



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 – JUNE 2012

- **Revenue 6,877 KSEK (6,427)**
- **Operating income -969 KSEK (-3,015)**
- **Income after financial items -562 KSEK (-3,464)**
- **Net Income was -1,268 KSEK (-4,633) for the period and 2,191 KSEK (-2,610) for the second quarter**
- **Earnings per share -0.02 kr (-0.10 kr)**
- **“Conan the Barbarian” rights revert back to Paradox**
- **Solomon Kane film/tv license renewed in April 2012**
- **New co-financing closed for ‘Aint Them Bodies Saints’**
- **New co-finance opportunity for third quarter with ‘Thunder Run’**

FINANCIAL SUMMARY

Group revenue was 6,877 KSEK (6,427). Operating income was -969 KSEK (-3,015). Income after financial items was -562 KSEK (-3,464). Net income for second quarter was 2,191 KSEK (-2,610) and -1,268 KSEK (-4,633) for the period to date. Shareholders' equity at period end was 58,921 KSEK (47,838) and the change in shareholders' equity was -323 KSEK for the period. The solvency was 59.2% (55.3 %). Investments in intangible assets were 206 KSEK (904) 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 June 30, 2012, 6.9632 SEK per USD (6.309). The average exchange rate for the period was 6.8447 SEK per USD (6.373).

Comment from Fredrik Malmberg, President & CEO

The second quarter saw the company return to a positive operating income. While this is certainly our focus every quarter, it is important to continue to diversify our revenues away from the stochastic type. We believe the co-financing activities will be important, and also our own films going into production. They represent both library value as well as cash flow. In early 2012, management worked on strategic planning with the board in Los Angeles and started implementing the Company's short and mid-term strategic plan immediately thereafter.

A deal was negotiated and finalized in April 2012 for the continuation and expansion of our license agreement with Samuel Hadida's Davis Films for our Solomon Kane character. Conan represents the

largest value in the Company's rights portfolio and the entertainment rights returned to the Company in the second quarter. Discussions about future entertainment plans have been held with various parties after the period and are ongoing.

The Company co-financed five films in 2011. During the first quarter of 2012, management and the Chairman analyzed the co-finance market potential along with past completed projects. In the second quarter, we participated in financing "Aint them Bodies Saints" which subsequently went into production in July and wrapped filming in mid-august. We continue to refine 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 started soft preproduction in July. We expect bond to close, and production start in September at which time we will receive our Producer fees. While this project represents a big investment in time, it has taught us new film financing methods and can be applied on several other projects which are under consideration for the remainder of 2012.

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 has started. 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. After the period ended, Ubisoft announced the videogame releases for "Expendables 2" and "Spartacus", which our licensing department brokered the deal for.

Casting continues to be a very challenging task in the market. Actors who represent a certain "market value" are sought after and booked long in advance. To mitigate risk, it is important to work with our foreign sales agents to ensure our cast also will deliver sales expectations. Casting has continued on the green-lit Bavariapool co-production "Black Butterfly" as well as on the co-production "Good Samaritan".

Rattlesnake Key (formerly "Strangers With Benefits") is a high-profile thriller which has been developed for production start in early 2013. We anticipate announcing more project details late third quarter.

Christophe Gans has finished a first draft screenplay for "Dark Agnes" which is intended for production start during the latter half of 2013.

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. The company is now looking at various opportunities going forward.

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 license and merchandise rights.

Development of Entertainment Licenses

Dark Agnes

French director Christophe Gans ("Brotherhood of the Wolf") will direct the movie and delivered a first draft of the screenplay in August 2012.

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 currently 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.

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 later in the year. Production of the film is intended to start early 2013.

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.

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 and August, 2012.

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”). The film is currently in the casting phase of production which will determine the production schedule once the cast is set.

A number of additional co-productions with Bavariapool, including “Black Butterfly”, are in the planning phase and scheduled for production once casting is complete.

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”.

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.

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 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.

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 7,811,036.50 SEK. The new shares were paid for but not registered until after period end. 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.

