



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 STATEMENTS FOR PARADOX ENTERTAINMENT AB (PUBL) JANUARY – DECEMBER 2011

- **Revenue 10,626 KSEK (16,967)**
- **Operating income before depreciation -5,550 KSEK (961)**
- **Income after financial items -7,875 KSEK (2,212)**
- **Net Income -8,369 KSEK (1,730)**
- **Earnings per share -0.18 kr (0.04 kr)**
- **Stan Lee Media lawsuit against Paradox dismissed by the Court**
- **New fourth quarter co-production projects "Frozen Ground" and "Broken City"**
- **The rights issue in December resulted in a subscription rate of 70.4% and 11.4 MSEK in new capital after costs**

FINANCIAL SUMMARY

Group revenue was 10,626 KSEK (16,967). Operating income before depreciation was -5,550 KSEK (961). Income after financial items was -7,875 KSEK (2,212) and net income was -8,369 KSEK (1,730). Shareholders' equity was at period end 59,244 KSEK (55,719). The net change in shareholders' equity is 3,525 for the period (see further under the heading "Rights Issue"). The solvency fell to 57.6% (72.8%). The decrease in solvency is also affected by the financing of a new project (see further under the heading "Financing"). Investments in intangible assets were 1,267 KSEK (2,383) 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, 2011, was 6.8030 SEK per USD (7.2125) and on December 31, 2011, 6.9234 SEK per USD (6.803). The average exchange rate for the period was 6.4969 SEK per USD (7.0078).

Comment from Fredrik Malmberg, President & CEO

The past year has been a very exciting but also turbulent year for the Company. Unfortunately, we saw the revenues go down and the positive trend with consecutive profitable quarters turn into negative territory. However, the activity in the Company has been and continues to be extremely high.

The new Conan film was released in August. It did not meet the high expectations but recorded approximately 60 MUSD in theatrical revenues all over the world. It performed well in Russia, Spain and parts of Latin America. The film was released on DVD in November and Millenium Films, the licensee, has six months from that date to decide if they want to exercise their option for a sequel. Otherwise, film rights revert back to Paradox.

The Company has become more and more active in the production of films. Besides Conan, the Company co-produced/co-financed five movies with Emmett/Furla Productions during 2011. This collaboration with Emmett/Furla Productions will continue in 2012 and there are several films in pre-production. We also entered into a co-production agreement with the German studio Bavariapool. The first of these film productions is now scheduled for the spring of 2012.

By entering into these co-productions we have gained a lot of knowledge. They contribute to the revenue in the form of producer fees and financing fees. They are also strategically very important for us in order to further develop our own large catalog of IP's.

Our licensing department is working hard in a very tough environment. Global retail sales of licensed merchandise has declined every year since 2007. The market is slowly stabilizing but at lower levels than before. Our numbers have held up quite well thanks to the marketing success of the Conan MMO, Age of Conan. The game is now four years old and despite a pick-up in revenue during the third quarter when a new payment model was introduced, revenues from the game are declining. To offset this decline in revenue we have increased our portfolio of essentially Robert E. Howard-related products, mainly Conan, to also represent other entertainment brands such as Spartacus and Expendables. To build up a revenue stream from newly launched brands is a long process and we are slowly beginning to see an increase in revenues from this. However, revenues in 2012 from third party licensing will remain relatively low. We believe generally that the activity in the licensing field will increase during 2012.

SIGNIFICANT EVENTS DURING THE PERIOD

Licensing

Conan Film

“Conan the Barbarian” opened in the U.S. and many other countries on or around August 19. Despite coming in second place among new releases, the first weekend box office was lower than expected at 63.7 MSEK. Paradox does not expect any more revenue from the film.

Millennium Films has an option for a sequel, however, must exercise this within six months after the DVD release on November 22, 2011. If the option is not exercised the rights revert back to Paradox.

Age of Conan MMO

In July 2011, Funcom released their hybrid free-to-play model which has drawn over 300,000 new players to register. In September a new adventure pack for the game was released for purchase and overall gross revenues from the third quarter doubled from the prior quarter. Revenue from Funcom for the fourth quarter was down from the third quarter.

KULT

The company is also working on a re-launch of the horror/sci-fi world KULT through a four-part mini-series from Dark Horse Comics, published in August through November 2011.

