



Q2 2009
26 August 2009



Forward looking statements

- This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking. You should not place undue reliance on these forward-looking statements for many reasons.
- These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relates to events and depend on circumstances that will occur in future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.
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Agenda



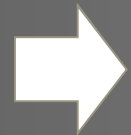
1. Key highlights Q2 2009
2. Key financials
3. Project status
4. Summary and outlook
5. Extract from Q209 financial report



Q2 highlights

- Revenues for the second quarter of 2009 (Q209) were 6,145 TUSD and EBITDA was 748 TUSD.
- The Company's financial position remains strong, with 37,117 TUSD in cash as of June 30, 2009, down from 39.636 TUSD at end of Q109.
- During Q2, the trends towards longer subscription periods in Age of Conan were continued
- The subscriber base has remained relatively stable through the year and to this date, with monthly swings depending on activities, market effects, competitor activities etc.
- The Company continues its investments to improve the key metrics of subscriber life time and acquisition cost to try to achieve growth for Age of Conan
- Game play beta activities commenced for one of Funcom's casual MMOs during Summer

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Key financial summary, Q2 2009

TUSD	Q2,2009	Q2,2008
Revenue	6,145	12,231
EBITDA	748	- 1,882
EBIT	-728	-5,689
EAT	-236	-7,191

Revenue

- Revenues within previously guided range of 5,000 to 7,000 TUSD
- Lower revenues compared to Q208 - mainly due to launch of the *Age of Conan* game in Q208
- Slowly declining revenues from *Anarchy Online*
- Q2 2008 figures are not including Plutolife revenues

Earnings

- EBITDA affected positively by a revaluation of expected returns on box sales.
- EBITDA affected negatively by higher marketing cost and provision for offices in Switzerland not in use.
- EBIT affected positively by the impairment charges made in Q408
- EAT affected negatively by withholding tax from the Neowiz payment

Guidance, Q3 2009

- Revenues in Q3 2009 are expected to be between 5,000 and 6,000 TUSD
- Revenues depend on the key success factors; customer acquisition and retention rate on *Age of Conan*



Key financial summary, half year 2009

TUSD	2009	2008
Revenue	13,870	13,194
EBITDA	3,647	-4,435
EBIT	711	-8,642
EAT	1,231	-6,271

Revenue

- Increase in revenues compared to 2008 – the game *Age of Conan* was launched in Q208
- Relatively stable revenues from *Anarchy Online*
- Excluding Plutolife financials

