ZINKIA ENTERTAINMENT, S.A.

Annex to Financial Information. JUNE 2013
Level of compliance report

Translation of Financial Statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 1 and 32) in the event of discrepancy the Spanish language version prevails.

ESTIMATED LEVEL OF COMPLIANCE OF THE FORECAST FOR 2013

This annex to the financial information provided by the Group, offers a comparative view of the financial statements planned for the financial year 2013 and those submitted in the Interim Financial Statements at June, 30th 2013, analysing the most significant deviations.

1. PROFIT AND LOSS

Zinkia	jun-12 cons	jun-13 cons	Difference	%	2013e
(€)					
Total Revenue	**9,205,228**	**4,706,359**	**- 4,498,869**	**-49%**	**22,399,661**
Sales	8,565,509	4,100,592	- 4,464,917	-52%	21,455,000
Other Income	639,719	605,768	- 33,952	-5%	944,661
Cost of goods sold	295,523	34,156	- 261,367	-88%	70,455
Gross Profit	**8,909,705**	**4,672,204**	**- 4,237,502**	**-48%**	**22,329,206**
% Gross Profit / Revenue	*97%*	*99%*			*100%*
Cost of Employees	2,267,530	1,326,542	- 940,988	-41%	3,025,285
Other Operating Expenses	2,528,976	3,754,065	1,225,089	48%	6,297,095
EBITDA	**4,113,199**	**- 408,403**	**- 4,521,603**	**-110%**	**13,006,826**
% EBITDA / Revenue	*45%*	*-9%*			*58%*
Amortizations and Depreciations	804,407	715,421	- 88,986	-11%	883,309
EBIT	**3,308,792**	**- 1,123,825**	**- 4,432,617**	**-134%**	**12,123,517**
% EBIT / Revenues	*36%*	*-24%*			*54%*
Financial Income					
Financial Expense					
Financial P/L	**- 448,390**	**- 431,794**	**16,596**	**-4%**	**- 779,907**
Gains on disposals of sales	1,945	1,945	-	0%	1,945
Impairment and losses on disposals	-	-	-		-
Gains/losses on disposals of asse	**1,945**	**- 2,370**	**- 4,315**	**-222%**	**-**
EBT	**2,862,348**	**- 1,557,988**	**- 4,420,336**	**-154%**	**11,343,610**
% EBT / Revenue	*31%*	*-33%*			*51%*
Taxation	- 821,694	285,610	1,107,303	-135%	- 3,403,083
EAT	**2,040,654**	**- 1,272,379**	**- 3,313,033**	**-162%**	**7,940,527**

1.1. REVENUE

The following table shows in detail the turn over compared to the first semester of 2012 and the 2013 budget:

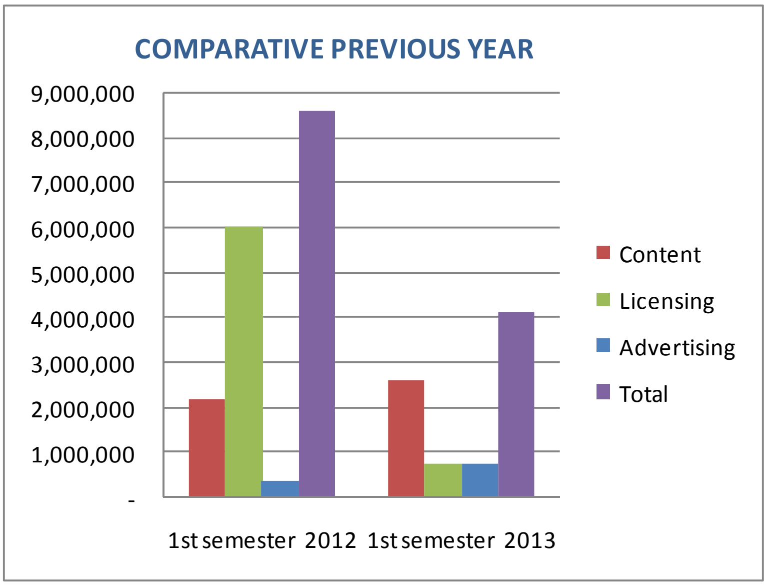
	Jun-12	Jun-13	% inc	2013 e	% reached
Content	2,203,843	2,626,501	19%	7,665,582	34%
Licensing	6,000,532	737,927	-88%	11,852,418	6%
Advertising	361,134	736,163	104%	1,937,000	38%
Total	**8,565,509**	**4,100,592**	**-52%**	**21,455,000**	**19.11%**