Third Party Licensing Representation

Spartacus

In 2010, Paradox became the licensing agent for the Starz network hit TV series “Spartacus: Blood and Sand”. Paradox continues to represent Spartacus which includes the prequel season “Spartacus: Gods of the Arena”, and is now into its second season: “Spartacus: Vengeance”. To date, Paradox has completed nine licensing agreements for Spartacus, with a few additional contracts currently in negotiation. The revenue from these licenses remain relatively low for 2012.

Camelot

Due to the successful representation of Spartacus for Starz, Paradox was awarded an additional Starz series “Camelot”. However, the Camelot series was subsequently discontinued in 2011.

The Expendables

Paradox was named the international merchandise licensing agent for the NuImage film “Expendables”. A new film, “Expendables 2”, is due to be released on August 17, 2012. To date, Paradox has completed ten licensing agreements for the film franchise, with a few additional contracts currently in negotiation. The revenue from these licences remain relatively low for 2012.

Torchwood

In 2011, Paradox began licensing representation for the BBC series “Torchwood” which is a spin-off of the original Doctor Who series.

SyFy Channel

In 2011, Paradox also began representation for NBC/Universal’s SyFy cable TV channel. Among the SyFy properties are “Battlestar Galactica”, “Alphas” and “Warehouse 13”.

Development of Entertainment Licenses

Dark Agnes

Paradox is currently in discussions to co-produce the Robert E. Howard property “Dark Agnes”. The Company is in negotiations with a director for the upcoming movie and a screenplay is currently under development.

Kull of Atlantis

Paradox developed a screenplay for “Kull of Atlantis” during 2011 and is now actively seeking a partner for further development and production of a new film.

Rogue Warrior

In August, the Company acquired the rights and screenplay for the project titled “Rogue Warrior”. The Company has established a separate wholly owned entity called Rogue Warrior LLC for production of the film. Rogue Warrior LLC is currently planning pre-production and has obtained outside sources of financing which are secured by the project. Production of the film is anticipated for the end 2012.

Conan iPhone/iPad game

The “Conan: Tower of the Elephant” game was released on August 18 by Chillingo for iPhone, iPod Touch and iPad. Chillingo is a division of EA (Electronic Arts) and is the publisher of bestsellers like “Angry Birds” and “Cut the Rope”. This was the first release through Paradox’s publishing agreement with Chillingo. Unfortunately, the game did not attract many players and as a result Paradox is not expecting any further revenue from the game.

Age of Conan web series

The development of the web series “Age of Conan: Hyboria!” is ready for distribution. The first episode is written by Emmy-winning Mike Fasolo, for “Robot Chicken”, the most popular comedy program on American television channel Adult Swim/Cartoon Network.

Co-productions/Co-financing

The Company has selected a number of partners and projects for co-productions to provide producer services and financing. The Company typically receives a finder’s fee for the financing, a producer fee and in some cases a small portion of the potential profits in exchange for its co-production services.

Bavariapool

Paradox Entertainment has signed a contract with German Bavariapool to co-produce, initially, five films. The first of these co-production projects is scheduled to commence during spring 2012.

Emmet/Furla Productions

In late 2010, Paradox initiated a co-production/co-financing arrangement with Emmett/Furla Productions LLC. Paradox generally acts as an intermediary sourcing financing for the project and provides additional production services. This cooperation has resulted in five films with Emmett/Furla Productions:

- SetUp
Set-up was the first film in the series of co-productions with Emmet/Furla Productions. Starring Bruce Willis, Ryan Philippe and Curtis “50 Cent” Jackson, the film went direct to DVD and was released in September 2011 in the U.S.
- Freelancers
Freelancers is a co-production project with both Emmett/Furla Productions and Cheetah Vision. Starring Robert de Niro, Forest Whitaker and Curtis “50 Cent” Jackson, the film was delivered to the distributors end of January 2012 and is scheduled for release in May 2012.
- Fire With Fire
“Fire With Fire” is a co-production project starring Bruce Willis and Josh Duhamel. The film is in post-production and is expected to be delivered to the film distributors in April 2012. Paradox has invested 20.8 MSEK (\$3 MUSD) through a bank loan in the film. The amount is secured by the film’s sale in foreign territories outside North America. The sales in these territories amount to approximately 51.9 MSEK (\$7.5 MUSD).
- Frozen Grounds
The Company entered into a co-financing agreement for “Frozen Ground” starring Nicolas Cage, Vanessa Hudgens, Curtis “50 Cent” Jackson, and John Cusack. Funding for “Frozen Ground” was finalized in October 2011 and Paradox received a producer fee and compensation for legal costs for their services. The film is currently in post-production.
- Broken City
“Broken City” is a co-production film starring Russell Crowe, Mark Walberg and Catherine Zeta-Jones. The film funded in November 2011 and is currently in post-production.

