ZINKIA ENTERTAINMENT, S.A.

INTERIM FINANCIAL STATEMENTS AT JUNE, 30th 2011

TABLE OF CONTENTS OF THE INTERIM FINANCIAL STATEMENTS OF ZINKIA ENTERTAINMENT, S.A.

ZINKIA ENTERTAINMENT, S.A.
BALANCE SHEET AT JUNE 30th AND DECEMBER 31st 2011 (In EUR)

ASSETS	Note	06/30/2011	12/31/2010
A) NON-CURRENT ASSETS		**14,177,316**	**12,895,833**
I. Intangible fixed assets	5	**9,140,479**	**8,664,851**
3. Patents, licences, trademarks and similar		*3,294,940*	*3,663,614*
5. Software		*96,357*	*113,441*
6. Other intangible assets			
Research		5,749,182	4,887,795
II. Property, plant and equipment	6	**105,725**	**107,695**
2. Plant and other PPE		*105,725*	*107,695*
IV. Non-current investments in group companies and associates	7 and 8	**1,005,575**	**9,474**
1. Equity instruments		*1,005,575*	*9,474*
V. Non-current financial investments	7 and 11	**84,770**	**84,770**
1. Equity instruments		*32,270*	*32,270*
5. Other financial assets		*52,500*	*52,500*
VI. Deferred tax assets	7, 11 and 20	**3,750,084**	**3,929,006**
VII. Non-current trade receivables	7 and 11	**90,682**	**100,037**
1. From clients		*90,682*	*100,037*
B) CURRENT ASSETS		**4.163.595**	**4,681,508**
III. Trade and other accounts receivable	7 and 11	**2,350,223**	**3,701,613**
1. From clients		*2,027,414*	*3,483,576*
2. Clients. group companies and associates		*12*	*25,105*
4. Personnel		*329*	*(519)*
5. Corporate income tax assets		*14,092*	*14,092*
6. Other tax credits		*308,376*	*179,359*
IV. Current investments in group companies and associates	7 and 11	**434,930**	**381,228**
2. Loans to companies		*434,592*	*380,876*
5. Other financial assets		*339*	*352*
V. Current financial investments	7 and 11	**582,349**	**179,601**
1. Equity instruments		*195*	*198*
5. Other financial assets		*582,154*	*179,403*
VI. Current accruals and deferred income		**8,668**	**44,567**
VII. Cash and cash equivalents	14	**787,425**	**374,499**
TOTAL ASSETS		**18,340.911**	**17,577,341**

ZINKIA ENTERTAINMENT, S.A.
BALANCE SHEET AT JUNE 30th AND DECEMBER 31st 011 (In EUR)

EQUITY AND LIABILITIES	Note	06/30/2011	12/31/2010
A) NET EQUITY		**9,400,522**	**9,501,287**
A-1) SHAREHOLDERS' EQUITY		**9,335,098**	**9,455,324**
I. Capital	**15**	**2,445,677**	**2,445,677**
1. Registered capital		*2,445,677*	*2,445,677*
II. Share premium account	**15**	**9,570,913**	**9,570,913**
III. Reserves	**16**	**1,157,495**	**1,175,649**
1. Legal and statutory		*237,262*	*237,262*
2. Other reserves		*920,233*	*938,387*
IV. Treasury stock	**17**	**(947,723)**	**(347,303)**
V. Tax loss carryforwards		**(3,389,612)**	**(1,091,224)**
2. Tax loss carryforwards		(3,389,612)	(1,091,224)
VII. Profit/(loss) for the year	**18**	**498,348**	**(2,298,387)**
A-2) ADJUSTMENTS DUE TO VALUE CHANGES	**12**	**(14,325)**	**(33,784)**
II. Hedging transactions		**(14,325)**	**(33,784)**
A-3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	**19**	**79,748**	**79,748**
B) NON-CURRENT LIABILITIES	**7 and 13**	**5,436,205**	**3,711,969**
II. Non-current payables	**7 and 13**	**5,396,530**	**3,672,294**
1. Debentures and other marketable securities		*1,676,837*	*1,594,540*
2. Bank borrowings		*983,900*	*1,697,501*
4. Derivatives		*14,325*	*33,784*
5. Other financial liabilities		*2,721,469*	*346,469*
IV. Deferred tax liabilities	**7, 13 and 20**	**39,675**	**39,675**
C) CURRENT LIABILITIES		**3,504,184**	**4,364,085**
III. Current payables	**7 and 13**	**2,741,486**	**2,709,523**
1. Debentures and other marketable securities		*138,097*	*30,489*
2. Bank borrowings		*1,940,073*	*2,076,818*
5. Other financial liabilities		*663,316*	*602,217*
V. Trade and other payables	**7 and 13**	**762,698**	**1,654,561**
3. Sundry payables		*353,945*	*1,311,596*
6. Other taxes payables		*408,754*	*329,965*
7. Advance payments from customers		*-*	*13,000*
TOTAL LIABILITIES AND EQUITY		**18,340,911**	**17,577,341**

ZINKIA ENTERTAINMENT, S.A.

INTERIM INCOME STATEMENT FOR THE PERIODS ENDING JUNE 30th 2011 AND JUNE 30th 2010 (in EUR)

	Note	06/30/2011	06/30/2010
1. Revenue	21.b.	1,568,691	1,393,082
3. Own work capitalised	5	861,387	1,008,454
4. Raw materials and consumables	21.c	(41,626)	(121,505)
5. Other operating revenues		3,801,150	1,332
6. Staff expenses	21.e	(1,651,044)	(1,693,757)
7. Other operating expenses	21 d	(3,016,491)	(1,424,637)
8. Fixed asset depreciation	5 and 6	(824,774)	(865,598)
11. Impairment and profit/(loss) on fixed asset disposals			
a) Impairment and losses		418,032	-
b) Profit/loss on disposals and other		1,896	533
12. Other results		-	(14,214)
A) OPERATING PROFIT (LOSS)		**1,117,221**	**(1,716,310)**
13. Financial income		12,858	15,737
14. Financial expense		(379,649)	(107,506)
16. Exchange differences		(44,926)	22,783
17. Impairment and losses on disposal of financial instruments		(28,234)	-
B) FINANCIAL PROFIT (LOSS)		**(439,951)**	**(68,987)**
C) PROFIT/(LOSS) BEFORE INCOME TAX		**677,270**	**(1,785,296)**
17. Corporate income tax	22	(178,921)	446,324
D) PROFIT/(LOSS) FOR THE YEAR		**498,348**	**(1,338,972)**

ZINKIA ENTERTAINMENT, S.A.

INTERIM STATEMENT OF CHANGE IN EQUITY FOR THE PERIOD ENDED JUNE 30th 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE (In EUR)

	06/30/2011	06/30/2010
A) Profit/ loss for the year	**498,348**	**(1,338,972)**
Income and expense recognised directly in equity		
II. Cash-flow hedges	2,163	(8,117)
III. Grants, donations and bequests received	-	-
V. Tax effect	-	-
B) Total income and expense recognised directly in equity	**2,163**	**(8,117)**
Transfers to the profit and loss account		
VII. Cash-flow hedges	17,297	19,166
C) Total transfers to the profit and loss account	**17,297**	**19,166**
TOTAL RECOGNISED INCOME AND EXPENSE (A + B + C)	**517,808**	**(1,327,923)**

B) STATEMENT OF TOTAL CHANGES IN EQUITY (In EUR)

	Registered capital	Share premium account	Reserves	Treasury stock	Prior-year results	FY profit (loss)	Value adjustments	Grants and donations	TOTAL
A. 2009 CLOSING BALANCE	**2,445,677**	**9,570,913**	**1,189,150**	**(319,737)**		**(1,091,224)**	**(63,389)**	**112,500**	**11,843,891**
I. Adjustments due to criteria changes 2009									
II. Adjustments due to errors 2009									
B) 2010 ADJUSTED OPENING BALANCE	**2,445,677**	**9,570,913**	**1,189,150**	**(319,737)**		**(1,091,224)**	**(63,389)**	**112,500**	**11,843,891**
I. Total recognised income and expenses						**(2,298,387)**	**29,604**	**(32,752)**	**(2,301,535)**
II. Transactions with shareholders									
1. Capital increases									
5. Trading in treasury shares			(13,501)	**(27,567)**					**(41,608)**
III. Other movements in equity					**(1,091,224)**	**1,091,224**			
C. 2010 CLOSING BALANCE	**2,445,677**	**9,570,913**	**1,175,649**	**(347,303)**	**(1,091,224)**	**(2,298,387)**	**(33,784)**	**79,748**	**9,501,287**
I. Adjustments due to criteria changes 2010									
II. Adjustments due to errors 2010									
D. 2011 ADJUSTED OPENING BALANCE	**2,445,677**	**9,570,913**	**1,157,649**	**(347,303)**	**(1,091,224)**	**(2,298,387)**	**(33,784)**	**79,748**	**9,501,287**
I. Total recognised income and expenses						**498,348**	**19,460**		**517,808**
II. Transactions with shareholders									
1. Capital increases									
5. Trading in treasury shares			(18,154)	**(600,420)**					**(618,574)**
III. Other movements in equity					**(2,298,387)**	**2,298,387**			
E. 2011 CLOSING BALANCE	**2,445,677**	**9,570,913**	**1,157,495**	**(947,723)**	**(3,389,612)**	**498,348**	**(14,325)**	**79,748**	**9,400,522**

ZINKIA ENTERTAINMENT, S.A.

