term Sheet with Optima whereas Optima will make an additional deposit of $550,000 to the Company and whereas that additional deposit will be provided to the Company in the form of a Convertible Note as discussed in the Binding Term Sheet. It was also agreed that Optima will provide an additional amount of $1,450,000 to the Company which will be provided in a form of a Convertible Note at the following dates:

Date	**Amount**
05/28/2019	$ 200,000
08/28/2019	$ 500,000
11/28/2019	$ 500,000
02/28/2020	$ 250,000

All the other terms and conditions of the Binding Term Sheet, will remain in full force and effect. On May 11, 2019 Optima made an additional deposit of $550,000 and on May 28, 2019 Optima made an additional deposit of $200,000.

Despite the Capital raise that we have conducted and the above conditions and raise substantial doubt about our ability to continue as a going concern. Although we anticipate that cash resources will be available to the Company through its current operations, it believes existing cash will not be sufficient to fund planned operations and projects investments through the next 12 months. Therefore, we are still striving to increase our sales, attain profitability and raise additional funds for future operations and any meaningful equity or debt financing will likely result in significant dilution to our existing stockholders. There is no assurance that additional funds will be available on terms acceptable to us, or at all.

Since inception, we have financed our cash flow requirements through issuance of common stock, related party advances and debt. As we expand our activities, we may, and most likely will, continue to experience net negative cash flows from operations. Additionally, we anticipate obtaining additional financing to fund operations through common stock offerings, to the extent available, or to obtain additional financing to the extent necessary to augment our working capital. In the future we need to generate sufficient revenues from sales in order to eliminate or reduce the need to sell additional stock or obtain additional loans. There can be no assurance we will be successful in raising the necessary funds to execute our business plan.

We anticipate that we will incur operating losses in the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets. Such risks for us include, but are not limited to, an evolving and unpredictable business model and the management of growth.

To address these risks, we must, among other things, implement and successfully execute our business and marketing strategy surrounding our Cuentas braded general-purpose reloadable cards, continually develop and upgrade our website, respond to competitive developments, lower our financing costs and specifically our accounts receivable factoring costs, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Off-Balance Sheet Arrangements

As at June 30, 2019, we had no off-balance sheet arrangements of any nature.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. Note 3 to our consolidated audited financial statements filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 describes the significant accounting policies and methods used in the preparation of our financial statements. We consider our critical accounting policies to be those related to share-based payments because they are both important to the portrayal of our financial condition and require management to make judgments and estimates about uncertain matters.

Recent Accounting Standards announced

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments apply to reporting entities that are required to make disclosures about recurring or nonrecurring fair value measurements and should improve the cost, benefit, and effectiveness of the disclosures. ASU 2018-13 categorized the changes into those disclosures that were removed, those that were modified, and those that were added. The primary disclosures that were removed related to transfers between Level 1 and Level 2 investments, along with the policy for timing of transfers between levels. In addition, disclosing the valuation processes for Level 3 fair value measurements was removed. The amendments are effective for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company notes that this guidance will impact its disclosures beginning January 1, 2020.

Recently adopted accounting pronouncements

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2018 are applied consistently in these financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain "disclosure controls and procedures" as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. In designing and evaluating our disclosure controls and procedures, our management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, and as discussed in greater detail below, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, disclosure controls and procedures are not effective:

- to give reasonable assurance that the information required to be disclosed in reports that are file under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and

- to ensure that information required to be disclosed in the reports that are file or submitted under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our CEO and our Treasurer, to allow timely decisions regarding required disclosure.

Based on that evaluation, management concluded that, during the period covered by this report, such internal controls and procedures were not effective due to the following material weakness identified:

Lack of appropriate oversight of third-party service providers,

Lack of appropriate segregation of duties,

Lack of information technology ("IT") controls over revenue,

Lack of adequate review of internal controls to ascertain effectiveness,

Lack of communication to third party service providers regarding key events and agreements within the organization,

Lack of control procedures that include multiple levels of supervision and review, and

There is an overreliance upon independent financial reporting consultants for review of critical accounting areas and disclosures and material, nonstandard transactions.

Management is in the process of determining how best to change our current system and implement a more effective system to ensure that information required to be disclosed has been recorded, processed, summarized and reported accurately. Our management acknowledges the existence of this issue, and intends to develop procedures to address it to the extent possible given limitations in financial and human resources in and to remediate all the material weaknesses by the end of the fiscal quarter ending June 30, 2019.

