



Q4 2006
Feb 15, 2007



Agenda



1. Company highlights
2. Project Status
3. Financials

Key financial summary, Q4 2006 and full year 2006



TUSD	2006	2005	Q4,2006	Q4,2005
Revenue	10,822	5,291	2,146	2,026
EBIT	-3,220	-1,321	- 1,017	-264
EAT	3,235	-1,476	3,156	-549

Revenue

- Significant revenue increase in 2006
- Revenues from Anarchy Online, Lost Eden were higher than anticipated in Q4/06

Earnings

- Highly positive EAT
 - Favorable changes in currency rates
 - Accumulated tax loss carry forward capitalized in Q4/06
- Negative EBIT, as anticipated, due to increase in sales and marketing activities and other costs primarily related to Age of Conan

Balance

- Cash balance of TUSD 37,423 as of December 31, 2006 and low interest bearing debt




Highlights in Q4 2006

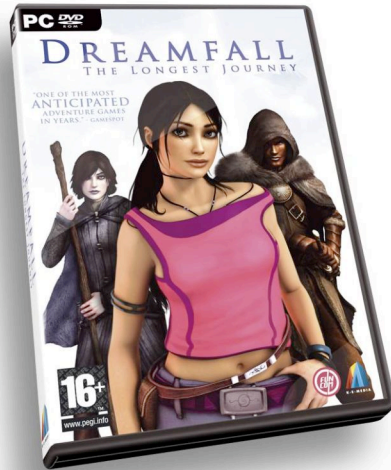
- The launch date of Age of Conan was pushed back to October 30, 2007
- Age of Conan received approval for the XBox360 platform from Microsoft, and SCi/Eidos picked up their option to publish the XBox360 version of the game
- Age of Conan was demonstrated as a Vista Showcase game at the CES show in Las Vegas and at Microsoft Vista launch events in in the US and Europe
- Age of Conan received broad press coverage and is listed on the 'Most Anticipated Games of 2007' lists in several major gaming sites and publications
- Lost Eden, the latest expansion pack for the MMO Anarchy Online, was released successfully
- Dreamfall won a series of 'Game of the Year' awards from the world's leading gaming sites, including 'XBox Game of the Year' by popular vote at Gamespot.com
- Dreamfall was released as a digital download product
- Game industry veteran Michel Cassius joined the Supervisory Board of Funcom.



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Dreamfall - a press favourite



- Continued strong reviewer feedback
 - Gamespy 100%
 - Just Adventure 100%
 - Yahoo 90%
 - Amped IGO 90%
 - And many more...
- Nominated for MTV Music Award
- Best of 2006 - Xbox game, Gamespot pop. vote
- Best of 2006 - Adventure Genre, Gamespy
- Best of 2006 - Best Xbox Adventure, GameZone
- Best of 2006 - Best Voice Acting, Gamespot
- Best of 2006 - Story, Gamespy
- Best of 2006 - Music, Gamespy
- Best of 2006 - Top 10 PC-games, Gamespy
- Best of 2006 - Top 10 Xbox games, Gamespy
- Best of 2006 - Best Xbox Adventure, Gamespy
- and numerous other nominations

- Digital distribution - Steam, D2D etc.
- Continued significant following on gaming sites

Anarchy Online and The World Online



- Successful, bug free, launch of the Lost Eden expansion pack
- Profitable game
- Over 5.5 years with live operations
- Over 1 million USD generated from in-game advertising



- Solid development progress
- Team expanded to 33 employees
- Powered by next version of the proprietary DreamWorld Engine

Age of Conan Rescheduling and reactions



Age of Conan rescheduling

- Full project evaluation conducted during January
- Funcom concluded that further investment of time and capital was required for the game to reach its full potential in quality and subscriber base
- Final launch date set to October 30, 2007

Feedback

- Critical feedback from some analysts
- Negative feedback from some investors
- Positive feedback from some key investors
- Very positive feedback from industry and partners
- Generally positive feedback from fans and players

