



Paradox Entertainment manages and develops its rights library by generating revenue from all forms of entertainment, including motion picture, television, gaming, publishing and toy industries. The Company's library consists of such well-known brands as Conan the Barbarian, Kull of Atlantis, Solomon Kane, and Mutant Chronicles. Paradox owns the works of Robert E. Howard, a prolific American storyteller who is best known for creating the Conan character.

Paradox Entertainment also represents third-party property owners expanding their IP into a variety of licensing categories. In addition, the company produces, co-produces and co-finances motion pictures aimed at the global market. The business is mainly carried out by Paradox Entertainment Inc., based in Los Angeles, California, USA.

FINANCIAL STATEMENT FOR PARADOX ENTERTAINMENT AB (PUBL) JANUARY – DECEMBER 2012

- **Revenue 10,558 KSEK (10,626)**
- **Operating income -7,061 KSEK (-6,968)**
- **Income after financial items -6,807 KSEK (-7,875)**
- **Net Income was -9,529 KSEK (-8,369) for the period and -4,393 KSEK (-2,351) for the fourth quarter**
- **Earnings per share -0.12 kr (-0.18 kr)**
- **New Conan movie with Universal Studios announced**
- **Principal photography on co-production film “Reasonable Doubt” completed**
- **“Fire with Fire” film loan repaid, improving solvency for the period**
- **Provision taken against other receivables for reimbursable pre-production costs**

FINANCIAL SUMMARY

Group revenue was 10,558 KSEK (10,626). Operating income was -7,062 KSEK (-6,968). Income after financial items was -6,807 KSEK (-7,875). Net income for the fourth quarter was -4,393 KSEK (-2,351) and -9,529 KSEK (-8,369) for the period to date. Net income for the fourth quarter consists of positive net income of 500 KSEK as projected, with an adjustment for reimbursable pre-production costs of -2,935 KSEK (see further under the heading “Other Receivables”) and a tax provision adjustment for the quarter of -1,958 KSEK. Shareholders' equity at period end was 49,007 KSEK (59,244) and the change in shareholders' equity was -10,237 KSEK for the period, of which -1,591 KSEK was related to translation differences. The solvency was 70.1 % (57.6 %). Investments in intangible assets were 1,014 KSEK (1,267) during the period.

The vast majority of the operation is based in the United States, thus the financials are affected by the Swedish crown/U.S. dollar exchange rate. The exchange rate on January 1, 2012, was 6.9234 SEK per USD (6.8030) and on December 31, 2012, 6.5156 SEK per USD (6.9234). The average exchange rate for the period was 6.7754 SEK per USD (6.4969).

Comment from Fredrik Malmberg, President & CEO

While the year end result was an improvement over the prior year, the final results for the year end was less than expected considering the amount of activity and work that went into the year. The Company continues to work on balancing its budget and management is continuing to review where further adjustments can be made to bring costs in line with current conditions. We are also considering

additional revenue opportunities including strategic partnerships and increased co-production volume, which could quickly generate positive operating results.

In the beginning of 2012 negotiations led to a successful deal with Davis Productions and producer Samuel Hadida for the live action film rights to the Robert E. Howard character Solomon Kane.

A major deal with Universal Studios was negotiated for the live action feature film rights to Conan. Paradox retains control of worldwide merchandising rights. This is a significant deal for several reasons. If Universal and Paradox succeed in creating an international blockbuster then Paradox can exploit the brand in future films, tv-series, interactive entertainment, and other. Furthermore, it creates a platform to launch other Robert E. Howard characters such as Dark Agnes and Kull. Finally, building a lasting relationship with a major studio such as Universal can be a major breakthrough for our bigger-budget projects in the future.

We are proud that the action thriller “Reasonable Doubt”, the first film production which was initiated and developed by ourselves and subsequently packaged as a co-production was green-lit and went into production in November. The film stars Samuel L. Jackson and Dominic Cooper and is currently scheduled for a fall 2013 delivery. Voltage Pictures is handling international sales and launched the film at the American Film Market in late 2012. The film is currently in post-production. In addition to producer and financing fees during production, Paradox will own a significant portion of any future revenue streams, thus adding value to our rights library.

The company is presently developing “Rattlesnake Key”, Dark Agnes, Kull, “Priority Run” and “Reclaim”, and a number of other projects for production start as soon as possible.

