



# 2015 Second Quarter Report

The Funcom Group  
*Funcom N.V. and subsidiaries*

## HIGHLIGHTS

- Revenues in 2Q15 are USD 2,654 thousand compared to USD 3,190 thousand in 2Q14 following a gradual decrease in sales from the current Live Games.
  - The total Equity of the Company decreased from USD -3,336 thousand at the end of 1Q15 to USD -6,699 thousand at the end of 2Q15 mainly due to an impairment charge amounting to USD 2,927 thousand recorded on LEGO Minifigures Online and the related DreamWorld Technology.
  - Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 2Q15 are USD 261 thousand compared to USD -484 thousand in 2Q14.
  - Earnings before Interest and Tax (EBIT) for 2Q15 are USD -3,408 thousand compared to USD -983 thousand in 2Q14.
  - The cash position decreased from USD 2,452 thousand at the end of 1Q15 to USD 2,118 thousand at the end of 2Q15.
  - The Live Games – *The Secret World*, *Anarchy Online* and *Age of Conan* – were the major contributors to the revenues.
  - The LEGO Minifigures Online game has switched from a prior Free-to-play model to a Buy-to-play model.
  - Mr Rui Manuel Monteiro Casais was appointed CEO of Funcom N.V. as of May 13<sup>th</sup> 2015. Mr Michel Cassius has resigned from his position of Managing Director and has returned to the Supervisory Board after the approval at the 2015 Annual General Meeting of Shareholders.
- The cash position at the end of 2Q15 was USD 2,118 thousand compared to USD 2,452 thousand at the end of 1Q15.
  - The total Equity of the Company decreased from USD -3,336 thousand at the end of 1Q15 to USD -6,699 thousand at the end of 2Q15 mainly due to an impairment charge amounting to USD 2,927 thousand recorded on LMO and DW..
  - KGJI confirmed that it is willing to continue to support the Company by deferring the maturity of the USD 3,950 thousand working capital loan and the USD 6,200 thousand convertible bond from the earlier of 30 June 2016 or the 2016 AGM to 15 December 2016.
  - Under the standby equity agreement with YA Global Master, on 23 April 2015 Funcom issued 1,763,311 shares with a nominal value of EUR 0.04 per share and for a total consideration of EUR 374,748 (NOK 3,220,000). This standby equity agreement expired on 27 May 2015 and was not renewed.

## FINANCIALS

- Revenues in 2Q15 are USD 2,654 thousand compared to USD 3,190 thousand in 2Q14 following a gradual decrease in sales from the current Live Games.
  - The company continued its cost-saving efforts in 2Q15 and realized operating cost savings of USD 1,281 thousand in comparison to 2Q14. In consequence, the Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 2Q15 increased to USD 261 thousand compared to USD -484 thousand in 2Q14, despite the gradual revenue decrease of Funcom games.
  - Earnings before Interest and Tax (EBIT) for 2Q15 were USD -3,408 thousand compared to USD -983 thousand in 2Q14. This is mainly caused by an impairment charge amounting to USD 2,927 thousand recorded in 2Q15 on the game LEGO Minifigures Online and on the related DreamWorld Technology.
  - The result for the period was USD -4,169 thousand compared to USD -1,437 thousand in 2Q14 and USD -144 thousand in 1Q15.
- ## THE FUNCOM STRATEGY
- The Company has decided to shift strategy, focusing on different types of products and production cycles. This new strategy consists of:
    - Developing small, experimental and innovative games, focused on trying new concepts, experimenting with new technology and platforms and utilizing our IPs, while keeping the investment level low
    - Developing larger games, focused on genres or game types where we can create products of higher production value than the competition, using our own or 3<sup>rd</sup> party IPs and drawing from the innovation and experimentation of the smaller products to lower the overall risk
    - Upgrading the DreamWorld technology to integrate with third parties
    - Leveraging and growing the internal Intellectual Properties
  - The product development and release plan for this strategy is a minimum of one small game released per year and one larger game to be in development at all times per development studio
  - Additionally, the company will keep developing and supporting the existing MMORPGs as they are an important source of revenue and drive the internal IPs
  - The strategy is meant to reduce the overall risk exposure of the company, control costs through careful budgeting and increase the financial stability by having more revenue sources
  - Both development studios are scheduled to have fully switched to this strategy by 2Q16

- The first game to be released under this new strategy is “The Park” , to be released in October FY15.
- The above mentioned statements and objectives are forward looking and are subject to change along with industry trends. The Company strongly encourages all investors, analysts, press and others to investigate and analyze the gaming industry. The industry has drastically changed over the past few years. It is the Company’s clear goal to align itself with the market, leverage its technology and know-how and adapt its portfolio of products to address the current as well as future needs.