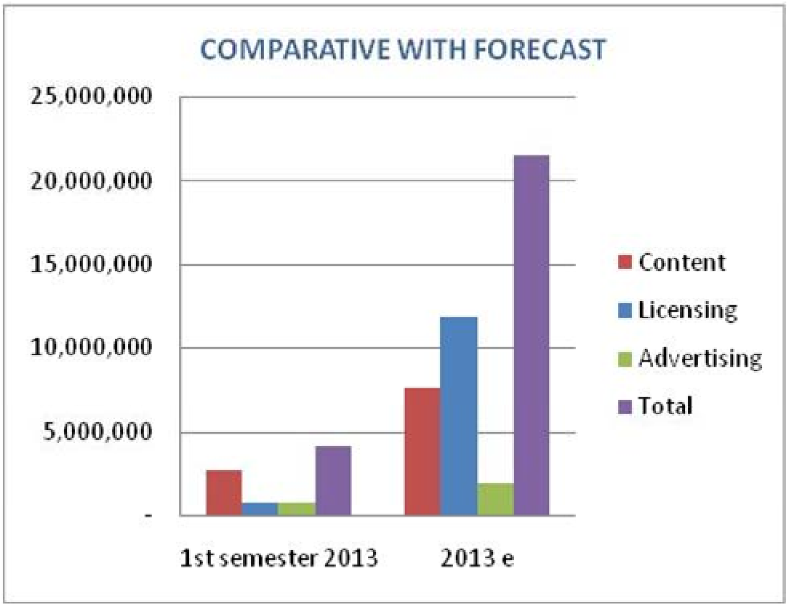
€	Jun-13
Content	64%
Licensing	18%
Advertising	18%
Total	**4,100,592**

The following table shows the breakdown of turnover per geographical area:

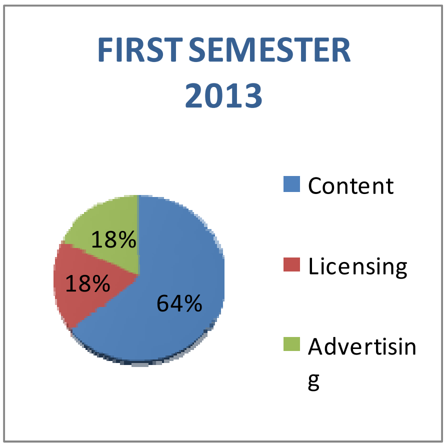
Market	Jun-12	Jun-13
Domestic	4%	10%
Abroad	96%	90%
Total	**100%**	**100%**

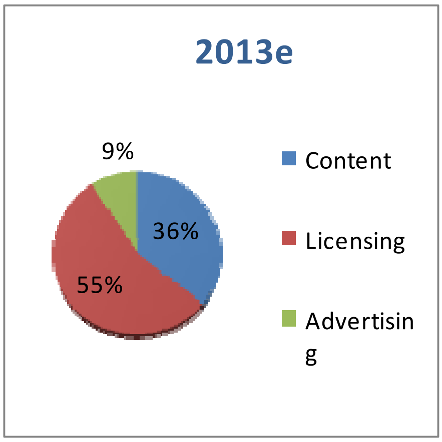
The following graphs show the evolution of turnover for the Group:





The following graphs show the breakdown of revenue per line of business:





The present situation of the Group and its ongoing international expansion lead Zinkia more and more often to negotiate agreements of big relevance than it used to do so in historical terms, so signing any of these contracts could represent a high proportional % of the consolidated turnover.

During the first semester of the year, a contraction of the turnover compared to the same period of the previous year, was recorded. Last year, the signing of this kind of agreements was executed during the first half of the year, which made the importance of this first semester of the year higher than usual for Zinkia, since historically, the second semester is the one where most of the Group sales were concentrated.

Nowadays, the Group counts a large portfolio of agreements under negotiation, some of them being of great relevance, that are expected to be signed during the present year.

Regarding the distribution per line of business, the Advertising and & Licensing areas have a similar weight to the total turnover, the Content item represents a 64% being therefore the most relevant area. However, the Group expects the number of license agreements signed during the second semester of 2013 to be remarkable so that licensing, at the end of the year, will have a larger representation.

Analysing each revenue generating line, it can be noticed that content has increased a 19% compared to the previous year, representing a 34% relating to the total projected for 2013. This evolution is consequence of the international TV sales of the different contents of the Group, as well as of the signing of certain agreements of distribution of content through several video on demand (VOD) platforms and similar, with an increasing market growth.

About the advertising, and in line with the Group Business Plan for the coming years, an important improvement is noted compared to 2012, exceeding the previous period figure in more than 100%. This significant rise is due to the progress of the Group in exploiting advertising in its contents.

And last, regarding to the Licensing & Merchandising item, the amount of the first semester of 2013 is 88% lower than the previous year. As it has been explained, the figures of last year's first semester included a license agreement that represented approximately 32% of the previous year's total sales figure.

Other operation incomes collects the capitalised amount of the operations carried out by the company itself for the development and production of its own audiovisual and interactive projects.

1.2. EXPENSES

Zinkia continues conducting an exhaustive control of costs, so the amount of the first semester staff expenses has been a 41% lower than in the former period.