The Company is offered new co-financing opportunities in greater volume than before. We are currently not entering into co-financing deals until we have secured appropriate external funding.

During the year a number of projects have been offered and vetted, as part of ongoing business. The Company provided financing for “Aint Them Bodies Saints” which was produced during the year and premiered at the Sundance Film Festival in January, competing in the main drama category and winning the prize for Best Cinematography.

During the year Ubisoft announced the “Expendables 2” and “Spartacus” video games, which our licensing department brokered the deals for. Various other licensed products were released during the year, notably a board game adaptation of “Spartacus”, and a motion comic thru Dark Horse Comics. We were represented at the International Toy Fair in New York, The Licensing Show in Las Vegas, Comic-con in San Diego, Brand Licensing Show in London and the Frankfurt Book Fair where contract discussions and renewed contracts for various categories are part of ongoing business activities. Work has now begun to identify sub-agents and master licensees for the new Conan film.

At the end of the year, the Company renewed its comic book licensing agreements with long-time partners Dark Horse Comics and Panini Comics. In all, there were approximately thirty contracts this year, new and/or renewed, across all the properties and over fifty active licensing agreements for Conan.

SIGNIFICANT EVENTS DURING THE PERIOD

Licensing

Conan Film

The option for sequel rights to the 2011 “Conan the Barbarian” film were not exercised by Millennium Films and the rights reverted back to Conan Properties International, a wholly owned subsidiary to Paradox Entertainment Inc., in May 2012.

After the less than expected result of the 2011 Conan movie, the Board has been evaluating different options regarding the Company's major IP that could be implemented once the rights from the previous movie became contractually available. During the second half of this year, the Company negotiated a new Conan movie deal with Universal Studios in which Arnold Schwarzenegger returns in the role of Conan. Universal and Paradox are in agreement on the material deal terms, finalized in October 2012.

The development of the movie, with the working title “The Legend of Conan”, has been fast-tracked for a planned summer 2014 release. Chris Morgan (“Wanted”, “Ronin 47”, “Fast and Furious”) is currently working on the screenplay. The deal is presently in the process of so called long-form negotiations with Universal. The initial negotiated deal follows industry standard structure with fees for movie and sequel options, followed by a producer and a rights fee at the start of each production. Paradox will receive a customary moderate share of the back-end after each movie has reached cash

break-even. Paradox retains the rights for movie-based and classic merchandise, sharing a portion of the revenues with Universal. A positive trend in that revenue stream is expected, but it is still too early to give any projections and is dependent on the success of the movie. This first movie is expected to have a budget of more than 100 MUSD.

Strategically this relationship with Universal will be very important for the Company. Even more so should Arnold Schwarzenegger return in the role as Conan. However, there are always uncertainties with these large productions, especially regarding timing but also regarding whether the project actually takes off. The Company has high expectations and Universal has been quick to start development of a new script. Should a major movie production take place, the Company can expect increased revenues directly from the film as well as from merchandising if the movie is successful. There is also a fair chance that there will be an increased interest in some of the other IPs, related to Conan (i.e. Kull), that the Company owns. The Company is already being contacted by both its present licensors and new potential licensors after the announcement by Universal. However, except for the fee for the option, the rights fee and a portion of the producer fee, which will be due upon signing and starting of principal photography, the Company does not expect any increase in revenues due to this increased activity until the production of the movie is well under way. Should the present time table hold true, this would mean earliest during 2014. The final outcome of these additional revenue streams will also be highly dependent on the final success of the movie.

Solomon Kane

In April 2012, the Company entered into an agreement with Davis Films to extend the rights for a sequel to the film "Solomon Kane". The rights are extended an additional five years through April, 2017, for a feature length film and/or television series. The minimum guarantee for the five year term generated a positive cash flow for Paradox in the second quarter of at least 3 MSEK. Paradox retains all licensing and merchandise rights.

Development of Entertainment Licenses

Dark Agnes

French director Christophe Gans ("Brotherhood of the Wolf") will direct the movie and has delivered a first draft of the screenplay which is currently in further development.

Kull of Atlantis

Paradox has developed a screenplay for "Kull of Atlantis" and is now seeking a partner for further development and production of the film.

