



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 – MARCH 2012

- **Revenue 1,306 KSEK (2,961)**
- **Operating income -2,447 KSEK (-1,579)**
- **Income after financial items -2,902 KSEK (-1,899)**
- **Net Income -3,459 KSEK (-2,023)**
- **Earnings per share -0.05 kr (-0.05 kr)**
- **Stan Lee Media lawsuit against Paradox dismissed by the Court**
- **Solomon Kane film/tv license renewed in April 2012, revenue will be reflected in second quarter results**

FINANCIAL SUMMARY

Group revenue was 1,306 KSEK (2,961). Operating income was -2,447 KSEK (-1,579). Income after financial items was -2,902 KSEK (-1,899) and net income was -3,459 KSEK (-2,023). Shareholders' equity was at period end 54,412 KSEK (58,459). The change in shareholders' equity was -4,832 for the period, of which -2,634 KSEK is related to exchange rate differences. The solvency was 58.4 % (72.8 %). The change in solvency from prior year is primarily related to the share issue in 2011 (see further under the heading "Share Issue") and also the financing of a new project (see further under the heading "Financing"). Investments in intangible assets were 110 KSEK (409) 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 March 31, 2012, 6.6209 SEK per USD (6.3430). The average exchange rate for the period was 6.7495 SEK per USD (6.4830).

Comment from Fredrik Malmberg, President & CEO

During the last quarter of 2011, the Company focused on internal operations with a reduction in staff and operating costs, as well as the share issue which took place around year end. During the first quarter of 2012, the Board met with management in Los Angeles and continued focusing on the Company's short and mid-term strategic planning.

Licensing revenues for current IPs have held up well against the general drop in the market for licensed products. We believe that Conan licensing remains stable and a plan to integrate Funcom MMO activities with our other core licensing areas such as comics, books and collectibles is underway. We believe that our third party licensing revenues will increase and generate a positive revenue contribution, but will still remain a small portion of the overall revenue in 2012.

The Company co-financed five films in 2011. During the first quarter of 2012, management and the Board Chairman analyzed the co-finance market potential along with past completed projects. Together we have spent considerable time refining our co-finance business model to be able to offer a highly competitive product. The first project we have agreed to co-finance under this new structure is called “Thunder Run”, in collaboration with Freedom Films. Directed by Simon West (The Mechanic, Expendables 2), the film stars Gerard Butler, Matthew McConaughey and Sam Worthington and is scheduled to start production during the second quarter of 2012. The Company’s co-finance responsibility in this project is greater than the cumulative co-finance transactions in the prior year. Several other projects are under consideration for the remainder of 2012.

Casting has continued on the green-lit Bavariapool co-production “Black Butterfly” and has now started on the co-production “Good Samaritan”. The casting process is arduous and takes time. Our co-production projects aim to attract quality talent in starring roles, so we are competing with many other production companies for casting worldwide. We expect at least one more project in this co-production structure to be green-lit this year.

Negotiations commenced during the period, and were finalized in April 2012, regarding the Solomon Kane character license resulting in a continuation and expansion of our license agreement with Samuel Hadida’s Davis Films. Conan represents the largest value in the Company’s rights portfolio and we will know during second quarter 2012 whether or not Millennium Films will exercise their option to move forward with a movie sequel, or if the rights will return to the Company.

SIGNIFICANT EVENTS DURING THE PERIOD

Licensing

Conan Film

Millennium Films has an option for a sequel to the “Conan the Barbarian” film that opened in 2011. Millennium must exercise this within six months after the DVD release on November 22, 2012. If the option is not exercised the rights revert back to Paradox.

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 will remain relatively low.

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 its second season: “Spartacus: Vengeance”. The third season is presently in production and will start airing in the U.S. in January 2013.

The Expendables

Paradox was named the international merchandise licensing agent for the Millennium/NuImage film “Expendables”. A new film, “Expendables 2”, is due to be released on August 17, 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 Christophe Gans to direct and a screenplay is in 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

The Company acquired the rights and screenplay for the project titled "Rogue Warrior" in August 2011. The Company 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 of 2012.

Co-productions/Co-financing

In 2010, the Company selected a number of partners and projects for co-productions to provide producer services and financing. The Company typically receives a producer fee, brokerage fee for the financing and in some cases a small portion of the film's potential profits in exchange for its co-production services. The company expects to implement five to ten co-productions a year with different partners in the so-called independent sector.

Bavariapool

Paradox Entertainment has signed a contract with German Bavariapool, a joint venture between Bavaria Film and Telepool, to co-produce five films initially. Bavariapool was set up in 2008 to co-produce films with a larger budget for international TV and film productions.

