



1Q 2011
25 May 2011

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1. Key highlights 1Q 2011
2. Key financials
3. Project status
 1. Game overview
 2. Large scale MMO's
 3. Free-to-play MMO's
4. Market update
5. Summary and outlook


1Q 2011 highlights



- Revenues for 1Q were 3,389 TUSD, down from 5,126 TUSD for 4Q 2010, and more in line with 1Q 2010 which had revenues of 3,835 TUSD. EBITDA for 1Q was -1,117 TUSD. 2Q-4Q 2010 were positively impacted by *Age of Conan* expansion pack revenues and one-off revenues from the Korean launch
- EBT was negatively affected by a non-cash accounting charge of 1,625 TUSD related to the value of warrants granted to Stelt Holding NV. The Company has taken steps to avoid such charges for the future. After the AGM to be held 27th of June, the liability will be classified as equity
- *The Secret World* reached a major milestone in May, as planned, as the game entered the phase of limited external beta testing
- During 1Q, major PR events and announcements resulted in broad global coverage for *The Secret World* in the gaming press
- Funcom entered a three-way partnership to develop, operate and market a social game and service under the world leading *Fashion Week* brand
- Funcom announced movie tie-ins for *Age of Conan* with the upcoming *Conan* feature film. Funcom also announced a move towards free-to-play for *Age of Conan*
- Funcom's free-to-play segment grew significantly during 1Q with the launch of *Bloodline Champions*

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Key financial summary, 1Q 2011



TUSD	1Q,2011	4Q,2010
Revenues	3,389	5,126
EBITDA	-1,117	766
EBIT	-2,496	701
EAT	-4,063	810

Revenues

- Main source; monthly subscription revenues from the Age of Conan game, slightly down from 4Q 2010
- Revenues for 2Q-4Q 2010 significantly impacted by revenues from Age of Conan expansion pack and revenues from Korea. Revenues in 1Q 2011 more in line with 1Q 2010
- Revenues for 2Q11 are expected to be in line with the revenues for 1Q11.

Earnings

- EBITDA affected negatively by build-up costs for The Secret World and by publishing costs for games in the Free-to-Play segment.
- EBIT: 4Q 2010 positively impacted by impairment charges
- EBT affected by non-cash accounting charge related to warrants granted to Stelt Holding N.V, see next slide

Consolidated statement of financial position

- Cash balance of 17,142 TUSD as of 31 March, 2011, equity-to-assets ratio of 74 %
- Interest-bearing debt amounting to approximately 10.2 MUSD
- Relatively small changes in the statement of financial position from 4Q10 except for cash and intangible assets

Key financial summary, 1Q 2011



Impact on EAT of accounting charge for warrants granted to Stelt

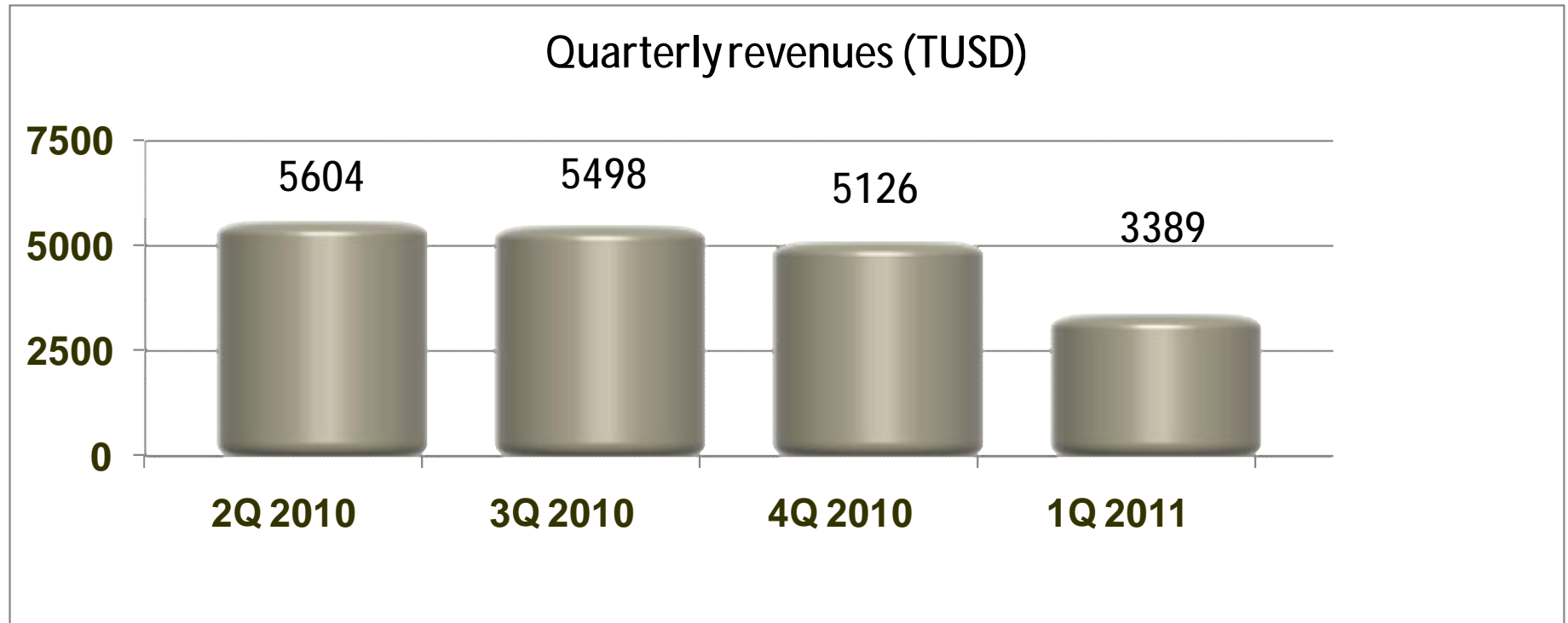
EBT affected negatively by change in fair value of warrants issued in 2010 of 1,625 TUSD.