Rogue Warrior

The Company has acquired the rights and screenplay for the project currently titled "Rogue Warrior". Production of the film is on hold and being re-packaged for either future production or sale of the film rights.

Development of Co-productions/Co-financing

Reasonable Doubt

"Reasonable Doubt" (formerly "The Good Samaritan") is a co-production collaboration between Paradox, Bavariapool and Canadian South Creek Pictures which was announced in March 2012. "Reasonable Doubt" is written by Peter Dowling ("Flightplan") and directed by Peter Howitt ("Sliding Doors"). Principal photography for the film was completed December 2013 in Winnipeg Canada and is expected to be delivered in the fall 2013.

Saints Productions

In June 2012, Paradox partnered with Evolution Entertainment and Lagniappe to source financing for the film "Ain't Them Bodies Saints" for which each party received a producer fee. The film is a dramatic thriller featuring Academy Award-nominees Rooney Mara ("The Girl with the Dragon Tattoo") and Casey Affleck ("The Assassination of Jesse James"), and multiple award-winner Ben Foster ("3:10 to Yuma"). The film was shot in Shreveport, Louisiana in July/August 2012.

In January 2013, the film premiered at the Sundance Film Festival, competing in the main film drama category and winning Best Cinematography.

The Optimist

The Company entered into a co-financing agreement with German company Magnet Media Productions GmbH to finance the film "The Optimist". The two companies are currently working with the director on casting for the film.

Rattlesnake Key

The Company acquired the rights and screenplay for the project currently titled "Rattlesnake Key" (formerly titled "Strangers with Benefits"). The Company is developing the project and has a director attached which will be formally announced at a later date.

Artemis (formerly "Night Hunter")

Paradox has partnered with Haxan Films ("Blair Witch Project") to co-produce the film currently titled "Artemis".

Third Party Licensing Representation

The Company has increased its licensing portfolio by also representing other entertainment IPs. Paradox receives a commission for third party licensing services which generally is between 20 to 30 % of royalty proceeds. The Company believes this is an area with potential; however, it is a long-term process to build a reasonable revenue stream from newly launched IPs. Therefore, revenues in 2012 from third party licensing have remained relatively low.

The Company currently represents Starz, NuImage/Millennium and NBC/Universal, and properties such as "Spartacus", "The Expendables", "Battlestar Galactica", "Alphas" and "Warehouse 13".

Stan Lee Media lawsuit dismissed by the Court

The legal action initiated by Stan Lee Media, Inc. ("SLMI") in the United States District Court of the Central District of Los Angeles (the "Lower Court") which sought to overturn Paradox Entertainment's rightful acquisition of the Conan property was dismissed before trial by the Lower Court Judge in February 2012. SLMI had alleged that a Lower Court trial should be held to reconsider the 2002 bankruptcy court order on which Paradox relied when acquiring the Conan property.

SLMI filed a Notice of Appeal of the Lower Court's decision wherein it asked the Ninth Circuit Court of Appeals (the "Appeals Court") to reverse the Lower Court and to order that the case proceed to trial. SLMI perfected its appeal by filing the Lower Court record with the Appeals Court. The appeal has been fully briefed by both sides and we are now awaiting scheduling of an oral argument before a panel of the Appeals Court.

While there are no guarantees as to how the Appeals Court will decide, Paradox Entertainment and its counsel continue to believe that the Lower Court reached the right result and that the Appeals Court will affirm the Lower Court decision. We expect oral arguments within the next three to six months, and an Appeals Court decision within a year.

Incentive Program

In June 2012, President and CEO Fredrik Malmberg purchased 2,100,000 newly issued shares in Paradox Entertainment AB through the incentive program which was voted through at the 2012 Annual General Meeting. As a result, the total amount of shares increased from 76,010,365 to 78,110,365 and the new share capital is 7,811,037 SEK. The new shares are restricted and vested in three equal parts on May 31 in 2013, 2014 and 2015. Assuming full vesting, Malmberg owns 6,362,255 shares.

Under the incentive program there were also issued 3,675,000 warrants in the Company, to upper management. The warrants will vest in three equal parts, on May 31 in 2013, 2014 and 2015, with an additional month after all warrants are fully vested, until June 30, 2015, to exercise. These warrants replace all the previously existing incentive warrants, which have now been cancelled.