Age of Conan

Rationale and background for rescheduling



Under-estimation
of production time

- Graphics production
 - GUI
 - High resolution models
 - Playfields
- World Design Software
 - Stability
 - Process improvements

Improvements
based on Beta
feedback

- Improved character development
- Enhanced combat
- Graphics

Age of Conan Project actions



Actions taken:

Increased management capacity

- Expanded task team organizations
- Transfer of senior competence from AO and TWO
- Increased project management capacity

Features & Content

- Cut, simplified and improved

Systems & Process

- Implemented 2 week milestones
- Improved systems for aggregated status

Actions considered, but not implemented:

Cuts in Content

- Major cuts not implemented

Cuts in features

- Major cuts not implemented

Age of Conan – industry exposure

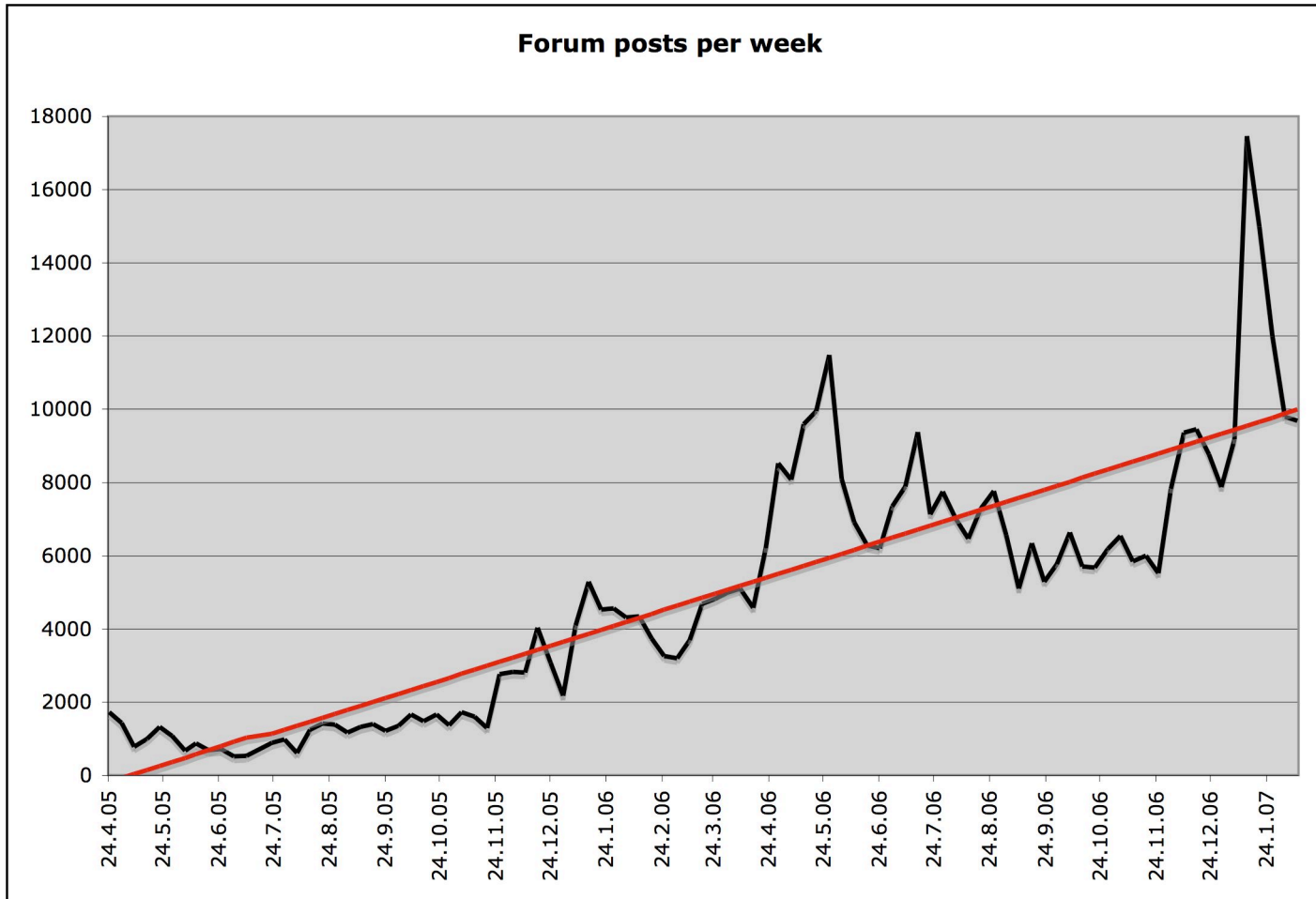


- A main DX 10 game for Microsoft Vista
- CES Vista VIP tent
- CES Key-note speech
- CES show floor display
- Microsoft Vista launch parties in San Francisco, New York, Scandinavia, Paris
- nVidia DX10 demo game, events and conferences
- Eidos international retail meetings

Age of Conan – Early magazine covers



Age of Conan - Community development



- More than 400.000 posts so far
- Every major press event expands community



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Profit and loss account



PROFIT AND LOSS ACCOUNT <i>(Figures in TUSD)</i>	Fourth Quarter		Full Year	
	2006	2005	2006	2005
Revenues, PC/Console	1,555	1,167	8,492	4,432
Revenues, Mobile	591	859	2,330	859
Total Operating Revenues	2,146	2,026	10,822	5,291
Cost of sales			-42	
Operating expenses	-2,510	-2,110	-9,818	-5,799