Zinkia	jun-12 cons	jun-13 cons	Difference	%	2013e
(€)					
Cost of Employees	2,267,530	1,326,542	- 940,988	-41%	3,025,285

Nevertheless, “Other operating expenses” has had more weight than expected. This epigraph includes fees of advisers, consultants and, mainly, trade commissions. Regarding Cake Entertainment, Ltd. item, the amount of trade fees has been higher than the projected.

€	Jun-12	Jun-13	% inc	2013 e	% reached
Operating leases	225,904	170,607	-24%	463,972	-63%
Independent professional services	1,558,417	2,883,130	85%	4,535,079	-36%
Other expenses	744,655	700,305	-6%	1,298,045	-46%
Impairment losses on commercial transactions	-	23		-	
Total	**2,528,976**	**3,754,065**	**48%**	**6,297,095**	**-40%**

2. BALANCE SHEET

2.1. ASSET

Zinkia	Dec-12	Jun-13	2013e
(en €)			
Intangible Assets	**9,729,969**	**9,609,067**	**9,697,379**
Tangible Assets	**118,425**	**89,309**	**206,258**
Financial Assets	**28,183**	**28,282**	**28,183**
Deferred Taxation Assets	**4,425,759**	**4,712,377**	**3,234,680**
Debtors and receivables	**3,979,292**	**2,258,590**	**3,979,292**
Non Current Assets	**18,281,628**	**16,697,625**	**17,145,793**
Debtors and receivables	**8,126,948**	**7,285,462**	**7,166,787**
Financial Assets	**595,703**	**1,362,936**	**150,459**
Cash	**2,913,279**	**749,421**	**5,022,476**
Period Adjustements	**64,028**	**62,813**	**64,028**
Current Assets	**11,699,958**	**9,460,632**	**12,403,750**
Total Assets	**29,981,586**	**26,158,258**	**29,549,543**

The amount of Balance Consolidated Sheet Asset non-current clients collects the value of the balance with a maturity date longer than 12 months as to the date of the Financial Interim Consolidated Statements formulation. This volume has decreased according to the due dates of the amounts included in this line item, some of them having been turned into short term.

The remainder or Non-current Assets and Current Assets don´t present significant deviations during this first semester.

2.2. LIABILITY

Zinkia	Dec-12	Jun-13	2013e
Issued Capital	2,445,677	2,445,677	2,445,677
Share premium	9,570,913	9,570,913	9,570,913
Own shares held	- 403,841	- 808,029	- 403,841
Reserves	799,911	688,270	959,626
Retainded Earnings	- 3,131,607	- 2,042,822	- 2,214,247
Profits and losses	1,019,289	- 1,063,835	7,940,527
Translation differences	57,786	2,774	-
Profit atributable to minority interest	69,495	- 208,544	69,495
Minority interest	294,866	313,446	294,866
Shareholders Equity	**10,722,488**	**8,897,849**	**18,663,016**
Deferred income	130,978	130,978	109,870
Long Term Debt	6,827,306	4,553,531	3,805,899
Deferred taxation liabilities	73,588	55,588	73,588
Long Term Liabilities	**7,031,871**	**4,740,096**	**3,989,356**
Short Term Debt	4,572,298	6,763,023	4,258,349
Creditors	6,406,673	4,862,201	1,390,567
Deferred income, short term	1,248,256	895,089	1,248,256
Current Liabilities	**12,227,226**	**12,520,313**	**6,897,171**
Total Shareholders Equity and Liabilities	**29,981,586**	**26,158,258**	**29,549,543**

The treasury shares item rose in the first half of 2013 due to a purchase that took place in that period.

The rest of deviations in equity respond to the result obtained in the period.

3. CONFIRMATION OF FORECASTS

This document is an annex to the Consolidated Interim Financial Statements.

The Consolidated Interim Financial Statements have been prepared following the same policies and accounting principles applied in our annual financial statements, as it is outlined in the General Chart of Accounts and having into consideration what is indicated under the NIC 34 about interim financial information.

In the time these interim financial statements are being formulated, the Group Parent Company is carrying out a process of issuance of bonds, as it was mentioned in the last relevant fact on July, 9th 2013. Zinkia expects this process to be ended by mid October. Also, Zinkia is negotiating some relevant agreements expected to be signed during the coming months. Nowadays it is difficult defining accurately the influence that this issuance and/or agreements could have in the main Group financial magnitudes, therefore, Zinkia is postponing numbered forecasts at least until mid-October, 2013.

The opening of new markets, the response to our brands and the signature of license brands agreements, are according to the expectations and usual course of our business.

Disclaimer

Under no circumstances shall this document be interpreted as an offer to purchase, sell, subscribe or negotiate Zinkia's shares. Any investment decision about them must be made according to the criterion of the investor and/or his advisers.

The information collected in this paper is mainly related to historical data but also may also content statements or future expectations that as such are affected by risks and uncertainties, known or unknown,that could produce deviations in the evolution of Group business and condition its completion.

For further knowledge of the risks that could influence the business, forecasts and financial or assets situation, Zinkia recommends consulting the Informative Document of Incorporation to MAB and the subsequent regular information sent to the Market.

Yours sincerely,

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