SIGNITICANT EVENTS AFTER THE END OF THE PERIOD

Co-productions/Co-financing

Priority Run

In January 2013, the Company entered into a co-financing agreement with Arclight Films to finance and co-produce the feature film currently entitled "Priority Run", based on an original screenplay by Terrance Milloy. The two companies are currently working on casting for the film which is anticipated for production in 2013.

Reclaim

In February 2013, the Company entered into a co-financing agreement with Arclight Films International Pty. Ltd., Garlin Pictures, Inc. and Origin Productions Pty Ltd to finance and co-produce the feature film currently entitled "Reclaim", based on an original screenplay by Carmine Gaeta (with revisions by Luke Davies) and directed by Alan White. The parties are currently working on casting for the film which is anticipated for production in 2013.

Licensing

Mutant Chronicles

In February 2013, the Company entered into two new licensing agreements for Mutant Chronicles game rights: Modiphius the role-playing game (RPG) rights and Prodos Games for the miniature game rights (Warzone). Prodos Games is partially funding the development through Kickstarter, reaching their level of guaranteed funding, 35,000 GBP, in less than a week. The funding campaign continues until mid-April.

Key Personnel

The Company hired Silvio Muraglia as President of Production, based in Los Angeles, to oversee all film development, production and co-production. The President of Production will report directly to the CEO.

Incentive Program

The Company's former President of Production is no longer with the company and 1,050,000 of warrants due to him under the incentive program were cancelled after period end. The total warrants outstanding as of the date of this report were 2,625,000.

OTHER INFORMATION

Press Releases

The Company will issue trade press releases in the U.S. as needed in the industry to announce new projects related to the Company. The press releases will also be issued simultaneously to the financial market in Sweden; however they are for information purposes only and typically will not include any financial information or implied results on the Company's profitability.

Copyright and trademarks

The Company's properties are protected by copyright and trademarks. Copyright is the strongest protection and many countries have adopted the same or similar copyright laws. Since Robert E. Howard died in 1936, more than 70 years ago, the copyright to Howard's works in some countries has reached its end. The works then become public domain. However, it is possible in the U.S., which is the Company's largest and most important market, to extend the copyright to 125 years or 90 years after first publication.

Since copyright has an end date, it is important to build and invest in trademarks, which don't expire if continuously used. Although some works, in some countries, are public domain, they may still not be used freely as Paradox Entertainment's trademarks, and related logos, characters, names, and distinctive likenesses thereof, cannot be used without the Company's permission. This is the case even if one, several, or all the works featuring a certain character is public domain.

Protection of rights

For a company like Paradox Entertainment, the cost of legal services is a natural part of business. When the Company's rights are commercialized and become more popular, the risk of intrusion, such as plagiarism, increases. It is our policy to act firmly and promptly in such cases, which can sometimes lead to litigation. For more information on rights protection, see the latest Annual Report.

Financing

In March 2010, the Company borrowed, under normal market conditions, 8 MSEK for the purpose of discharging maturing short term loans and to open up the possibility for necessary investments in ongoing projects. The loan was with the credit market company Hoist Kredit AB where the Chairman of the Board, Mikael Wirén, is part-owner. The outstanding loan balance as of period end was 4,992 KSEK. The loan is secured by royalties from Funcom in the first place and secondly by the shares in Paradox Entertainment Inc. The loan term was renegotiated during the period, resulting in reduced quarterly payments and an extended payment period to first quarter 2015. The Chairman of the Board, Mikael Wirén, did not participate in any of the decisions regarding the Hoist Kredit loan transaction.

In August 2011, Rogue Warrior LLC (the wholly owned subsidiary of Paradox Entertainment) entered into two development loan agreements in the amount of 1.7 MSEK each to finance pre-production costs for Rogue Warrior. The loans earn a flat financing fee of 20 %. The loans are secured by the investment in the film asset and will be repaid upon either start of principal photography or recoupment of costs.

In September 2011, the Company re-financed its loan for the co-production film "Fire with Fire". The loan was secured by the film's sales in foreign territories outside North America. The film was delivered in July 2012 and the loan was repaid in full in October 2012, thus improving the Company's solvency for the period.