Subject to an approval of the coming AGM – there will be no further impacts on the P&L from June 2011.

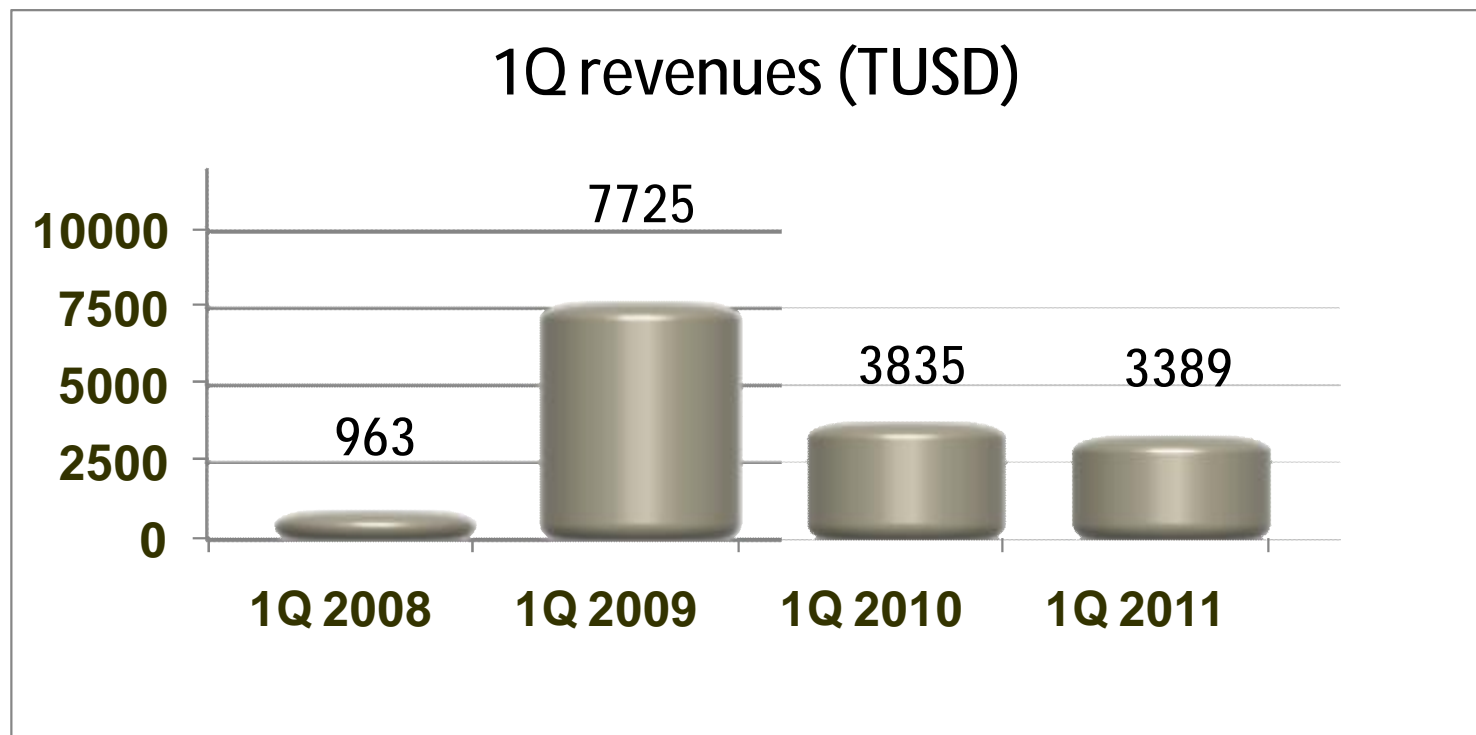
The warrants are valued at 2,600 TUSD by end 1Q 2011, and this item will from the date of the AGM be classified as equity and not as a liability.

