



Paradox Entertainment manages and develops global entertainment character franchises by generating revenue from its assets for all forms of media including motion picture, television, gaming, publishing and toy industries. The business is mainly based wholly owned Paradox Entertainment Inc., based in Los Angeles, USA. The Company's portfolio 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 across motion picture, media and merchandising categories.

FINANCIAL STATEMENTS FOR PARADOX ENTERTAINMENT AB (PUBL) JANUARY – JUNE 2011

- **Revenue 6,427 KSEK (10,951)**
- **Operating income before depreciation -2,344 KSEK (1,461)**
- **Income after financial items -3,464 KSEK (3,634)**
- **Net income -4,633 KSEK (3,490)**
- **Earnings per share -0.10 SEK (0.08 SEK)**
- **Stan Lee Media lawsuit considered frivolous, will most likely be dismissed by court**
- **Conan iPhone/iPad game was released on August 18, 2011**
- **Conan movie premiered on August 19, 2011, with lower box office results than expected**
- **Two additional co-production projects, "Freelancers" and "Fire With Fire", completed**
- **Company still forecasts an operating profit for 2011, although uncertainty has increased**

FINANCIAL SUMMARY

Group revenue was 6,427 KSEK (10,951). Operating income before depreciation was -2,344 KSEK (1,461). Income after financial items was -3,464 KSEK (3,634) and net income was -4,633 KSEK (3,490). Shareholders' equity was at period end 47,838 KSEK (63,480). The change in shareholders' equity is -7,881 KSEK for the period, of which -3,398 KSEK is related to exchange rate differences. The solvency fell to 55.3% (82.0%). The decrease in solvency is also affected by the financing of a new project (see further under "Financing"). Investments in intangible assets were 904 KSEK (1,838) during the six-month 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 June 30, 2011, 6.309 SEK per USD (7.775). The average exchange rate for the period was 6.3730 SEK per USD (7.4925).

Comment from Fredrik Malmberg, President & CEO

During the period, we showed negative results and had a significantly lower turnover than last year. Activity remains high with two new co-productions and increased exposure in trade show participation related to the Conan film premiere. Throughout second quarter and the summer, we have also been strategically enhancing the marketing efforts of the Conan movie, ensuring cross-promotional activities with Lionsgate, Funcom, Dark Horse Comics, and other licensees.

The decrease in sales from prior year is largely attributable to last year's revenue of 3.6 MSEK at the commencement of filming the Conan movie. Our agreement with Millennium Films stipulated a guaranteed sum of slightly more than 18 MSEK in the event that the film went all the way to production and the last part of the guaranteed amount was paid the first quarter of 2010. The Company has not had any equivalent revenue for the first half of 2011. During the same period last year, we also had substantial income from Funcom's MMO game "Age of Conan", which has fallen during the year. The game changed to a hybrid free-to play model in July 2011 which has led to 300,000 new players of the Conan game. While it is still too early to determine the effect of these results, we do expect a recovery in Funcom revenue for third quarter. The exchange rate has also impacted the Company's first half-year results in a negative direction with nearly 50% of the negative comprehensive income related to exchange rate differences between periods.

"Conan the Barbarian" opened wide in theatres around the world on or around August 19. It garnered a second position among new releases, and fourth position of overall box-office returns in the first weekend in the U.S. A crowded marketplace paired with a slow weekend in general contributed to weaker returns than anticipated. As previously reported, we are not projecting additional revenues from the movie for 2011. Paradox has received all advances for the movie and expects any additional revenue, after deduction of the advance, from the movie at the earliest in 2012. Millennium has sequel rights, and must exercise within six months of DVD release or the rights revert back to Paradox.

In production development, we have invested time and money in future projects based on original characters and stories within our portfolio such as Kull of Atlantis, Dark Agnes, Vultures and Pigeons from Hell. We are also engaging in projects that were developed by others and taken over by us in the final stages. As producers on these projects, we are able to arrange financing for the projects and secure a higher quality control over brand development while maintaining ownership, profit participation, and turnover.