KEY EVENTS AFTER THE END OF THE PERIOD

Co-productions/Co-financing

Thunder Run

In July 2012, Paradox provided co-financing for a portion of the film "Thunder Run" in collaboration with Freedom Films, LLC. The film is an action war drama to be directed by Simon West and featuring Gerard Butler, Matthew McConaughey and Sam Worthington. The film is expected to be fully financed in September 2012, at which time Paradox will receive a producer fee.

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 Annual Report 2011.

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 are secured by the investment in the film asset and will be repaid upon start of principal photography.

In September 2011, the Company re-financed its loan for the co-production film "Fire With Fire". The new loan was in the amount of 17.1 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 was delivered in July 2012 and should subsequently be repaid within a few months, thus improving the Company's solvency.

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.

At the time of publication of this report 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 are 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".

	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.

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. Solomon Kane renewed in April 2012 and the Conan film rights returned to Paradox in May 2012. Management is currently in discussions about future entertainment plans for Conan. Since any one of the potential opportunities for Conan could trigger a larger payment and future revenue stream to Paradox, the Company has decided not to provide a forecast for 2012 until the outcome is more certain.

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, August 22, 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

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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CONSOLIDATED KEY FIGURES

	06-30-2012	06-30-2011	12-31-2011
Revenue	6,877	6,427	10,626
Operating Income	-969	-3,015	-6,968
Income after Financial Items	-562	-3,464	-7,875
Net Income	-1,268	-4,633	-8,369
Total Assets	98,815	86,540	102,989
Operating Margin, %	-3.42	-36.50	-50.70
Profit Margin, %	-8.17	-53.90	-74.20
Solvency, %	59.62	55.30	57.60
Quick Ratio, %	114.60	96.80	112.60
Earnings per share, kr	-0.02	-0.10	-0.18
Earnings per share after dilution, kr	-0.02	-0.10	-0.17
Equity per share, kr	0.76	1.07	0.78
Equity per share after dilution, kr	0.74	1.03	0.76
Number of employees at period end	6	11	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	2,175,000	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	46,234,965	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	Apr-Jun 2012	Apr-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Operating income					
Revenue (note 1)	4,980	3,466	6,286	6,427	10,626
Other income (note 2)	85	0	591	0	0
	5,065	3,466	6,877	6,427	10,626
Operating expenses					
Other operating costs	-1,841	-2,157	-1,841	-4,667	-7,803
Staff costs	-1,371	-2,413	-1,371	-4,104	-8,212
Depreciation and Amortization	-375	-332	-375	-671	-1,579
	-3,587	-4,902	-3,587	-9,442	-17,594
Operating Income	1,478	-1,436	1,478	-3,015	-6,968
Financial income and expenses					
Interest Income and Similar Items	1,226	-27	1,606	0	1,840
Interest Expense and Similar Items	-364	-102	-1,199	-449	-2,747
	862	-129	407	-449	-907
Income after Financial Items	2,340	-1,565	-562	-3,464	-7,875
Income Taxes (note 3)	-149	-1,045	-706	-1,169	-493
Net Income	2,191	-2,610	-1,268	-4,633	-8,369
Earnings per share, kr	0.03	-0.06	-0.02	-0.10	-0.18
Earnings per share after dilution, kr	0.03	-0.06	-0.02	-0.10	-0.17
Average Number of Shares During the Period Before Dilution	76,010,365	44,622,465	76,010,365	44,622,465	47,238,123
Average Number of Shares During the Period After Dilution	78,185,365	46,347,465	78,185,365	46,234,965	49,131,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Apr-Jun 2012	Apr-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Net Income	2,191	-2,610	-1,268	-4,633	-8,369
Other Comprehensive Income					
Currency Translation Differences	291	-289	-568	-4,302	189
Tax on Unrealized Foreign Exchange Rate Changes	1,187	62	630	904	-227
Comprehensive Income	3,669	-2,837	-1,206	-8,031	-8,407