### **LARGE-SCALE MMOs**

- For The Secret World, four main activities were done in Q2:
  - Launched Issue 11 which concludes the Tokyo Storyline
  - Started “The Streaming Ones” twitch stream as a bi-weekly stream that gives players an inside look into the development of TSW
  - Released the Frankenchopper motorcycle mount
  - Released the Ultimate Edition that replaces the Massive Edition and contains all issues through issue 11
- Three main activities were done for Age of Conan in Q2
  - Released the second part of the achievement system
  - Released the Shadows of Vanaheim content pack
  - Celebrated its 7th anniversary
- Three main activities were done for Anarchy Online
  - Released game update 118.7
  - Launched the open beta for the new rendering engine
  - Celebrated its 14th anniversary
- LEGO Minifigures Online completed its business model conversion to buy to play in Q2
  - Relaunched on PC and Mac with buy to player business model
  - Launched on iOS, Android, and Linux
  - Review scores on PC were lower than expected but in line with expectations on iOS
  - Sales on PC were lower than expected, but higher than expected on iOS during the launch phase
- Overall, Funcom’s large scale MMOs continue to generate a positive net contribution to the business and investment levels are constantly reviewed and aligned with expected revenue to ensure that they will continue to contribute positively to the Company in the future.

- LEGO Minifigures underperformed and failed to meet overall revenue expectations. Investment levels have been reduced

### **GAMES IN DEVELOPMENT**

- The Company is working on switching to the new strategy while developing and operating for the Live games.
- The first game to be developed under the new strategy is “The Park”, a single player short horror experience. “The Park” is an experimental project meant to gauge the market and to develop the team’s ability to create different types of games, and as such the Company does not expect this game to generate significant revenues.
- Prototyping and concept development for new titles is in progress and will continue in both development studios, leading to new games starting to be developed in 4Q15 and 1H16

### **TECHNOLOGY**

- The Company continues to develop the *DreamWorld™* technology, being nearly done with the cross platform development previously communicated, the last part being the support for DirectX 12 as part of a cooperation plan with Intel.
- The next upgrade for the DreamWorld technology, and to better fit the needs of the new strategy, is to take advantage of the strengths of 3<sup>rd</sup> party engines, integrating these technologies with the existing modules and systems of DreamWorld

### **MISCELLANEOUS**

#### **Transactions with related parties**

- In November 2013 the Company negotiated new loan financing (working capital loan) with KGJI in the amount of USD 5,500 thousand. The first installment of USD 3,000 thousand was received in December 2013 and the second one of USD 1,250 thousand in 1Q14. The last installment of USD 1,250 thousand was received in 3Q14. USD 1,550 thousand was restructured into a new convertible loan in 3Q14. The balance of the working capital loan stands at USD 3,950 thousand.
- KGJI confirmed that it is willing to continue to support the Company by deferring the maturity of the USD 3,950 thousand working capital loan and the USD 6,200 thousand convertible bond from the earlier of 30 June 2016 or the 2016 AGM to 15 December 2016.

## Risk factors

- For information regarding risk factors for the Company and its games, please refer to note 27 in the 2014 annual report.
- For evaluations of the risks related to LEGO Minifigures Online, The Secret World and other Funcom games, Funcom encourages investors to seek information about the industry in general and Funcom in specific from analyst reports, industry reports, game reviews etc.
- Several different financial scenarios should be evaluated when analyzing the potential of any existing or future games. The financial performance of new games and refined business models is uncertain.

## Other

- In the 4Q13 report and presentation as well as the Annual report Funcom provided information with regards to the Økokrim charge on the suspicion of possible infringement of the provisions of the Securities Trading Act during the period of August 2011 until August 2012. Please, refer to 4Q13 report and presentation for more information. As previously communicated, there is an employee with charges related to the case since 29 May 2015.

