



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 – SEPTEMBER 2012

- **Revenue 7,685 KSEK (8,998)**
- **Operating income -4,524 KSEK (-5,108)**
- **Income after financial items -4,372 KSEK (-5,634)**
- **Net Income was -5,136 KSEK (-6,017) for the period and -3,868 KSEK (-1,384) for the third quarter**
- **Earnings per share -0.07 kr (-0.13 kr)**
- **New “Conan the Barbarian” movie with Universal Studios announced after period end**
- **Principal photography on co-production film “Reasonable Doubt” commenced November 18, 2012**
- **“Fire with Fire” film loan repaid, improving solvency for the period**
- **New co-finance project negotiated, “The Optimist”**
- **Positive operating income expected for Q4, overall net loss for full year 2012**

FINANCIAL SUMMARY

Group revenue was 7,685 KSEK (8,998). Operating income was -4,524 KSEK (-5,108). Income after financial items was -4,372 KSEK (-5,634). Net income for the third quarter was -3,868 KSEK (-1,384) and -5,136 KSEK (-6,017) for the period to date. Shareholders' equity at period end was 53,296 KSEK (50,004) and the change in shareholders' equity was -5,948 KSEK for the period, of which -1,695 KSEK was related to translation differences. The solvency was 67.9 % (52.3 %). Investments in intangible assets were 363 KSEK (1,180) 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 September 30, 2012, 6.5284 SEK per USD (6.8580). The average exchange rate for the period was 6.8137 SEK per USD (6.8310).

Comment from Fredrik Malmberg, President & CEO

The third quarter saw high activity in all business areas. Furthermore, we have continued work on our strategic plan during the period and our Board Member, Carl Molinder, has been operating out of the U.S. office since September 5 to assist management with implementation and analysis.

A major deal with Universal Studios was negotiated during the period and finalized during October for the live action feature film rights to Conan. Arnold Schwarzenegger, who became an international

star by his portrayal as the character in the original 1982 film, has announced his attachment to the project which is already in development at the studio. Paradox retains control of worldwide merchandising rights and current plans are for a 2014 release. This is a significant deal for several reasons. If Universal and Paradox succeed in creating an international blockbuster then Paradox can exploit the brand in future films, tv-series, interactive entertainment, and other merchandising significantly for a period of 10-15 years. Furthermore, it creates a platform to launch other Robert E. Howard characters such as Dark Agnes and Kull, which we have prepared to be ready to go. Lastly, building a lasting relationship with a major studio such as Universal can be a major breakthrough for our bigger-budget projects in the future.

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

The Company is offered new co-financing opportunities in greater volume than before, which is in line with the growth of independent film production and a result of our strengthened position in the market. In order for us to expand this business area we need to source additional funds for placement which is a current focus for management. During the period a number of projects have been offered and vetted, as part of ongoing business.

Ubisoft announced the “Expendables 2” and “Spartacus” video games, which our licensing department brokered the deals for. Various other licensed products were released during the period, notably a board game adaptation of “Spartacus”. We were represented at the Brand Licensing Show in London and the Frankfurt Book Fair where contract discussions and renewed contracts for various categories are part of ongoing business activities. Work has now begun to select sub-agents and master licensees for the new “Conan” film.

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.

Solomon Kane

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

Development of Entertainment Licenses

Dark Agnes

French director Christophe Gans (“Brotherhood of the Wolf”) will direct the movie and 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 the 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 third quarter of 2013.

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.

Reasonable Doubt

“Reasonable Doubt” (formerly “The Good Samaritan”), is a co-production collaboration between Paradox, Bavariapool and Canadian South Creek Pictures which was announced in March 2012. “Reasonable Doubt” is written by Peter Dowling (“Flightplan”) and will be directed by Peter Howitt (“Sliding Doors”). The film was green-lit during the third quarter, and casting negotiations were finalized with Samuel L. Jackson and Dominic Cooper to star in the lead roles. Principal photography for the film commenced on November 18, 2012, in Winnipeg Canada.

Night Hunter

In September 2012, Paradox partnered with Haxan Films (“Blair Witch Project”) to co-produce the film currently titled “Night Hunter”, anticipated to commence in 2013.