CASH FLOW STATEMENT FOR THE PERIODS ENDING 06.30.11 AND 06.30.10 (in EUR)

	NOTES	06/30/2011	06/30/2010
A) CASH FLOWS FROM OPERATIONS			
1. Profit before taxes		**677,270**	**(1,785,296)**
2. Adjustments to profit (loss)		**(2,955,207)**	**948,266**
a) Fixed asset depreciation	5 and 6	824,774	865,598
b) Value corrections	5 and 8	(389,798)	-
e) Profit(loss) from fixed asset disposals		(1,896)	(531)
g) Financial income		(12,858)	(15,737)
h) Financial expense		379,649	107,506
i) Exchange differences		44,926	(22,783)
j) Change in fair value of financial instruments		-	-
k) Other income and expenses		(3,800,004)	14,213
3. Change in working capital		**504,838**	**603,631**
b) Debtors and other receivables	7 and 11	1,351,390	505,501
c) Other current assets		35,899	8,316
d) Creditors and other payables	7 and 13	(891,806)	155,008
f) Other non-current assets and liabilities	7,11,13,18	9,355	(65,194)
4. Other cash flows from operations		**3,412,192**	**(121,714)**
a) Interest paid		(379,649)	(107,506)
c) Dividends received		141	6
e) Other payments (collections)		3,791,700	(14,214)
5.- Cash flows from operations (1+2+3+4)		**1,639,093**	**(355,113)**
B) CASH FLOWS FROM INVESTMENTS			
6. Paid on investments (-)		**5,696,370**	**(1,070,458)**
a) Group companies and associates	7, 8 and 11	1,074,322	(4,501)
b) Intangible assets	5	866,245	(1,044,217)
c) Property, plant and equipment	6	12,259	(21,740)
e) Other financial assets	7 and 11	3,743,545	-
7. Amounts collected from divestments (+)		**3,340,625**	**1,750,117**
a) Group companies and associates	7, 8 and 11	-	350,000
e) Other financial assets	7 and 11	3,340,625	1,400,117
8. Cash flows from investments (7-6)		**(2,355,745)**	**679,659**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Collections and payments on equity instruments		**(618,574)**	**12,700**
a) Issue of equity instruments	15		
c) Acquisition of equity instruments	**17**	**(779,793)**	**(139,393)**
d) Disposal of equity instruments	**17**	**161,219**	**152,093**
10. Collections and payments on financial liability instruments		**1,793,078**	**(456,745)**
<u>a) Issues</u>		2,889,473	692,523
1. Debentures and other marketable securities		82,297	-
2. Bank borrowings	7 and 13	-	692,523
4. Other payables	7 and 13	2,807,176	-
<u>b) Return and amortisation of</u>		1,096,395	(1,149,268)
2. Bank borrowings	7 and 13	850,490	(1,143,793)
4. Other payables	7 and 13	245,905	(5,475)
11. Dividend payments and returns on other equity instruments		**-**	**-**
12. Cash flows from financing (9+10+11)		**1,174,504**	**(444,045)**
D) Effect of exchange rate fluctuations		**(44,926)**	**22,783**
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		**412,925**	**(96,717)**

ZINKIA ENTERTAINMENT, S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AT JUNE 30th 2011
(in EUR)

1. General information

The Company was founded as a limited liability company under the name of Junk & Beliavsky, S.L. on April, 27th 2000. On December, 27th 2001, the name was changed to Zinkia Sitement, S.L. and the company's registered offices were established at Calle Infantas, 27 in Madrid.
On June, 11th 2002, the name of the company was once again changed to ZINKIA ENTERTAINMENT, S.L.

On July, 20th 2007, the General Meeting of Shareholders agreed to transform the company into a public limited company, which was formalised in the public deed executed before the notary public of Madrid, Miguel Mestanza Iturmendi, on October, 24th 2007.

The corporate purposes of the Company, which are governed by the terms of the Capital Companies Act, are as follows:

a) Business activities related to the production, promotion, development, management, exhibition and commercialisation of cinematographic, audiovisual and musical works as well as the activities related to publishing of musical works.

b) Rendering services related to the development of interactive software, hardware and consulting in the field of telecommunications.

c) Buying and selling shares and debentures which may or may not trade on domestic or foreign stock markets and other negotiable securities and real estate. By law, the Company's business activities exclude those reserved for stockbrokers, collective investment institutions and property leasing.

d) Managing and administering all kinds of companies including industrial, commercial and service companies and holding interests in existing or newly-created companies, either by participating in their governing bodies or by holding shares or financial interests in them. These activities may also be performed on behalf of third parties.

e) Providing the companies in which it holds interests with advisory, technical assistance and similar services in relation to their administration, financial structure or their productive or commercial processes.

The Company's activities are focused primarily on those described in points a and b.

2. Basis of presentation

a) <u>True and fair view</u>

These interim financial statements have been prepared on the basis of the Company's accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved by Royal Decree 1514/2007 so as to present fairly the

Company's equity, financial situation and results and accurately cash flow in the cash flow statement.

b) Accounting principles

The interim financial statements were prepared by applying generally-accepted accounting principles. No accounting principles with significant effects on the financial statements were omitted.

c) Critical measurement issues and estimates of uncertainty

The preparation of the financial statements requires the use by the Company of certain estimates and judgements in relation to the future that are assessed constantly and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom match the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not traded on an active market is calculated using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Company has carried out the analysis using the discounted cash flow method of various held-for-sale financial assets that are not traded on active markets.

- Useful lives of the factory and Technology Division equipment

Company management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the estimated life cycles of the products in the advanced technology segment. This could change considerably as a consequence of technical innovations and the actions of competitors. Management will increase the depreciation charge where useful lives are less than previously estimated and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

d) Comparability of information

The Company has included the figures from previous year for comparison purposes as there is no reason why the figures from both years would not be comparable.

e) Grouping of items

For clarity purposes, the items presented in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together and, where necessary, a breakdown is included in the relevant notes to the financial statements.

f) Changes in accounting policies

This year, the Company chose to consider the expenses associated with certain independent contractors, collaborators with management functions and the like, with whom the Company maintains mercantile rather than employment relationships, as the cost of external services whereas at June, 30th 2010 these were recorded as salaries. The figures are also re-stated on the Income Statement.

g) Correction of errors

There were no corrections due to errors from prior years.

3. Accounting policies

3.1 Intangible assets

a) Research and development expenses

Research expenditure is recognised as an expense when incurred. Development costs incurred in projects are recognised as intangible assets when it is probable that the project will be a success considering its technological and commercial feasibility, there are sufficient technical and financial resources to complete it, the costs incurred may be measured reliably and a profit is likely to be generated.

Other development expenses are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent years. Development costs with a finite useful life that have been capitalised are amortised on a straight-line basis over the period of the project's expected benefit, not exceeding five years.

If an asset's carrying value is greater than the estimated recoverable amount, the carrying value is written down immediately to the recoverable amount (Note 3.4).

If the circumstances favouring the project that permitted the capitalisation of the development costs change, the unamortized portion is expensed in the year of change.

b) Licenses and trademarks

Licences and trademarks have defined useful lives and are carried at cost less accumulated amortisation and recognised value adjustments for impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 3-5 years.

c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five years.

Expenses associated with software maintenance are recognised when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include costs relating to employees developing the software and an appropriate percentage of general expenses.