## Outlook

- The medium and long term financial performance of the Company is influenced by a number of factors; being especially the performance of the current Live Games, the licensed *LEGO Minifigures Online* game and new products to be released in the future being the most important.
- The trend of slowly declining revenues on the current Live Game portfolio is expected to continue as in previous quarters due to the ageing of the games. The Company will continue to support the current Live Games as long as they continue to contribute positively to the Company's results.
- LEGO Minifigures Online (LMO) was launched as a buy-to-play game by the end of 2Q FY15, and revenues are lower than expected
- A new product strategy is being established that will lead to more products being launched, faster, and leveraging internal IPs, Technology and Competencies
- The Company has engaged ABG Sundal Collier to explore strategic options for the Company. At this point in time the Company keeps all options open.
- Based on its current revenue and cost projections, and on the postponement of the convertible bonds and working capital loan maturity to 4Q16, the Company expects to have the ability to fund its

operations for the next twelve months after of the end of 2Q15.

**Badhoevedorp, The Netherlands, 26 August 2015**  
**The Management Board of Funcom N.V.**

- This report is also available at <http://www.newsweb.no> Investors are encouraged to seek information regarding the Company and the industry.
- For more information about Funcom, its games and its organization, please see [www.funcom.com](http://www.funcom.com)

**FUNCOM N.V. - SECOND QUARTER FINANCIALS OF 2015**  
PRELIMINARY, NOT AUDITED, FIGURES

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(Figures in TUSD)	Second Quarter		Accumulated		Full Year
	2015	2014	2015	2014	2014
Revenue	2,654	3,190	5,426	7,026	12,593
Operating expenses	-2,393	-3,674	-4,678	-7,059	-13,265
<b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>	<b>261</b>	<b>-484</b>	<b>748</b>	<b>-33</b>	<b>-672</b>
Depreciation, amortization and impairment charges	-3,669	-500	-4,426	-1,022	-7,445
Total operating expenses	-6,063	-4,173	-9,104	-8,081	-20,710
<b>Operating result ("EBIT") from continuing operations</b>	<b>-3,408</b>	<b>-983</b>	<b>-3,677</b>	<b>-1,055</b>	<b>-8,117</b>
Share of result from equity-accounted entities	-207	-16	-173	-10	-72
Net financial items	-542	-426	-471	-1,010	-582
<b>Profit (loss) before income taxes from continuing operations</b>	<b>-4,157</b>	<b>-1,426</b>	<b>-4,321</b>	<b>-2,076</b>	<b>-8,770</b>
Income taxes	-12	-11	8	-21	9
<b>Profit (loss) for the period</b>	<b>-4,169</b>	<b>-1,437</b>	<b>-4,313</b>	<b>-2,097</b>	<b>-8,761</b>
Attributable to shareholders of Funcom N.V.	-4,169	-1,437	-4,313	-2,097	-8,761
Earnings per share basic (USD)	-0.05	-0.02	-0.05	-0.03	-0.11
Earnings per share fully diluted (USD)	-0.05	-0.02	-0.05	-0.03	-0.11