Bavariapool

Paradox Entertainment has signed a contract with German Bavariapool, a joint venture between Bavaria Film and Telepool, to initially co-produce five films. 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 is “Reasonable Doubt” (formerly “The Good Samaritan”).

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

Thunder Run

In July 2012, Paradox provided co-financing for a portion of the film “Thunder Run” in collaboration with Freedom Films, LLC. However, in September 2012, Freedom Films was unable to provide the remaining financing for the film in the time period required and the funds were returned.

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

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

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

Incentive Program

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

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

KEY EVENTS AFTER THE END OF THE PERIOD

Co-productions/Co-financing

Conan

After the less than expected result of the 2011 Conan movie, the Board has been evaluating different options regarding the Company's major IP "Conan the Barbarian" that could be implemented once the rights from the previous movie became contractually available. During the second half of this year, the Company negotiated a new Conan movie deal with Universal Studios in which Arnold Schwarzenegger returns in the role of Conan. Universal and Paradox are in agreement on the material deal terms, finalized in October 2012. The development of the movie, with the working title "The Legend of Conan", has been fast-tracked for a planned summer 2014 release. Chris Morgan ("Wanted", "Ronin 47") is currently working on the screenplay. The deal is presently in the process of so called long-form negotiations with Universal. These final negotiations are expected to finalize before year-end.

The initial negotiated deal follows industry standard structure with fees for movie and sequel options, followed by a producer and a rights fee at the start of each production. Paradox will receive a customary moderate share of the back-end after each movie has reached cash break-even. Paradox retains the rights for movie-based and classic merchandise, sharing a portion of the revenues with Universal. A positive trend in that revenue stream is expected, but it is still too early to give any projections and is dependent on the success of the movie. This first movie is expected to have a budget of more than 100 MUSD.

Strategically this relationship with Universal will be very important for the Company. Even more so should Arnold Schwarzenegger return in the role as Conan. However, there are always uncertainties with these large productions, especially regarding timing but also regarding whether the project actually takes off. The Company has high expectations and Universal has been quick to start development of a new script. Should a major movie production take place, the Company can expect increased revenues directly from the film as well as from merchandising. There is also a fair chance that there will be an increased interest in some of the other IPs, related to Conan, that the Company owns. The Company is

already being contacted by both its present licensors and new potential licensors after the announcement by Universal. However, except for the fee for the option and the rights fee, which will be due upon signing and starting of principal photography, the Company does not expect any increase in revenues due to this increased activity until the production of the movie is well under way. Should the present time table hold true, this would mean earliest during 2014. The final outcome of these additional revenue streams will also be highly dependent on the final success of the movie.

The Optimist

In October 2012, the Company entered into a co-financing agreement with German company Magnet Media Productions GmbH to finance the film "The Optimist". The two companies are currently working with the director on casting for the film which is anticipated for production in 2013.

OTHER INFORMATION

Press Releases

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

Copyright and trademarks

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

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

Protection of rights

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

Financing

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

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

In September 2011, the Company re-financed its loan for the co-production film "Fire with Fire". The loan is secured by the film's sales in foreign territories outside North America. The film was delivered in July 2012 and 12.8 MSEK of the loan was repaid through sales collections during the third quarter, thus improving the Company's solvency for the period. The loan was subsequently repaid in full in October 2012.

Company share

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

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

There are 78,110,365 outstanding shares in Paradox Entertainment AB, of which 2,100,000 shares are restricted and vested in three equal parts on May 31 in 2013, 2014 and 2015. There 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 is expecting positive operating income for the forth quarter 2012, however the full year is expected to have an overall net loss.

Stockholm, November 29, 2012
Paradox Entertainment AB (publ)
Corporate identity number: 556536-8684

INVESTOR RELATIONS

Upcoming financial statements

February 28, 2013 Annual Earnings, January-December 2012

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

Annual General Meeting

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

Subscribe to press releases

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

Contact information

Paradox Entertainment AB (publ)
Nybrogatan 15
114 39 Stockholm
Tel: 08-555 177 94
Fax: 08-555 177 99

Paradox Entertainment Inc
8484 Wilshire Boulevard, Suite 870
Beverly Hills, CA 90211, USA
Tel: +1 (323) 655 1700
Fax: +1 (323) 655 1720

