



2016 First Quarter Report

The Funcom® Group
Funcom N.V. and subsidiaries

SUMMARY

- Revenues in 1Q16 are USD 2,048 thousand compared to USD 2,772 thousand in 1Q15 following a gradual and expected decrease in sales from the current Live Games.
- The total Equity of the Company decreased from USD -9,561 thousand at the end of 4Q15 to USD -9,953 thousand at the end of 1Q16.
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 1Q16 are USD 263 thousand compared to USD 487 thousand in 1Q15.
- Earnings before Interest and Tax (EBIT) for 1Q16 are USD -660 thousand compared to USD -269 thousand in 1Q15.
- The cash position improved from USD 616 thousand at the end of 4Q15 to USD 1,014 thousand at the end of 1Q16.
- The Live Games – *The Secret World*®, *Anarchy Online*®* and *Age of Conan*™ – were the major contributors to the revenues.
- The Park®* was released for the Xbox One and PlayStation 4 platforms on 3 May. Initial sales figures indicate higher sales on the console platforms than on PC. The project's non-revenue related goals that include developing new internal competencies were also met successfully.
- The Company revealed details of the game *Conan Exiles* based on the Conan the Barbarian IP in 1Q16. *Conan Exiles* will be the new game in development in the Oslo studio and is now scheduled for "Early Access" release during late summer 2016.
- In line with the Company's strategy, prototyping and concept development for new titles continued to be undertaken during Q1.
- In January 2016 KGJ Investment S.A. SICAV-SIF (KGJ Investments) has confirmed that it is willing to continue to support the Company by postponing the maturity of the USD 6,200 thousand convertible bond from December 2016 to December 2018.
- On 13 April 2016, KGJ Investments and the Company signed an agreement to combine the USD 3,950 thousand working capital loan and the USD 4,000 thousand convertible loan into a new convertible loan of USD 7,950 thousand with maturity date of 30 June 2019, interest rate of 6%, and conversion price of USD 0.18 per share.
- On 19 April 2016, KGJ Investments transferred USD 500 thousand to the Company as a bridge loan with 5% interest payable at maturity. The maturity date is the earlier of 1st July 2016 and two business days after Funcom receives proceeds from the planned equity issue.

FINANCIALS

- Revenues in 1Q16 are USD 2,048 thousand compared to USD 2,772 thousand in 1Q15 following a gradual and expected decrease in sales from the current Live Games.
- The company continued its cost-saving efforts in 1Q16 and realized operating cost savings of USD 500 thousand in comparison to 1Q15. The Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 1Q16 are USD 263 thousand compared to USD 487 thousand in 1Q15.
- Earnings before Interest and Tax (EBIT) for 1Q16 were USD -660 thousand compared to USD -269 thousand in 1Q15.
- The loss for the period was USD -761 thousand compared to USD -144 thousand in 1Q15, and USD -2,059 thousand in 4Q15.
- The cash position improved from USD 616 thousand at the end of 4Q15 to USD 1,014 thousand at the end of 1Q16 mainly due to the settlement of trade receivables during 1Q16.
- The total Equity of the Company decreased from USD -9,561 thousand at the end of 4Q15 to USD -9,953 thousand at the end of 1Q16 mainly due to the loss recorded during 1Q16.

THE FUNCOM STRATEGY

- As previously communicated in the 2Q 2015 report, the Company decided to shift strategy, focusing on different types of products and production cycles. This new strategy consists of:
 - Developing small 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 3rd 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 party technologies;
 - Leveraging and growing the internal Intellectual Properties such as *Anarchy Online*, *The Longest Journey* and *The Secret World* for both internal and 3rd party licensing.
- As part of this strategy, market segments and platforms will be constantly evaluated as the trends in the gaming industry change very quickly and new opportunities are emerging such as "eSports", "VR", "AR", among others.
- 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 “smaller” game to be released under this new strategy was *The Park*, released on 27 October 2015. The first “larger” game is *Conan Exiles*, expected to be released in “Early Access” during Late Summer 2016.
- 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.