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Profit (loss) for the period	-4,169	-1,437	-4,313	-2,097	-8,761
Foreign exchange translation difference	124	-68	-591	-33	-1,331
<b>Total comprehensive income for the period</b>	<b>-4,044</b>	<b>-1,505</b>	<b>-4,904</b>	<b>-2,129</b>	<b>-10,092</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Figures in TUSD)	30 June		31 Dec.
	2015	2014	2014
<b>ASSETS</b>			
<u>Non-current assets</u>			
Deferred tax assets			
Intangible assets	5,014	10,987	7,380
Tangible fixed assets	165	427	253
Financial investments	19	309	214
<u>Current assets</u>			
Trade receivables	1,218	1,132	1,225
Prepayments and other assets	1,103	3,953	1,160
Income tax receivable			
Cash and cash equivalents	2,118	2,698	3,705
<b>Total assets</b>	<b>9,638</b>	<b>19,505</b>	<b>13,938</b>
<b>EQUITY AND LIABILITIES</b>			
<u>Equity</u>			
Share capital	4,799	4,458	4,724
Reserves	157,494	154,110	157,200
Retained earnings	-168,992	-158,015	-164,679
<u>Liabilities</u>			
Deferred tax liabilities	16	68	20
Long-term liabilities	3,287	7,286	7,081
Deferred revenue	1,392	2,538	1,756
Short-term loans and borrowings	9,790	7,140	5,777
Other short term liabilities	1,851	1,920	2,061
<b>Total equity and liabilities</b>	<b>9,638</b>	<b>19,505</b>	<b>13,938</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(Figures in TUSD)	Second Quarter		Period ended 30 June		Full Year
	2015	2014	2015	2014	2014
Cash flow from operating activities					
Profit (loss) before income tax	-4,157	-1,426	-4,321	-2,076	-8,770
Adjustments for:					
Depreciation, amortization and impairment	3,669	500	4,426	1,022	7,445
Share-based payments	270	400	550	506	1,228
Share of result from equity-accounted entities	206	6	173		72
Effect of exchange rate fluctuations	1,715	-212	1,235	-87	-97
Changes in working capital	30	-1,099	-282	-910	403
<b>Net cash from operating activities</b>	<b>1,734</b>	<b>-1,831</b>	<b>1,780</b>	<b>-1,545</b>	<b>281</b>
Cash flow from investing activities					
Purchase of equipment and investment in intangible assets	-884	-1,247	-1,960	-2,592	-5,160
Investment in/loan to (from) equity-accounted entities	126	774	4	815	764
<b>Net cash from investing activities</b>	<b>-757</b>	<b>-473</b>	<b>-1,956</b>	<b>-1,777</b>	<b>-4,397</b>
Cash flow from financing activities					
Net proceeds from issue of share capital	411	3,899	411	7,738	11,199
Proceeds / repayments from (of) borrowings and leases		-1,867		-4,334	-4,667
<b>Net cash from financing activities</b>	<b>411</b>	<b>2,032</b>	<b>411</b>	<b>3,404</b>	<b>6,532</b>
Change in cash and cash equivalents	1,388	-272	235	83	2,417
Cash and cash equivalents, beginning of period	2,452	2,872	3,705	2,582	2,582
Effect of exchange rate fluctuations	-1,722	98	-1,823	33	-1,294
<b>Cash and cash equivalents, end of period</b>	<b>2,118</b>	<b>2,698</b>	<b>2,118</b>	<b>2,698</b>	<b>3,705</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(Figures in TUSD)	30 June		Full Year
	2015	2014	2014
Opening balance	-2,756	-5,561	-5,561
Total comprehensive income for the period	-4,904	-2,129	-10,092
Equity issues	411	9,588	5,064
Exercise of warrants			5,550
Conversion rights reserve		-1,850	1,056
Share-based payments		506	1,228
Closing balance	-6,699	553	-2,756

## NOTES TO THE INTERIM REPORT

### 1 Corporate information

Funcom N.V. is a limited company registered in The Netherlands, and the shares are publicly traded on the Oslo Stock exchange under the ticker "FUNCOM". The principal activity of the Company is to develop, market and carry on business in computer games in the broadest sense. The unaudited interim condensed consolidated financial statements for the Company for the six months ended 30 June 2015 were approved for issue by the Supervisory Board on 25 August 2015.

### 2 Basis for preparation and selected significant accounting policies

The financial result of the Company in 2Q15 reports slightly declining revenues from existing games and decreased operating costs due to internal reorganization. There were no pervasive or material changes in 2Q15 that could negatively impact the management's assumptions behind the forecasted financial performance of the Company. The funding of the operations for a period of at least one year after the date of this quarterly report is realistic and achievable. Therefore management is of the opinion that the going concern assumption is justified and consequently the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 have been prepared on a going concern basis. Notwithstanding the above, the Management Board of the Company emphasizes that the above assessments indicate the existence of material uncertainty with regards to the performance of the games and the outcome of the current strategic review of the Company. Therefore, the actual performance of the Company may deviate significantly from the projections which may cast significant doubt on the entity's ability to continue as a going concern.

The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 have been prepared in accordance with IAS 34. The latter means that these interim financial statements do not include all information and disclosures required in annual financial statements but only selected significant information. The principles applied are consistent with those used in the 2014 annual report.

The Group has as of 1 January 2015 adopted the mandatory revised standards, amendments to existing standards and interpretations as adopted by the EU, applicable for this quarter. Their adoption has not had any significant impact on the amounts reported in this interim report but may affect the accounting for future transactions or arrangements. Management has not yet completed the evaluation of the impact on the financial statements of standards issued but which have an adoption date on 1 January 2016 or later.

All amounts are in USD'000 unless stated otherwise. There may be some minor rounding differences or the total may deviate from the total of the individual amounts. This is due to the rounding to whole thousands of individual amounts.

#### 2.1 Basis of consolidation

The Company's Interim consolidated financial statements comprise of Funcom N.V. and companies in which Funcom N.V. has a controlling interest. Investments in associated companies and jointly controlled entities are incorporated using the equity method.

#### 2.2 Intangible assets

Intangible assets are recognized in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the assets which are owned by the Company, and the assets' cost price can be reliably estimated. Intangible assets are initially recognized at their cost price and subsequently measured using the cost method (i.e. historical cost less accumulated amortization and accumulated impairment losses). A review to assess whether there are indicators of impairment is undertaken at the end of each reporting period. In addition, intangible assets not yet available for use are tested for impairment annually.