Software development costs recognised as assets are amortised over the software's estimated useful life, which does not exceed 5 years.

3.2 Property, plant and equipment

Property, plant and equipment items are stated at acquisition price or production cost, less accumulated depreciation and accumulated impairment losses recognised.

Own work capitalised is measured by adding the direct or indirect costs of the asset to the price of the consumable materials.

The costs associated with expanding, upgrading or improving property, plant and equipment are carried as an increase in the asset's value only when they entail an increase in its capacity, productivity or the extension of its useful life and provided that in the case of assets written off from inventories owing to replacement, the carrying value can be known or estimated.

The cost of major repairs is capitalised and depreciated over the estimated useful life of the asset, while recurring maintenance costs are charged to the income statement in the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession. Estimated useful lives are as follows:

Property, plant and equipment	**Years**
Machinery and tooling	4 - 8
Other equipment	8
Furnishings	10
Data-processing equipment	4 - 5
Other PPE	10

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying value is greater than the estimated recoverable amount, the carrying value is written down immediately to the recoverable amount (Note 3.4).

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the sales revenue with the carrying amount and are recognised in the income statement.

3.3 Interest costs

Financial expenses directly attributable to the acquisition or construction of fixed assets that require more than one year before they become operational are included in the cost of the assets until they are ready for use.

3.4 Losses due to impairment of non-financial assets

Assists with indefinite useful lives, such as goodwill, are not amortised but rather tested annually for impairment. Depreciable assets are tested for losses due to impairment whenever there is an event or circumstance that indicates that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value in use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Non-financial assets other than goodwill, which are impaired, are reviewed at the balance sheet date for reversal of the loss.

3.5 Financial assets

a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in “Loans to companies” and “Trade and other receivables” in the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost. Accrued interest is recognised at the effective interest rate, which is the discount rate that brings the instrument’s carrying amount into line with all estimated cash flows to maturity. However, trade receivables falling due in less than one year are carried at their face value at both initially and subsequently, provided that the effect of not updating the cash flows is not significant.

At least once a year at year end, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

The amount of the impairment loss is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, are recognised in the income statement.

b) Held-to-maturity investments Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company sells a material amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These financial assets are included in non-current assets, except for those maturing in less than 12 months of the balance sheet date which are classified as current assets.

The measurement criteria applied to these investments are the same as for loans and receivables.

c) Financial assets held for trading and other financial assets through profit or loss: All those assets held for trading, purchased for sale in the short term or that form part of an instrument portfolio, identified and managed jointly to obtain short-term gains, are considered financial assets at fair value through profit or loss together with the financial assets designated by the Company upon initial recognition for inclusion in this category for the purposes of a fairer presentation. Derivatives are also classified as held for trading provided that they do not relate to a financial guarantee contract and have not been designated as a hedge (Note 3.6).

These financial assets are measured at both initial recognition and subsequent measurement at fair value and any changes in that value are reflected in the income statement. Transaction costs directly attributable to the acquisition are recognised in the income statement for the year.

d) Equity investments in group companies, jointly-controlled entities and associates: They are stated at cost less, where appropriate, accumulated value adjustments for impairment. Nonetheless, when there is an investment prior to its classification as a group company, jointly-controlled entity or associate, its carrying value prior to that classicisation is regarded as the investment cost. Previous value adjustments accounted for directly in equity are held under this heading until they are written off.

If there is objective evidence that the carrying value cannot be recovered, adjustment are made as necessary to reflect the different between the carrying value and the recoverable amount, this being understood as the fair value less the cost of the sale and the current value of the cash flows derived from the investments, whichever is greater. Unless there is better evidence of the recoverable value, when estimating the impairment of these investment the net equity of the investee company corrected by the tacit surpluses existing on the valuation date is taken into account. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

e) Available-for-sale financial assets: This category includes debt securities and equity instruments that have not been classified in any of the preceding categories. They include non-current assets unless management intends to sell the investment within 12 months of the balance sheet date.

They are measured at fair value and any changes are recorded in equity until the asset is disposed of or is impaired, at which time accumulated gains and losses are taken to the income statement provided that such fair value can be determined. Otherwise, they are reflected at cost less impairment.

For available-for-sale financial assets, value adjustments are made if there is objective evidence of impairment as a result of a reduction or delay in estimated future cash flows in the case of debt instruments acquired or owing to the non-recoverability of the asset's carrying value in the case of investments in equity instruments The value adjustment is the difference between cost and amortised cost less any value adjustment previously recognised in the income statement and fair value at the time of measurement. For equity instruments measured at cost because fair value cannot be determined, the value adjustment is determined in the same way as investments in the equity of group companies, jointly-controlled entities and associates.

If there is objective evidence of impairment, the Company removes the cumulative loss from equity and recognises it in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The fair values of quoted investments are based on prevailing bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of observable market data and relying as little as possible on the Company's subjective considerations.

Financial assets are written off when substantially all the risks and rewards attaching to ownership of the asset are transferred. For accounts receivable in particular, this situation is generally understood to arise if the insolvency and default risks have been transferred.

Assets designated as hedged items are subject to the measurement requirements of hedge accounting (Note 3.6).

3.6 Financial derivatives and hedge accounting

Financial derivatives are measured at fair value at both initial recognition and subsequent measurement. Resulting gains and losses are recognised depending on whether the derivative is designated as a hedging instrument or not and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

a) Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reflected in the income statement together with any changes in the fair value of the asset or liability hedged that are attributable to the hedged risk.

b) Cash flow hedges: The part of the change in the fair value of the derivatives designated as cash flow hedges is tentatively recognised in equity. It is taken to the income statement in the years in which the forecast hedged transaction affects results unless the hedge relates to a forecast transaction ending in the recognition of a non-financial asset or liability, in which case the amounts reflected in equity are included in the cost of the asset when it is acquired or of the liability when it is assumed.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

c) Hedges of a net investment in foreign operations: For hedges of net investments in joint ventures without a separate legal personality and foreign branches, changes in the value of the derivatives attributable to the hedged risk are recognised temporarily in equity and taken to the income statement in the year when the investment in the foreign operation is disposed of.

Hedges of net investments in foreign operations in subsidiaries, jointly-controlled entities and associates are treated as fair value hedges with respect to the exchange component.

Hedging instruments are measured and accounted for by nature insofar as they are not or are no longer effective hedges.

For derivatives not qualifying for hedge accounting, any gains or losses in fair value are recognised immediately in the income statement.

3.7 Equity

Share capital consists of ordinary shares.

The cost of issuing new shares or options is charged directly against equity, as a reduction in reserves.

In the event that the Company's acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When treasury shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

3.8 Financial liabilities

a) Creditors and payables

This includes trade and non-trade payables. Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Nonetheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

In the event of the renegotiation of existing debts, the financial liability is not deemed to change significantly when the lender of the new loan is the same as the initial lender and the present value of cash flows, including net fees, is not more than 10% higher or lower than the present value of cash flows payable on the original liability, calculated using the same method.

For convertible bonds, the Company determines the fair value of the liability component by applying the interest rate for similar non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until it is settled on conversion or maturity of the bonds. Other income obtained is assigned to the conversion option that is recognised in equity.

b) Financial liabilities held for trading and other financial liabilities at fair value through profit or loss

Held-for-trading liabilities issued to be repurchased in the short term or that are part of a financial instrument portfolio, identified and managed jointly to obtain short-term gains, are considered financial liabilities at fair value through profit or loss together with the financial liabilities designated by the Company upon initial recognition for inclusion in this category for the purposes of a fairer presentation. Derivatives are also classified as held for trading provided that they do not relate to a financial guarantee contract and have not been designated as a hedge (Note 3.6).

These financial liabilities are measured at both initial recognition and subsequent measurement at fair value and any changes in that value are reflected in the income statement for the year. Transaction costs directly attributable to the issue are recognized in the income statement in the year in which they arise.

3.9 Grants received

Repayable grants are recognised as liabilities until the conditions are fulfilled for the grants to be treated as non-repayable. Non-repayable grants are recognised directly in equity and are taken to income on a systematic and rational basis in line with grant costs. Non-repayable grants received from shareholders are recognised directly in equity.

A grant is deemed to be non-repayable when it is awarded under a specific agreement, all stipulated conditions for obtaining the grant have been met and there are no reasonable doubts that the funds will be received.

Monetary grants are carried at the fair value of the amount granted and non-monetary grants are carried at the fair value of the asset received, at the recognition date in both cases.