Depreciation, amortization and write down	-654	-180	-4,182	-813
Total operating expenses	-3,163	-2,290	-14,042	-6,611
Earnings Before Interest and Tax ("EBIT")	-1,017	-264	-3,220	-1,321
Net financial items	1,440	-318	3,819	-161
Earnings Before Tax ("EBT")	423	-582	599	-1,482
Taxes	2,733	33	2,636	6
Earnings After Tax ("EAT")	3,156	-549	3,235	-1,476
Attributable to minority interest	-44	82	-111	82
Attributable to shareholders of Funcom N.V.	3,200	-631	3,346	-1,558
Earnings per share (USD)	0.07	-0.02	0.07	-0.05
Earnings per share fully diluted (USD)	0.07	-0.02	0.07	-0.05
Average number of shares (1000)	47,745	33,544	46,969	28,972
Average number of shares fully diluted (1000)	49,083	34,794	48,306	29,597

Balance sheet



BALANCE SHEET <i>(Figures in TUSD)</i>	31-Dec	
	2006	2005
ASSETS		
Deferred tax asset	2,538	
Other intangible assets	19,698	12,235
Tangible fixed assets	1,028	538
Trade debtors	1,239	644
Prepayments and other receivables	1,610	513
Cash and cash equivalents	37,423	26,380
Total assets	63,536	40,310
EQUITY & LIABILITIES		
Paid in capital	94,441	72,116
Retained earnings	-35,326	-38,744
Equity attributable to minority interest	196	285
Long-term liabilities		
Short-term liabilities	4,225	6,653
Total equity & liabilities	63,536	40,310

Interim segment results



INTERIM SEGMENT RESULTS	Q4	Q1	Q2	Q3	Q4
<i>(Figures in TUSD)</i>	2005	2006	2006	2006	2006
Revenues, PC/Console	1,167	1,287	4,050	1,600	1,555
Revenues, Mobile	859	561	561	617	591
Total operating revenues	2,026	1,848	4,611	2,217	2,146
Sales growth quarter by quarter (%)	17.6 %	-8.8 %	149.6 %	-51.9 %	-3.2 %
EBIT PC/Console	-346	-566	-1,133	-299	-752
EBIT Mobile	82	-64	-88	-54	-264
EBIT Total	-264	-630	-1,221	-353	-1,017