Organizational Structure and Cost Savings

In October 2011, the Company scaled down its administration in the U.S. by five people. Chairman Mikael Wirén, has subsequently assumed the position as CEO of the U.S. subsidiary Paradox Entertainment, Inc. Fredrik Malmberg remains as CEO of parent company and President of Paradox Entertainment, Inc. and Daniel Wagner was appointed President of Production in the U.S. subsidiary. The remaining staff agreed to a 20% pay cut for six months and Fredrik Malmberg was renegotiated to a reduced salary per year without additional bonuses for the remainder of 2011. The Board also agreed to a reduction of their fee by 20% and the U.S. subsidiary is currently investigating the possibilities to sub-lease its existing office space and move to a smaller office.

Rights Issue

A shareholders meeting on November 17, 2011 decided on a rights issue with preferential rights for existing shareholders. Each existing share was given the right to subscribe to one new share for 0.40 SEK. The Board of the Company estimated in conjunction with the rights issue that the Company would need approximately 7 MSEK for the coming 12 months, and a fully subscribed rights issue would provide the Company with 17.8 MSEK in new capital before costs.

The rights issue was closed on December 19, 2012 with a 70.4% subscription rate which provided the company with 12.5 MSEK of new capital before costs, or 11.4 MSEK after costs. The majority shareholder, Beagle Investments SA, controlled by the Chairman of the Board, Mikael Wirén, subscribed fully for its share in the rights issue and thereby reached 32.6% ownership in the Company thus triggering a compulsory bid situation. Beagle Investments SA was later granted an exemption from a compulsory bid (see below).

KEY EVENTS AFTER THE END OF THE PERIOD

Compulsory Bid Exemption – Beagle Investments SA

In January 2012, the Swedish Securities Council ("Aktiemarknadsnämnden") granted Beagle Investments SA an exemption from carrying through a compulsory bid for all the shares in Paradox. The exemption will cease if Beagle Investments SA purchases any additional shares in the Company.

Stan Lee Media lawsuit dismissed by the Court

The legal action by Stan Lee Media, Inc. ("SLMI") questioning Paradox Entertainment's rightful acquisition of the Conan property was dismissed as unfounded in February 2012 by the United States District Court of the Central District of Los Angeles. SLMI had alleged that a trial should be held to reconsider the bankruptcy court order from 2002 on which Paradox relied when acquiring the Conan property, but the Court found no reason to hold such a trial.

The Court's decision can be appealed to a higher Federal Court, but only on the grounds that the lower Court's recent dismissal was flawed by a lack of due process or other procedural misassessments made by the lower Court. Although it cannot be ruled out that SLMI will appeal or ask the lower Court for a reconsideration based on new allegations, Paradox is convinced that Paradox would prevail in either case.

OTHER INFORMATION

Press Releases

The Company will begin issuing trade press releases in the U.S. in 2012 as needed in the industry to announce new developments within the Company. The press releases will also be issued simultaneously to the financial market in Sweden; however they are for information purposes only and 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 Annual Report 2010.

Share capital

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. The rights issue in December 2011 resulted in an increase in the number of outstanding shares in the Company from 44,622,465 to 76,010,365.

Financing

In December 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 a part owner. The outstanding loan balance as of year end 2011 was 6.995 KSEK. The loan is secured by royalties from Funcom in the first place and secondly by the shares in Paradox Entertainment Inc.

In August, 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 will be repaid upon start of principal photography currently planned for 2012.

In September, the Company re-financed its loan for the co-production film "Fire With Fire". The new loan is in the amount of 17.4 MSEK and is secured by the film's sales in foreign territories outside North America. The new loan repaid the former bridge loan in full. The film is expected to be delivered in April 2012. The loan will then subsequently be repaid within a few months. Thus improving the Company's solvency.

