



## **MAB, SPAIN'S ALTERNATIVE STOCK MARKET**

Palacio de la Bolsa

Plaza de la Lealtad, 1

28014 Madrid

In Madrid, on 5 May 2010

## **MILESTONE – ZINKIA ENTERTAINMENT, S .A.**

Dear Sirs,

In accordance with the provisions contained in Circular 2/2008 of the MAB and in order to be made available to the public as a milestone, it is hereby notified that the Ordinary General Shareholders' Meeting of ZINKIA ENTERTAINMENT, S.A. held on 5 May 2010, upon first call, and with the attendance, in person or by proxy, of 32 shareholders, holding 20,588,145 shares, representing 84.18% of the company share capital with a right to vote, approved all the proposed agreements that the Board of Directors of the company had agreed to subject to discussion and decision, the full text of which is enclosed verbatim in the communication herein.

Should you require further clarifications, please do not hesitate to contact us.

Yours faithfully,

**José María Castillejo Oriol**

**Chairman of the Board of Directors**



## ZINKIA ENTERTAINMENT S.A.

### PROPOSED AGREEMENTS

#### ORDINARY GENERAL SHAREHOLDERS' MEETING (5 MAY 2010)

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**One.-** Approving the Financial Statement and Management Report corresponding to the period ended on 31 December 2009 of the Company.

This proposal has been supported by the Auditing Committee's report.

**Two.-** In view of the negative income arising from the Income Statement for the period ended on 31 December 2009, no distribution of profits shall be appropriate.

This proposal has been supported by the Auditing Committee's report.

**Three.-** Approving the performance by the Board of Directors of the Company during the 2009 period.

This proposal has been supported by the Auditing Committee's report.

**Four.-** Delegating within the Board of Directors, pursuant to the provisions contained in article 319 of the Regulations governing the Trade Registry, the power to issue shares under the general regime on issuance of bonds, in accordance with the conditions herein under:

1. Securities subject to issuance: Securities, the issuance of which is the duty of the Board of Directors, such as non-convertible debentures, bonds and other fixed income securities of a similar nature.

2. Delegation period: The issuance of securities may be performed once or several times, at any given time, within a maximum period of five years from the date in which the agreement herein was adopted.

3. Maximum amount to be delegated: The total amount of the security or securities to be issued agreed as delegated herein shall not be greater than the established legal limit.

4. Scope of the delegation: In using the powers herein delegated, the Board of Directors shall be in charge of determining for each issuance, and including, but not limited to:

(a) The amount thereof, provided it is within the consolidated limits of the total expressed herein.

(b) The place of issue - in Spain or abroad- and the currency, and if it were foreign currency, the equivalent amount in euros.

(c) The type or manner, whether it be bonds or debentures or any other pursuant to the Law.

(d) The date/s of issue; the number of securities and, if applicable, the nominal value thereof.

(e) The interest rate, dates and procedures of payment of the voucher.

(f) Whether it is a perpetual or a repayable, and in the event of the latter, the repayment terms and maturity date.

(g) The type of repayment, premiums and installments.



- (h) The guarantees.
- (i) The means of representation, via securities or book entries.
- (j) Requesting, if applicable, authorization to negotiate in official or unofficial secondary markets, regulated or not, in Spain or abroad, any securities issued in compliance with the conditions required in each case by the current rules and, generally, any other issue condition.
- (k) If applicable, appointing a statutory auditor and approve the fundamental rules that may govern the legal relations between the Company and the Union of securities holders for securities issued.

5. Information for shareholders: The Board of Directors, in the General Shareholders' Meetings to be held by the Company, shall notify the shareholders of the use that, if applicable, said parties may have held until this moment with regards to the delegation of powers to which the agreement herein makes reference.

6. Listing of securities: The Company shall request, whenever appropriate, authorization to negotiate in official or unofficial secondary markets, regulated or not, in Spain or abroad, any securities such as non convertible debentures, bonds and other fixed income securities of a similar nature, to be issued by virtue of the delegation herein, by which the Board of Directors is empowered to commence proceedings and procedures needed for the authorization to list before the competent bodies within the various stock markets both in Spain and abroad.

For the purposes set forth in article 27 of the Stock Exchange Regulations, it is hereby expressly stated that, in the event that the securities issued by the delegation herein were subsequently requested to be excluded, said listing shall be adopted pursuant to the same formal requirements to which the article herein makes reference and, if applicable, the interest of the shareholders who may be against or may abstain from voting shall be secured, in compliance with the conditions set forth by the Spanish Corporations Act and concurrent provisions; all of which is in accordance with the provisions set forth in the hereincited Stock Exchange Regulations, the Law on Stock Markets and the provisions therefrom.