GAMES IN OPERATION

- For *The Secret World*, the following activities were done in 1Q16:
 - Released Issue 14 “Call of the Nameless” that sent players on a brand new epic adventure with six new missions in Egypt.
 - Launched the new Membership Program that greatly increased the rewards for being a subscriber, including the new Loyalty Rewards program.
 - Introduced the Group Finder social feature, which allows players to be automatically paired with other adventurers as they face the most difficulty challenges in *The Secret World*.
 - Released a new PvP map “Shambala”. For the first time players can battle against their own faction in this brand new 10 versus 10 PvP scenario.
- For *Age of Conan* a new game director was announced. In addition we announced *The Pitmaster’s Arena*, a new play field where players can compete against each other and their pets to claim brand new rewards.
- For *Anarchy Online* we released a brand new adventure playfield “*The Reck*”. The new area offers new daily missions aimed at adventurers between level 90 and 170.

- 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. For all our games the Company will continue to tweak and optimize the shop, membership offer and entry cost.
- For *LEGO Minifigures Online* a new Series of Minifigures, Series 15, was launched at the end of December. The license agreement with LEGO for this game will expire on 1st October 2016 and the Company has no current plans to renew it.
- *The Park* was released for the Xbox One and PlayStation 4 platforms on 3 May and the project is now finished. Overall sales are in line with internal expectations, with the initial data from the Console launch indicating larger sales than on PC. The project’s non-revenue related goals were also met successfully:
 - Adapting to short development cycles and small budgets to allow for quick experimentation;
 - Generating high amounts of press and community attention without a marketing budget;
 - Learning a new technology (Unreal Engine 4) and starting to integrate it to the *Dreamworld Technology* engine;
 - Leverage the assets and content from *The Secret World* to speed up development of other products;
 - Grow the value of *The Secret World* IP by creating more products connected to it.
 - Release a game on the current generation of Console platforms to learn about their development, marketing and publishing processes

GAMES IN DEVELOPMENT

- The Company is working on switching to the new strategy while developing and operating the Live games.
- *The Park* was developed for Xbox One and PlayStation 4 and was released on May 3rd, to both bring additional revenue and develop internal competencies related to console development.
- Details around *Conan Exiles* was announced and will be the new game in development in the Funcom Oslo studio. The game will be a game set in the “Open World Survival” genre and will be released first on PC on the “Steam” store in “Early Access” during late summer 2016 with full launch on PC and Consoles to take place at a later stage. The game will be commercialized using a “premium” or “Buy-to-Play” business model, details of which will be revealed closer to the release date.

This game is the first of the “larger” games identified in the Company Strategy and will represent an estimated investment life time of between 4 and 10 Million USD, adjustable based on the reception and sales performance of the game to be measured starting with the Early Access release. Other titles in this market segment and platform are games such as “Ark: Survival Evolved”, “Rust” and “Reign of Kings”, among several others.

- Prototyping and concept development for new titles will be a continuous part of normal operations for the business. As previously communicated, the Company will develop two additional games of the “smaller” type during 2016 as outlined in the Company Strategy. One such game has passed internal prototyping and approval, being a small multiplayer game based on “The Secret World” IP designed to experiment and innovate in a small niche market and build the internal competency of the North Carolina team in Unreal Engine 4. This game is preliminarily scheduled for release on PC in Q4 2016 and due to their budget limitation and experimental focus is expected to have limited revenue impact.

TECHNOLOGY

- The *Dreamworld Technology* is being upgraded to take advantage of the strengths of 3rd party engines, integrating these technologies with the existing modules and systems of the *Dreamworld Technology*.
- The Unreal Engine 4 is the first game engine being integrated with *Dreamworld Technology*. It allows content creators to use the advance toolchain of that engine while keeping the *Dreamworld Technology* unique systems such as multiplayer backend, deployment systems, workflow and productivity pipelines.