In November 2011 the Company was granted a pre-payment loan of the rights issue by Beagle Investments SA, a company controlled by the Chairman of the Board, Mikael Wirén. In December 2011, Beagle Investments SA subsequently underwrote the rights issue and the loan was cancelled.

Share options

The Company has a share-incentive program aimed at senior executives and key employees. The program, intended to run over three years, 2009-2011, is based on the annually issued options. Overall, the program will provide a maximum dilution of 5%, equivalent to an annual dilution of approximately 1.7%. The program's three parts were approved by the 2009 EGM, and the 2010 and 2011 AGMs.

In total, there were 2,175,000 options at period end.

	Number	Issue price	Maturity
Incentive Program for senior management, part 1	750,000	4.02 kr	August 31, 2012
Incentive Program for senior management, part 2	750,000	3.57 kr	August 31, 2013
Incentive Program for senior management, part 3	675,000	6.12 kr	August 31, 2014
	<u>2,175,000</u>		

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 179 KSEK for legal advice mainly related to the rights issue, incentive program and work related to the AGM.

The Chairman of the Board, Mikael Wirén, did not participate in any of the decisions regarding the two related party loan transactions described under the heading "Financing".

Outlook for 2012

The Board Members of the Company estimated in conjunction with the rights issue in December 2011, that the Company would need approximately 7 MSEK for the coming 12 months in financing. This estimate remains unchanged over the period.

The Company has three films (Conan, Solomon Kane and Mutant Chronicles) whose rights options are up for renewal with third parties during the first half of 2012. In the case of both Conan and Solomon

Kane, such renewal triggers a larger payment to Paradox. Therefore, the Company has decided not to provide a forecast for 2012 until the outcome of these renewals is more certain.

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 2011 year end. This suggestion is in line with the Company's Dividend Policy.

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, 2012
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 20, 2012	2011 Annual Report
May 24, 2012	Interim Report, January-March 2012
August 23, 2012	Interim Report, January-June 2012
November 29, 2012	Interim Report, January-September 2012
February 28, 2013	Interim Report, January-December 2012

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

Annual General Meeting

The Annual General Meeting is scheduled for May 24, 2012, in Stockholm.

Subscribe to press releases

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

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CONSOLIDATED KEY FIGURES

	12-31-2011	12-31-2010
Revenue	10,626	16,967
Operating Income before Depreciation	-5,500	961
Operating Income after Depreciation	-6,968	-465
Results after Financial Income and Expense	-7,875	2,212
Net Income	-8,369	1,730
Total Assets	102,989	76,528
Operating Margin, %	-52.3	5.7
Profit Margin, %	-74.2	13.0
Solvency, %	57.6	72.8
Quick Ratio, %	112.6	163.4
Earnings per share, kr	-0.18	0.04
Earnings per share after dilution, kr	-0.17	0.04
Equity per share, kr	0.78	1.25
Equity per share after dilution, kr	0.76	1.20
Number of employees at period end	6	10
Number of shares at period end	76,010,365	44,622,465
Number of options outstanding at period end	2,175,000	1,500,000
Average number of shares during the period before dilution	47,238,123	44,622,465
Average number of shares during the period after dilution	49,131,873	46,228,338

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 2011	Oct-Dec 2010	Full Year 2011	Full Year 2010
Operating income				
Revenue (note 1)	1,628	3,073	10,626	16,967
Other income	0	210	0	668
	1,628	3,283	10,626	17,635
Operating expenses				
Other operating costs	-1,399	-2,057	-7,964	-8,976
Staff costs	-1,775	-1,963	-8,212	-7,698
	-3,174	-4,020	-16,176	-16,674
Operating Income Before Depreciation	-1,546	-737	-5,550	961
Depreciation and Amortization	-314	-381	-1,418	-1,426
Operating Income After Depreciation	-1,860	-1,118	-6,968	-465
Results from Financial Investments				
Interest Income and Similar Items	1,826	12	1,829	3,169
Interest Expense and Similar Items	-2,207	-91	-2,736	-492
	-381	-79	-907	2,677
Income After Financial Items	-2,241	-1,197	-7,875	2,212
Income Taxes (note 2)	-110	-900	-493	-482
Net Income	-2,351	-2,097	-8,369	1,730
Earnings per share, kr	-0.04	-0.03	-0.18	0.04
Earnings per share after dilution, kr	-0.04	-0.03	-0.17	0.04
Average Number of Shares During the Period Before Dilution	55,085,098	44,622,465	47,238,123	44,622,465
Average Number of Shares During the Period After Dilution	57,260,098	46,122,465	49,131,873	46,228,338