The first co-production with Bavariapool was announced in March 2012. "The Good Samaritan," is a collaboration between Paradox, Bavariapool and Canadian South Creek Pictures. "The Good Samaritan" is written by Peter Dowling ("Flightplan") and will be directed by Peter Howitt ("Sliding Doors"). Principal photography is scheduled to commence in July/August 2012.

A number of additional co-productions with Bavariapool, including "Black Butterfly", are scheduled for production in autumn/winter 2012.

Emmet/Furla Productions

In late 2010, Paradox initiated a co-production/co-financing arrangement with Emmett/Furla Productions. Paradox generally acts as an intermediary, sourcing financing for the project and providing additional production services. This cooperation has resulted in five films with Emmett/Furla Production: "Setup," "Freelancers," "Fire with Fire," "Frozen Grounds," and "Broken City".

Share Issue

A shareholders meeting on November 17, 2011 decided on a share issue with preferential rights for existing shareholders. The share issue was closed on December 19, 2011 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, controlled by the Chairman of the Board, Mikael Wirén, subscribed fully for its share in the share issue and thereby reached 32.6 % ownership in the Company, thus triggering a compulsory bid situation. In January 2012, the Swedish Securities Council ("Aktiemarknadsnämnden") granted Beagle Investments an exemption from carrying through a compulsory bid for all the shares in Paradox. The exemption will cease if Beagle Investments 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.

SLMI has since then filed a Notice of Appeal of the recent decision. The filing is an initial step in commencing review by appeal and is common practice in cases in the United States which are not settled by agreement between the parties and in which an appealable order is issued. It remains to be seen if SLMI actually pursues the appeal, which was filed in the Ninth Circuit Court of Appeals.

Paradox Entertainment and its counsel believe that the lower court reached the right result and that there are no grounds for a successful appeal by SLMI.

KEY EVENTS AFTER THE END OF THE PERIOD

Solomon Kane License Renewal

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 generates a positive cash flow for Paradox in the second quarter of at least 3 MSEK. Paradox retains all license and merchandise rights.

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 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 Annual Report 2011.

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 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 6,323 KSEK. The loan is secured by royalties from Funcom in the first place and secondly by the shares in Paradox Entertainment Inc. 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 will be repaid upon start of principal photography currently planned for autumn/winter 2012.

In September 2011, the Company re-financed its loan for the co-production film "Fire With Fire". The new loan is in the amount of 16.6 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 May 2012. The loan will then subsequently be repaid within a few months. Thus improving the Company's solvency.

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.

It is proposed to the AGM to, in effect, discontinue prematurely this incentive program and replace it with a new, more focused and combined option and restricted shares program.

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

	Options	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 35 KSEK for corporate legal advice.

Outlook for 2012

The Board of the Company estimated in conjunction with the share issue in December 2011 that the Company would need approximately 7 MSEK in financing for the coming 12 months (December 2011-November 2012). This estimate remains unchanged.

The Company owns three properties (Conan, Solomon Kane and Mutant Chronicles) to which the film rights are up for renewal during the first half of 2012. While Solomon Kane was renewed in April 2012, the renewal of the Conan film rights remains uncertain. Since a renewal triggers a larger payment to Paradox, the Company has decided not to provide a forecast for 2012 until the outcome is more certain.

INVESTOR RELATIONS

Upcoming financial statements

August 23, 2012 Interim Report, January-June 2012
November 29, 2012 Interim Report, January-September 2012
February 28, 2013 Annual Earnings, January-December 2012

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

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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Stockholm, May 24, 2012
The Board of Directors, Paradox Entertainment AB (publ)