Non-repayable grants used to acquire intangible assets, property, plant and equipment, and investment property are recognised as income for the period in proportion to the amortisation or depreciation charged on the relevant assets or, if applicable, upon their sale, value adjustment or write-off. Non-repayable grants related to specific costs are recognised in the income statement in the period in which the relevant costs accrue, and non-repayable grants awarded to offset an operating deficit are recognised in the year they are awarded, unless they are used to offset an operating deficit in future years, in which case they are recognised in those years.

3.10 Current and deferred taxes

Income tax expense (income) is the amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of items recorded directly in equity is recognised in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, if the deferred tax arises from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on reported or taxable results, they are not recognised. The deferred tax is determined applying tax regulations and rates approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised insofar as future tax profits will probably arise against which to offset the temporary differences.

Deferred taxes on temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised, except where the Company is able to control the reversal date of the temporary differences and such differences are unlikely to reverse in the foreseeable future.

3.11 Employee benefits

a) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has demonstrably undertaken to terminate current employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits which are not going to be paid within twelve months of the balance sheet date are discounted at present value.

The Company has no other obligations to its personnel.

3.12 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, an outflow of funds will probably be necessary to settle the obligation, and the amount may be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are carried at the present value of forecast payments that are expected to be required to settle the obligation, using a rate before taxes that reflects the current market assessment of the time value of money and the specific risks of the obligation. Adjustments to the provision deriving from restatements are recognised as financial expenses as they accrue.

Provisions maturing in one year or less with no significant financial effect are not discounted.

When it is expected that a portion of the payment necessary to settle the provision will be reimbursed by a third party, the reimbursement is recognised as an independent asset, provided that receiving the reimbursement is practically certain.

Contingent liabilities are considered to be potential liabilities deriving from past events, the existence of which is subject to the occurrence of one or more future events that lie outside the control of the Company. These contingent liabilities are not recorded in the accounts but are described in the notes presenting the financial statements.

3.13 Revenue recognition

Revenue comprises the fair value of the consideration receivable and represents amounts receivable for goods delivered and services rendered in the ordinary course of the Company's activities, net of returns, rebates, discounts and value added tax.

The Company recognises revenues when the amount can be reliably measured, future economic benefits are likely to flow to the entity and the specific conditions for each of the Company's activities are met. A reliable calculation of the amount of revenue is not deemed possible until all sale-related contingencies have been resolved. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific terms.

3.14 Leases

a) When the Company is lessee – Finance leases

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company holds substantially all the risks and rewards of ownership are classed as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Present value is calculated using the interest rate implicit in the lease agreement and, if this rate cannot be determined, the interest rate applied by the Company on similar transactions.

Each lease payment is distributed between the liability and financial charges. The total financial charge is apportioned over the lease term and taken to the income statement in the period of accrual using the effective interest rate method. Contingent instalments are expensed in the year they are incurred. Lease obligations, net of financial charges, are recognised in "Finance lease liabilities". Property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

b) When the Company is the lessor – Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement in the period of accrual on a straight-line basis over the term of the lease.

3.15 Foreign currency transactions

a) Functional and presentation currency

The annual accounts are presented in euro, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in fair value of monetary instruments denominated in foreign currency classified as available for sale are analysed for translation differences resulting from changes in the amortised cost of the instrument and other changes in its carrying value. Translation differences are recognised in results for the year while other changes in fair value are recognised in equity.

Translation differences on non-monetary items such as equity instruments held at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

3.16 Transactions between related parties

In general, transactions between group companies are initially recognised at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognised based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.

For mergers, splits and non-monetary contributions of a business, the Company applies the following:

a) For transactions between group companies involving the parent of the group or of a subgroup and its subsidiary, directly or indirectly, the assets representing the business acquired are carried at the amount at which, following the transactions, is attributable to them in the group's or subgroup's consolidated annual accounts.

b) For intercompany transactions, the assets of the business are stated at their carrying value in the individual financial statements prior to the transaction.

The difference that may arise is reflected in reserves.

4. Financial risk management

4.1 <u>Financial risk factors</u>

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's Treasury Department, which identifies, evaluates and hedges financial risks in accordance with the policies approved by the Board of Directors. The Board provides guidelines for overall risk management and written policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investing excess liquidity.

a) <u>Market risk</u>

(i) <u>Foreign exchange risk</u>

The Company operates internationally and is exposed to foreign exchange risk from currency exposures, particularly, in relation to the US dollar and the pound sterling. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

In order to manage the exchange risk that arises on future commercial transactions and recognised assets and liabilities, the Company uses forwards that are negotiated by the Treasury Department. Foreign exchange risk arises when the future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency.

(ii) *Price risk*

The Company is not exposed to equity instrument price risk because of the investments held and classified on the balance sheet either as available for sale or carried at fair value through profit or loss. The Company is not exposed to commodity price risk.

(iii) *Interest rate, cash flow and fair value risk*

Since the Company does not hold significant interest-bearing assets, the income and cash flows generated by operating activities are relatively protected from fluctuations in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to the cash flow interest rate risk. Fixed interest rate borrowings expose the Company to fair value interest rate risks.
The Company analyses its interest rate exposure in a dynamic manner. A simulation is performed of various scenarios, taking into account the refinancing, renewal of current positions, alternative financing and hedging. On the basis of these scenarios, the Company calculates the effect on results of a certain variation in the interest rate. For each simulation, the same variation in interest rates is used for all currencies. Scenarios are only simulated for liabilities representing the most significant interest-bearing positions.

On the basis of the different scenarios, the Company manages the cash flow interest rate risk through variable to fixed - interest rate swaps. These interest rate swaps have the economic effect of converting floating interest borrowings to fixed interest borrowings. Generally the Company obtains long-term borrowings at variable interest rates and swaps them for fixed rates borrowings that are lower than those which would be available if the Company obtained borrowings directly at fixed interest rates. Under interest rate swaps, the Company undertakes with other parties to exchange on a regular basis (generally quarterly) the difference between fixed and variable interest, calculated on the basis of the principal notionals contracted.

b) **Credit risk**

Credit risk is managed by groups. The credit risk results from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions and wholesalers and retailers, including accounts receivable outstanding and committed transactions. The Company only does business with reputable banks and financial institutions.

c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, keeping funds available through sufficient committed credit facilities and having the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's Treasury Department aims to maintain flexibility in funding by keeping credit lines available.

4.2 Fair value estimation

The fair value of financial instruments traded on active markets (such as publicly traded instruments and available for sale securities) is based on market prices at the balance sheet date. The listed price used for financial assets is the ordinary buyer's price.

The fair value of financial instruments not listed on active markets is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. For long-term debt market prices or agent quotation prices are used. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future flows. The fair value of exchange rate forward contracts is determined using future rates listed on the market at the balance sheet date.

It is assumed that the carrying value of trade receivables and payables approximate their fair value. The fair value of financial liabilities for the reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that the Company has for similar financial instruments.

5. Intangible assets

The details and movements of the items included in intangible fixed assets are as follows:

	Balance at 12.31.10	Additions	Disposals	Transfers	Euros Balance at 06.30.11
Cost					
Research and development expenses	5,134,782	861,387	-	-	5,996,169
Industrial and intellectual property	10,090,877	-	-	-	10,090,877
Computer software	509,416	4,858	-	-	514,274
	15,735,075	**866,245**	**-**	**-**	**16,601,318**
Depreciation/ amortisation					
Research and development expenses	(246,985)	-	-	-	(246,985)
Industrial and intellectual property	(6,009,231)	(786,706)	-	-	(6,795,937)
Computer software	(395,975)	(21,942)	-	-	(417,917)
	(6,652,191)	**(808,648)**	**-**	**-**	**(7,460,839)**
Value adjustments for impairment					
Industrial property rights	(418,032)	-	418,032	-	-
	(418,032)		**418,032**		**-**
Net carrying amount	**8,664,851**				**9,140,479**

The additions in 2011 referred primarily to work done by the company on its own assets.

In 2011, the Company reversed a recognised loss due to the impairment of its intangible fixed assets, specifically the *Shuriken School* project which is included under the heading of "Industrial Property". The recognition of this reversal is based on the improved revenue forecasts associated with the project in the coming years.

Research and development expenses

Development costs capitalised relate to the following projects:

				06/30/2011
Project	**Cost**	**Accumulated depreciation**	**Impairmen t losses**	**Carrying value**
Developed by the company:				
Work in progress	5,749,182	-	-	5,749,182
Completed projects	246,985	(246,985)	-	-
	5,996,168	(246,985)	-	5,749,182

Research and development expenditure recognised in the income statement during the year totals EUR 861,387.