So far in 2Q 2011 this item has led to a finance income of around 400 TUSD (decrease in value of the warrants).

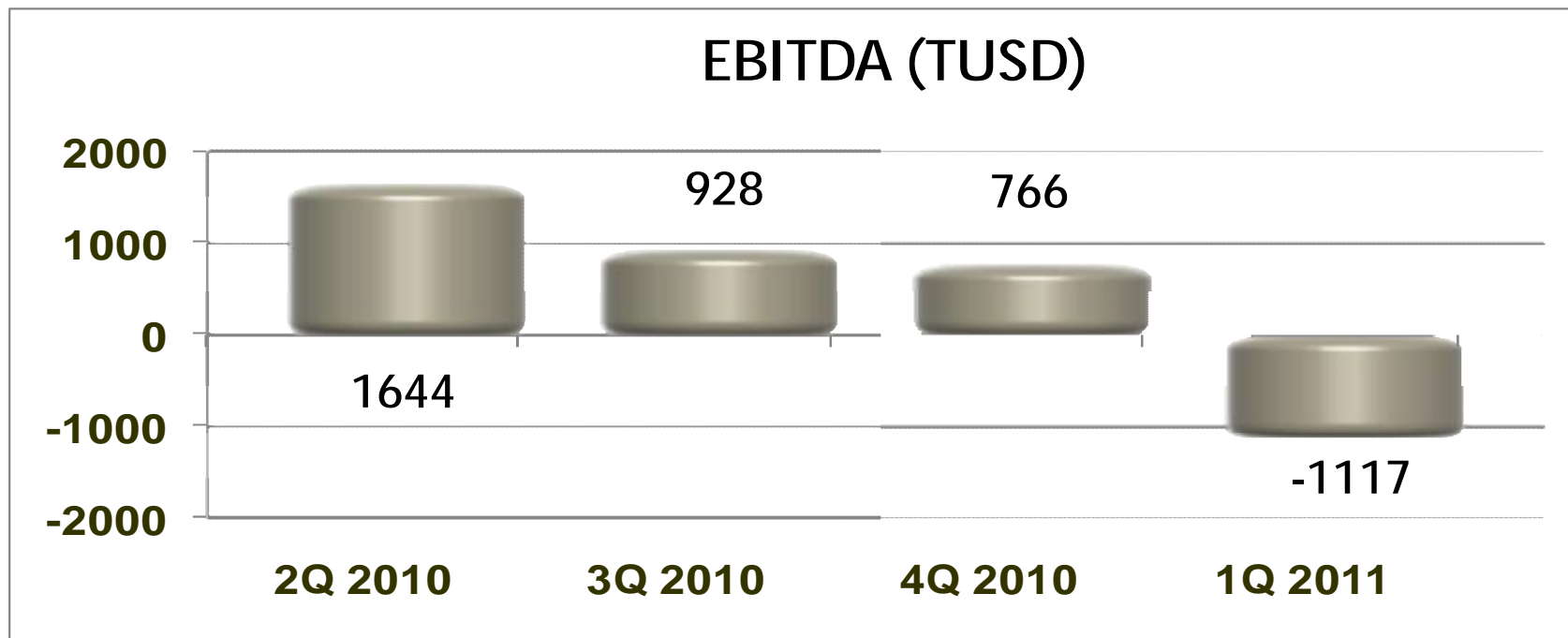
Key financial summary, 1Q 2011



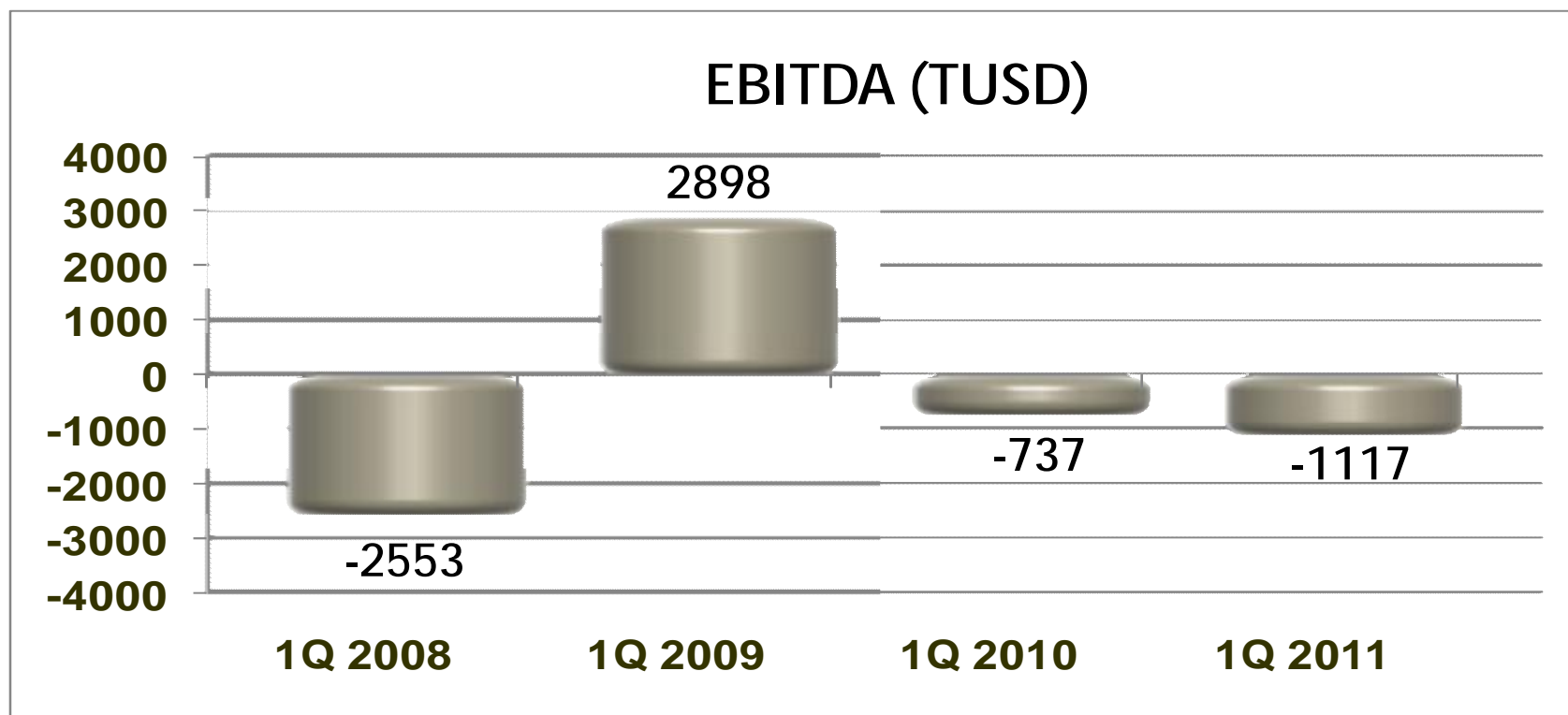
Key financial summary, 1Q 2011



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Overview of main games

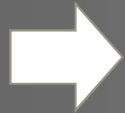


Game	Segment	Status
<i>Age of Conan</i>	Large scale MMO	Launched, Cash flow positive
<i>Anarchy Online</i>	Large Scale MMO	Launched, Cash flow positive
<i>The Secret World</i>	Large Scale MMO	In development, Investment phase
<i>Bloodline Champions</i>	Free-to-play MMO	Launched, Cash flow positive
<i>Fashion Week</i>	Free-to-play MMO, Social game	In development, Investment phase
<i>Pets vs Monsters</i>	Free-to-play MMO	In open beta phase, Investment phase
<i>My Kingdom</i>	Free-to-play MMO, Social game	In open beta phase, Investment phase

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Video



THE SECRET WORLD

Highlights

- In May, *The Secret World* reached a major milestone as the game entered the first phase of limited beta testing, as planned
- In January, Funcom signed a co-publishing agreement with Electronic Arts (EA) , a world-leading publisher
- The Company ramped up PR activities for *The Secret World* during 1Q, with significant GDC presence, other PR activities, in-game videos and new community services
- The game community for *The Secret World* already counts more than 400,000 people
- In the opinion of the company, the game tracks very well in terms of expectations