CONSOLIDATED KEY FIGURES

	03-31-2012	03-31-2011	12-31-2011
Revenue	1,306	2,961	10,626
Operating Income	-2,447	-1,579	-6,968
Income after Financial Items	-2,902	-1,899	-7,875
Net Income	-3,459	-2,023	-8,369
Total Assets	93,226	69,534	102,989
Operating Margin, %	-159.9	-41.9	-50.7
Profit Margin, %	-222.2	-64.1	-74.2
Solvency, %	58.4	72.8	57.6
Quick Ratio, %	108.5	131.0	112.6
Earnings per share, kr	-0.05	-0.05	-0.18
Earnings per share after dilution, kr	-0.04	-0.04	-0.17
Equity per share, kr	0.72	1.14	0.78
Equity per share after dilution, kr	0.70	1.12	0.76
Number of employees at period end	6	10	6
Number of shares at period end	76,010,365	44,622,465	76,010,365
Number of options outstanding at period end	2,175,000	1,500,000	2,175,000
Average number of shares during the period before dilution	76,010,365	44,622,465	47,238,123
Average number of shares during the period after dilution	78,185,365	46,122,465	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	Jan-Mar 2012	Jan-Mar 2011	Full Year 2011
Operating income			
Revenue (note 1)	1,306	2,961	10,626
Other income (note 2)	506	0	0
	1,812	2,961	10,626
Operating expenses			
Other operating costs	-2,698	-2,510	-7,803
Staff costs	-1,202	-1,691	-8,212
Depreciation and Amortization	-359	-339	-1,579
	-4,259	-4,540	-17,594
Operating Income	-2,447	-1,579	-6,968
Financial income and expenses			
Interest Income and Similar Items	380	27	1,840
Interest Expense and Similar Items	-835	-347	-2,747
	-455	-320	-907
Income After Financial Items	-2,902	-1,899	-7,875
Income Taxes (note 3)	-557	-124	-493
Net Income	-3,459	-2,023	-8,369
Earnings per share, kr	-0.05	-0.05	-0.18
Earnings per share after dilution, kr	-0.04	-0.04	-0.17
Average Number of Shares During the Period Before Dilution	76,010,365	44,622,465	47,238,123
Average Number of Shares During the Period After Dilution	78,185,365	46,122,465	49,131,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Jan-Mar 2012	Jan-Mar 2011	Full Year 2011
Net Income	-3,459	-2,023	-8,369
Other Comprehensive Income			
Currency Translation Differences	-859	-4,013	189
Tax on Unrealized Foreign Exchange Rate Changes	-557	842	-227
Comprehensive Income	-4,875	-5,194	-8,407

CONSOLIDATED BALANCE SHEETS

	KSEK	03-31-2012	03-31-2011	12-31-2011
ASSETS				
Fixed Assets				
Intangible Assets				
Rights and Trademarks (note 4)		55,264	53,012	58,084
Tangible Assets				
Equipment, Tools, Fixtures and Fittings		112	154	135
Financial Assets				
Deferred Tax Asset		7,564	7,841	7,810
Total Fixed Assets		62,940	61,007	66,029
Other Current Assets				
Accounts Receivable - Trade		1,111	4,374	1,072
Other Receivables (note 5)		25,660	2,515	32,406
Prepaid Expenses and Accrued Income		572	377	366
		27,343	7,266	33,843
Cash And Bank Balances		2,943	1,261	3,117
Total Current Assets		30,203	8,527	36,960
TOTAL ASSETS		93,226	69,534	102,989
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital		7,601	4,462	4,462
Unregistered Capital Issued		0	0	11,781
Other Contributed Equity		49,417	40,775	40,774
Reserves		-6,292	0	-4,875
Retained Earnings		7,145	15,245	15,471
Net Income		-3,459	-2,023	-8,369
		54,412	58,459	59,244
Long Term Liabilities				
Interest Bearing Liabilities (note 6)		3,331	5,833	3,331
Deferred Tax Liability		7,568	6,591	7,580
		10,899	12,424	10,911
Current Liabilities				
Accounts Payable - Trade		1,952	2,855	3,615
Interest Bearing Liabilities (note 6)		23,671	1,833	24,944
Other Liabilities		349	356	1,070
Accrued Expenses and Deferred Income		1,943	1,467	3,205
		27,915	6,511	32,834
TOTAL EQUITY AND LIABILITIES		93,226	77,394	102,989

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	KSEK	03-31-2012	03-31-2011	12-31-2011
Shareholders' equity at beginning of year		59,244	55,719	55,719
Comprehensive income		-4,875	-5,194	-8,407
Incentive / warrants		43	75	151
Unregistered Capital Issued		0	0	11,781
Shareholders' equity at end of year		54,412	50,600	59,244

CONSOLIDATED CASH FLOW ANALYSIS

	KSEK	03-31-2012	03-31-2011	12-31-2011
Operating Activities				
Operating Income before Financial Items		-2,447	-1,579	-6,968
Other Adjustments For Non-Cash		404	613	53
Interest Income and Similar Items		380	27	282
Interest Expense and Similar Items		-835	-347	-2,733
Cash Flow from Operating Activities before Changes in Operating Assets and Liabilities		-2,498	-1,286	-9,366
Changes in Operating Assets and Liabilities				
Increase/(Decrease) in Accounts Receivable		-39	-2,795	507
Increase/(Decrease) in Other Receivables		6,786	-154	-30,034
Increase/(Decrease) in Accounts Payable		-1,663	1,776	2,536
Increase/(Decrease) in Other Current Liabilities		-1,438	-782	98
Cash Flow from Operating Activities		1,148	-3,241	-36,259
Investment Activities				
Acquisitions of Intangible Fixed Assets		-110	-409	-1,190
Sale of Intangible Fixed Assets		0	-25	0
Acquisitions of Tangible Fixed Assets		0	0	-23
Cash Flow from Investment Activities		-110	-434	-1,213
Financing Activities				
Borrowings		0	0	24,241
Subscription Options		43	0	151
Paid in New Shares		0	0	12,055
Amortized Loans		-1,273	-2,390	-3,061
Cash Flow from Financing Activities		-1,230	-2,390	33,386
Changes In Cash		-192	-6,065	-4,086
Cash and Cash Equivalents at Beginning of Period		3,117	7,237	7,237
Exchange Rate Differences on Cash and Cash Equivalents		18	89	-34
Cash and Cash Equivalents at End of Period		2,943	1,261	3,117