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Oct-Dec 2011	Oct-Dec 2010	Full Year 2011	Full Year 2010
Net Income	-2,351	-2,097	-8,369	1,730
Other Comprehensive Income				
Currency Translation Differences	-939	1,643	189	-3,505
Tax on Unrealized Foreign Exchange Rate Changes	-25	-342	-227	744
Comprehensive Income	-3,315	-796	-8,407	-1,031

CONSOLIDATED BALANCE SHEETS

KSEK	12-31-2011	12-31-2010
ASSETS		
Current Asset		
Cash due from Rights Issue (note 6)	6,055	0
Fixed Assets		
Intangible Assets		
Rights and Trademarks (note 3)	58,084	57,386
Tangible Assets		
Equipment, Tools, Fixtures and Fittings	135	186
Financial Assets		
Deferred Tax Asset	7,810	7,402
Total Fixed Assets	66,029	64,974
Other Current Assets		
Accounts Receivable - Trade	1,072	1,579
Other Receivables (note 4)	26,350	2,146
Prepaid Expenses and Accrued Income	366	592
	27,788	4,317
Cash And Bank Balances	3,117	7,237
Total Current Assets	36,960	11,554
TOTAL ASSETS	102,989	76,528
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share Capital	4,462	4,462
Unregistered Capital Issued	11,781	0
Other Contributed Equity	40,774	40,774
Reserves	-4,875	-4,838
Retained Earnings	15,471	13,590
Net Income	-8,369	1,730
	59,244	55,719
Long Term Liabilities		
Interest Bearing Liabilities (note 5)	3,331	6,667
Deferred Tax Liability	7,580	7,069
	10,911	13,736
Current Liabilities		
Accounts Payable - Trade	3,615	1,079
Interest Bearing Liabilities (note 5)	24,944	3,389
Other Liabilities	1,070	1,023
Accrued Expenses and Deferred Income	3,205	1,582
	32,834	7,073
TOTAL EQUITY AND LIABILITIES	102,989	76,528

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

KSEK	12-31-2011	12-31-2010
Shareholders' equity at beginning of year	55,719	56,466
Comprehensive income	-8,407	-1,031
Incentive / warrants	151	284
Unregistered Capital Issued	11,781	0
Shareholders' equity at end of year	59,244	55,719

CONSOLIDATED CASH FLOW ANALYSIS

KSEK	12-31-2011	12-31-2010
Operating Activities		
Operating Income before Financial Items	-6,968	-465
Other Adjustments For Non-Cash	927	1,460
Interest Income and Similar Items	1,829	127
Interest Expense and Similar Items	-2,736	-492
Cash Flow from Operating Activities before Changes in Operating Assets and Liabilities	-6,948	630
Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Accounts Receivable	-507	522
Increase/(Decrease) in Other Receivables	-24,344	-416
Increase/(Decrease) in Accounts Payable	2,536	-743
Increase/(Decrease) in Other Current Liabilities	1,670	-2,405
Cash Flow from Operating Activities	-27,593	-2,412
Investment Activities		
Acquisitions of Intangible Fixed Assets	-1,267	-2,383
Sale of Intangible Fixed Assets	170	0
Acquisitions of Tangible Fixed Assets	0	-108
Cash Flow from Investment Activities	-1,097	551
Financing Activities		
Borrowings	21,280	8,000
Subscription Options	0	46
Paid in New Shares	6,500	0
Amortized Loans	-3,061	-829
Cash Flow from Financing Activities	24,719	7,217
Changes In Cash	-3,971	5,356
Cash and Cash Equivalents at Beginning of Period	7,237	1,973
Exchange Rate Differences on Cash and Cash Equivalents	-149	-92
Cash and Cash Equivalents at End of Period	3,117	7,237