We have already participated in financing several co-productions with investors in China, Europe and USA. The first co-production was "Setup" and we have now completed co-production services for "Freelancers" and "Fire with Fire". We want to grow in this area of co-production financing using our existing channels. We have signed contracts with German company Bavariapool to work on several similar arrangements as well as to conclude U.S. distribution agreements. The first co-production with Bavariapool is underway and planned for production start in January.

We have developed our first in-house game for iOS, based on our Conan brand. The game was released on August 18th with our partner EA/Chillingo and is an interesting development for the Company. We believe our rights portfolio is well suited for future game productions, and will plan on building this business segment pending favorable results from this first game.

Our third-party licensing business also grows. We now represent as an agent for third-parties several well-known rights, such as Spartacus, Expendables and Torchwood.

SIGNIFICANT EVENTS DURING THE PERIOD

Productions

Buck Rogers

The Company's movie option for Buck Rogers (jointly owned with George Furla and Lawrence Abramson) was sold in its entirety to Freedom Films in May 2011. The option rights were sold for 1,593 KSEK plus an additional 6,373 KSEK upon commencement of principal photography and 5% of net profit of the related film. Paradox's share of all Buck Rogers proceeds is 47.5%.

Age of Conan web series

The development of the web series "Age of Conan: Hyboria!" continues and is currently in production. 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

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

The Company finalized two additional co-productions during the period:

- “Freelancers” starring Robert De Niro, Forest Whitaker and Curtis “50 Cent” Jackson. Filming began in early April 2011, and the Company received a producer fee for its financing and production services.
- “Fire With Fire” starring Bruce Willis and Josh Duhamel. Filming began in June 2011. The company invested 18.9 MSEK in the picture against 43.5 MSEK of pre-sold foreign revenues. The Company received a producer fee for its co-production services and will also receive a financing fee on collection of revenues, as well as a small percentage of any profits in the film.

Paradox Entertainment has also signed a contract with German Bavariapool to co-produce, initially, five co-productions. The first of these co-production projects is scheduled to commence in early 2012.

Development

Work continues on several of the Company's own properties. Screenplays for Dark Agnes, Vultures and Pigeons from Hell are in development.

External product licensing

The company entered into two agreements for licensing representation during the second quarter. One with BBC Worldwide for U.S. and Canadian rights to their Torchwood series, the fourth season of which is presently airing in the U.S. on cable channel Starz, which is also co-producing the series. The second agreement is with Nu Image, for international product licensing of their upcoming film “Expendables 2”. The Company is also in final negotiations with at least one other large rights holder for representation.

Key personnel

In April 2011, the Company hired a Chief Financial Officer, based in Los Angeles, to oversee the consolidated financial operations for Paradox Entertainment. The CFO will report directly to the CEO and Board of Directors.

KEY EVENTS AFTER THE END OF THE PERIOD

Licensing

Conan Film

“Conan the Barbarian” opened in the U.S. and many other countries on or around August 19. Despite ending up in second place among new releases in the U.S., the first weekend box office was lower than expected at 63.7 MSEK. As previously communicated, Paradox has received all advances for the movie and expects any additional revenue from the movie, after deduction of the advance, at the earliest in 2012.

Age of Conan MMO

In July, Funcom released their hybrid free-to-play model which by August had drawn 300,000 new players to register. It is still too early to determine the impact this will have on future revenue. For additional information, refer to Funcom's website at www.funcom.com.

Production

“Rogue Warrior”

In August, the Company acquired the rights and screen play 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 engaged in pre-production planning for the film and obtaining outside sources of financing which will be secured by the project. Production of the film is anticipated for later this year.

Conan iPhone/iPad game

“Conan: Tower of the Elephant” 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.

The game was developed for Paradox by Moyo/Dogtown Studios. The game uses Chillingo's platform for social games, Crystal, enabling players to compare achievements and their place on the leaderboards, and to easily share their progress through sites such as Facebook and Twitter.

Development

In July 2011, the Company entered into a writing agreement for an original screenplay for “Kull” based on material consisting of a series of short stories by Robert E. Howard. The company is also working on a re-launch of the horror/sci-fi property “Kult”, among other ways through a four-part mini-series from Dark Horse Comics, the first issue of which was published in August.