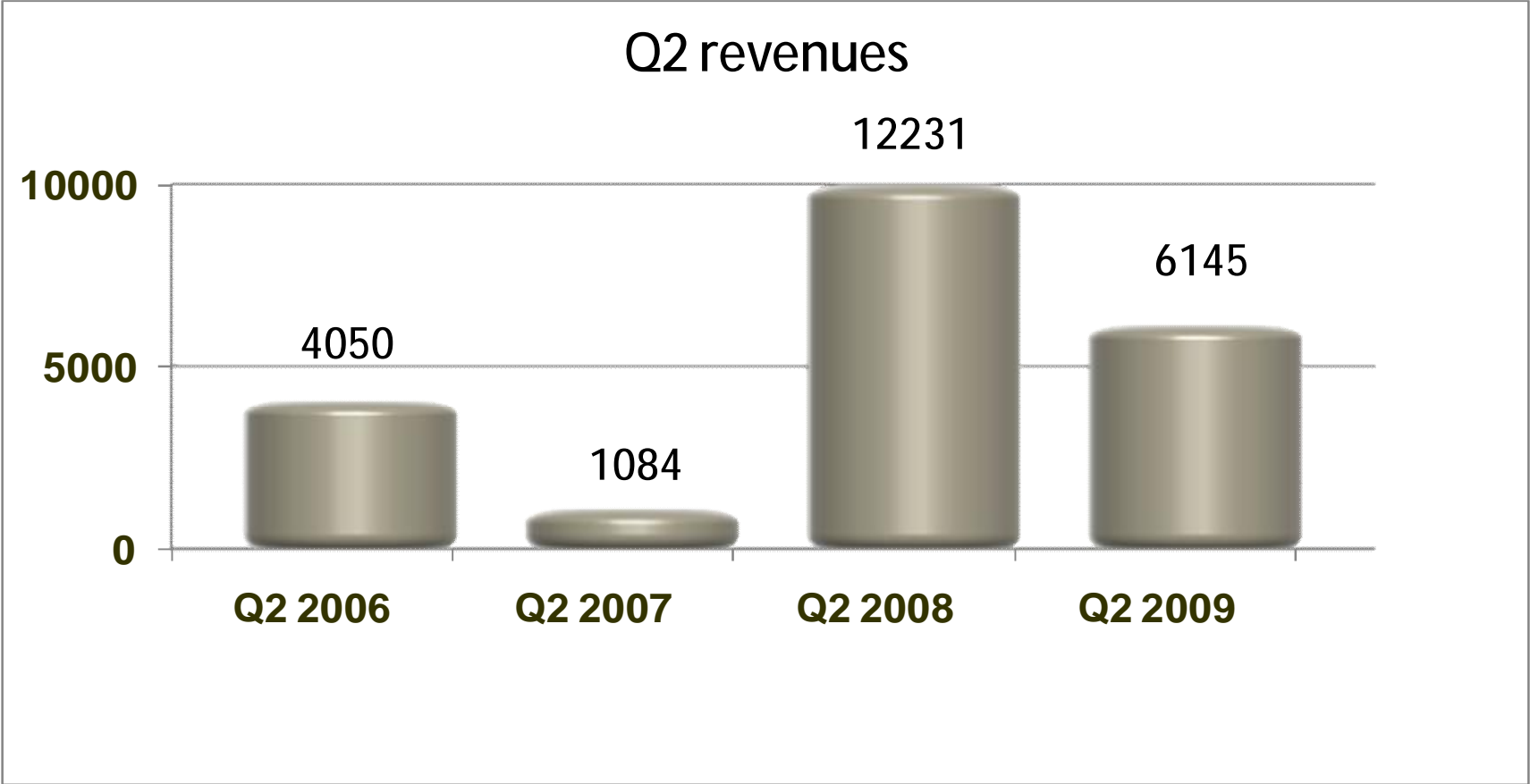
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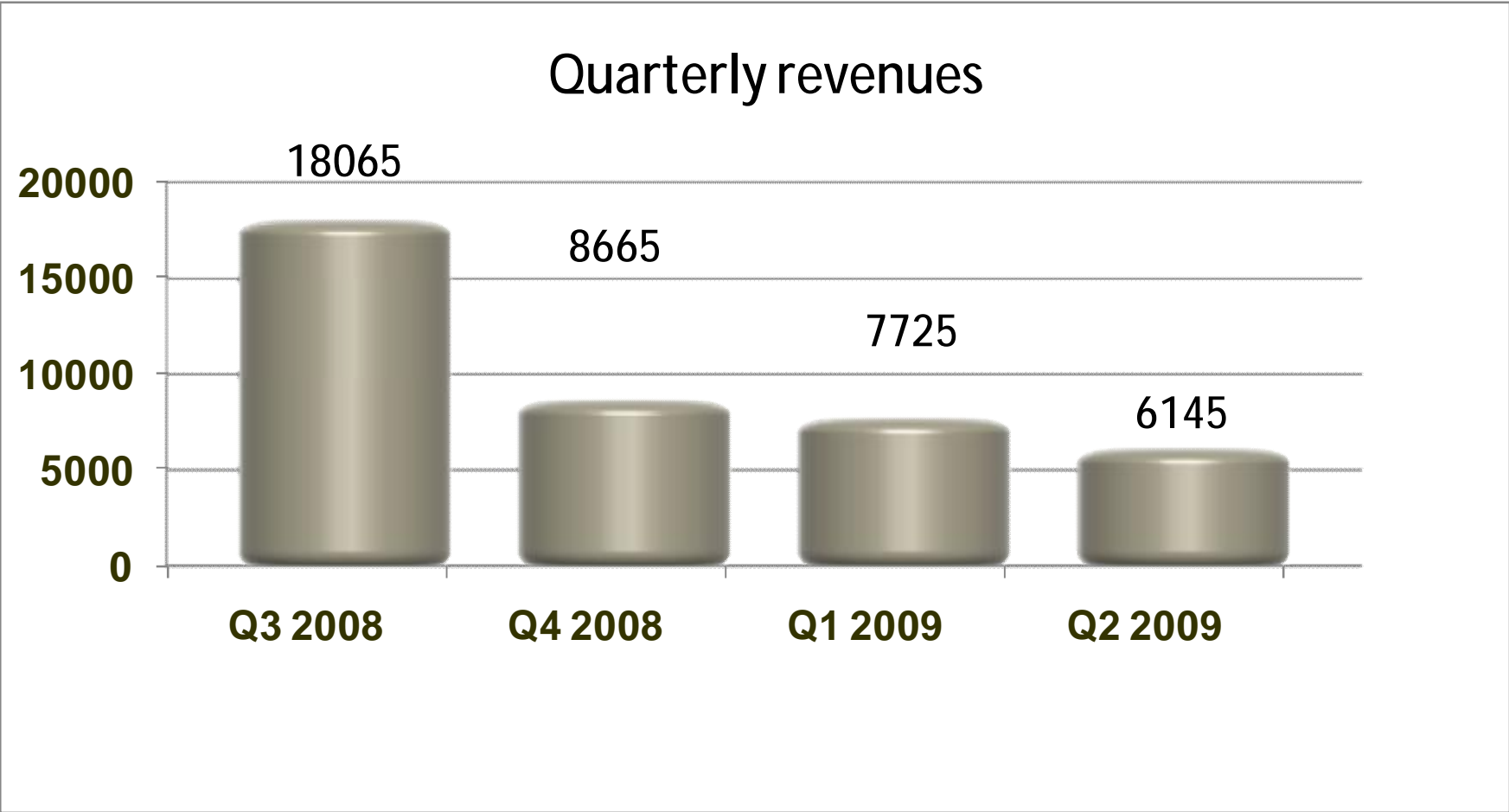
Consolidated statement of financial position