Changes in Internal Controls over Financial Reporting

Our management, with the participation of our CEO and CFO, performed an evaluation to determine whether any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the three-month period ended June 30, 2019. Based on that evaluation, our CEO and our CFO concluded that no change occurred in the Company's internal controls over financial reporting during the three-month period ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On July 6, 2017, the Company received notice an existing legal claim against Accent InterMedia ("AIM") had been amended to include claims against the Company. The claims brought against the Company include failure to comply with certain judgments for collection of funds by the plaintiff while having a controlling interest in AIM via its ownership of Transaction Processing Products ("TPP"). On April 17, 2019, the Company entered into a Settlement Agreement with Comdata, Inc. d/b/a Stored Value Solutions ("SVS") whereby the Company will pay a total of $37,500 over 7 months, starting July 1, 2019. Only in the event that the Company defaults by failing to make timely payments, SVS may file in Kentucky for the judgment of $69,847.23.

On December 20, 2017, a Complaint was filed by J. P. Carey Enterprises, Inc., alleging a claim for approximately $473,000 related to the Franjose Yglesias-Bertheau filed lawsuit against PLKD listed above. Even though the Company made the agreed payment of $10,000 on January 2, 2017 and issued 12,003 shares as conversion of the $70,000 note as agreed in the settlement agreement, the Plaintiff alleges damages which the Company claims are without merit because they received full compensation as agreed. The Company is in the process of defending itself against these claims. The Company has not accrued related to this claim due to the early stages of litigation. On October 20, 2018, J. P. Carey Enterprises, Inc. voluntarily withdrew its claim against the Company. On January 28, 2019, J. P. Carey Enterprises, Inc. filed a similar claim against the Company in Fulton County, Georgia. The Company is vigorously defending its position in this case.

On February 12, 2018, the Company was served with a complaint from Viber for reimbursement of attorney's fees and costs totaling $528,000 arising from the litigation listed above. The Company is vigorously defending their rights in this case as we believe this demand is premature as litigation is ongoing. The Company has not accrued an estimated loss related to this complaint as of June 30, 2019 or December 31, 2018 given the premature nature of the motion.

On October 23, 2018, Cuentas was served by Telco Cuba Inc. for an amount in excess of $15,000 but the total amount was not specified. The Company was served on Dec. 7, 2018 with a complaint alleging damages including unspecified damages for product, advertising and other expenses in addition to $50,000 paid to Defendants. Cuentas has hired an attorney and has taken steps to defend itself vigorously in this case. Depositions are in process of being scheduled.

On October 25, 2018, the Company was served with a complaint by former company CFO, Michael Naparstek claiming breach of contract for 1,666,666 shares (pre-split), $25,554 of compensation and $8,823 of expenses. This case was withdrawn in Palm Beach County and on January 11, 2019, a similar complaint was filed in Miami-Dade county. Cuentas has hired an attorney and has taken steps to defend itself vigorously in this case.

On November 7, 2018, the Company was served with a complaint by a service provider claiming Breach of Contract for $29,000. On April 11, 2019 the Company has Settled this complaint in consideration of $5,000.

On November 7, 2018, the Company was served with a complaint by IDT Domestic Telecom, Inc. vs the Company and its subsidiary Limecom, Inc. for telecommunications services provided to the Subsidiary during 2018 in the amount of $50,000. The Company has no accrual as of June 30, 2019 related to the complaint given the early nature of the process. The Company intends to file a motion to dismiss the Company as a defendant since the Company has no contractual relationship with the plaintiff.

On January 29, 2019, the Company was served with a complaint by J. P. Carey Enterprises, Inc., (JP Carey) claiming similar issues as to the previous complaint, with the new claimed damages totaling $1,108,037.85. The Company has hired an attorney and feels these claims are frivolous and is defending the situation vigorously.