THE SECRET WORLD

Status

- The development progressed well in 1Q
- The project currently has over 170 people involved
- The first phase of limited beta testing has started, and will be extended over time. Typical tests will be focused on one area at a time, and at testing specific tech areas of the game
- The focus of the development is on content extension and role playing systems extension
- The technology supporting *The Secret World* is well tested and stable, and the technology risk related to *The Secret World* is significantly lower than for *Age of Conan* before launch



AGE OF CONAN RISE OF THE GODSLAYER

Status

- Funcom announced a move towards a free-to-play business model for *Age of Conan*, expected to increase revenues for the game
- Movie tie-ins with the upcoming Conan feature film are being planned. The movie release represents a good opportunity for the company to re-engage with MMO- and Conan fans. The company is planning in-game updates and marketing efforts to coincide with the movie release
- Game retention in *Age of Conan* has improved in the last months, and after a period of decline, the subscriber numbers have lately been stable
- *Age of Conan* is cash flow positive and will remain so in the future



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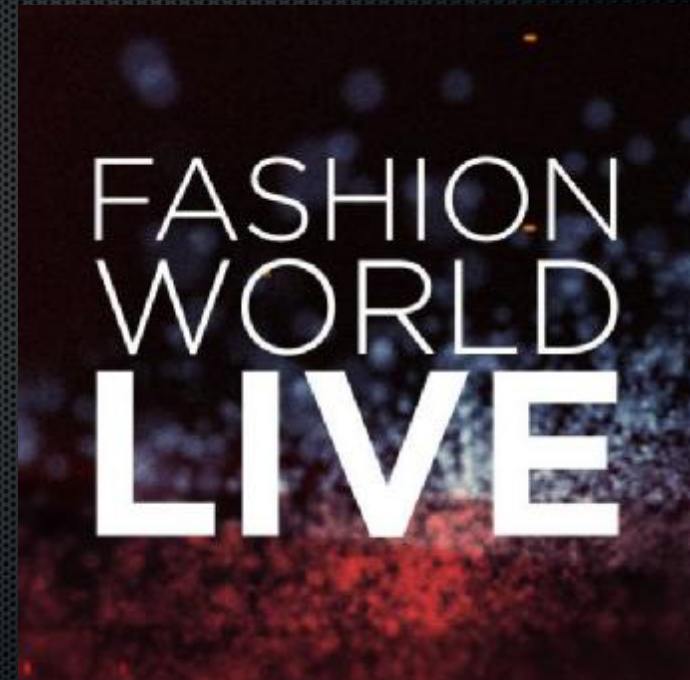


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FASHION WORLD **LIVE**

- Funcom announced a three-way partnership with IMG and 505-games to develop and operate a fashion social game and service related to the world-renowned *Fashion Week* brand
- In the social media space, fashion is a top-interest topic, with more than 75 million people following the top 10 fashion brands alone
- The Company aims to bring its competence in high-end visual design and game play competence to the social games segment in a significant way with the *Fashion Week* concept
- The *Fashion Week* initiative is expected to launch during the fall of 2011, and the Company considers the concept to have a relatively high likelihood of success



Status, other free-to-play games

Bloodline Champions

- *Bloodline Champions* launched successfully
- More than 600.000 accounts created
- Favorable reviews and feedback
- Game continuously expanded and enhanced
- Stable revenues and cash-flow positive



Pets vs Monsters and My Kingdom

- In beta phase
- Monetization testing
- Funnel improvement and tech optimization focus



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Market update



- The online games market experiences continued growth
- Large scale MMO market in Western World still dominated by WOW, but Rift launch is yet another confirmation that well-made high end MMOs typically sell around or over 1 million copies during launch and generate very significant launch revenues. Retention in Rift seems promising.
- Zynga remains main player in social games space with games like Cityville, Frontierville and Farmville. Zynga has in a few years achieved a valuation of 7-10 billion USD and is said to contemplate an IPO.
- Significant M&A and investment activity in online gaming
- Summit Partners and TA Associates take 60% stake in Bigpoint at a company valuation of 600 million USD
- Tencent acquires majority stake in Riot Games, makers of League of Legends, for 400 million USD
- IT Girl maker Crowdstar raised 23 million USD from Intel, Time Warner etc.

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Summary and outlook



Summary

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Financial Outlook:

- The revenues for 2Q11 are expected to be in line with 1Q11



Last slide