- Cash balance of TUSD 37,117 as of 30 June, 2009
- High equity-to-assets ratio (81%)
- Low interest bearing debt
- Relatively small changes in the statement of financial position from 31 March 2009.

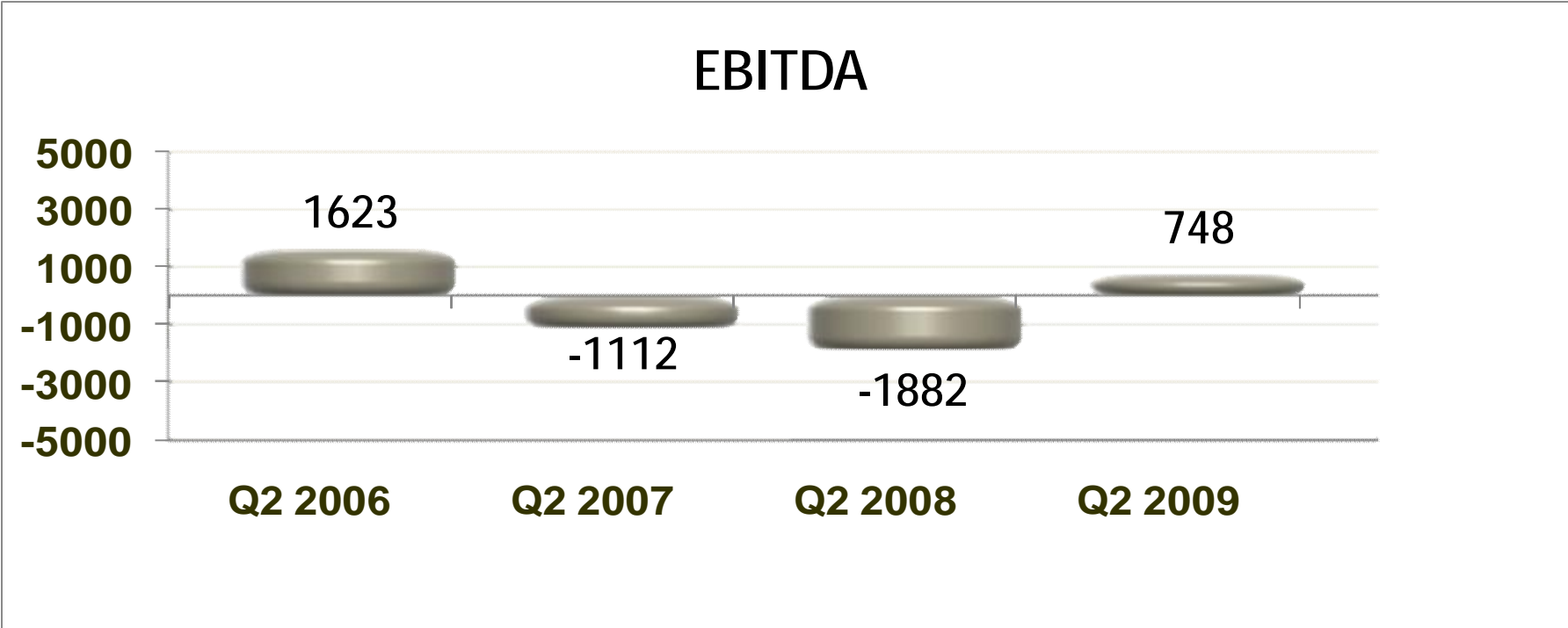
Key financial summary, Q2 2009



Key financial summary, Q2 2009




Key financial summary, Q2 2009





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Age of Conan - Status



- Customer loyalty in Age of Conan improved further during Q2, with longer average subscription periods as the result
- Sales, marketing and PR efforts during summer increased customer inflow and subscriber numbers, but the full effect of this was somewhat offset by higher churn during the Summer July/August
- Activity levels in-game have during the Summer months been very high
- The Company continues to optimize and improve the cost of customer acquisition through digital channels and have seen positive development in this area during Q2
- The company invests heavily in the Age of Conan game and currently over 120 people, excluding customer service, working on the Age of Conan game, primarily in development.