#### 2.3 Equity

Transaction costs relating to equity transactions are recognized directly in equity after deducting tax.

#### 2.4 Deferred revenues

Revenues from subscriptions are recognized over the subscription period which is from the date of subscription purchase until subscription end, normally 1 – 12 months.

In-game items are items that can be purchased on-line from in-game stores or are awarded as incentive or compensation. Revenue from sales of in-game items is recognized at the time of sale.

Revenues from the sales of game software, whether delivered via packaged goods (boxes) or via the Internet (game download) are recognized on a straight-line basis over the estimated customer life. The company enters into multiple-element revenue arrangements where it provides combinations of game software and subscription or subscription and in-game items. The Company accounts for revenues from each item separately following the

revenue recognition policies above. Up-front payments for subscriptions and other up-front revenues are recognized in the statement of financial position as a liability.

### **3 Operating revenues**

The revenues mainly consist of sales of game software, subscriptions, in-game items and royalties.

### **4 Operating expenses**

Personnel cost, marketing, office rent and games operating cost are main elements of the operating expenses.

### **5 Depreciation, amortization and impairment charges**

The Company amortizes investment in the development of technology and game assets on a systematic basis over their useful life which normally does not exceed five years. The company applies the diminishing balance amortization method which reflects the pattern of consumption of the future economic benefits. If that pattern cannot be determined reliably the company uses the straight-line method.

### **6 Net financial items**

Net financial items mainly consist of interest earned, exchange rate differences, and interest incurred on loans.

### **7 Taxes**

In accordance with IAS 12, it is Funcom's assessment that no deferred tax asset can be recognized in the consolidated statement of financial position for the available tax losses carried forward. The accumulated unrecognized tax losses are primarily denominated in Swiss Francs.

### **8 Financial investments**

Financial investments consist of long term receivables and investments in associated and jointly controlled companies. During 2Q15, Funcom disposed its investment in the associated company Stunlock Studios AB, Sweden. The jointly controlled entity MMORPG Technologies INC, Canada, is in the process of being liquidated. At the end of 2Q15, the balance of financial investments is 19 TUSD.

### **9 Liabilities**

Long-term liabilities consist of 3,210 TUSD convertible loan and 77 TUSD rental deposits for the sublet of office space.

As of 30 June 2015 sixty two bonds issued on 22 December 2011 are still outstanding. These bonds have a face value of 100 TUSD (total 6,200 TUSD), 5% coupon and are due on 30 June 2016 or 2016 AGM. They are convertible into common shares of Funcom N.V. at a price of 0.37 USD per share. The interest is payable at maturity or conversion in either cash or Funcom shares at the discretion of the bondholder. As of 30 June 2015 the bonds have a carrying amount of 5,825 TUSD and an actual balance due of 6,200 TUSD. In August 2015, the due date has been further postponed to 15 December 2016.

The convertible loan was issued on 26 August 2014 after conversion from 2,450 TUSD interest bearing loan and 1,550 TUSD working capital loan. The convertible loan has 5% annual interest rate with maturity on 27 June 2017. The conversion price is 0.86 USD per share. As of 30 June 2015 the loan has a carrying amount of 3,210 TUSD and an actual balance due of 4,000 TUSD.

In November 2013 the Company negotiated a working capital loan with KGJI with 8 percent annual interest rate and initial maturity in January 2015. As of 30 June 2015 the working capital loan has a balance of 3,950 TUSD. As of 30 June 2015 the reimbursement due date of the working capital loan is 30 June 2016 or 2016 AGM. In August 2015, the due date has been further postponed to 15 December 2016.

The carrying value of the interest-bearing debt at the end of 2Q15 amounts to approximately 12,985 TUSD.

As of 30 June 2015 the group has a contingent liability related to the ØKOKRIM charge on the suspicion of possible infringement of the provisions of the Securities Trading Act during the period of August 2011 until August 2012. As of the date of this quarterly report there is no formal information available to allow Funcom to determine reliably the

likelihood of whether the charge could result in financial losses or to estimate the amounts of such losses. Therefore, no actual provisions resulting from the charge have been recorded in the financial statements.

## 10 Cash flows

A significant part of Funcom's cash and cash equivalents are denominated in Norwegian kroner and Euro. The Company's NOK and EUR cash holdings are a natural hedge against the expectedly large proportion of future operating expenses arising in NOK and EUR.

