



MindArk PE AB (publ) develops, operates and markets Entropia Universe and the Entropia Platform. Entropia Universe is a 3D Internet virtual universe with a unique integrated economic system and stunning graphics. The client software is free-of-charge and available to anyone with Internet access. The Entropia Platform is a secure entertainment and business platform, enabling companies and organizations all over the world to build content on themed planets inside Entropia Universe.

Mid-Year Report January – June 2012

Technical Development 2012

During the first half of 2012, MindArk has further improved the EU PDK (EU Partner Development Kit) to simplify the development process for Planet Partners.

New instancing technology was also released, which enables partners to create game content that scales in a cost effective way.

MindArk has also worked intensively on the completion of a new avatar creation system that will make the most out of the CryEngine2 graphics engine. The new avatar creation system will be released in early autumn, and will enable participants to define much more varied and realistic-looking avatars.

MindArk has also initiated the development of a platform that will open Entropia Universe for mobile applications (apps).

Entropia Smartphone App

It is important for our participants to have access to part of the Entropia Universe functionality while on the move. MindArk is now well into the process of developing the first Entropia Universe mobile app for smartphones and tablets (iOS and Android). Initially, these apps will provide access to the Inventory, Auction and Construction systems of Entropia Universe.

MindArk believes that mobile gaming will continue to increase its share of the total market for gaming. MindArk

follows the mobile gaming market closely to identify opportunities for Entropia Universe.

New Planet Releases

In May 2012, a fifth planet, Planet Cyrene, was released in Entropia Universe. The company behind Planet Cyrene, Creative Kingdom, is based in Los Angeles, USA and is targeting the PvP (Player versus Player) market.

A sixth planet, Planet Toulan, produced by Beladcom and headquartered in Amman, Jordan, is in full production. Estimated launch for Planet Toulan is late 2012.



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Collaboration with Project Whitecard

MindArk has entered into a joint venture with Project Whitecard, Inc., to develop a new client that can deliver MMO gaming on virtually any browser and mobile platform.

Mutual Settlement regarding Planet Calypso

In June 2012, the arbitration between SEE Digital Studios and AR Universe/MindArk regarding Planet Calypso was settled. AR Universe and MindArk are satisfied with the settlement arrangement.

Economic Development

Net contribution from end users (excluding deposits used for Calypso Land Deeds) during the first six months of 2012 was 23.1 million SEK compared, to 23.7 million SEK the same period in the previous year, a decrease of 2.5%.

All remaining Calypso land deeds were sold during the first six months of 2012, with the exception of 1 000 deeds. These deeds will be distributed on Planet Calypso as loot and event prizes.

In April 2012, a single investor acquired 25 000 Calypso land deeds. These deeds were delivered after June 30. The revenue from this sale is not accounted for in this half-year report.

Operating expenses increased from 27.3 million SEK the previous year to 41 million SEK this year. This increase is mainly a result of the settlement with SEE.

The profit before taxes for MindArk Group amounts to minus 12.2 million SEK compared to minus 8.2 million SEK for the previous year.

Cash Flow and Liquid Assets

One of the goals for 2012 was to reach a positive cash flow. The cash flow has improved compared to the development during 2011 and was positive during the first six months of 2012. Cash flow balance on June 30 was plus 3.1 million SEK. The Group's liquid assets, including short term certificates as of June 30,



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totaled approximately 12.7 million SEK compared to 6.6 million SEK for the previous year.

Annual Meeting 2012

The annual meeting for 2012 was held on June 29 in the company's offices. Nothing beyond standard decisions according to the articles of association was decided by the meeting.

Board members Jan Welter Timkrans (Chairman) and Sven Sandberg were reelected. David Simmonds, CEO of MindArk, was elected as a new board member. It was resolved in the meeting that the Board should not have any alternate.

Forecast for Second Half of 2012

The current operations are expected to generate somewhat higher net deposits than for the same period in 2011.

Operating expenses are expected to be significantly lower than for the first six months of 2012, mainly due to extraordinary items that accrued during that period.

Accounting Principles

This semi-annual report has been compiled according to the laws concerning annual accounts. The accounting principles are unchanged compared to the last annual report.

Receivables are shown as the value at which they are expected to be

paid. Other assets and debts are shown at acquisition value unless otherwise noted.

Accrual of income and costs are shown according to accepted accounting practices. For further descriptions of accounting principles, see the 2011 Annual Report.



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Financial Information

For further information concerning the company's financial results, standing and cash flow during the period, see results and balance reports below, as well as the cash flow analysis and key figures.

Göteborg, August 30, 2012

The Board of Directors



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Mid-Year Report January – June 2012

Review report

I have reviewed this report for the period 1 January 2012 to 30 June 2012 for MindArk PE AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with the Swedish Annual Accounts Act. My responsibility is to express a conclusion on this interim report based on my review.

I conducted my review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the interim report is not prepared, in all material respects, in accordance with the Swedish Annual Accounts Act.