Other Receivables

Pre-Production Costs

Costs incurred in pre-production on specific projects are capitalized where there is a reasonable expectation that the costs will be reimbursed upon entering production. Such reimbursable costs include certain expenses related to the development of manuscripts for sale to film studios as well as in-house produced productions.

Such pre-production costs are included in other receivables as their production is considered to be part of the Company's operating cycle, notwithstanding that some costs will be recovered more than twelve months from the balance sheet date.

These pre-production costs are reviewed at the end of each reporting year for impairment and, if deemed necessary, a provision is made based on current expectations. Pre-production costs are written off in full on the earlier of the date on which they are determined not to be reimbursed or the related project is abandoned.

In December 2012, the Company provided a reserve against pre-production costs in the amount of 2 MSEK and wrote off 935 KSEK of pre-production costs which were both charged to operating expenses for the period (see also Note 5).

Company share

The Company shares are traded on NASDAQ OMX First North since November 2008, and in the Premier segment since February 2009. First North Premier is for companies that meet higher standards of accounting and transparency than otherwise required in an unregulated market such as First North. The Company continually evaluates various listing options.

The shares have a nominal value of SEK 0.10. Per First North rules trades can be made down to individual shares and all shares have equal voting rights. The company ticker is PDXE and ISIN code SE0000598054.

There are 78,110,365 outstanding shares in Paradox Entertainment AB, of which 2,100,000 shares are restricted and vested in three equal parts on May 31 in 2013, 2014 and 2015. There were at period end 3,675,000 warrants in the Company. They will vest in three equal parts, on May 31 in 2013, 2014 and 2015, with an additional month after all warrants are fully vested, until June 30, 2015, to exercise. Also see "Incentive Program" during the period as well as after period end.

	Options	Issue price	Maturity
Incentive Program for senior management	3,675,000	0.40 kr	June 30, 2015

Accounting principles

This report has been prepared in accordance with IAS 34. For a detailed description of the Group accounting policies, refer to the most recent Annual Report. This report has not been audited.

Effects of new standards which came into force in 2010

New or revised IFRS and IFRIC interpretations are not expected to have had any effect on the consolidated or parent company's financial position or results.

Transactions with Related Parties

Hannes Snellman, a law firm where Board Member Christoffer Saidac is a partner, invoiced the Company 130 KSEK during the period for corporate legal advice.

Allocation of Losses and Dividend

The Board of the Company suggests that the balanced loss is deducted from the reserves and that no dividend will be distributed for the 2012 year end. This suggestion is in line with the Company's Dividend Policy.

Outlook for 2013

The outcome for 2013 is dependent on whether the new Conan movie with Universal Studios (currently titled "The Legend of Conan", starring Arnold Schwarzenegger) will start production during the present year. Although production is anticipated to begin in 2013, the Company has no actual control over the production schedule for the movie. Since production of the film triggers a larger payment to Paradox, the Company has decided not to provide a forecast for 2013 until the timing is more certain. However, as previously mentioned in the CEO comment, the Company continues to work on balancing its budget and upcoming projects.

Risk assessment

The board has conducted a review and assessment of the Company's operational and financial risks and considers the company's biggest risks in the next six months are:

- Dependence on a few lucrative and already established rights, particularly Conan the Barbarian
- The development progress and protection of properties, both owned and licensed

Other risks that affect the Company are considered to fall within the category of normal business risk for a small company whose business mainly covers the licensing of intellectual property rights and which is mainly based in the United States. For instance:

- The loss of key personnel that cannot be replaced
- The loss of key licensees due to the fact that they become insolvent
- Litigations larger than is considered normal for a U.S.-based company
- That some rights are deemed to be public domain, which requires greater legal protection and/or difficulty to legally confirm ownership of certain rights
- The USD/SEK exchange rate

BOARD AND CHIEF EXECUTIVE DECLARATION

The Board of Directors and the President & CEO certify that the interim report gives a true overview of the Company's and the Group's operations, financial position, and results as well as of the significant risks that the Company and Group are facing.