On May 1, 2019, the Company received a Notice of Demand for Arbitration from Secure IP Telecom, Inc. who supposedly had a Reciprocal Carrier Services Agreement (RCS) exclusively with Limecom, Inc. and not with Cuentas. The Demand originated from a Demand for Arbitration that Secure IP received from VoIP Capital International (VoIP) in March 2019 demanding $1,052,838.09 in damages allegedly caused by unpaid receivables that Limecom assigned to VoIP based on the RCS. The Company will vigorously defend its position to be removed as a named Party in this Notice of Demand due to the fact that Cuentas rescinded the Limecom acquisition on January 30, 2019.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 7, 2019, the Company issued 16,667 shares of its common stock pursuant to a common stock subscription. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On January 7, 2019, the Company received $50,000 under a private placement of and issued 16,667 shares of its common stock and warrants to purchase up to 16,667 shares of its common stock at an exercise price equal to $3.25 per share. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 12, 2019, the Company issued warrants to purchase up to 35,834 shares of its common stock at an exercise price equal to $3.25 per share required by the anti-dilution provisions under the October 25, 2018 private placement. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 28, 2018, the Company issued 309,497 shares of its common stock pursuant to a settlement of stock-based liabilities. The fair market value of the shares was $464,000. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 28, 2019, The Company signed a Binding Term Sheet with Optima Fixed Income LLC ("Optima") for a total investment of $2,500,000 over one year and received the first deposit of $500,000 on the same date. Under the Binding Term Sheet, it was agreed that the initial invested amount of $500,000 will in consideration of 166,667 shares of Common Stock of the Company. These shares will be issued in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act. It was also agreed that Optima may purchase a Convertible Note in the amount of $2,000,000, which may be funded on a quarterly basis. The term of the Convertible Note shall be three years and it may be converted with a discount of 25% on the share price at date of conversion, but in any case, not less than $3 per share. Optima will additionally get rights to vote some of the Series B Preferred. In any case, the total investment in the Company shall be not be less than 25% of the outstanding shares at the first anniversary of this Binding Term Sheet. On May 10, 2019 the Company signed an Amendment to the Binding Term Sheet with Optima Where Optima will make an additional deposit of $550,000 to the Company and that additional deposit will be provided to the Company in the form of a Convertible Note as discussed above. It was also agreed that Optima will provide an additional amount of $1.45M to the Company which will be provided in a form of a Convertible Note at the following dates:

Date		Amount
05/28/2019	$	200,000
08/28/2019	$	500,000
11/28/2019	$	500,000
02/28/2020	$	250,000

All the other terms and conditions of the Binding Term Sheet, will remain in full force and effect. On May 11, 2019 the Company received a second deposit of $550,000 and on May 28, 2019 the Company received a third deposit of $200,000.

On February 12, 2019, the Company issued warrants to purchase up to 35,834 shares of its common stock at an exercise price equal to $3.25 per share required by the anti-dilution provisions under the October 25, 2018 private placement. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On February 28, 2018, the Company issued 309,497 shares of its common stock pursuant to a settlement of stock-based liabilities. The fair market value of the shares was $464,000. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On May 10, 2019 the Company signed an Amendment to the Binding Term Sheet with Optima whereas Optima will make an additional deposit of $550,000 to the Company and whereas that additional deposit will be provided to the Company in the form of a Convertible Note as discussed in the Binding Term Sheet. It was also agreed that Optima will provide an additional amount of $1,450,000 to the Company which will be provided in a form of a Convertible Note at the following dates:

Date		Amount
05/28/2019	$	200,000
08/28/2019	$	500,000
11/28/2019	$	500,000
02/28/2020	$	250,000

All the other terms and conditions of the Binding Term Sheet, will remain in full force and effect. On May 11, 2019 Optima made an additional deposit of $550,000.

On May 28, 2019 Optima made an additional deposit of $200,000.

On July 30, 2019 Optima assigned its rights under the Binding Term Sheet to Dinar Zuz LLC. On the same date, the Company and Dinar Zuz LLC executed a Subscription Agreement with the same terms as reflected in the Binding Term Sheet and its First Amendment. Under the Subscription Agreement Dinar Zuz LLC made an additional deposit of $250,000 and agreed to provide an additional amount of $1,000,000 to the Company which will be provided in a form of a Convertible Note at the following dates:

Date	**Amount**
10/26/2019	$ 500,000
01/26/2020	$ 500,000

On June 18, 2019, the Company issued 65,978 shares of its common stock pursuant to a Securities Purchase Agreement which it entered on October 25, 2018. Under that particular Securities Purchase Agreement, the Company has to issue additional shares of Common Stock to the private investor in an amount sufficient such that, when sold and the net proceeds thereof are added to the net proceeds from the sale of any of the previously issued and sold Shares, the private investor shall have received total net funds equal to $3.60 per Share. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On August 2, 2019, Dinar Zuz LLC converted the outstanding note with the Company in the amount of $1,000 at a conversion rate of $3 per share. On the same date the Company issued 500,000 shares of its common stock pursuant to a Securities Purchase Agreement which it entered on July 30, 2019. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

On August 2, 2019, the Company issued 55,000 shares of its common stock pursuant to a Service Agreements which it entered. The fair market value of the shares at the issuance date was $50,000. We issued such shares in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

Each of the transactions described above give effect to the Reverse Stock Split (as defined below) and were exempt from the registration requirements of the Securities Act of 1933, as amended (“Securities Act”), in reliance upon Section 4(a)(2) of the Securities Act, Regulation D promulgated under the Securities Act and, in the case of sales to investors who are non-US persons, Regulation S promulgated under the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR DEBT