## 11 Average number of shares

	Second quarter		Six months	
	2015	2014	2015	2014
Average number of shares (1'000)	91,711	81,675	91,082	76,251

## 12 Other comprehensive income

In accordance with IAS 21, the Company reported in Other comprehensive income a foreign exchange gain of 124 TUSD in 2Q15 which resulted from the translation of an amount payable to the Company by a foreign subsidiary as well as the translation of foreign operations to presentation currency.

## 13 Equity

The equity of the Company declined from -3,336 TUSD at the end of 1Q15 to -6,699 TUSD at the end of 2Q15. The decline is mainly caused by an impairment charge amounting to 2,927 TUSD recorded in 2Q15 on the game LEGO Minifigures Online and the related DreamWorld Technology. It is considered that the revenue potential of the current and future games as well as the continuation of the cost saving measures that started in 4Q12 will improve the profitability of the Company and will lead to a future increase of the equity position. The company also evaluates various strategic options which could also lead to an increase of equity.

## 14 Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The reportable operating segments of the group are defined as:

- large-scale MMOs - like The Secret World and Age of Conan
- free-to-play MMO games – which includes the games under the Company's free-to-play game initiative
- mobile and tablet games and other WFH - which includes game development for mobile and tablet platforms and other work-for-hire games:

Funcom does not have a WFH team since 1 January 2015.



## Segment information

	Revenue from external customers		Segment profit (loss) *	
	January - June		January - June	
	2015	2014	2015	2014
Large-scale MMO's	5,285	6,595	2,405	2,674
Free-to-play MMO games	138	84	128	58
Mobile and tablet games and other WFH	3	347	-1	-186
<b>Total</b>	<b>5,426</b>	<b>7,026</b>	<b>2,532</b>	<b>2,546</b>
General and administrative expenses			-1,784	-2,579
Depreciation, amortization and impairment charges			-4,426	-1,022
Share of result from equity-accounted entities			-173	-10
Net financial items			-471	-1,010
<b>Profit (loss) before tax (from continuing operations)</b>			<b>-4,321</b>	<b>-2,076</b>

  

	Revenue from external customers		Segment profit (loss) *	
	April - June		April - June	
	2015	2014	2015	2014
Large-scale MMO's	2,554	3,009	1,145	976
Free-to-play MMO games	100	48	95	38
Mobile and tablet games and other WFH		133		-78
<b>Total</b>	<b>2,654</b>	<b>3,190</b>	<b>1,240</b>	<b>936</b>
General and administrative expenses			-979	-1,420
Depreciation, amortization and impairment charges			-3,670	-500
Share of result from equity-accounted entities			-329	-16
Net financial items			-542	-426
<b>Profit (loss) before tax (from continuing operations)</b>			<b>-4,279</b>	<b>-1,426</b>

\*) Segment profit (loss) 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.

	Large-scale MMO's	Free-to-play MMO's	Mobile, tablet and WFH
Segment assets as at 30 June 2014	10,828	-	-
Segment assets as at 30 June 2015	4,896	-	-

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

## 15 Subsequent events

In August 2015, the Company received and accepted an offer from KGJI to extend the current maturity dates for the working capital loan (3,950 TUSD) and convertible bond (6,200 TUSD) from the earlier of 30 June 2016 or the 2016 AGM to 15 December 2016.

On 7 August 2015, the Company has announced that it has retained ABG Sundal Collier to undertake a broad review of the strategic options available to the Company. The Company is actively seeking interested parties for discussions surrounding a possible investment, acquisition, merger, or any other available options.

## Directors' responsibility statement

The sole member of the Management Board, as required by section 5:25d, paragraph 2, under c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), confirms that to the best of his knowledge:

The Consolidated Interim Financial Statements for the six months ended 30 June 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of Funcom N.V. and its consolidated companies, and

The Interim Directors' Report gives a true and fair view of:

- the development and performance of the business during the first six months of the financial year of Funcom N.V. and its consolidated companies and the consequences thereof on the unaudited interim condensed consolidated financial statements for the Company for the half year ended 30 June 2015;
- the relevant share transactions with related parties during the first six months of the financial year;
- the expected development and performance of the business, provided that the interests of Funcom N.V. and its consolidated companies are not harmed by disclosure, with particular attention for the investments, and the circumstances of which the development of revenues and profitability are dependent;
- the relevant risks and uncertainties for the remaining six months of the financial year.

Badhoevedorp, The Netherlands  
25 August 2015

The Management Board of Funcom N.V.

Rui Casais (Management Board member and CEO)