

FUNCOM NEWS

Funcom would like to provide an outlook for its second quarter 2008 revenue and results

Status of the launch

Funcom is pleased with the very successful launch of the 'Age of Conan' game, making it one of the largest western world PC launches in this decade. So far the product has sold through over 700.000 copies (i.e. customers that have bought a game client and entered their game client key and payment details into Funcom's billing database).

Key success factors going forward will be Funcom's ability to maximize the average longevity of subscription as well as the continued rate of customer acquisition. To maximize the average longevity of subscription Funcom will continue to expand and improve the product. To maximize the rate of customer acquisition Funcom will among other initiatives enter new markets with localized versions and optimize the Company's sales and marketing initiatives. The Company is so far satisfied with the initial figures on customer retention and churn levels. It is expected that the sales curves for the 'Age of Conan' game over time will be similar to the sales curves over time of other MMOs. So far the sales seem to follow the customary sales development.

Outlook for Q2 2008

The revenue in the second quarter of 2008 (Q208) is estimated to be between USD 11 million and USD 12 million and the EBIT in this period is estimated to in the range of from USD -5.5 million to USD -6,5 million.

Some key parameters in this estimate are:

- Box revenue estimation:
 - The number of activated game keys in the 'Age of Conan' game is used as an estimate for retail sales in Q208. Funcom will receive reports from its co-publisher SCI Eidos after the end of each fiscal quarter.
 - The Company expects to receive approximately 20% of the box revenues sold through the retail channel and somewhat less in some export markets like countries in Eastern Europe.
- Subscription revenue estimation:
 - Estimations regarding subscription revenues are based on early service renewal data, and have therefore a degree of uncertainty related to them.
 - Funcom follows a percentage of completion (time apportioned) basis of revenue recognition for service related revenues (subscription revenues). Subscription revenue is therefore recognized over the subscription period. The first subscription payments for the 'Age of Conan' game started on June 19. Therefore, relatively low subscription revenues have been booked in the second quarter.
- Cost Estimation:
 - Funcom bases its cost estimation on closed accounts for the months April and May as well as estimates for the month of June.
 - The Company has had extraordinary cost levels in the areas of marketing, hosting, hardware purchases, personnel costs and operations related to the launch of the 'Age of Conan' game.
 - From the launch in May the company has started expensing a significant part of the costs related to the 'Age of Conan' project.
 - From the launch in May the company has started to amortize the intangible asset related to the 'Age of Conan' game.

The Company will present its Q208 financials on August 15th 2008.

For risk evaluation, please see previous communication from the Company.

*The Management Board of Funcom N.V.
Dübendorf, June 30, 2008*

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This report is also available at <http://www.newsweb.no>

Investors are encouraged to actively seek information regarding the company and the industry.

- *For more information about Funcom, its games, its organization, please see www.funcom.com*
- *For more information about the Age of Conan game, please see www.ageofconan.com*

For more information regarding the risk profile of the Company and its game(s), see document called 'Funcom Risk Overview' at www.funcom.com under Investor Relations