Stockholm, February 28, 2013
Paradox Entertainment AB (publ)
Corporate identity number: 556536-8684

Mikael Wirén
Chairman

Michael Hjorth
Board Member

Fredrik Malmberg
Board Member
President & CEO

Carl Molinder
Board Member

Christoffer Saidac
Board Member

INVESTOR RELATIONS

Upcoming financial statements

April 23, 2013	Annual Report 2012
May 23, 2013	Interim Information, January-March 2013
August 23, 2013	Interim Information, January-June 2013
November 22, 2013	Interim Information, January-September 2013

These reports will become available on the Company website at the time of publication.

Annual General Meeting

The AGM is planned to be held in Stockholm on May 23.

Subscribe to press releases

The Company's press releases are available via e-mail when issued. Parties interested can enroll on the Company website, under Investor Relations / Subscribe.

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CONSOLIDATED KEY FIGURES

	12-31-2012	12-31-2011
Revenue	10,558	10,626
Operating Income	-7,061	-6,968
Income after Financial Items	-6,807	-7,875
Net Income	-9,529	-8,369
Total Assets	69,903	102,989
Operating Margin, %	-50.72	-50.70
Profit Margin, %	-64.47	-74.20
Solvency, %	70.11	57.60
Quick Ratio, %	110.62	112.60
Earnings per share, kr	-0.12	-0.18
Earnings per share after dilution, kr	-0.12	-0.17
Equity per share, kr	0.64	0.78
Equity per share after dilution, kr	0.61	0.76
Number of employees at period end	6	6
Number of shares at period end	78,110,365	76,010,365
Number of options outstanding at period end	3,625,000	2,175,000
Average number of shares during the period before dilution	77,060,365	47,238,123
Average number of shares during the period after dilution	79,960,365	49,131,873

Operating Margin: Profit before depreciation as a percentage of revenue
Profit Margin: Profit after financial items as a percentage of revenue
Solvency: Adjusted equity as a percentage of total assets
Quick Ratio: Current assets as a percentage of current liabilities
Earnings per share: Earnings divided by the weighted average number of shares during the period
Equity per share: Equity divided by the number of shares at end of period

CONSOLIDATED INCOME STATEMENT

KSEK	Oct-Dec 2012	Oct-Dec 2011	Full Year 2012	Full Year 2011
Operating income				
Revenue (note 1)	2,873	1,628	9,967	10,626
Other income (note 2)	0	0	591	0
	2,873	1,628	10,558	10,626
Operating expenses				
Other operating costs	-3,667	-1,238	-10,709	-7,803
Staff costs	-1,337	-1,775	-5,391	-8,212
Depreciation and Amortization	-406	-475	-1,519	-1,579
	-5,410	-3,488	-17,619	-17,594
Operating Income	-2,537	-1,860	-7,061	-6,968
Financial income and expenses				
Interest Income and Similar Items	485	1,837	3,132	1,840
Interest Expense and Similar Items	-383	-2,218	-2,878	-2,747
	102	-381	254	-907
Income after Financial Items	-2,435	-2,241	-6,807	-7,875
Income Taxes (note 3)	-1,958	-110	-2,722	-493
Net Income	-4,393	-2,351	-9,529	-8,369
Earnings per share, kr	-0.06	-0.04	-0.12	-0.18
Earnings per share after dilution, kr	-0.05	-0.04	-0.12	-0.17
Average Number of Shares During the Period Before Dilution	78,110,365	55,085,098	77,060,365	47,238,123
Average Number of Shares During the Period After Dilution	81,735,365	57,260,098	79,960,365	49,131,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Oct-Dec 2012	Oct-Dec 2011	Full Year 2012	Full Year 2011
Net Income	-4,393	-2,351	-9,529	-8,369
Other Comprehensive Income				
Currency Translation Differences	86	-939	-2,342	189
Tax on Unrealized Foreign Exchange Rate Changes	24	-25	751	-227
Comprehensive Income	-4,283	-3,315	-11,120	-8,407