Stan Lee Media lawsuit

The Company announced on August 22 that Stan Lee Media, Inc. (“SLM”) had filed a lawsuit against Paradox Entertainment, inter alia claiming that SLM, and not Paradox, is the true owner of the Conan property. Paradox purchased the Conan rights over a series of arm’s length transactions for fair value in 2002 and 2003 from parties other than Stan Lee Media. At the time it acquired the Conan rights Paradox acted in reliance on a 2002 final bankruptcy court order which terminated SLM’s rights in the Conan Property. Paradox’s outside general counsel is presently looking into the lawsuit and planning the Company’s legal response to it. It is Paradox's belief that the allegations against the Company and its CEO are both baseless and frivolous, and will most likely be dismissed before trial on statute of limitations and other grounds.

OTHER INFORMATION

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 number of outstanding shares during the period was 44,622,465.

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 unanimously 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>		

Financing

In June, Paradox Entertainment entered into a bridge loan agreement with a private investment group in the amount of 18.9 MSEK to finance its investment in the co-production film "Fire With Fire". The Company's investment is secured by 43.5 MSEK of pre-sold foreign revenues which will be used to re-pay the loan. The bridge loan earns interest at 2% per month and is secured by the assets of Paradox Entertainment, Inc. In August, the Company received 4.2 MSEK of the pre-sale collections to re-pay the loan. A customary re-financing bank loan is in final negotiations to replace the bridge loan.

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

There were no transactions with related parties during the period.

Forecast

While uncertainty has increased, primarily since lower-than-expected box office results for the Conan movie may affect the Company's business in general, the Board still forecasts that the Company will be able to generate a positive operating income in 2011.

Risk assessment

The Board of Directors 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 development progress and protection of properties, both owned and licensed

The 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 and to not be able to attract new qualified personnel
- To lose key licensees or that they turn 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 26, 2011
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 22, 2011 Interim report, January-September 2011

The reports are 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, www.paradoxent.com, under Investor Relations / Subscribe.

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CONSOLIDATED KEY FIGURES

	06-30-2011	06-30-2010	12-31-2010
Revenue	6,427	10,951	16,967
Operating income before depreciation	-2,344	1,461	961
Operating income after depreciation	-3,015	736	-465
Results after financial income and expense	-3,464	3,634	2,212
Net income	-4,633	3,490	1,730
Total assets	86,540	77,377	76,528
Operating margin, %	-36.5	13.3	5.7
Profit margin, %	-53.9	33.2	13.0
Solvency, %	55.3	82.0	72.8
Quick ratio, %	96.8	88.5	163.4
Earnings per share, SEK	-0.10	0.08	0.04
Earnings per share after dilution, SEK	-0.10	0.08	0.04
Equity per share, SEK	1.07	1.44	1.25
Equity per share after dilution, SEK	1.03	1.39	1.21
Number of employees at period end	11	10	10
Number of shares at period end	44,622,465	44,622,465	44,622,465
Number of options outstanding at period end	2,175,000	2,127,560	1,500,000
Average number of shares during the period before dilution	44,622,465	44,622,465	44,622,465
Average number of shares during the period after dilution	46,234,965	46,125,025	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	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full Year 2010
Operating income					
Revenue (note 1)	3,466	4,712	6,427	10,951	16,967
Other income	0	0	0	0	668
	3,466	4,712	6,427	10,951	17,635
Operating expenses					
Other operating costs	-2,157	-2,413	-4,667	-5,723	-8,976
Staff costs	-2,413	-2,023	-4,104	-3,767	-7,698
	-4,570	-4,436	-8,771	-9,490	-16,674
Operating income before depreciation	-1,104	276	-2,344	1,461	961
Depreciation and amortization	-332	-522	-671	-725	-1,426
Operating income after depreciation	-1,436	-246	-3,015	736	-465
Results from financial investments					
Interest income and similar items	-27	3,137	0	3,153	3,169
Interest expense and similar items	-102	-150	-449	-255	-492
	-129	2,987	-449	2,898	2,677
Income after financial items	-1,565	2,741	-3,464	3,634	2,212
Income taxes (note 2)	-1,045	139	-1,169	-144	-482
Net income	-2,610	2,880	-4,633	3,490	1,730
Earnings per share, SEK	-0.06	0.06	-0.10	0.08	0.04
Earnings per share after dilution, SEK	-0.06	0.06	-0.10	0.08	0.04
Average number of shares during the period before dilution	44,622,465	44,622,465	44,622,465	44,622,465	44,622,465
Average number of shares during the period after dilution	46,347,465	46,250,025	46,234,965	46,125,025	46,228,338