MISCELLANEOUS

Transactions with related parties

- In January 2016 KGJI has confirmed that it is willing to continue to support the Company by restructuring the USD 3,950 thousand working capital loan into the existing USD 4,000 thousand convertible loan, and by subsequently deferring the maturity of the convertible loan from 27 June 2017 to 30 June 2019.
- KGJ Investments also confirmed that it is willing to postpone the maturity of the USD 6,200 thousand convertible bond from 15 December 2016 to 31 December 2018.

Risk factors

- For information regarding risk factors for the Company and its games, please refer to note 27 in the 2015 Annual Report (http://www.funcom.com/investors/funcom_n.v._publishes_its_2015_annual_financial_statements).
- 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.

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 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.
- *The Park* is the first game following the new product strategy and it is meeting internal goals and expectations.
- The Company revealed details of the game *Conan Exiles* based on the Conan the Barbarian IP in 1Q16. *Conan Exiles* will be the new game in development in the Oslo studio and is now scheduled for “Early Access” release during late summer 2016.
- A new game of the “smaller” type based on “The Secret World” IP is preliminarily scheduled for release in Q4 and, being an experimental project, is not expected to have significant impact on the Company’s revenues.
- On April 13, 2016, KGJ Investments and the Company signed an agreement to combine the USD 3,950 thousand working capital loan (maturity date 15 December 2016 and 8% interest rate) and the USD 4,000 thousand convertible loan (maturity date 27 June 2017, 5% interest rate and USD 0.86 conversion price) into a new convertible loan of USD 7,950 thousand with maturity date of 30 June 2019, interest rate of 6%, and conversion price of USD 0.18 per share.
- On 19 April 2016, KGJ Investments transferred USD 500 thousand to the Company as a bridge loan with 5% interest payable at maturity. The

maturity date is the earlier of 1st July 2016 and two business days after Funcom receives proceeds from the planned equity issue.

- The Company is currently undergoing a process with the aim to raise USD 5 to 10 million through one of the existing mechanisms for share issuance and intends to use the raised capital for the development of *Conan Exiles* and the two other titles to be developed this year, as well as for the related marketing expenses. The Company will also continue to reduce its structural costs.
- Based on its current revenue and cost projections, on the recent postponement of the maturity of its debts to 31 December 2018 and beyond, and on the financial instruments at the disposal of the Company including but not restricted to financing and equity issues, the Company expects to have the ability to fund its operations for the next twelve months after the end of 1Q16.

Badhoevedorp, The Netherlands, 19 May 2016

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.
- This report contains forward-looking statements. These statements are based on current estimates and projections of Funcom's management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of Funcom to be materially different from those that may be expressed or implied by such statements. Such factors include inter alia those discussed in the Funcom's Annual Report 2015 note 27.
- For more information about Funcom, its games and its organization, please see www.funcom.com

* "Funcom", "*The Secret World*", "*Anarchy Online*", "*The Park*" and "*Dreamworld Technology*" are registered trademarks of Funcom Oslo AS.

FUNCOM N.V. - FIRST QUARTER FINANCIALS OF 2016
PRELIMINARY, NOT AUDITED, FIGURES

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	First Quarter		Accumulated		Full Year
	2016	2015	2016	2015	2015
<i>(Figures in TUSD)</i>					
Revenue	2,048	2,772	2,048	2,772	10,238
Operating expenses	-1,785	-2,285	-1,785	-2,285	-9,845
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	263	487	263	487	393
Depreciation, amortization and impairment charges	-923	-756	-923	-756	-6,571
Total operating expenses	-2,708	-3,041	-2,708	-3,041	-16,417
Operating result ("EBIT") from continuing operations	-660	-269	-660	-269	-6,179
Share of result from equity-accounted entities		34		34	-173
Net financial items	-101	71	-101	71	-478
Profit (loss) before income taxes from continuing operations	-761	-164	-761	-164	-6,829
Income taxes		19		19	40
Profit (loss) for the period	-761	-144	-761	-144	-6,789
Attributable to shareholders of Funcom N.V.	-761	-144	-761	-144	-6,789
Earnings per share basic (USD)	-0.01	0.00	-0.01	0.00	-0.07
Earnings per share fully diluted (USD)	-0.01	0.00	-0.01	0.00	-0.07