**Five.-** Authorizing the Board of Directors of the Company to acquire, pursuant to article 75.1 of the Spanish Corporations Act, shares from said Company itself, by means of any manner of sale or transfer as authorized by Law and for a total equal to or lower than the maximum amount allowed by law. Said authorization is granted for a term of five years and the acquisition of shares may be performed at a minimum price equivalent to the nominal value of the own shares acquired , and at a maximum price equivalent to the listing value of said shares at the time of acquisition.

In accordance with the provisions contained in article 75.1 of the Spanish Corporations Act, any shares acquired may be given to staff, managers or directors of the Company based on their remuneration or as a result of the opting plans upon which said parties would have duly agreed.

**Six.-** Establishing the number of members of the Board of Directors within the limitations established by law and appointing new Directors.

Said Board endeavors to establish the number of members composing the Board of Directors of the Company at ten (10).

Based on the above, the Board endeavors to appoint for a period of five years from the date the General Shareholders' Meeting was held, as established by law:



- D. Juan José Güemes Barrios, a Spanish national, of legal age, and holder of ID No. 831561-I, as an Independent Directors.
- D. Mariano Martín Mampaso, a Spanish national, of legal age, and holder of ID No. 1391097-B, as Proprietary Director, acting on behalf of JOMACA 98, SL.
- D. Luis Sánchez de Lamadrid Folguera, a Spanish national, of legal age, and holder of ID No. 07474848D, as Proprietary Director, acting on behalf of the majority shareholder, namely JOMACA 98, SL.

#### **Seven.-** Amendment of articles 1, 8 and 18 of the Company Bylaws.

For the purpose of introducing in the text of the Company Bylaws certain technical improvements as well as developing and completing the remuneration scheme concerning directors shall be subjected to consideration by the shareholders, based on the provisions set forth in the Report by the Board of Directors, to approve the following amendments of articles 1, 8 and 18 of the Company Bylaws which shall be reworded as follows:

#### **Article 1.- Company name and applicable laws**

*The company name is ZINKIA ENTERTAINMENT, SA; and is governed by the Bylaws herein and, supplementally by the provisions contained in the Royal Legislative Degree 1564/1989, of 22 December, by which the Consolidated Text of the Spanish Corporations Act is approved.*

#### **Article 8.- Sale and transfer of shares**

*8.1. Free transfer of shares. Shares and economic rights arising therefrom, including subscription, preference and free allocation rights are transferable by all means authorized by Law.*

*New shares may not be transferred until they have been entered in the share capital increase section of the Trade Registry.*

*8.2. Transfer or ownership change. Notwithstanding the foregoing, any shareholder wishing to acquire share interest greater than 50% of the share capital social shall, simultaneously, make an offer of purchase and address it to, in the same conditions, all the remaining shareholders.*

*If a shareholder has received an offer of purchase, either from a shareholder or a third party, for said party's shares, and if it becomes apparent that, given the terms of the offer, the characteristics of the bidding party and remaining concurrent circumstances, the aim of the acquiring party is to achieve a shareholding interest higher than 50% of the share capital, the former may only sell shares for the latter to reach the above indicated percentage provided that the potential purchasing party may confirm that a bid has also been made to all the remaining shareholders for the purchase of their shares under the same conditions.*

#### **Article 18.- Remuneration**



*The Directors shall be remunerated by means of a payment consisting of a fixed amount to be specified for each period as agreed upon by the General Shareholders' Meeting, which could be different for each director. In the event that the General Shareholders' Meeting had specified only the fixed amount to be paid to said administrative body, but not the exact distribution among the members, the Board of Directors itself shall thus distribute said amount among its members as agreed upon by the General Shareholders' Meeting in a manner deemed appropriate, which could be different for each director, depending on whether or not they are members of any Committees under the Board of Directors, if applicable, based on the positions held or their dedication towards the Company.*

*The remuneration for the directors may also consist of , regardless of the provisions set forth in the subsection above, a transfer of shares or call option, on the shares or indexed to the value of the Company shares. The implementation of all such systems shall be agreed upon at the General Shareholders' Meeting, where the value of the shares shall be determined taking as a reference the number of shares to be transferred to each director, the price for the period of the call options, the duration of the systems agreed upon and any conditions deemed appropriate.*

*The Company is entitled to contract a public liability insurance for directors and managers thereof.*

*The remuneration for the position of director is understood without prejudice to the sums that said party may eventually receive on account of fees or wages for the provision of professional services or contract relationship, as applicable.*

**Eight.-** Amendment of articles 9, 15, 21, 25 and 26 of the Regulations governing the General Shareholders' Meeting of the Company.