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full Year 2010
Net income	-2,610	2,880	-4,633	3,490	1,730
Other comprehensive income					
Currency translation differences	-289	3,978	-4,302	4,321	-3,505
Tax on unrealized foreign exchange rate changes	62	-775	904	-840	744
Comprehensive income	-2,837	6,083	-8,031	6,971	-1,031

CONSOLIDATED BALANCE SHEETS

	KSEK	06-30-2011	06-30-2010	12-31-2010
ASSETS				
Fixed assets				
Intangible assets				
Rights and trademarks (note 3)		53,265	65,609	57,386
Tangible assets				
Equipment, tools, fixtures and fittings		158	139	186
Financial assets				
Deferred tax asset		6,838	4,957	7,402
Total fixed assets		60,261	70,705	64,974
Current assets				
Accounts receivable - trade		2,104	2,774	1,579
Other receivables (note 4)		22,653	2,428	2,146
Prepaid expenses and accrued income		254	151	592
		25,011	5,353	4,317
Cash and bank balances		1,268	1,319	7,237
Total current assets		26,279	6,672	11,554
TOTAL ASSETS		86,540	77,377	76,528
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		4,462	4,462	4,462
Other contributed equity		40,775	40,678	40,774
Reserves		-7,860	1,455	-4,838
Retained earnings		15,094	13,395	13,590
Net income		-4,633	3,490	1,730
		47,838	63,480	55,719
Long term liabilities				
Interest bearing liabilities		5,000	0	6,667
Deferred tax liability		6,555	6,355	7,069
		11,555	6,355	13,736
Current liabilities				
Accounts payable - trade		2,818	2,417	1,079
Interest bearing liabilities		2,667	2,720	3,389
Other liabilities (note 4)		19,282	387	1,023
Accrued expenses and deferred income		2,380	2,018	1,582
		27,147	7,542	7,073
TOTAL EQUITY AND LIABILITIES		86,540	77,377	76,528

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	KSEK	06-30-2011	06-30-2010	12-31-2010
Shareholders' equity at beginning of year		55,719	56,466	56,466
Comprehensive income		-8,031	6,971	-1,031
Incentive / warrants		151	43	284
Shareholders' equity at end of year		47,839	63,480	55,719

CONSOLIDATED CASH FLOW ANALYSIS

	KSEK	06-30-2011	06-30-2010	12-31-2010
Operating activities				
Operating income before financial items		-3,015	736	-465
Other adjustments for non-cash		771	804	1,460
Interest income and similar items		130	111	127
Interest expense and similar items		-449	-255	-492
Cash flow from operating activities before changes in operating assets and liabilities		-2,563	1,396	630
Changes in operating assets and liabilities				
Increase/(decrease) in accounts receivable		-526	-673	522
Increase/(decrease) in other receivables		-20,507	-257	-416
Increase/(decrease) in accounts payable		1,740	595	-743
Increase/(decrease) in other current liabilities		130	-2,605	-2,405
Cash flow from operating activities		-19,163	-1,544	-2,412
Investment activities				
Acquisitions of intangible fixed assets		-904	-1,838	-2,383
Acquisitions of tangible fixed assets		0	3,042	-108
Cash flow from investment activities		-904	1,204	551
Financing activities				
Borrowings		18,927	0	8,000
Subscription options		0	43	46
Amortized loans		-2,390	-389	-829
Cash flow from financing activities		16,537	-346	7,217
Changes in cash		-6,093	-686	5,356
Cash and cash equivalents at beginning of period		7,237	1,973	1,973
Exchange rate differences on cash and cash equivalents		124	32	-92
Cash and cash equivalents at end of period		1,268	1,319	7,237