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

On January 29, 2019, the United States Bankruptcy Court Southern District of Florida Miami Division approved a motion whereby the Debtor, Next Communications, Inc. (an affiliate controlled and/or owned by Arik Mimoun, the Company 's CEO) in Case No 16-26776-RAM would be able to settle a claim by 100 NWT Fee Owner n/k/a 100 NWT Fee Owner LP (100 NWT) for $650,000. It also approved a motion whereby the Company would be able to eliminate its debt of approximately $3 Million to Next Communications, Inc. by funding a payment of $600,000 to 100 NWT. On or about March 5, 2019, Cuentas and Next Communication Inc. paid $100,000 to the trust account of Genovese Joblove Battista, counsel for 100 NWT.

On April 30, 2019, The Company received a Notice of Default (the "Notice") from Genovese Joblove Battista, a creditor of Next Communication Inc., contending that a $550,000 Payment was in default due to the non-payment ordered by the United States Bankruptcy Court Southern District of Florida Miami Division and the potential reinstatement of a $1,678 Final Judgment in favor of 100 NWT if not cured by May 11, 2019. On May 10, 2019, the Company paid $550,000 to the trust account of the specific creditor per the order and satisfied its obligation under the Approved Plan of the Reorganization for Next Communications, Inc., that was approved by the United States Bankruptcy Court Southern District of Florida Miami Division on January 29, 2019.

ITEM 6. EXHIBITS

Exhibit No.	Description	Location
2.1	Articles of Merger- NYBD Holding, Inc/Pleasant Kids, Inc.	(1)
3.1	Articles of Incorporation- League Now Holdings, Corporation, dated September 21, 2005	(1)
3.2	Articles of incorporation – Pleasant Kids, Inc., dated July 19, 2013	(1)
3.3	Amendment to articles of incorporation, dated May 9, 2013	(1)
3.4	Amendment to articles of incorporation, dated February 25, 2015	(2)
3.5	Amendment to articles of incorporation, dated March 19, 2015	(2)
3.6	Articles of Amendment, as filed with the Secretary of State of the State of Florida on August 8, 2018	(3)
10.1	Joint Venture Agreement between NextCala, Inc. and Glocal Payment Solutions, Inc. dated May 27, 2016	(4)
10.2	Addendum to joint venture agreement between NextCala, Inc. and Glocal Payment Solutions, Inc. dated August 9, 2016	(4)
10.3	Debt Purchase and Assignment Agreement and Stock Purchase Agreement of Transaction Processing Products, Inc. dated July 10, 2016	(5)
10.4	Agreement Regarding Purchase and Sale of All Assets and Certain Liabilities of Tel3 dated August 11, 2016	(5)
10.5	Factoring Agreement with AEC Yield Capital, LLC dated October 30, 2018	(6)
10.6	Agreement with Think Equity dated May 7, 2018.	(6)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

(1) Incorporated by reference from Pleasant Kid's Annual Report on Form 10-K for the Fiscal Year Ended September 30, 2013 filed on January 14, 2014.
(2) Incorporated by reference from Pleasant Kid's Quarterly Report on Form 10-Q for the Fiscal Quarter Ended March 31, 2015 filed on May 20, 2015.
(3) Incorporated by reference from Cuentas, Inc's Current Report on Form 8-K filed with the SEC on August 8, 2018.
(4) Incorporated by reference from Next Group Holdings' Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 filed on August 19, 2016.
(5) Incorporated by reference from Next Group Holdings' Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2016 filed on November 21, 2016.
(6) Incorporated by reference from Cuentas, Inc's Current Report on Form 8-K filed with the SEC on November 15, 2018.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cuentas, Inc.
(Registrant)

Date: August 7, 2019

By: /s/ Arik Maimon
Chief Executive Officer

By: /s/ Ran Daniel
Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Arik Maimon, certify that:

1. I have reviewed this Form 10-Q of Cuentas Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financing reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 7, 2019

/s/ Arik Maimon
Arik Maimon
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Ran Daniel, certify that:

1. I have reviewed this Form 10-Q of Cuentas Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Ran Daniel
Ran Daniel
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Cuentas Inc. (the “Company”) for the three-months ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Arik Maimon, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2019

By: /s/ Arik Maimon
Arik Maimon
Chief Executive Officer

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by §906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Cuentas Inc. (the "Company") for the three-months ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ran Daniel, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2019	By:	/s/ Ran Daniel
		Ran Daniel
		Chief Financial Officer

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by §906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.