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the period	-761	-144	-761	-144	-6,789
Foreign exchange translation difference	280	-715	280	-715	-1,415
Total comprehensive income for the period	-480	-860	-480	-860	-8,204

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March		31 Dec.
	2016	2015	2015
<i>(Figures in TUSD)</i>			
ASSETS			
<u>Non-current assets</u>			
Deferred tax assets			
Intangible assets	4,855	7,766	4,394
Tangible fixed assets	83	196	100
Financial investments	65	230	65
<u>Current assets</u>			
Trade receivables	680	1,151	1,443
Prepayments and other assets	217	1,101	506
Income tax receivable			
Cash and cash equivalents	1,015	2,452	616
Total assets	6,915	12,896	7,124
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	4,802	4,723	4,802
Reserves	157,474	156,764	157,105
Retained earnings	-172,229	-164,823	-171,468
<u>Liabilities</u>			
Deferred tax liabilities	1	16	25
Long-term liabilities	3,530	12,805	3,434
Deferred revenue	873	1,511	1,037
Short-term loans and borrowings	10,150	29	10,150
Other short term liabilities	2,314	1,870	2,040
Total equity and liabilities	6,915	12,896	7,124

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	First Quarter		Period ended 31 March		Full Year
	2016	2015	2016	2015	2015
<i>(Figures in TUSD)</i>					
Cash flow from operating activities					
Profit (loss) before income tax	-761	-164	-761	-164	-6,829
Adjustments for:					
Depreciation, amortization and impairment	923	756	923	756	6,571
Share-based payments	88	280	88	280	814
Share of result from equity-accounted entities		-34		-34	173
Effect of exchange rate fluctuations	-186	-480	-186	-480	442
Changes in working capital	1,196	-312	1,196	-312	466
Net cash from operating activities	1,261	46	1,261	46	1,637
Cash flow from investing activities					
Purchase of equipment and investment in intangible assets	-1,358	-1,076	-1,358	-1,076	-3,412
Investment in/loan to (from) equity-accounted entities		-122		-122	11
Net cash from investing activities	-1,358	-1,198	-1,358	-1,198	-3,401
Cash flow from financing activities					
Net proceeds from issue of share capital					411
Proceeds / repayments from (of) borrowings and leases					-23
Net cash from financing activities					388
Change in cash and cash equivalents	-98	-1,152	-98	-1,152	-1,376
Cash and cash equivalents, beginning of period	616	3,705	616	3,705	3,705
Effect of exchange rate fluctuations	496	-101	496	-101	-1,714
Cash and cash equivalents, end of period	1,014	2,452	1,014	2,452	616

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31 March		Full Year
	2016	2015	2015
<i>(Figures in TUSD)</i>			
Opening balance	-9,561	-2,756	-2,756
Total comprehensive income for the period	-480	-860	-8,204
Equity issues			411
Granting of warrants			173
Conversion rights reserve			
Share-based payments	88	280	814
Closing balance	-9,953	-3,336	-9,561

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 three months ended 31 March 2016 were approved for issue by the Supervisory Board on 18 May 2016.

2 Basis for preparation and selected significant accounting policies

The financial result of the Company in 1Q16 reports slightly declining revenues from existing games and decreased operating costs due to internal cost-saving measures. There were no pervasive or material changes in 1Q16 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 three months ended 31 March 2016 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 three months ended 31 March 2016 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 2015 annual report.

The Group has as of 1 January 2016 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 2017 or later.