Industrial property rights

Recorded under this caption are the operating licences for the following projects: Pocoyó and the Shuriken School project.

Capitalised financial expenses

No financial expenses were capitalised in 2011.

Property, plant and equipment located abroad

At 12.31.11, the Company had no intangible asset investments located outside of Spain.

Fully-amortised intangible assets

At 12.31.11, there were intangible fixed assets with an accounting cost of EUR 851,358 still in use and fully amortised.

Assets subject to guarantees and ownership restrictions

At 12.31.11, no intangible assets are subject to ownership restrictions or have been pledged to secure liabilities.

Insurance

The Company has taken out a number of insurance policies to cover risks relating to intangible assets. The coverage provided by these policies is considered to be sufficient.

Grants received in relation to intangible assets

The Company did not receive any operating grants for the development of intangible assets in 2011.

6. Property, plant and equipment

Set out below is an analysis of property, plant and equipment showing movements:

	Balance at 12.31.10	Additions	Disposals	Transfers	Euros Balance at 06.30.11
Cost					
Machinery	31,689	-	-	-	31,689
Other equipment	34,517	978	-	-	35,495
Furnishings	65,399	3,110	-	-	68,509
Data-processing equipment	139,115	10,068	-	-	149,183
Other PPE	26,672	-	-	-	26,672
	297,392	**14,156**	**-**	**-**	**311,548**
Depreciation/ amortisation					
Machinery	(31,167)	(58)	-	-	(31,225)
Other equipment	(22,359)	(1,569)	-	-	(23,928)
Furnishings	(39,430)	(3,185)	-	-	(42,615)
Data-processing equipment	(89,235)	(9,982)	-	-	(99,218)
Other PPE	(7,506)	(1,332)	-	-	(8,838)
	(189,697)	**(16,126)**	**-**	**-**	**(205,823)**
Value adjustments for impairment	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Net carrying amount	**107,695**				**105,725**

Impairment losses

The company did not recognise any losses due to the impairment of its property, plant and equipment in 2011.

Restatements under RD-Law 7/1996 of June, 7th

No financial expenses were capitalised in 2011.

Property, plant and equipment located abroad

As at 12.31.11, the Company recorded the following investments in property, plant and equipment located at its Beijing offices:

	Euros			
	2011			
Fixed assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Carrying value**
Furnishings	7,001	(3,600)	-	3,401
Data-processing equipment	10,571	(9,912)	-	659
	17,572	**(13,512)**	**-**	**4,060**

Capitalised financial expenses

No financial expenses were capitalised in 2011.

Fully-depreciated assets

At 06.30.11, the Company had fully depreciated assets valued at 128,296 still in use.

	Euros
Machinery	30,559
Furnishings	19,672
Other equipment	11,643
Data-processing equipment	66,422
	128,296

Property, plant and equipment subject to guarantees

At 06.30.11, no property, plant and equipment were subject to ownership restrictions or had been pledged to secure liabilities.

Assets under operating leases

The income statement includes operating leases on the rental offices in Madrid and Beijing and computer rentals, all of which total EUR 143,056.

Insurance

The Company has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

7. Analysis of financial instruments

7.1 Analysis by category

The carrying value of each category of financial instruments set out in the standard on accounting and measurement of financial instruments, except for investments in the equity of group companies, jointly-controlled entities and associates (Note 8), is as follows:

	Euros					
	Non-current financial assets					
	Equity instruments		**Debt securities**		**Credit Derivatives Otther**	
	06/30/2011	**12/31/2010**	**06/30/2011**	**12/31/2010**	**06/30/2011**	**12/31/2010**
Available-for-sale financial assets	32.270	32.270	-	-	-	-
Loans and receivables (Note 11)	-	-	-	-	143.182	152.537
	32.270	**32.270**	**-**	**-**	**143.182**	**152.537**
	Current financial assets					
	Equity instruments		**Debt securities**		**Credit Derivatives Otther**	
	06/30/2011	**12/31/2010**	**06/30/2011**	**12/31/2010**	**06/30/2011**	**12/31/2010**
Assets at fair value through profit and loss (Note 10):						
- Held for trading	195	198	-	-	-	-
Held-to-maturity (Note 9)	-	-	-	-	451.784	50.000
Loans and receivables (Note 11)	-	-	-	-	2.915.581	4.212.243
	195	**198**	**-**	**-**	**3.367.365**	**4.262.243**
	32.465	**32.468**	**-**	**-**	**3.510.547**	**4.414.780**

	Euros					
	Long-term financial liabilities					
	Bank borrowings		Debentures and other marketable securities		Derivatives Other	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
Borrowings and payables (Note 13)	983,900	1,697,501	1,676,837	1,594,540	2,721,469	346,469
Hedging derivatives (Note 12)	-	-	-	-	14,325	33,784
	983,900	**1,697,501**	**1,676,837**	**1,594,540**	**2,735,794**	**380,253**
	Current financial liabilities					
	Bank borrowings		Debentures and other marketable securities		Derivatives Other	
	30/06/11	31/12/10	30/06/11	31/12/10	30/06/11	31/12/10
Borrowings and payables (Note 13)	1,940,073	2,076,818	138,097	30,489	1,426,071	2,256,778
	1,940,073	**2,076,818**	**138,097**	**30,489**	**1,426,071**	**2,256,778**
	2,923,973	**3,774,319**	**1,814,934**	**1,625,029**	**4,161,865**	**2,637,031**

7.2 Analysis by maturity

Financial instruments having fixed or determinable maturities are shown below by year of maturity:

	Euros					
	Financial assets					
	2011	**2012**	**2013**	**2014**	**Thereafter**	**Total**
Investments in group companies and associates						
- Loans and receivables	434,592	-	-	-	-	434,592
	434,592	-	-	-	-	434,592
Other financial investments:						
- Held-to-maturity investments	451,784	-	-	-	-	451,784
- Loans and receivables	2,350,280	90,682	-	-	-	2,440,962
	2,784,872	**90,682**	**-**	**-**	**-**	**3,327,338**

	Financial liabilities					
	2011	**2012**	**2013**	**2014**	**Thereafter**	**Total**
Bank borrowings	1,224,847	1,173,860	496,044	29,222	-	2,923,973
Derivatives	-	14,325	-	-	-	14,325
Other financial liabilities	1,564,168	346,469	1,676,837	2,500,000	-	6,087,474
	2,789,015	**1,534,654**	**2,172,881**	**2,529,222**	**-**	**9,025,772**

8. Shares in group companies, jointly-controlled entities and associates

a) Shareholdings in Group companies

The information on group, jointly-controlled and associate companies is detailed below:

Name and address	Legal status	% interest held Direct %	Indirect %	Voting rights Direct %	Indirect (%)
Sonocrew, S.L. Infantas, 27, Madrid	Limited liability company	100%	-	100%	-
Producciones y Licencias Plaza de España, S.A. de C.V. Av Presidente Masaryk 61, piso 2. México D.F.	Public limited company	99.9984%	-	99.9984%	-
Cake Entertainment Ltd.	Private limited company	51%	-	51%	-

On August, 9th 2010, the Company made an investment in a group company with the creation of the subsidiary Producciones y Licencias Plaza de España, S.A. de C.V. This subsidiary is located abroad, in Mexico, and its operating currency is the Mexican peso.

A 51% stake in the company Cake Entertainment, Ltd. was acquired on June, 2nd 2011. The company is headquartered in England and its functional currency is the pound sterling.

None of the Group companies in which the Company has an interest is listed on the stock exchange.

Set out below are the figures for capital, reserves, results and other information at 30 June 2011:

							Euros
	Equity						
Company	Capital	Reserves	Other items	Operating results	FY profit (loss)	Carrying value in parent	Dividends received
Sonocrew, S.L.	3,006	35,449	-	(562)	(2,180)	3,006	-

	Equity						
	Mexican peso				Euro		
Company	Capital	Reserves	Operating results	FY profit (loss)	Carrying value of the investment	Value adjustments for impairment	Dividends received
Producciones y Licencias Plaza de España, S.A. de C.V.	2,050,000	-	(460,886)	(461,469)	122,470	(59,522)	-

In 2011, the Company recorded a loss due to the impairment of its investment in Producciones y Licencias Plaza de España, S.A. de C.V. due to the difference between the carrying value and the fair value of the investment, considering the equity of the investee company on the valuation date.