CONSOLIDATED BALANCE SHEETS

	KSEK	12-31-2012	12-31-2011
ASSETS			
Fixed Assets			
Intangible Assets			
Rights and Trademarks (note 4)		53,586	58,084
Tangible Assets			
Equipment, Tools, Fixtures and Fittings		206	135
Financial Assets			
Deferred Tax Asset		6,204	7,810
Total Fixed Assets		59,996	66,029
Other Current Assets			
Accounts Receivable - Trade		1,329	1,072
Other Receivables (note 5)		7,481	32,406
Prepaid Expenses and Accrued Income		167	366
		8,976	33,843
Cash and Bank Balances		931	3,117
Total Current Assets		9,907	36,960
TOTAL ASSETS		69,903	102,989
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital		7,811	4,462
Unregistered Capital Issued		0	11,781
Other Contributed Equity		50,047	40,774
Reserves		-6,467	-4,875
Retained Earnings		7,145	15,471
Net Income		-9,529	-8,369
		49,007	59,244
Long Term Liabilities			
Interest Bearing Liabilities (note 6)		3,968	3,331
Deferred Tax Liability		7,972	7,580
		11,940	10,911
Current Liabilities			
Accounts Payable - Trade		2,296	3,615
Interest Bearing Liabilities (note 6)		4,933	24,944
Other Liabilities		447	1,070
Accrued Expenses and Deferred Income		1,280	3,205
		8,957	32,834
TOTAL EQUITY AND LIABILITIES		69,903	102,989

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	KSEK	12-31-2012	12-31-2011
Shareholders' equity at beginning of year		59,244	55,719
Comprehensive income		-11,120	-8,407
Incentive / warrants		43	151
New Shares Issued		840	0
Unregistered Capital Issued		0	11,781
Shareholders' equity at end of year		49,007	59,244

CONSOLIDATED CASH FLOW ANALYSIS

	KSEK	12-31-2012	12-31-2011
Operating Activities			
Operating Income before Financial Items		-7,061	-6,968
Other Adjustments For Non-Cash		2,528	53
Interest Income and Similar Items		2,451	282
Interest Expense and Similar Items		-1,281	-2,733
Cash Flow from Operating Activities before Changes in Operating Assets and Liabilities		-3,363	-9,366
Changes in Operating Assets and Liabilities			
Increase/(Decrease) in Accounts Receivable		-257	507
Increase/(Decrease) in Other Receivables		24,659	-30,034
Increase/(Decrease) in Accounts Payable		-1,319	2,536
Increase/(Decrease) in Other Current Liabilities		-2,518	98
Cash Flow from Operating Activities		17,203	-36,259
Investment Activities			
Acquisitions of Intangible Fixed Assets		-1,014	-1,190
Sale of Intangible Fixed Assets		0	0
Acquisitions of Tangible Fixed Assets		-161	-23
Cash Flow from Investment Activities		-1,175	-1,213
Financing Activities			
Borrowings		0	24,241
Subscription Options		43	151
Paid-in New Shares		840	12,055
Amortized Loans		-19,061	-3,061
Cash Flow from Financing Activities		-18,178	33,386
Changes In Cash		-2,150	-4,086
Cash and Cash Equivalents at Beginning of Period		3,117	7,237
Exchange Rate Differences on Cash and Cash Equivalents		-36	-34
Cash and Cash Equivalents at End of Period		931	3,117

PARENT COMPANY INCOME STATEMENT

	KSEK	Oct-Dec 2012	Oct-Dec 2011	Full Year 2012	Full Year 2011
Operating income					
Revenue (note 1)		587	623	2,397	2,379
Other income (note 2)		0	0	591	0
		587	623	2,988	2,379
Operating expenses					
Other operating costs		-390	-103	-2,318	-1,122
Staff costs		0	-124	-8	-423
Depreciation and Amortization		0	0	0	0
		-390	-227	-2,326	-1,545
Operating Income		197	396	662	834
Financial income and expenses					
Interest Income and Similar Items		1,216	2,182	5,374	4,478
Interest Expense and Similar Items		-138	-346	-1,855	-856
		1,078	1,836	3,519	3,622
Income After Financial Items		1,275	2,232	4,181	4,456
Income tax expense (note 3)		-631	-789	-1,395	-1,172
Net Income		644	1,443	2,786	3,284