For the purpose of introducing in the text of the Regulations of the General Shareholders' Meeting certain technical improvements, shall be subjected to consideration by the shareholders, based on the provisions set forth in the Report by the Board of Directors, to approve the following amendments of articles 5, 9, 15, 21, 25 and 26 of the Regulations of the General Shareholders' Meeting which shall be reworded as follows:

**Preface.-**

*The Regulations herein was adopted by the General Shareholders' Meeting of ZINKIA ENTERTAINMENT, S.A. (hereinafter referred to as the "Company") under the provisions set forth in article 113 of Law 24/1988, of 28 July, on Stock Markets, as introduced by Law 26/2003, of 17 July. The Regulations herein aim to systematize and explain the rules governing the organization and operation of the Company's General Shareholders' Meeting. The ultimate aim is to facilitate the participation of shareholders at the General Shareholders' Meeting, thus promoting transparency and disclosure of the procedures to prepare, hold and coordinate the General Shareholders' Meeting, by determining, developing and expanding on forms to exercise the shareholders' political rights within the Company.*

**Article 5.- Competence of the General Shareholders' Meeting**

*The General Shareholders' Meeting has the power to decide on all matters attributed to said body by law or in the bylaws. In addition, any decisions that entail an amendment of the core activity of the Company,*



*whatever its legal nature, shall be subjected to approval or ratification at the General Shareholders' Meeting. In particular, including, but not limited to, the following:*

- a. granting discharge to the Board;*
- b. approving, if applicable, both interim and consolidated financial statements, and determining the distribution of profits;*
- c. appointing and removing members of the administration body, as well as ratifying or revoking appointments of members of the Board of Directors made by co-optation;*
- d. appointing and removing Company auditors;*
- e. arranging the increase or decrease of capital and any other amendment to company bylaws, the issue of bonds, limiting or eliminating the preemptive rights of shareholders to acquire new shares, as well as the conversion, merger, demerger or the global sale of assets and liabilities and the relocation of registered office abroad;*
- f. arranging the winding up and liquidation of the Company and any operations deemed equivalent to the liquidation of the Company;*
- g. approving or ratifying the disposal, by sale or other means, of essential operating assets or any other operation or activity involving a significant modification of the company purpose or the main activities of the Company (this does not include, for example, simple "sale and lease back" operations of land and buildings or other assets that are, following the disposal thereof, subject in any way to the Company business activity; or the sale of assets owned, whenever the Company opts for outsourcing or sub-contracting an activity that, up to that moment, was performed directly by the Company);*
- h. approving "subsidiarization" or allocating essential activities to subsidiary companies that until then were performed by the Company itself, the latter maintaining full control of the former;*
- i. authorizing the acquisition by the Company treasury stock as per the applicable law;*
- j. making decisions on matters subject to discussion and approval by the administrative body; and*
- k. approving the Regulations herein and subsequent amendments thereof.*

#### **Article 9.- Right to information prior to the General Shareholders' Meeting being held**

*As of the day of publication of the notice of the General Shareholders' Meeting and by the seventh day prior to the day when the General Shareholders' Meeting shall be held, shareholders may request the Board of Directors to provide any information or clarifications deemed unclear and/or submit questions in writing as appropriate on any matters listed on the agenda.*

*In addition, shareholders may request, within the same terms and in the same manner, any information or clarifications and/or submit questions in writing regarding the information available to the public as supplied to the Alternative Stock Market by the Company, as of the latest General Shareholders' Meeting. The Board of Directors shall endeavor to provide the information requested in writing by the day the General Shareholders' Meeting is held.*

*Any requests for information may be carried out by delivering the request at the company's registered address, by sending said request to the Company by post or other means of communication, whether remote or electronic, to the address indicated in the notice of the meeting or, if unspecified, to Shareholders' Enquiries. Any requests submitted in electronic format may only be accepted as such provided that said documents requesting information bear the legally recognized signature used by the requester, or by employing other mechanisms that, having been adopted to such ends in advance, are*





deemed appropriate by the Board of Directors given that they meet the safeguards of authenticity and identification concerning the shareholder who is exercising the right to information.