More information

Questions regarding this report may be directed to:

Fredrik Malmberg,
Chief Executive Officer
Tel: +1 (323) 655-1700, Mob: +1 (310) 663-3214
fmalmberg@paradoxent.com

Joakim Zetterberg,
Director of Licensing/Investor Relations
Tel: +1 (323) 655-1708, Mob: +1 (310) 623-2918
jzetterberg@paradoxent.com

Torsten Engevik,
Vice Chief Executive Officer
Tel: 08-555 177 94, Mob: 0738-20 25 40
torsten.engevik@paradox-entertainment.com

CONSOLIDATED KEY FIGURES

	09-30-2012	09-30-2011	12-31-2011
Revenue	7,685	8,998	10,626
Operating Income	-4,524	-5,108	-6,968
Income after Financial Items	-4,372	-5,634	-7,875
Net Income	-5,136	-6,017	-8,369
Total Assets	78,480	95,519	102,989
Operating Margin, %	-44.39	-44.50	-50.70
Profit Margin, %	-56.89	-62.60	-74.20
Solvency, %	67.91	52.30	57.60
Quick Ratio, %	121.93	91.90	112.60
Earnings per share, kr	-0.07	-0.13	-0.18
Earnings per share after dilution, kr	-0.06	-0.13	-0.17
Equity per share, kr	0.69	1.12	0.78
Equity per share after dilution, kr	0.67	1.08	0.76
Number of employees at period end	6	11	6
Number of shares at period end	78,110,365	44,622,465	76,010,365
Number of options outstanding at period end	3,625,000	2,175,000	2,175,000
Average number of shares during the period before dilution	76,710,365	44,622,465	47,238,123
Average number of shares during the period after dilution	79,368,698	46,422,465	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	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Operating income					
Revenue (note 1)	808	2,571	7,094	8,998	10,626
Other income (note 2)	0	0	591	0	0
	808	2,571	7,685	8,998	10,626
Operating expenses					
Other operating costs	-2,503	-1,898	-7,042	-6,565	-7,803
Staff costs	-1,481	-2,333	-4,054	-6,437	-8,212
Depreciation and Amortization	-379	-433	-1,113	-1,104	-1,579
	-4,363	-4,664	-12,209	-14,106	-17,594
Operating Income	-3,555	-2,093	-4,524	-5,108	-6,968
Financial income and expenses					
Interest Income and Similar Items	1,041	3	2,647	3	1,840
Interest Expense and Similar Items	-1,296	-80	-2,495	-529	-2,747
	-255	-77	152	-526	-907
Income after Financial Items	-3,810	-2,170	-4,372	-5,634	-7,875
Income Taxes (note 3)	-58	786	-764	-383	-493
Net Income	-3,868	-1,384	-5,136	-6,017	-8,369
Earnings per share, kr	-0.05	0.03	-0.07	-0.13	-0.18
Earnings per share after dilution, kr	-0.05	0.03	-0.06	-0.13	-0.17
Average Number of Shares During the Period Before Dilution	78,110,365	44,622,465	76,710,365	44,622,465	47,238,123
Average Number of Shares During the Period After Dilution	81,735,365	46,797,465	79,368,698	46,422,465	49,131,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Net Income	-3,868	-1,384	-5,136	-6,017	-8,369
Other Comprehensive Income					
Currency Translation Differences	-400	4,655	-968	353	189
Tax on Unrealized Foreign Exchange Rate Changes	-1,357	-1,106	-727	-202	-227
Comprehensive Income	-5,625	2,165	-6,831	-5,866	-8,407