							Euros
	Equity						
Company	Capital	Reserves	Other items	Operating results	FY profit (loss)	Carrying value in parent	Dividends received
Cake Entertainment Ltd.	1,272	340,149	(54,596)	4,368	8,069	989,158	-

Cake Entertainment Ltd. is the parent company of a group of companies with two subsidiaries: Cake Distribution Ltd and HLT Productions Bv. The figures shown in the table above are consolidated.

9. Held-to-maturity investments

This caption includes the following term deposits:

Description	Incorporation date	Maturity	Interest rate	Accrued interest
I.P.F. I	10/30/2010	10/30/2011	0.65%	350
I.P.F. II	05/17/2011	11/17/2011	3.00%	723
I.P.F. III	05/17/2011	11/17/2011	3.50%	844

10. Financial assets at fair value through profit or loss

This heading includes the following items and amounts:

	Euros	
	06/30/2011	**12/31/2010**
Held for trading - listed securities:		
- SCH shares (Note 7)	195	198
	195	**198**

The fair value of all equity securities is based on current asking prices on an active market.

The changes to the fair value of assets at fair value with changes in profit and loss during the year are recorded under "Changes in the fair value of financial instruments" on the income statement and totalled EUR 88.

Maximum exposure to the credit risk at the reporting date is the fair value of the assets.

11. Loans and receivables

	Euros	
	06/30/2011	**12/31/2010**
Non-current loans and receivables:		
- Tax credits (Note 20)	3,750,084	3,929,006
- Clients, non-current	90,682	100,038
- Deposits (Note 7)	52,500	52,500
	3,893,266	4,081,544
Current loans and receivables:		
- Loans to associates (Note 25)	422,512	372,512
- Current account with Group companies (Note 25)	339	352
- Trade receivables	2,027,426	3,508,681
- Taxes	322,525	193,451
- Current investments (Note 25)	12,080	8,364
- Current deposits	129,403	129,403
- Payroll advances	329	(519)
- Current account with related parties	968	-
	2,915,582	4,212,244
	6,808,848	**8,293,788**

The carrying amounts of loans and receivables are denominated in the following currencies:

	Euros	
	06/30/2011	**12/31/2010**
Euro	6,081,992	7,467,737
US dollar	497,342	591,156
Pound sterling	-	4,710
Yuan	229,064	229,064
Mexican peso	450	1,121
	6,808,848	**7,319,886**

Overdue trade receivables which are less than three months old are not considered to be impaired.

At June, 30th 2011, there was an impairment loss on trade receivables amounting to EUR 20,731 resulting from a known default.

	Euros	
	06/30/2011	12/31/2010
More than 6 months	-	20,731
	-	**20,731**

Impairment adjustments to trade receivables are recognised and reversed in “Losses from impairment of and changes in provisions for commercial transactions” in the income statement. The Directors estimate that the effect of deducting the balances that are more than three months old is not significant. Amounts charged to the impairment account are normally written off when no more cash is expected to be recovered.

The other accounts included in “Loans and receivables” are not impaired.

The maximum exposure to the credit risk at the reporting date is the fair value of each of the categories of the aforementioned receivables. The Company does not maintain any guarantee as insurance.

12. Derivative financial instruments

	Euros	
	06/30/2011	**12/31/2010**
		Liabilities
Interest rate swaps – cash flow hedges	14,325	33,784
Total	**14,325**	**33,784**
Less non-current portion:	14,325	33,784
Non-current	-	-
Current	**14,325**	**33,784**

The total fair value of a hedging derivative is classified as a non-current asset or liability if the time remaining to maturity of the hedged item is more than 12 months and as a current asset or liability if the time remaining to maturity of the hedged item is less than 12 months.

The notional principal on interest rate swaps outstanding at June, 30th 2011 was EUR 700,000.

At 06.30.11, fixed interest rates vary between 3.80% and 6.40%. The floating interest rate was 12M Euribor. Gains/ losses recognised in equity under “Value changes adjustments” on interest rate swaps at 06.30.11 will be transferred to the income statement on a consistent basis until the relevant bank loans are repaid.

13. Creditors and payables

	Euros	
	06/30/2011	12/31/2010
Creditors and payables, long term:		
- Bank loans	983,900	1,697,501
- Participating loans	125,000	250,000
- Deferred tax liabilities (Note 20)	39,675	39,675
- Debentures and bonds	1,676,837	1,594,540
- Payables transformable into grants	96,469	96,469
- Other borrowings	2,500,000	-
	3,705,369	3,678,185
Current creditors and payables:		
- Bank loans	1,465,120	1,354,165
- Other payables to banks	474,953	722,653
- Debentures and bonds	138,097	30,489
- Trade creditors	353,945	1,311,596
- Fixed asset creditors	255,120	250,231
- Participating loans	375,000	350,000
- Taxes and social security payable	408,810	329,965
- Interest debt	33,195	1,814
- Related- party transactions	-	171
	3,504,240	4,351,084
	7,209,609	**8,029,269**

The carrying value of non-current loans is close to fair value, given that the future cash flows derived from the repayment of the loans includes market rate interest.

The carrying amounts of current payables approximate their fair values, since the effect of discounting is immaterial.

The carrying amounts of the Company's payables are denominated in the following currencies:

	Euros	
	06/30/2011	12/31/2010
Euro	7,180,525	7,957,539
US dollar	29,084	66,039
Pound sterling	-	2,205
Yuan	-	2,718
Mexican peso	-	768
	7,209,609	**8,029,269**

a) Bank borrowings

The details of the Company's balances with credit institutions at June, 30th 2011 are as follows:

	Euros		
	Non-current balance	**Current balance**	**Total**
LOANS	983,900	1,465,120	2,449,020
TOTAL LOANS	**983,900**	**1,465,120**	**2,449,020**

	Euros		
	Non-current balance	**Balance drawn down**	**Total**
CREDIT FACILITIES	-	474,953	474,953
TOTAL LOANS	**-**	**474,953**	**474,953**
INTEREST ON CURRENT BANK BORROWINGS	-	-	-
TOTAL INTEREST ON CURRENT BANK BORROWINGS	**-**	**-**	**-**
TOTAL	**983,900**	**1,940,073**	**2,923,973**

b) Participating loans

The Company has two participating loans with fixed annual interest rates of Euribor plus 0.25 percent and floating annual interest defined in the contract as a percentage of before-tax results on the average shareholders' equity for the year, less the fixed interest paid, provided that the results are positive. If the Company generates before-tax losses, the variable rate is 0%.

The maturity dates on the loans are as follows:

	Euros
2011	250,000
2012	125,000
	500,000

c) Fixed income securities issue

On November, 11th 2010, the Company issued debt securities pursuant to the terms of Stock market Act 24/1988 of July, 28th and the regulations that developed the law.

The conditions of the issue are as follows:

Number of securities	2,238
Unit par value	1.000
Issue price	100%
Annual interest rate payable annually	9.75%
Amortisation of securities	11.12.13
Amortisation system	Par

14. Cash and cash equivalents

At 06.30.11, the Company's cash situation was as follows:

	Euros	
	06/30/2011	**12/31/2010**
Cash at bank and in hand	781,634	374,499
Other cash equivalents	5,791	-
	787,425	**374,499**

15. Capital and share premium

a) Capital

	Euros	
	06/30/2011	**12/31/2010**
Registered capital	2,445,677	2,445,677
(Uncalled capital)	-	-
	2,445,677	**2,445,677**

At 06.30.11, the registered capital consisted of 24,456,768 ordinary bearer shares represented by book entries with a par value of €0.10 each, fully subscribed and paid in.

At 06.30.11, the share capital was broken down as follows:

Shareholder	% interest
Jomaca 98, S.L.	71.56%
Stock market	15.17%
Other	10.94%
Treasury shares	2.33%

b) Share premium account

This reserve is freely available for distribution.

	Euros	
	06/30/2011	**12/31/2010**
Share premium account	9,570,913	9,570,913
	9,570,913	**9,570,913**

This caption also reflects, for both 2009 and 2010, the merger premium generated in fiscal year 2004 as a result of the merger by absorption of the companies Gamecrew, S.L. and Motioncrew, S.L. in the amount of EUR 118,100.25.