All amounts are in USD thousand 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.

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 United States Dollars and in Swiss Francs.

8 Financial investments

Financial investments consist of long term receivables.

9 Liabilities

Long-term liabilities consist of USD 3,478 thousand convertible loan and USD 52 thousand rental deposits for the sublet of office space.

The convertible loan was issued on 26 August 2014 after conversion from USD 2,450 thousand interest bearing loan and USD 1,550 thousand 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 31 March 2016 the loan has a carrying amount of USD 3,478 thousand and an actual balance due of USD 4,000 thousand.

Short-term liabilities consist of USD 6,200 thousand convertible bond and USD 3,950 thousand working capital loan.

As of 31 March 2016 sixty two bonds issued on 22 December 2011 are still outstanding. These bonds have a face value of USD 100 thousand (total USD 6,200 thousand), 5% coupon and are due on 15 December 2016. They are convertible into common shares of Funcom N.V. at a price of 0.24 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 31 March 2016 the bonds have a carrying amount of USD 6,200 thousand and an actual balance due of USD 6,200 thousand.

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 31 March 2016 the working capital loan has a balance of USD 3,950 thousand, and the reimbursement due date is 15 December 2016.

The carrying value of the interest-bearing debt at the end of 1Q16 amounts to approximately USD 13,628 thousand.

10 Cash flows

A significant part of Funcom's cash and cash equivalents are denominated in Norwegian kroner and in 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

	First quarter		Three months	
	2016	2015	2016	2015
Average number of shares	92,208	90,445	92,208	90,445

12 Other comprehensive income

In accordance with IAS 21, the Company reported in 1Q16 under the 'Other comprehensive income' a foreign exchange gain amounting to USD 280 thousand mainly related to the reconciliation of intercompany balances in foreign currencies and to the translation of foreign operations into the reporting currency.

13 Equity

The equity of the Company declined from USD -9,561 thousand at the end of 4Q15 to USD -9,953 thousand at the end of 1Q16. 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:

- Online games - like *The Secret World* and *Age of Conan*
- Offline games - like *The Park*, *Dreamfall* and *The Longest Journey*

Segment information	Revenue from external customers		Segment profit (loss) *)	
	January - March		January - March	
	2016	2015	2016	2015
Online games	1,804	2,630	758	1,159
Offline games	127	41	123	32
Other activities	117	101	-8	-22
Total	2,048	2,772	872	1,170
General and administrative expenses			-608	-682
Depreciation, amortization and impairment charges			-923	-756
Share of result from equity-accounted entities				34
Net financial items			-101	71
Profit (loss) before tax (from continuing operations)			-761	-164

*) 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.

*) Other activities refer to Funcom Games Canada subleasing activities. Segment profit (loss) is measured as revenue earned less original rental expenses.

	Online games	Offline games
Segment assets as at 31 March 2015	7,257	
Segment assets as at 31 March 2016	4,774	

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

15 Subsequent events

On 13 April 2016, KGJ Investments and the Company signed an agreement to combine the USD 3,950 thousand working capital loan (maturity date 15 December 2016 and 8% interest rate) and the USD 4,000 thousand convertible loan (maturity date 27 June 2017, 5% interest rate and USD 0.86 conversion price) into a new convertible loan of USD 7,950 thousand with maturity date of 30 June 2019, interest rate of 6%, and conversion price of USD 0.18 per share.

On 19 April 2016, KGJ Investments transferred USD 500 thousand to the Company as a bridge loan with 5% interest payable at maturity. The maturity date is the earlier of 1st July 2016 and two business days after Funcom receives proceeds from the planned equity issue.

The Company is currently undergoing a process with the aim to raise USD 5 to 10 million through one of the existing mechanisms for share issuance and intends to use the raised capital for the development of Conan Exiles and the two other titles to be developed this year, and for the related marketing expenses. The Company will also undertake any change required in order to reduce its structural costs.