PARENT COMPANY BALANCE SHEET

	KSEK	12-31-2012	12-31-2011
ASSETS			
Current Asset			
Cash Due from Share Issue (note 7)		0	6,055
Fixed Assets			
Financial Fixed Assets			
Deferred Tax Asset		1,514	2,159
Shares in Group Companies		13,038	13,038
Receivables from Affiliated Companies		45,613	48,468
Total Fixed Assets		60,165	69,720
Other Current Assets			
Current Receivables			
Receivables from Subsidiaries		22,713	12,674
Other Receivables		29	248
Prepaid Expenses and Accrued Income		103	100
		22,845	13,022
Cash and Bank Balances		49	2,508
Total Current Assets		22,894	15,530
TOTAL ASSETS		83,059	85,250
EQUITY AND LIABILITIES			
Restricted Equity			
Share Capital		7,811	4,462
Unregistered Capital Issued		0	12,555
Statutory Reserve		35,677	35,677
Unrestricted Equity			
Premium Account		15,088	5,097
Fair Value		-2,274	-170
Retained Earnings		17,299	14,016
Net Income		2,786	3,284
Total Shareholders' Equity		76,387	74,921
Long-Term Liabilities			
Other Non-Current Liabilities		3,968	3,331
		3,968	3,331
Current Liabilities			
Accounts Payable - Trade		278	1,266
Interest Bearing Liabilities		1,024	3,664
Liabilities to Group Companies		99	99
Other Liabilities		330	736
Accrued Expenses and Deferred Income		973	1,233
		2,704	6,998
TOTAL EQUITY AND LIABILITIES		83,059	85,250

ADDITIONAL INFORMATION

Note 1 Segment Reporting Statement

	Conan	Parent Company & Other	Eliminations	Total Group
Revenue	4,100	10,510	-4,052	10,558
Operating Expenses	-4,196	-15,956	4,052	-16,100
Depreciation and Amortization	-859	-660	0	-1,519
Operating Income	-955	-6,106	0	-7,061
Net Financial Items	0	254	0	254
Income After Financial Items	-955	-5,852	0	-6,807
Investment In Intangible Assets	930	84	0	1,014

Note 2 Other Income

Other Income consists of previously accrued directors' fees of the parent company which have been waived and returned to the Company.

Note 3 Taxes

The parent company has accrued taxes of 6.9 MSEK, which gives a book tax asset of 1.5 MSEK under the new tax rate of 22 %. The Group's deferred tax asset at period end is 6.2 MSEK and a deferred tax liability of 8 MSEK.

The Company reported an estimated tax expense of 2.7 MSEK for the period 2012, which relates to deferred tax. Tax related to changes in unrealized exchange rate fluctuations have affected the equity directly and are included under translation differences.

No current income tax is payable for the period.

Note 4 Intangible Fixed Assets

Intangible assets consist of the following for the period:

	KSEK
Value at 01-01-2012	58,084
Net Purchases	1,014
Net Dispositions	-678
Net Amortization	-996
Net foreign currency translation	-3,837
Value at 12-31-2012	53,586

Note 5 Other Receivables

Other receivables includes the company's financing of 20.9 MSEK for the co-production film "Fire with Fire" to a third party production company, which was secured by 62.3 MSEK of pre-sold foreign revenues. The financing loan earned a guaranteed financing fee of 15 % and an additional 15 % interest per annum on the outstanding balance beginning June 2012. The balance outstanding at period end is 803 KSEK.

Other receivables also includes reimbursable capitalized expenses related to pre-production, including development of manuscripts for sale to motion picture studios as well as in-house produced productions. Net capitalized pre-production costs at period end was 6.5 MSEK which includes a provision for impairment in the amount of 2 MSEK.

Note 6 Interest Bearing Liabilities

Interest Bearing Liabilities consist of the following at period end:

	KSEK
Bank loan, secured by Funcom royalties and shares in the Paradox Entertainment, Inc., paid quarterly with a variable interest rate of STIBOR 3M +4 %. The loan matures March 2015.	4,991
Development loan for pre-production expenditures in the picture "Rogue Warrior". The loan balance includes a flat financing fee of 20 % and is due November 2012. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture. The loan is secured only by the investment in the film asset.	1,955
Development loan for pre-production expenditures in the picture "Rogue Warrior". The loan balance includes a flat financing fee of 20 % and is due November 2012. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture. The loan is secured only by the investment in the film asset.	1,955
Total Interest Bearing Liabilities	8,901
Less current portion	-4,933
Long term portion	3,968

Note 7 Cash Due from Share Issue

As of December 31, 2011, there was 6,055 KSEK of cash collected from the share issue that had not yet been transferred to the Company. All remaining cash from the share issue was received by the Company in January 2012.