16. Reserves and prior-year results

a) Reserves

	Euros	
	06/30/2011	**12/31/2010**
Legal and statutory:		
- Legal reserve	237,262	237,262
	237,626	**237,262**
Other reserves:		
- Voluntary reserves	1,672,369	1,672,369
- Reserves for other adjustments	(752,136)	(733,982)
	920,233	**938,387**

Legal reserve

The legal reserves are funded in compliance with Article 274 of the Spanish Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

17. Treasury shares

This year, the Company carried out certain transactions with its own shares, recording the transactions as changes in the Company's equity.
The movements under the heading of "Treasury Stock" on the balance sheet during the year were as follows:

	Euros	
	06/30/2011	
	Number of shares	**Euros**
Opening balance	206,314	347,303
Additions	458,963	755,379
Disposals	(94,851)	(154,959)
Closing balance	**570,426**	**947,723**

The treasury stock in the Company's possession at 06.30.11 represented approximately 2.33% of the share capital with a nominal value of EUR 57,043 and an average acquisition price of EUR 1.65 per share. The average sale price of the Company's treasury stock at June,30th 2011 was EUR 1.63 per share.

18. Profit/(loss) for the year

a) Profit /(loss) for the period

The profit (loss) for the the first six months of 2011 along with the results as at December, 31st 2010 are as follows:

	Euros	
	06/30/2011	**12/31/2010**
Profit /(loss) for the period		
Profit/(loss) for the year	498,348	(2,298,387)
	498,348	**(2,298,387)**

19. Capital grants received

Below is a breakdown of the non-repayable capital grants included in the balance sheet item "Grants, donations and bequests received":

Granting entity	Euros	Purpose	Grant date
Education, Audiovisual and Culture Agency	150,000	Pre-production of 3 audiovisual works	11-06-07

The changes in grants are analyzed below:

	Euros	
	06/30/2011	**12/31/2010**
Opening balance	**79,748**	**112,500**
Increases	-	-
Release to income	-	-
Other decreases	-	(32,752)
Closing balance	**79,748**	**79,748**

The amount of the capital grant was reduced by the amount shown above was due to a reduction in the final amount of the grant and the application of the 25% tax rate (see Note 20).

20. Deferred tax

Set out below is an analysis of deferred tax:

				Euro
	Removed at 06/30/2011	**Additions 2010**	**Prior years**	**Total**
Deferred tax assets:				
- Tax credits for tax-loss carryforwards	(178,921)	753,749	802,183	1,377,010
- Other tax credits	-	7,652	2,365,422	2,373,074
	(178,921)	**761,401**	**3,167,605**	**3,750,084**
Deferred tax liabilities:				
- Temporary differences- grants	-	10,917	(37,500)	(26,583)
- Temporary differences - amortisation	-	(13,092)	-	(13,092)
	-	**(2,175)**	**(37,500)**	**(39,675)**
Deferred tax	**(178,921)**	**759,226**	**3,130,105**	**3,710,409**

Deferred tax assets and liabilities are offset if at the time the Company has an enforceable right to offset the amounts recognised and intends to settle the net amount, or to realise the asset and settle the liability simultaneously. In 2011 the Company did not compensate any deferred tax assets or liabilities.

The changes in deferred taxes are as follows:

	Euros	
	06/30/2011	12/31/2010
Opening balance	3,889,331	3,130,105
Tax effect of capital grants	-	10,917
Credit in the income statement (Note 22)	-	748,308
Debit in the income statement (Note 22):	(178,921)	-
Closing balance	**3,710,409**	**3,889,331**

Deferred tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The taxable bases pending compensation at December, 31st 2010, last fiscal year ended, totalled EUR 6,223,726.

The Company capitalised the deductions pending application in the amount of EUR 7,652.

21. Income and expense

a) Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

	Euros	
	06/30/2011	12/31/2010
Sales	652,838	1,338,082
Services received	283,303	558,689
	936,141	**1,896,771**

b) Turnover

Revenues from the Company's ordinary activities may be analysed geographically as follows:

	%	
Market	**06/30/2011**	**12/31/2010**
Domestic	46%	50%
International	54%	50%
	100%	100%

Similarly, net turnover can be analysed by product line as follows:

Line	06/30/2011	12/31/2010
	%	
Trademark licences	61.95%	97%
Interactive contents	36.52%	2%
Other	1.53%	1%
	100%	100%

c) Raw materials and consumables

All of the work done by other companies, particularly with regard to scriptwriting, recording, etc., is recognised under the heading of "raw materials and consumables".

	Euros	
	06/30/2011	**12/31/2010**
Raw materials and consumables	41,626	248,955
	41,626	**248,955**

d) Other operating expenses

The caption titled “other operating expenses” comprises the following items:

	Euros	
	06/30/2011	**12/31/2010**
Leases	143,056	280,221
Repairs	20,935	85,479
Independent professional services	1,259,152	1,795,760
Insurance	25,883	31,016
Bank fees	15,945	20,142
Advertising and public relations	247,677	255,710
Utilities	55,316	110,474
Other general expenses	203,426	328,075
Other taxes	43,141	90,222
Impairment losses on commercial transactions	1,022,691	12,760
Reversal of Impairment losses on commercial transactions	(20,731)	(55,000)
	3,016,491	**2,954,860**

The item titled “other taxes” includes EUR 38,415 in taxes paid abroad on income earned and taxed outside of Spain.

e) Staff expenses

	Euros	
	06/30/2011	12/31/2010
Wages, salaries and similar remuneration	1,231,274	2,477,301
Employee benefits	315,340	708,665
Other expenses	104,430	148,429
	1,651,044	**3,334,395**

The average number of employees by category during the year was as follows:

CATEGORY	Average number of employees
5-YR DEGREE HOLDER	25.63
3-YR DEGREE HOLDER	4.00
SR. MANAGER	7.00
MANAGER 1	1.83
MANAGER 2	1.00
OFFICIAL 1	12.76
OFFICIAL 2	5.00
ASSISTANT	1.73
PROGRAMMER	2.00
OPERATOR	4.00
OFFICIAL 1	1.50
	66.45

The distribution of the Company's personnel at the year end, by gender, is as follows:

			06/30/2011
	Men	Women	Total
Average number of employees	42.50	23.95	66.45

22. Corporate income tax and tax situation

The reconciliation between net income and expense for the year and the taxable base is set out below:

	Income statement			Income and expense recognised directly in equity		Euros
	Increases	Decreases		Increases	Decreases	
Income/expense for the year			498,348			2,163
Corporate Income Tax	178,921	-	178,921			
Permanent differences	38,415	-	38,415			
Temporary differences:						
- arising during the year		-	-		2,163	(2,163)
Offsetting of tax-loss carryforwards			(715,684)			
Taxable base (tax result)			-			

The permanent differences refer to non-resident tax withholdings abroad.

Income tax expense is analysed below:

	1. Current-year tax	2. Change in deferred tax					3. TOTAL (1+2)
		Net change deferred tax assets				b) Change in deferred tax liabilities	
		Temporary differences	Tax credits for tax-loss carryforwards	Application of tax credit to offset tax loss carryforwards	Other loans	Temporary differences	
Charged to the income statement:							
To continuing operations				**178,921**			
TOTAL				**178,921**			**178,921**

The Company capitalised deductions in the amount of EUR 2,373,074 that had not been capitalised in prior fiscal years and deductions generated in 2010 in the amount of EUR 2,365,422 and EUR 7,652, respectively.

At the end of the last fiscal year ended, December 31st 2010, the Company had tax loss carryforwards to offset in the amount of EUR 6,223,726.

At June, 30th 2011, the Company's corporate tax returns for the years 2006 to 2009 were open to inspection, as were its tax returns for VAT, withholding taxes, business tax, capital gains tax and non-resident tax returns for the years 2006 to 2010.

23. Risks

At June, 30th 2011, the Company had no contingent assets or liabilities.

24. Director and senior management compensation

a) Remuneration of the members of the Board of Directors

In 2011, the members of the Board of Directors received no remuneration for sitting on the Board.

In 2011 as in 2010, no contributions were made to pension plans or funds for former or current members of the Company's Board of Directors. No such obligations were incurred during the year.