Age of Conan – Product focus next 6 months



The Company continues to invest in Age of Conan to further extend the average subscriber life time

Key planned updates:

- Guild Renown System: Incentives and benefits to interactivity and social game play
- Veterans Program and over-time benefits: Rewards to loyal players
- Tower-PVP in Border Kingdom
- Extended content:
 - Iron Tower
 - House of Crom
 - Tier 3 raiding etc
- Expansion Pack



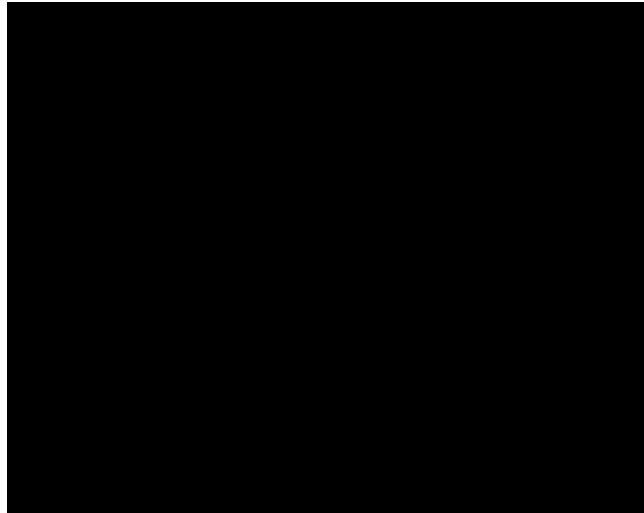
Rise of the Godslayer – AOC's first expansion pack



- Expansion revealed at Gamescom, in Cologne, in August
- Positive reception by press and gamers:
“...a very promising expansion”
“Starkly beautiful and mysterious” etc.
- Asian inspired theme
- Large amounts of content and features intended to further enhance the game and result in extended subscriber life times
- Retail and digital distribution
- Launch date not yet announced

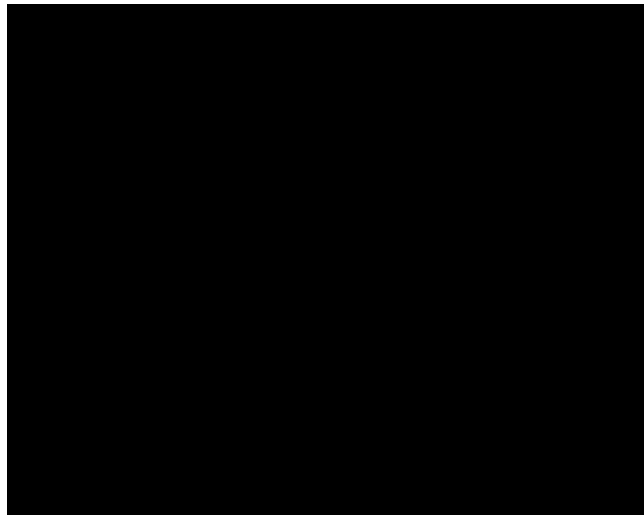


Funcom free-to-play MMO initiative



Status Java based MMO:

- Young demographic
- Has started game play beta testing, with selected invites
- Around 10-20 hours of entertainment ready
- Focus on adding content and increase re-playability
- 22 people on team
- Next increase in beta-testers during Q4



Status browser based MMO:

- Gamer demographic
- Game prototype finished

Casual MMOs in Funcom:

- Synergies on technology and competence
- Smaller budgets and faster development
- Free-to-play w/microtrans. and prem.subs.

In-game videos from Java based MMO

The Secret World - Status



Status:

- 100 people working on project
- In alpha stage of development:
 - Combat iterations
 - User Interface prototyping
 - Character development implementation
 - PVP testing etc.