CONSOLIDATED BALANCE SHEETS

	KSEK	06-30-2012	06-30-2011	12-31-2011
ASSETS				
Fixed Assets				
Intangible Assets				
Rights and Trademarks (note 4)		57,883	53,265	58,084
Tangible Assets				
Equipment, Tools, Fixtures and Fittings		248	158	135
Financial Assets				
Deferred Tax Asset		7,063	6,838	7,810
Total Fixed Assets		65,194	60,261	66,029
Other Current Assets				
Accounts Receivable - Trade		2,048	2,104	1,072
Other Receivables (note 5)		28,301	22,653	32,406
Prepaid Expenses and Accrued Income		573	254	366
		30,922	25,011	33,843
Cash and Bank Balances		2,699	1,268	3,117
Total Current Assets		32,781	26,279	36,960
TOTAL ASSETS		98,915	86,540	102,989
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital		7,601	4,462	4,462
Unregistered Capital Issued		840	0	11,781
Other Contributed Equity		49,417	40,775	40,774
Reserves		-4,814	-7,860	-4,875
Retained Earnings		7,145	15,094	15,471
Net Income		-1,268	-4,633	-8,369
		58,921	47,838	59,244
Long Term Liabilities				
Interest Bearing Liabilities (note 6)		3,331	5,000	3,331
Deferred Tax Liability		7,959	6,555	7,580
		11,290	11,555	10,911
Current Liabilities				
Accounts Payable - Trade		1,527	2,818	3,615
Interest Bearing Liabilities (note 6)		24,990	2,667	24,944
Other Liabilities		333	19,282	1,070
Accrued Expenses and Deferred Income		1,754	2,380	3,205
		28,604	27,147	32,834
TOTAL EQUITY AND LIABILITIES		98,815	86,540	102,989

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	KSEK	06-30-2012	06-30-2011	12-31-2011
Shareholders' equity at beginning of year		59,244	55,719	55,719
Comprehensive income		-1,206	-8,031	-8,407
Incentive / warrants		43	151	151
Unregistered Capital Issued		840	0	11,781
Shareholders' equity at end of year		58,921	47,839	59,244

CONSOLIDATED CASH FLOW ANALYSIS

	KSEK	06-30-2012	06-30-2011	12-31-2011
Operating Activities				
Operating Income before Financial Items		-969	-3,015	-6,968
Other Adjustments For Non-Cash		880	796	53
Interest Income and Similar Items		917	130	282
Interest Expense and Similar Items		-728	-449	-2,733
Cash Flow from Operating Activities before Changes in Operating Assets and Liabilities		100	-2,538	-9,366
Changes in Operating Assets and Liabilities				
Increase/(Decrease) in Accounts Receivable		-976	-526	507
Increase/(Decrease) in Other Receivables		4,082	-20,507	-30,034
Increase/(Decrease) in Accounts Payable		-2,088	1,740	2,536
Increase/(Decrease) in Other Current Liabilities		-2,142	130	98
Cash Flow from Operating Activities		-1,024	-21,701	-36,259
Investment Activities				
Acquisitions of Intangible Fixed Assets		-206	-904	-1,190
Sale of Intangible Fixed Assets		0	-25	0
Acquisitions of Tangible Fixed Assets		-154	0	-23
Cash Flow from Investment Activities		-360	-929	-1,213
Financing Activities				
Borrowings		718	18,927	24,241
Subscription Options		43	0	151
Paid in New Shares		840	0	12,055
Amortized Loans		-672	-2,390	-3,061
Cash Flow from Financing Activities		929	16,537	33,386
Changes In Cash		-455	-6,093	-4,086
Cash and Cash Equivalents at Beginning of Period		3,117	7,237	7,237
Exchange Rate Differences on Cash and Cash Equivalents		37	124	-34
Cash and Cash Equivalents at End of Period		2,699	1,268	3,117