Regardless of which means is employed to submit requests for information, the shareholders' request shall include name and surname/s, providing evidence of the shares said party holds, for said information to be verified against the shareholders and the number of shares on their name as provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. [Managing Company for Securities Registration, Clearing and Settlement of Stock Exchange Trades] (Management Company or Iberclear), for the appropriate General Shareholders' Meeting. The shareholder shall ensure that the request sent to the Company is done in a timely and proper manner. The Company website shall include the relevant explanations for the shareholder to exercise the right to information, in accordance with the terms set forth in the applicable rules.

Requests for information regulated in this article shall receive a response once the identity and shareholder status of the requester have been verified before the General Shareholders' Meeting.

The Directors shall provide this information in writing, by the date the General Shareholders' Meeting is held, except in the cases hereinafter:

- a. if making the requested information public may, according to the Chairman, not be the best interests of the Company;
- b. if the request for information or clarification does not make reference to matters on the agenda or to information that is open to public access that may have been made available by the Company to the Alternative Stock Markets of the latest General Shareholders' Meeting;
- c. if the information or clarification requested is considered abusive; or
- d. if it arises from the legal provisions, regulations or court decisions.

However, the exception indicated in item (a) hereinabove shall not be applicable whenever the request is supported by shareholders representing at least a quarter of the share capital.

The Board of Directors may empower any of its members, any Chairmen of the Committees thereunder or the Secretary in order to respond, on behalf and in representation of the Board, to requests for information submitted by the shareholders.

The manner in which the information requested by the shareholders shall be communicated shall be the same as the one used to make the initial request, unless the shareholder indicates a different means to such purpose among those deemed acceptable in accordance with the provisions in the article herein. Hence, the Directors may communicate the information in question through recorded delivery post to be acknowledged upon receipt or using burofax.

The Company may include on its website any information concerning the replies provided to the shareholders in response to the questions raised in exercising their right to information regulated herein.

#### **Article 15.- Composition of the General Shareholders' Meeting. Special principles**

The General Shareholders' Meeting shall be validly established, upon first call, when shareholders, attending in person or by proxy, hold, at least, twenty-five per cent of subscribed share capital with the



right to vote. Upon second call, the meeting shall be valid regardless of the share capital represented thereat.

In order for the General Shareholders' Meeting, whether ordinary or extraordinary, may agree on the increase or decrease of capital stock and any other amendment of the company bylaws, the issue of bonds, limiting or eliminating the preemptive rights of shareholders to acquire new shares, as well as the conversion, merger, demerger or the global sale of assets and liabilities and the relocation of registered office abroad, it shall be necessary, upon first call, that shareholders attend, whether in person or by proxy, holding at least fifty per cent of subscribed share capital with the right to vote. Upon second call, the attendance of shareholders holding twenty-five per cent of the share capital shall suffice, even though, the attendance of shareholders representing less than fifty per cent of subscribed share capital with the right to vote, as referred to above, any arrangements made thereat may only be valid provided that they reach two thirds of votes in favor by the capital held by shareholders attending the General Shareholders' Meeting in person or by proxy.

Once the General Shareholders' Meeting has been established, absentees may not affect the validity thereof.

#### **Article 21.- Shareholder interventions**

Shareholder interventions shall occur in the order in which said parties are called to such purpose by the Board, according to the intervention rounds which were previously arranged by the Chairman. In arranging the intervention rounds, priority shall be given to any shareholders who had requested so in writing.

In exercising powers to ensure the orderly running of the General Shareholders' Meeting, and without prejudice to other actions, the Chairman may:

- a. allocate a maximum time to each intervention, which shall initially be equal for all;
- b. arrange, if applicable, either an extension of the time initially allocated to each shareholder for their intervention or a reduction thereof, depending on the purpose and contents of the intervention; limit the time when shareholders have the floor whenever the matter is thought to have been sufficiently discussed;
- c. request intervening shareholders to make clarifications on matters that may require further explanation following the intervention;
- d. moderate shareholder interventions in order to limit them to the matters inherent to the General Shareholders' Meeting and to ensure they abstain from making inappropriate statements or exercising their right in an abusive or obstructive manner;
- e. announce to the parties intervening that the time allocated for their intervention is about to conclude in order for said parties to fit their statements to the time remaining and, when they have utilized the time allocated for their intervention or should their behavior continue to be as described in item **(d)** above, withdraw their right to take the floor;
- f. should it be considered that an intervention may disturb the regular running of the meeting, said parties may be asked to leave the venue and, if applicable, and to such effects, any additional measures deemed necessary may be taken; and
- g. in the event that an intervening party may wish to reply, to give said party the floor or not, if appropriate.