PARENT COMPANY INCOME STATEMENT

	KSEK	Jan-Mar 2012	Jan-Mar 2011	Full Year 2011
Operating income				
Revenue (note 1)		596	571	2,379
Other income (note 2)		0	0	0
		596	571	2,379
Operating expenses				
Other operating costs		-754	-385	-1,122
Staff costs		2	-142	-423
Depreciation and Amortization		0	0	0
		-752	-527	-1,545
Operating Income		-908	-483	-711
Financial income and expenses				
Interest Income and Similar Items		1,118	758	4,478
Interest Expense and Similar Items		-582	-330	-856
		536	428	3,622
Income After Financial Items		-372	-55	2,911
Income tax expense (note 3)		-557	-124	-1,172
Net Income		-929	-179	1,739

PARENT COMPANY BALANCE SHEET

	KSEK	03-31-2012	03-31-2011	12-31-2011
ASSETS				
Current Asset				
Cash Due from Share Issue (note 7)		0	0	6,055
Fixed Assets				
Financial Fixed Assets				
Deferred Tax Asset		2,159	3,999	2,159
Shares in Group Companies		13,038	13,038	13,038
Receivables from Affiliated Companies		46,350	44,123	48,468
Total Fixed Assets		61,547	61,160	69,720
Other Current Assets				
Current Receivables				
Receivables from Subsidiaries		16,240	4,705	12,674
Other Receivables		110	71	248
Prepaid Expenses and Accrued Income		83	71	100
		16,433	4,847	13,022
Cash and Bank Balances		2,854	932	2,508
Total Current Assets		19,287	5,779	15,530
TOTAL ASSETS		80,834	66,939	85,250
EQUITY AND LIABILITIES				
Restricted Equity				
Share Capital		7,601	4,462	4,462
Unregistered Capital Issued		0	0	12,555
Statutory Reserve		35,677	35,677	35,677
Unrestricted Equity				
Premium Account		14,514	5,097	5,097
Fair Value		-1,730	-3,163	-170
Retained Earnings		17,299	14,789	14,016
Net Income		-177	348	3,284
Total Shareholders' Equity		73,184	57,210	74,921
Long-Term Liabilities				
Other Non-Current Liabilities		3,331	5,833	3,331
		3,331	5,833	3,331
Current Liabilities				
Accounts Payable - Trade		279	106	1,266
Interest Bearing Liabilities		2,992	1,833	3,664
Liabilities to Group Companies		99	99	99
Other Liabilities		349	356	736
Accrued Expenses and Deferred Income		600	1,502	1,233
		4,319	3,896	6,998
TOTAL EQUITY AND LIABILITIES		80,834	66,939	85,250

ADDITIONAL INFORMATION

Note 1 Segment Reporting Statement

	Conan	Parent Company & Other	Eliminations	Total Group
Revenue	1,187	1,221	-596	1,812
Operating Expenses	-1,498	-2,998	596	-3,900
Depreciation and Amortization	-207	-152		-359
Operating Income	-518	-1,928	0	-2,447
Net Financial Items	0	-455		-455
Income After Financial Items	-518	-2,384		-2,902
Investment In Intangible Assets	95	20		115

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 8.2 MSEK, which gives a book tax asset of 2.1 MSEK. The Group's deferred tax asset at period end is 7.6 MSEK and a deferred tax liability of 7.6 MSEK.

The Company reported an estimated tax expense of 0.6 MSEK for the period, 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	115
Net Sales	-351
Net Amortization	-2,584
Net foreign currency translation	
Value at 03-31-2012	55,264

Note 5 Other Receivables

Other receivables includes the company's financing of 20.0 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 46.6 MSEK of pre-sold foreign revenues. The balance outstanding at period end is 17.2 MSEK including the accrued financing fee of 3.0 MSEK.

Other receivables also includes capitalized expenses related to the development of manuscripts for sale to motion picture studios as well as in-house produced productions. Total capitalized development costs at period end was 8.3 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 2013.	6,323
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.	16,627
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.	2,026
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.	2,026
Total Interest Bearing Liabilities	27,002
Less current portion	-23,671
Long term portion	3,331

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.