Göteborg, 31 August 2012

Magnus Götenfelt
Authorised Public Accountant



| INCOME STATEMENT (kSEK) | GROUP | | PARENT COMPANY | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | JANUARY–JUNE 2012 | JANUARY–JUNE 2011 | JANUARY–JUNE 2012 | JANUARY–JUNE 2011 |
| Net sales | 23 844 | 23 907 | 20 805 | 23 028 |
| Other income | 9 164 | 213 | 63 | 1 514 |
| Operating expenses | - 40 985 | - 27 356 | - 35 408 | - 27 487 |
| Depreciation according to plan | - 4 112 | - 4 378 | - 3 436 | - 3 511 |
| Operating profit | - 12 089 | - 7 614 | - 17 976 | - 6 456 |
| Financial items | - 97 | - 583 | 83 | - 465 |
| NET PROFIT BEFORE TAX | - 12 186 | - 8 197 | - 17 892 | - 6 921 |
| | ===== | ===== | ===== | ===== |


BALANCE SHEET (kSEK)
GROUP
PARENT COMPANY

| | JUNE 2012 | JUNE 2011 | JUNE 2012 | JUNE 2011 |
|---------------------------------------|---------------|---------------|---------------|---------------|
| ASSETS | | | | |
| Intangible assets | 17 285 | 17 003 | 15 865 | 17 003 |
| Tangible assets | 11 691 | 18 898 | 10 051 | 16 956 |
| Financial assets | 2 467 | 2 095 | 10 035 | 9 663 |
| Receivables | 11 685 | 39 141 | 11 657 | 7 762 |
| Prepaid expenses | 6 115 | 2 104 | 6 046 | 1 483 |
| Cash and bank balances | 12 680 | 6 594 | 10 831 | 6 008 |
| TOTAL ASSETS | 61 923 | 85 835 | 64 484 | 58 875 |
| EQUITY & LIABILITIES | | | | |
| Equity | 33 959 | 40 871 | 28 444 | 42 369 |
| Short-term liabilities | 27 964 | 44 964 | 36 040 | 16 506 |
| TOTAL EQUITY & LIABILITIES | 61 923 | 85 835 | 64 484 | 58 875 |
| UNCONSUMED USER HOLDING | 67 268 | 61 100 | 67 268 | 61 100 |
| PLEDGED ASSETS | 848 | 1 104 | 848 | 1 104 |



CASH FLOW STATEMENT (kSEK)

GROUP

PARENT COMPANY

| | JANUARY-JUNE 2012 | JANUARY-JUNE 2011 | JANUARY-JUNE 2012 | JANUARY-JUNE 2011 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING ACTIVITIES | | | | |
| Cash received from customers | 33 315 | 24 151 | 18 053 | 23 605 |
| Cash paid to suppliers and personnel | - 29 987 | - 26 775 | - 25 119 | - 26 180 |
| Interest received | 170 | 65 | 170 | 64 |
| Interest paid | - 167 | - 37 | 0 | 0 |
| Income tax paid | - 120 | - 103 | - 646 | - 58 |
| Cash flow operating activities | 3 211 | - 2 699 | - 7 541 | - 2 569 |
| INVESTING ACTIVITIES | | | | |
| Purchase of intangible assets | - 4 288 | 0 | - 4 288 | 0 |
| Purchase of property and equipment | - 264 | - 304 | - 51 | - 64 |
| Sale of property and equipment | 0 | 68 | 0 | 68 |



| | | | | |
|--|----------------|--------------|----------------|------------|
| Investments in other financial assets | 0 | - 64 | 0 | - 64 |
| Amortization financial assets | 0 | 687 | 0 | 687 |
| Increase in long-term receivables | - 184 | - 254 | 0 | - 167 |
| Cash flow from investing activities | - 4 736 | 133 | - 4 339 | 460 |
| FINANCING ACTIVITIES | | | | |
| New share issue | 5 000 | 0 | 5 000 | 0 |
| Group contribution received | 0 | 0 | 9 330 | 0 |
| Other financing / amortization (-) | - 333 | - 141 | 0 | 0 |
| Cash flow from investing activities | 4 667 | - 141 | 14 330 | 0 |



| | | | | |
|---|---------------|----------------|---------------|----------------|
| Cash flow for the period | 3 142 | - 2 707 | 2 450 | - 2 109 |
| Ingoing cash and bank balances | 9 470 | 9 659 | 8 483 | 8 479 |
| Exchange rate differences in cash and bank balances | 68 | - 358 | - 102 | - 362 |
| Outgoing cash and bank balances | 12 680 | 6 594 | 10 831 | 6 008 |



| KEY RATIOS – MINDARK GROUP | JANUARY-JUNE 2012 | JANUARY-JUNE 2011 |
|--|--------------------------|--------------------------|
| Net sales (kSEK) | 23 844 | 23 907 |
| Operating profit (kSEK) | - 12 089 | - 7 614 |
| Financial items (kSEK) | - 97 | - 583 |
| Net profit (kSEK) | - 12 186 | - 8 197 |
| Thousand number of shares issued | 143 294 | 114 635 |
| Operating margin | - 51 % | - 32 % |
| Profit per share (SEK) | - 0,08 | - 0,07 |
| Liquid funds (kSEK) | 12 680 | 6 594 |
| Adjusted Equity (kSEK) | 33 959 | 40 871 |
| Adjusted Equity per share (SEK) | 0,24 | 0,36 |
| Total assets (kSEK) | 61 923 | 85 835 |
| Equity ratio | 55 % | 48 % |
| Number of employees in the MindArk Group | 49 | 66 |