The members of the Company's Board of Directors have received no remuneration in respect of profit sharing or premiums. They received no shares or stock options during the year and nor have they exercised any options and nor do they have any options to be exercised.

b) Compensation and loans to senior management personnel

In 2011, the Company's senior management staff were paid a total of EUR 647,316, while in 2010 that same senior management staff received a total of EUR 301,777 in remuneration.

c) Shareholdings and directorships held by board members in companies with identical or similar business activities

Article 42.3.h) of the Rules of the Board establishes that the Nomination and Remuneration Committee's functions include: 229 ter, paragraph 2 of the Spanish Capital Companies Act, as worded in Law 26/2003 (July 18th), whereby the Stock Market Act and the Spanish Capital Companies Act were amended to increase transparency in listed companies, obliges Board directors to inform the company of any shareholdings in companies engaged in activities that are the same as or similar or complementary to the company's corporate purpose, any offices or duties performed in such companies, and any activities that are the same as or similar or complementary to the company's objects, carried out for their own account or for the account of third parties.

To this end it is noted that the positions held by the members of the Board of Directors on the governing bodies of other group companies are as follows: José María Castillejo Oriol is the Director of the company Sonocrew, S.L. and is also a member of the Board of Directors of Cake Entertainment Ltd, a Group company. These positions in Group companies are unremunerated.

25. Other related-party transactions

The transactions set out below were carried out with related parties:

	Euros	
	Income	Expenses
Sonocrew, S.L.	48,822	-
Jomaca 98, S.L.	3,716	293,661

The income earned by Sonocrew reflects the revenues from business operations while the income shown for Jomaca reflects the financial income on a short term loan granted to that company in the amount of EUR 422,512 (Note 11).

The expenses invoiced by Jomaca 98, S.L. refer to management services rendered by the company.

Transactions with associates are carried out under normal market terms and conditions.

Closing balances with related-parties

	Euros	
Current accounts with group companies	**06/30/2011**	**12/31/2010**
Sonocrew	134	134
Producciones y Licencias Plaza de España, S.A. de C.V.	205	218
	339	**352**
Advances to creditors		
Jomaca 98, S.L.	-	13,620
	-	**13,620**
Short-term loans		
Jomaca 98, S.L. (Principal + Interest) (Note 11)	434,592	380,876
	434,592	**380,876**

26. Environmental information

All operations designed mainly to minimise environmental impacts and protect and improve the environment are deemed to be environmental activities.

In fiscal year 2011, there were no major environmental expenditures.

27. Events after the balance sheet date

Between July, 1st 2011 and the date of these Interim Financial Statements, there were no events that could have a significant effect on them.

28. Auditors' fees

The professional fees charged by Garrido Auditores, S.L. for auditing and other services for the company totalled EUR 6,604.00 in the first half of 2011.

The Company also paid fees in the amount of EUR 18,753.47 to Garrido Asesores Externos, S.L. during the same period.

29. Other disclosures

The Group is controlled by Jomaca 98, S.L., which owns 71.56% of the Company's shares, the largest amount possessed by any shareholder.

The parent company, which files its accounts with the Madrid Business Register, has claimed the exemption detailed in article 43 of the Commerce Code and does not file consolidated annual accounts.

Information on deferred payments to suppliers. Third additional provision of Law 15/2010 of 5 July on the "Duty to Inform":

Pursuant to the terms of this law, at the end of the first half of the year the Company had a balance payable to suppliers in the amount of EUR 21,860.85 which had exceeded the legally-established payment deadline.

30. Bonds

The Company has two guarantees from Avalmadrid SGR in the amount of EUR 1,000,000 and EUR 2,000,000, both as collateral on the loans taken out with Caja Madrid in the same amounts (Note 13).

31. Signed Interim Financial Statements

These Annual Accounts are signed by the members of the Board of Directors, with the exception of Miguel Valladares García and Mariano Martín Mampaso, who were out of the country on personal and professional business at the time and thus could not sign the Annual Accounts at the time of the Board of Directors meeting held in Madrid on August, 30th 2011.

ZINKIA ENTERTAINMENT, S.A.
DIRECTORS' REPORT FOR THE FIRST HALF OF 2011

Business Performance and Company Situation

The company's turnover increased by 12.61% in the first half of 2011 to EUR 1,568,691, compared to EUR 1,393,082 for the same period in 2010. To date this year, the revenues from the interactive contents associated with our industrial property have increased, representing 36.52% of total turnover in the first half of this year compared to the 2% it represented for the same period the year before.

Operating results have improved considerably, standing at EUR 1,117,221 in the first six months of this year compared to EUR -1,716,310 for the same period the year before.

In April of this year, the company reached an agreement with ITV Global Entertainment Ltd. which brought the economic and commercial relations between the two companies to an end. As a result of the agreement, Zinkia is now the exclusive, world-wide distributor of Pocoyó rights and licenses. This agreement is a very important milestone in terms of Pocoyó commercial operations. Before the agreement, the results obtained by ITV were not as satisfactory as we had hoped. Now, Zinkia can implement world-wide strategies that will allow it to achieve the objectives set out in the Company's business plans. It will also allow us to diversify the income sources geographically, which will in turn enable us to be less dependent on certain geographical areas in the coming years.

As mentioned above, the interactive content area is starting to account for a larger portion of turnover and the Company continues working towards raising the level even higher to achieve the budget forecasts in the years to come.

The commercial operation of our online contents continues its upward trend and is quickly becoming a significant item on the income statement.

The Company's operating costs during the first half of 2011 were within normal ranges and were adjusted to keep them on par with the evolution of income. Consequently, both general expenses and personnel costs were considerably below budget.

In the first half of the year, the financial markets continued to restrict credit to companies as they have been doing in recent years. As a result, the Company continues to seek viable financing methods that can be used to implement its investment projects.

The Company's financial position is balanced, with equity in the amount of EUR 9,400,522 compared to total debt in the amount of EUR 8,940,389.

Events after the date of these Interim Financial Statements

There were no events worthy of note between the end of the reporting period in question and the date of these Interim Financial Statements which would have a significant effect on them.

Outlook for the Company

For fiscal year 2011 and thereafter, the Company continues to expect a considerable increase in turnover based on the introduction of Pocoyó in new markets and the development of new audiovisual contents and brands.

The agreement reached with ITV Global Entertainment Ltd. whereby the Company recovered the world-wide distribution rights to Pocoyó confirms the disclosures contained in the 2010 Annual Accounts. This, combined with the acquisition of a 51% stake in the Cake Entertainment Ltd, a production company headquartered in London specialising in the selection and international distribution of series for children and families, will allow us to keep our expectations high for the coming months and years.

With this acquisition, Zinkia hopes to take advantage of synergies created in the distribution, management and production of children's animated programming.

Regarding new projects, the Company continues to work on new developments and to negotiate commercial agreements that would move the developments into the production stage.

Research & Development.

Zinkia is constantly involved in technological research, development and innovation activities in order to optimise our productive processes and acquire the technical skills that will allow us to maintain our position as a leader in our sector.

Financial Risk Hedging

The Company hedges its interest rate risks in order to reduce the impact of interest fluctuations on the income statement.

Acquisition of treasury shares

Pursuant to the terms of article 262 of the Revised Text of the Capital Companies Act and considering the contents of Title IV, Chapter VI of the law, in the first half of the year the Company acquired 458,963 shares of treasury stock under a liquidity contract signed with Banesto Bolsa, S.V.B., S.A., which acts as the liquidity agent for Zinkia following our inclusion in the Mercado Alternativo Bursátil to fulfil the commitments acquired in the EUR 2.5 million financing operation signed in February of this year. Also during the first half of the year, the Company disposed of 94,851 treasury shares, incurring losses of EUR 22,305 on these transactions which were carried as a reduction in equity on the balance sheet. At June, 30th 2011, the Company possessed 570,426 shares with a par value of EUR 57,043, which accounted for 2.33% of share capital.

DECLARATION OR RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The members of the Board of Directors of ZINKIA ENTERTAINMENT, S.A. listed below declare that, to the best of their knowledge, the interim financial information for the Company, which includes the Individual Interim Financial Statements of ZINKIA ENTERTAINMENT, S.A. as at the end of the first half of 2011, formulated by the Board of Directors at the meeting held on August, 30th 2011 and prepared according to the applicable accounting principles, offer a true image of the equity, financial situation and results of ZINKIA ENTERTAINMENT, S.A. and that the Directors' Report includes an accurate analysis of the Company's business results and position, along with a description of the principal risks and uncertainties faced by the Company.

Madrid, August 30th 2011

José María Castillejo Oriol	Alberto Delgado Gavela
Juan José Güemes Barrios	Mariano Martín Mampaso
Miguel Valladares García	Alejandro F. Ballestero de Diego
JOMACA 98, S.L. – Íñigo Mencos Valdés	