## **Article 25.- Voting on proposed agreements**

*When the shareholder interventions have been finalized and the information and clarifications provided, if applicable, according to the provisions set forth in the Regulations herein, the proposed agreements on the matters on the agenda and, if applicable, on those that, by law, do not necessarily appear on the agenda, shall be subject to vote, and the Chairman shall be in charge of deciding the order in which the matters shall be subject to vote. Split voting is enabled in order to ensure that any financial intermediaries, appearing as authorized shareholders but acting on behalf of separate clients, may cast their votes with accordance to the instructions from the latter. The Secretary need not read out the proposed agreements the texts of which would have been provided to the shareholders upon commencement of the session, except when, for all or some proposals, it is so requested by any shareholder, or, otherwise, deemed appropriate by the Chairman. If applicable, the item on the agenda to which the proposed agreement subject to vote makes reference shall be indicated to the attendees.*

*Each of the items contained on the agenda shall be subject to vote separately.*

*Nevertheless, shall circumstances be favorable, the Chairman may decide that the proposals made on several items may be subject to vote jointly, in which case the outcome of the vote shall be understood as being individually allocated to each of the proposals should no attendee have expressed their intention to modify the way in which they cast their vote on some of them.*

*Otherwise, the minutes shall contain the modified vote as cast by each of the attendees and the outcome of the vote corresponding to each proposal as a result thereof.*

*The process of adoption of agreements shall be carried out as per the agenda specified in the notice of meeting. First subject to vote shall be the proposed agreements made in each case by the Board of Directors. In any event, once the proposed agreement has been approved, any other proposals referring to the same matter that are incompatible with the former, shall be automatically excluded, without being subject to vote.*

*Generally speaking, and without prejudice to, in the Chairman's opinion, alternative systems being employed, once the circumstances or the nature or content of the proposal have been seen, the vote counting on the proposed agreements shall be performed by means of the procedure hereinbelow:*

- a. *votes in favor shall be those corresponding to all shares represented at the meeting by parties present or by proxy, once the following have been deducted: (i) the votes corresponding to shares the holders or agents of which vote against, vote blank or abstain, by means of communicating or casting their vote or abstention to the Notary (or otherwise the Secretary or the staff assisting the latter), in order to be set down on record; (ii) the votes corresponding to the shares the holders of which vote against, vote blank or state their express abstention, through the means of communication to which the Article herein makes reference, if applicable; and (iii) the votes corresponding to shares the holders or agents of which have left the meeting prior to voting on the proposed agreements and having stated that they had left the meeting before the Notary (or otherwise the Secretary);*
- b. *any communications or statements made before the Notary (or otherwise the Secretary or the staff assisting the latter) pursuant to the paragraph above and referring to the way in which the*



*vote is cast or abstention may be performed separately with regards to each of the proposed agreements or jointly for several or all of them, by stating before the Notary (or otherwise the Secretary or the staff assisting the latter) the identity and status -shareholder or agent-performing such, the number of shares hereby referred and the way in which the vote is cast or abstention; and*

- c. for the adoption of agreements concerning matters not on the agenda, any shareholders having participated in the meeting by means or remote voting shall not be considered as having attended in person or by proxy.*

**Article 26.- Adoption of agreements and conclusion of the General Shareholders' Meeting.**

*Agreements shall be approved by majority vote, except in the event that the applicable laws or the bylaws require a special majority. With regards to agreements concerning matters not on the agenda, any shares not considered as present or represented at the meeting shall be excluded from the basis for the counting of votes as per the hereinabove majority vote.*

*The Chairman shall declare the agreements approved when there is evidence of a sufficient number of votes in favor, without prejudice to leaving a record of the Minutes of the way the votes were cast or abstention by the shareholder attendees who have so indicated before the Notary (or otherwise the Secretary or the staff assisting the latter).*

*When votes on the proposed agreements have been cast and the outcome of the voting announced by the Chairman, the General Shareholders' Meeting shall be concluded and the Chairman shall adjourn the session.*

**Nine.-** Expressly empowering the Chairman and the Secretary of the Board of Directors, as well as the Managing Director, for any of them, having been granted any and all powers as necessary by Law, may appear before a Notary to notarize the agreements adopted and exercise as many acts as are necessary until registration is completed, whenever applicable, at the relevant public registers, as well as to make the prescriptive entry of the financial statement at the Trade Registry and grant, if applicable, documents to clarify or rectify the original documents, requesting, if applicable, a partial registration, with reference to the verbal or written assessment by the Trade Registry.