Background:

- Contemporary setting
- 'Dark days are coming...'
- Funcom's proprietary Dreamworld Technology engine

External activities:

- Further game information revealed at PAX in Seattle next week



Market update

- Facebook keeps on building momentum as a platform for connected games
- Strong performance of free-to-play games – continuously expanding market share, in the opinion of the Company
- Continued growth of young demographic of MMO-gamers
- The competition for high-end MMOs is expected to increase during the next 2 months – the launch months of 2 large new MMOs



- Continued strong growth in online gaming market
- Expanding demographic of gamers – children, female, strategy, casual, hard-core etc.
- Numerous and very diverse set of successful online community games



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Summary and outlook



Summary Financials:

- Positive EBITDA and EBIT for the first half year of 2009, positive EBITDA in Q2
- Solid financial situation with 37 MUSD in cash

Summary Operations:

- Continued improvement in customer retention for the Age of Conan game in Q2
- Positive development for customer acquisition costs
- Continued investments in Age of Conan and new MMOs in development
- One of Funcom's free-to-play MMOs reached game play beta stage during summer

Financial Outlook:

- Revenue guidance of 5-6 MUSD for Q309



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Statement of financial position



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Figures in TUSD)

ASSETS

Non-current assets

Deferred tax asset

Intangible assets

Tangible fixed assets

Long term receivables

Current assets

Trade receivables

Prepayments and other receivables

Cash and cash equivalents

Total assets

	30 June 2009	2008	31 Dec. 2008
	300	3 982	300
	32 667	44 772	27 123
	1 530	5 758	2 222
	459	498	372
	2 044	18 204	3 028
	1 695	1 969	1 404
	37 117	36 392	39 396
	75 812	111 575	73 845

EQUITY AND LIABILITIES

Equity

Paid in capital

Reserves

Retained earnings

Non-controlling interests

Liabilities

Deferred tax liabilities

Long-term liabilities

Short-term liabilities

Total equity and liabilities

	125 557	124 904	125 246
	275	1 114	-131
	-64 072	-39 194	-66 761
	0	11	0
	50	0	50
		2 915	1 037
	14 002	21 825	14 404
	75 812	111 575	73 845



Profit and loss account

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Figures in TUSD)

	Second quarter		Accumulated		Full Year
	2009	2008	2009	2008	2008
Revenue	6 145	12 231	13 870	13 194	39 925
Operating expenses	-5 397	-14 113	-10 224	-17 629	-37 197
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	748	-1 882	3 647	-4 435	2 728
Depreciation, amortization and impairment charges	-1 477	-3 807	-2 936	-4 207	-29 436
Total operating expenses	-6 874	-17 920	-13 160	-21 836	-66 632
Operating result ("EBIT") from continuing operations	-728	-5 689	711	-8 642	-26 707
Net financial items	661	716	806	3 634	-3 260
Profit (loss) before income taxes from continuing operations	-67	-4 973	1 517	-5 009	-29 967
Income taxes	-169	-2 060	-286	-1 022	-4 152
Profit (loss) from continuing operations	-236	-7 033	1 231	-6 031	-34 119
Profit from discontinued operation, net of tax	0	-158	0	-241	264
Profit (loss) for the period	-236	-7 191	1 231	-6 271	-33 855
Attributable to non-controlling interests	0	-25	0	-57	-57
Attributable to shareholders of Funcom N.V.	-236	-7 166	1 231	-6 214	-33 798
Earnings per share basic (USD)	0,00	-0,13	0,02	-0,11	-0,64
Earnings per share fully diluted (USD)	0,00	-0,12	0,02	-0,10	-0,64

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the period	-236	-7 191	1 231	-6 271	-33 855
Foreign exchange translation difference	845	182	1 864	423	-926
Total comprehensive income for the period	609	-7 009	3 096	-5 848	-34 781
Attributable to non-controlling interests	0	-25	0	-66	-57
Attributable to shareholders of Funcom N.V.	609	-6 984	3 096	-5 782	-34 724



Interim segment results

	Revenue from external customers		Segment profit *)	
	Period ended		Period ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Full-fledged MMO's	13 781	13 174	7 601	1 397
Free-to-play MMO games				
Unallocated	89	20	89	20
Total	13 870	13 194	7 690	1 417
General and administrative expenses			-4 043	-5 852
Depreciation, amortization and impairment charges			-2 936	-4 207
Net financial items			806	3 634
Profit (loss) before tax (from continuing operations)			1 517	-5 009

*) Segment profit is measured as revenue earned less personnel costs and other operating costs. General and administrative costs, depreciation, amortization, impairment charges, financial items and income tax are not allocated to the segments.

	Full-fledged MMO's	Free-to-play MMO games
Segment assets as at 30 June 2009	30 401	1 756
Segment assets as at 31 December 2008	25 733	685
Segment assets as at 30 June 2008	42 649	0

Segment assets only include the book value of the games. No other assets are allocated to the segments.