PARENT COMPANY INCOME STATEMENT

	KSEK	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full Year 2010
Operating income						
Revenue (note 1)		568	699	1,139	1,339	2,558
Other income		0	0	0	0	668
		568	699	1,139	1,339	3,226
Operating expenses						
Other operating costs		-509	-616	-894	-1,065	-1,666
Staff costs		-116	-167	-258	-321	-536
		-625	-783	-1,152	-1,386	-2,202
Operating income before depreciation		-57	-84	-13	-47	1,024
Depreciation and amortization		0	0	0	0	0
Operating income after depreciation		-57	-84	-13	-47	1,024
Results from financial items						
Interest income and similar items		705	3,923	1,463	4,671	6,003
Interest expense and similar items		-114	-67	-444	-161	-395
		591	3,856	1,019	4,510	5,608
Results after financial items		534	3,772	1,006	4,463	6,632
Income tax expense (note 2)		-1,045	-968	-1,169	-1,215	-944
Net income		-511	2,804	-163	3,248	5,688

PARENT COMPANY BALANCE SHEET

	KSEK	06-30-2011	06-30-2010	12-31-2010
ASSETS				
Fixed assets				
Financial fixed assets				
Deferred tax asset		3,017	2,267	3,281
Shares in group companies		13,038	13,038	13,038
Receivables from affiliated companies		44,167	48,271	46,643
		60,222	63,576	62,962
Current assets				
Current receivables				
Receivables from subsidiaries		5,991	2,576	3,654
Other receivables		91	88	54
Prepaid expenses and accrued income		85	89	101
		6,167	2,753	3,809
Cash and bank balances		248	921	4,602
		6,415	3,674	8,411
TOTAL ASSETS		66,637	67,250	71,373
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		4,462	4,462	4,462
Statutory reserve		35,677	35,677	35,677
Unrestricted equity				
Premium account		5,098	5,052	5,098
Fair value		-3,340	4,479	-807
Retained earnings		14,789	9,102	9,102
Net income		-163	3,248	5,688
Total shareholders' equity		56,523	62,020	59,220
Long-term liabilities				
Other non-current liabilities		5,000	0	6,667
		5,000	0	6,667
Current liabilities				
Accounts payable - trade		256	89	228
Interest bearing liabilities		2,667	2,720	3,389
Liabilities to group companies		99	99	99
Other liabilities		356	387	342
Accrued expenses and deferred income		1,736	1,935	1,428
		5,114	5,230	5,486
TOTAL EQUITY AND LIABILITIES		66,637	67,250	71,373

ADDITIONAL INFORMATION

Note 1 Segment reporting statement

	Conan	Parent company & other	Eliminations	Total group
Revenue	2,859	4,705	-1,137	6,427
Operating expenses	-373	-9,535	1,137	-8,771
Depreciation and amortization	-387	-284		-671
Operating income	2,099	-5,114	0	-3,015
Net financial items	0	-449		-449
Income after financial items	2,099	-5,563		-3,464
Investment in intangible assets	514	390		904

Note 2 Taxes

The parent company has accrued taxes of 11.5 MSEK, which gives a book tax asset of 3 MSEK. The Group's deferred tax asset at period end is 6.8 MSEK and a deferred tax liability of 6.6 MSEK.

The Company reported an estimated tax expense of 1.2 MSEK for the period January-June 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	904
Net amortization	-781
Net foreign currency translation	-4,244
Value at 06-30-2011	53,265

Note 4 Other receivables and other liabilities

Other receivables includes the company's financing of 18.9 MSEK for the co-production film "Fire With Fire" to a third party production company. The financing loan is secured by 43.5 MSEK of pre-sold foreign revenues of which 4.2 MSEK was received after period end.

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 18.9 MSEK which is included in other liabilities. The loan will be repaid by collection of foreign pre-sales that are securing the investment. The bridge loan earns interest at 2% per month and is also secured by the assets of Paradox Entertainment, Inc. The bridge loan has subsequently been re-paid with 4.2 MSEK and the balance is in the process of being re-financed by way of a customary bank finance loan.