CONSOLIDATED BALANCE SHEETS

	KSEK	09-30-2012	09-30-2011	12-31-2011
ASSETS				
Fixed Assets				
Intangible Assets				
Rights and Trademarks (note 4)		54,056	57,824	58,084
Tangible Assets				
Equipment, Tools, Fixtures and Fittings		203	153	135
Financial Assets				
Deferred Tax Asset		7,451	6,850	7,810
Total Fixed Assets		61,710	64,827	66,029
Other Current Assets				
Accounts Receivable - Trade		917	2,317	1,072
Other Receivables (note 5)		14,816	27,318	32,406
Prepaid Expenses and Accrued Income		208	252	366
		15,941	29,887	33,843
Cash and Bank Balances		829	805	3,117
Total Current Assets		16,770	30,692	36,960
TOTAL ASSETS		78,480	95,519	102,989
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital		7,811	4,462	4,462
Unregistered Capital Issued		0	0	11,781
Other Contributed Equity		50,047	40,774	40,774
Reserves		-6,571	-4,309	-4,875
Retained Earnings		7,145	15,094	15,471
Net Income		-5,136	-6,017	-8,369
		53,296	50,004	59,244
Long Term Liabilities				
Interest Bearing Liabilities (note 6)		3,968	4,995	3,331
Deferred Tax Liability		7,462	7,126	7,580
		11,430	12,121	10,911
Current Liabilities				
Accounts Payable - Trade		2,089	4,313	3,615
Interest Bearing Liabilities (note 6)		9,983	25,757	24,944
Other Liabilities		330	374	1,070
Accrued Expenses and Deferred Income		1,352	2,950	3,205
		13,754	33,394	32,834
TOTAL EQUITY AND LIABILITIES		78,480	95,519	102,989

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	KSEK	09-30-2012	09-30-2011	12-31-2011
Shareholders' equity at beginning of year		59,244	55,719	55,719
Comprehensive income		-6,831	-5,866	-8,407
Incentive / warrants		43	151	151
New Shares Issued		840	0	0
Unregistered Capital Issued		0	0	11,781
Shareholders' equity at end of year		53,296	50,004	59,244

CONSOLIDATED CASH FLOW ANALYSIS

	KSEK	09-30-2012	09-30-2011	12-31-2011
Operating Activities				
Operating Income before Financial Items		-4,524	-5,108	-6,968
Other Adjustments For Non-Cash		1,409	1,036	53
Interest Income and Similar Items		2,647	3	282
Interest Expense and Similar Items		-2,495	-529	-2,733
Cash Flow from Operating Activities before Changes in Operating Assets and Liabilities		-2,963	-4,598	-9,366
Changes in Operating Assets and Liabilities				
Increase/(Decrease) in Accounts Receivable		155	-738	507
Increase/(Decrease) in Other Receivables		17,844	-24,832	-30,034
Increase/(Decrease) in Accounts Payable		-1,526	3,234	2,536
Increase/(Decrease) in Other Current Liabilities		-2,593	719	98
Cash Flow from Operating Activities		10,917	-26,215	-36,259
Investment Activities				
Acquisitions of Intangible Fixed Assets		-347	-1,180	-1,190
Sale of Intangible Fixed Assets		0	170	0
Acquisitions of Tangible Fixed Assets		-178	0	-23
Cash Flow from Investment Activities		-525	-1,010	-1,213
Financing Activities				
Borrowings		718	23,421	24,241
Subscription Options		43	0	151
Paid-in New Shares		840	0	12,055
Amortized Loans		-14,324	-2,726	-3,061
Cash Flow from Financing Activities		-12,723	20,695	33,386
Changes In Cash		-2,331	-6,530	-4,086
Cash and Cash Equivalents at Beginning of Period		3,117	7,237	7,237
Exchange Rate Differences on Cash and Cash Equivalents		43	98	-34
Cash and Cash Equivalents at End of Period		829	805	3,117

PARENT COMPANY INCOME STATEMENT

	KSEK	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Operating income						
Revenue (note 1)		587	617	1,810	1,756	2,379
Other income (note 2)		0	0	591	0	0
		587	617	2,401	1,756	2,379
Operating expenses						
Other operating costs		-783	-375	-1,928	-1,269	-1,122
Staff costs		0	-41	-8	-299	-423
Depreciation and Amortization		0	0	0	0	0
		-783	-416	-1,936	-1,568	-1,545
Operating Income		-196	201	465	188	834
Financial income and expenses						
Interest Income and Similar Items		1,175	1,072	4,158	2,535	4,478
Interest Expense and Similar Items		-1,037	-55	-1,717	-499	-856
		138	1,017	2,441	2,036	3,622
Income After Financial Items		-58	1,218	2,906	2,224	4,456
Income tax expense (note 3)		-58	786	-764	-383	-1,172
Net Income		-116	2,004	2,142	1,841	3,284