PARENT COMPANY INCOME STATEMENT

	KSEK	Oct-Dec 2011	Oct-Dec 2010	Full Year 2011	Full Year 2010
Operating income					
Revenue (Note 1)		623	612	2,379	2,558
Other income		0	210	0	668
		623	822	2,379	3,226
Operating expenses					
Other operating costs		-103	-241	-1,122	-1,666
Staff costs		-124	-20	-423	-536
		-227	-261	-1,545	-2,202
Operating Income Before Depreciation		396	561	834	1,024
Depreciation and Amortization		0	0	0	0
Operating Income After Depreciation		396	561	834	1,024
Results from Financial Items					
Interest Income and Similar Items		2,182	647	4,467	6,003
Interest Expense and Similar Items		-346	-80	-845	-395
		1,836	567	3,622	5,608
Results After Financial Items		2,232	1,128	4,456	6,632
Income tax expense (Note 2)		-789	-403	-1,172	-944
Net Income		1,443	725	3,284	5,688

PARENT COMPANY BALANCE SHEET

	KSEK	12-31-2011	12-31-2010
ASSETS			
Current Asset			
Cash Due from Rights Issue (note 6)		6,055	0
Fixed Assets			
Financial Fixed Assets			
Deferred Tax Asset		2,159	3,281
Shares in Group Companies		13,038	13,038
Receivables from Affiliated Companies		48,468	46,643
Total Fixed Assets		63,665	62,962
Other Current Assets			
Current Receivables			
Receivables from Subsidiaries		12,674	3,654
Other Receivables		248	54
Prepaid Expenses and Accrued Income		100	101
		13,022	3,809
Cash and Bank Balances		2,508	4,602
Total Current Assets		21,585	8,411
TOTAL ASSETS		85,250	71,373
EQUITY AND LIABILITIES			
Restricted Equity			
Share Capital		4,462	4,462
Unregistered Share Capital		12,555	0
Statutory Reserve		35,677	35,677
Unrestricted Equity			
Premium Account		5,097	5,098
Fair Value		-170	-807
Retained Earnings		14,016	9,102
Net Income		3,284	5,688
Total Shareholders' Equity		74,921	59,220
Long-Term Liabilities			
Other Non-Current Liabilities		3,331	6,667
		3,331	6,667
Current Liabilities			
Accounts Payable - Trade		1,266	228
Interest Bearing Liabilities		3,664	3,389
Liabilities to Group Companies		99	99
Other Liabilities		736	342
Accrued Expenses and Deferred Income		1,233	1,428
		6,998	5,486
TOTAL EQUITY AND LIABILITIES		85,250	71,373

ADDITIONAL INFORMATION

Note 1 Segment Reporting Statement

	Conan	Parent Company & Other	Eliminations	Total Group
Revenue	6,182	10,198	-5,754	10,626
Operating Expenses	-7,023	-14,907	5,754	-16,176
Depreciation and Amortization	-826	-592		-1,418
Operating Income	-1,667	-5,301		-6,968
Net Financial Items	3	-910		-907
Income After Financial Items	-1,664	-6,211		-7,875
Investment In Intangible Assets	766	501		1,267

Note 2 Taxes

The parent company has accrued future tax benefits of 8.2 MSEK, which gives a book tax asset of 2.1 MSEK. The Group's deferred tax asset at period end is 7.8 MSEK and a deferred tax liability of 7.6 MSEK.

The Company reported an estimated tax expense of 0.5 MSEK for the period 2011, 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 3 Intangible Fixed Assets

Intangible assets consist of the following for the period:

	KSEK
Value at 01-01-2011	57,386
Net Purchases	1,267
Net Sales	-170
Net Amortization	-1,434
Net foreign currency translation	1,035
Value at 12-31-2011	58,084

Note 4 Other Receivables

Other receivables includes the company's financing of 20.6 MSEK for the co-production film "Fire With Fire" to a third party production company. The financing loan earns a guaranteed financing fee of 15% and is secured by 48.7 MSEK of pre-sold foreign revenues. The balance outstanding at period end is 18.0 including the accrued financing fee of 3.1 MSEK.

In order to facilitate finance of the project, the Company entered into a bridge loan agreement with a private investment group in the amount of 20.6 MSEK which was then refinanced with a bank in September 2011 (See note 5).

Note 5 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 December 2013.	6,995
Bank loan, secured by foreign sales in "Fire With Fire" and the assets of Paradox Entertainment, Inc. Interest accrues at 6% per annum and matures December 2012. The loan will be repaid through collection of foreign sales securing the investment.	17,126
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 2011. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture.	2,077
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 2011. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture.	2,077
Total Interest Bearing Liabilities	28,275
Less current portion	-24,944
Long term portion	3,331

Note 6 Cash Due from Rights Issue

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