PARENT COMPANY INCOME STATEMENT

	KSEK	Apr-Jun 2012	Apr-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Operating income						
Revenue (note 1)		627	568	1,223	1,139	2,379
Other income (note 2)		85	0	591	0	0
		712	568	1,814	1,139	2,379
Operating expenses						
Other operating costs		-391	-509	-1,145	-894	-1,122
Staff costs		-10	-116	-8	-258	-423
Depreciation and Amortization		0	0	0	0	0
		-401	-625	-1,153	-1,152	-1,545
Operating Income		311	-57	661	-13	834
Financial income and expenses						
Interest Income and Similar Items		1,865	705	2,983	1,463	4,478
Interest Expense and Similar Items		-98	-114	-680	-444	-856
		1,767	591	2,303	1,019	3,622
Income After Financial Items		2,078	534	2,964	1,006	4,456
Income tax expense (note 3)		-149	-1,045	-706	-1,169	-1,172
Net Income		1,929	-511	2,258	-163	3,284

PARENT COMPANY BALANCE SHEET

	KSEK	06-30-2012	06-30-2011	12-31-2011
ASSETS				
Current Asset				
Cash Due from Share Issue (note 7)		840	0	6,055
Fixed Assets				
Financial Fixed Assets				
Deferred Tax Asset		1,379	3,017	2,159
Shares in Group Companies		13,038	13,038	13,038
Receivables from Affiliated Companies		48,747	44,167	48,468
Total Fixed Assets		63,164	60,222	69,720
Other Current Assets				
Current Receivables				
Receivables from Subsidiaries		20,209	5,991	12,674
Other Receivables		81	91	248
Prepaid Expenses and Accrued Income		140	85	100
		20,430	6,167	13,022
Cash and Bank Balances		1,481	248	2,508
Total Current Assets		21,911	6,415	15,530
TOTAL ASSETS		85,915	66,637	85,250
EQUITY AND LIABILITIES				
Restricted Equity				
Share Capital		7,601	4,462	4,462
Unregistered Capital Issued		840	0	12,555
Statutory Reserve		35,677	35,677	35,677
Unrestricted Equity				
Premium Account		14,458	5,098	5,097
Fair Value		36	-3,340	-170
Retained Earnings		17,299	14,789	14,016
Net Income		2,258	-163	3,284
Total Shareholders' Equity		78,169	56,523	74,921
Long-Term Liabilities				
Other Non-Current Liabilities		3,331	5,000	3,331
		3,331	5,000	3,331
Current Liabilities				
Accounts Payable - Trade		354	256	1,266
Interest Bearing Liabilities		2,992	2,667	3,664
Liabilities to Group Companies		99	99	99
Other Liabilities		333	356	736
Accrued Expenses and Deferred Income		637	1,736	1,233
		4,415	5,114	6,998
TOTAL EQUITY AND LIABILITIES		85,915	66,637	85,250

ADDITIONAL INFORMATION

Note 1 Segment Reporting Statement

	Conan	Parent Company & Other	Eliminations	Total Group
Revenue	2,074	6,342	-1,539	6,877
Operating Expenses	-1,899	-6,753	1,539	-7,112
Depreciation and Amortization	-419	-315		-734
Operating Income	-244	-725	0	-969
Net Financial Items	0	407	0	407
Income After Financial Items	-244	-318	0	-562
Investment In Intangible Assets	170	36		206

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 5.2 MSEK, which gives a book tax asset of 1.5 MSEK. The Group's deferred tax asset at period end is 7.1 MSEK and a deferred tax liability of 7.9 MSEK.

The Company reported an estimated tax expense of 0.7 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	206
Net Sales	0
Net Amortization	-815
Net foreign currency translation	340
Value at 06-30-2012	57,815

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 is secured by 62.3 MSEK of pre-sold foreign revenues. The financing loan earns 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 18.2 MSEK including the accrued financing fee of 3.2 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 9.2 MSEK.

See also note 7 regarding cash due from share issue.

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.	17,652
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 by the investment in the film asset.	2,173
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 by investment in the film asset.	2,173
Total Interest Bearing Liabilities	28,321
Less current portion	-24,990
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.

As of June 30, 2012, there was 840 KSEK of cash collected from the share issue related to the new incentive plan that had not yet been transferred to the Company. All cash from the share issue was received by the Company on July 2, 2012.