PARENT COMPANY BALANCE SHEET

	KSEK	09-30-2012	09-30-2011	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		2,121	2,697	2,159
Shares in Group Companies		13,038	13,038	13,038
Receivables from Affiliated Companies		45,703	48,010	48,468
Total Fixed Assets		60,862	63,745	69,720
Other Current Assets				
Current Receivables				
Receivables from Subsidiaries		20,225	7,142	12,674
Other Receivables		344	67	248
Prepaid Expenses and Accrued Income		121	85	100
		20,690	7,294	13,022
Cash and Bank Balances		801	86	2,508
Total Current Assets		21,491	7,380	15,530
TOTAL ASSETS		82,353	71,125	85,250
EQUITY AND LIABILITIES				
Restricted Equity				
Share Capital		7,811	4,462	4,462
Unregistered Capital Issued		0	0	12,555
Statutory Reserve		35,677	35,677	35,677
Unrestricted Equity				
Premium Account		15,088	5,098	5,097
Fair Value		-2,208	-603	-170
Retained Earnings		17,299	14,789	14,016
Net Income		2,143	1,841	3,284
Total Shareholders' Equity		75,810	61,264	74,921
Long-Term Liabilities				
Other Non-Current Liabilities		3,968	4,995	3,331
		3,968	4,995	3,331
Current Liabilities				
Accounts Payable - Trade		270	235	1,266
Interest Bearing Liabilities		1,024	2,336	3,664
Liabilities to Group Companies		99	99	99
Other Liabilities		330	374	736
Accrued Expenses and Deferred Income		852	1,822	1,233
		2,575	4,866	6,998
TOTAL EQUITY AND LIABILITIES		82,353	71,125	85,250

ADDITIONAL INFORMATION

Note 1 Segment Reporting Statement

	Conan	Parent Company & Other	Eliminations	Total Group
Revenue	2,855	7,890	-3,060	7,685
Operating Expenses	-3,717	-10,439	3,060	-11,096
Depreciation and Amortization	-632	-481	0	-1,113
Operating Income	-1,494	-3,030	0	-4,524
Net Financial Items	0	152	0	152
Income After Financial Items	-1,494	-2,878	0	-4,372
Investment In Intangible Assets	284	-78	0	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 8 MSEK, which gives a book tax asset of 2.1 MSEK. The Group's deferred tax asset at period end is 7.5 MSEK and a deferred tax liability of 7.5 MSEK.

The Company reported an estimated tax expense of 0.8 MSEK for the period Q1-Q3 2012, which relates to deferred tax. Tax related to changes in unrealized exchange rate fluctuations have affected the equity directly and are included under translation differences.

No current income tax is payable for the period.

Note 4 Intangible Fixed Assets

Intangible assets consist of the following for the period:

	KSEK
Value at 01-01-2012	58,084
Net Purchases	363
Net Sales	0
Net Amortization	-1,042
Net foreign currency translation	-3,349
Value at 09-30-2012	54,056

Note 5 Other Receivables

Other receivables includes the company's financing of 20.9 MSEK for the co-production film "Fire with Fire" to a third party production company, which was secured by 62.3 MSEK of pre-sold foreign revenues. The financing loan 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 5.7 MSEK which includes accrued financing fees of 3.7 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 8.7 MSEK.

Note 6 Interest Bearing Liabilities

Interest Bearing Liabilities consist of the following at period end:

	KSEK
Bank loan, secured by Funcom royalties and shares in the Paradox Entertainment, Inc., paid quarterly with a variable interest rate of STIBOR 3M +4 %. The loan matures March 2015.	4,992
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 and was fully repaid after period end.	4,833
Development loan for pre-production expenditures in the picture "Rogue Warrior". The loan balance includes a flat financing fee of 20 % and is due November 2012. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture. The loan is secured only by the investment in the film asset.	2,063
Development loan for pre-production expenditures in the picture "Rogue Warrior". The loan balance includes a flat financing fee of 20 % and is due November 2012. The loan is in the process of being renegotiated to extend the term an additional 12 months to coincide with financing of the picture. The loan is secured only by the investment in the film asset.	2,063
Total Interest Bearing Liabilities	13,951
Less current portion	-9,983
Long term portion	3,968

Note 7 Cash Due from Share Issue

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