



# 2012 Fourth Quarter Report



## HIGHLIGHTS

- New business model was launched for *The Secret World* 12<sup>th</sup> December increasing sales by more than 30% overall and quadrupling gamers' activities in the game.
- Sales from *The Secret World* for January 2013 amounted to approximately 1,350 TUSD
- Revenues in 4Q12 were 7,786 TUSD compared to 4,284 TUSD for 4Q11.
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 4Q12 were positive with 2,016 TUSD compared to -1,589 TUSD for 4Q11.
- Earnings before Interest and Tax (EBIT) for 4Q12 were -5,947 TUSD compared to -5,189 TUSD for 4Q11.
- Cash flow from operating activities for 4Q12 was positive with 290 TUSD. Cash position at end of 4Q12 amounts to 8,048 TUSD. In 4Q the Company has repaid interest-bearing borrowings amounting to approximately 7,000 TUSD.
- The LEGO project produced in Oslo based on the LEGO® Minifigure line has reached all milestones and is currently on schedule for release during the 1<sup>st</sup> half of 2014.
- On 22 October the Company announced it had retained ABG Sundal Collier and GP Bullhound to undertake a broad review of the strategic options available to the Company. The current restructuring is part of that process and the Company will continue to update the market when relevant.
- The restructuring and cost adjustment process that started in 3Q12 continued in 4Q12 and is ongoing. The Company expects to finalize most of the restructuring by the end of April 2013.
- As per the above the Company expects the positive effect from the restructuring to materialize in full in the second half of the year, which leads to more conservative cash projections. As a result, the Company made an impairment charge on the book value of *The Secret World* of 3,000 TUSD (in addition to 35,000 TUSD impairment charge made in 2Q12) as well as 1,545 TUSD on the games *Pets vs Monsters* and *Fashion Week Live*. The transfer of the production team from Montreal to North Carolina (see details under Update on restructuring process) also lead to an impairment charge of 600 TUSD on office equipment and leasehold improvements related to the Montreal studio.
- The Company reached an agreement with KGJ Investments A.S. in 1Q13 to restructure both the 10 MUSD loan and the convertible bond loan. The restructuring of the loans is conditional on shareholders' approval on an EGM that will take place in the second half of April. The restructuring of the loans will provide cash relief to the Company to

complete the restructuring process and to secure working capital for its current and mid-term projects.

- In 4Q12 the Company has initiated a project to take the proprietary MMO technology platform *DreamWorld* into the growing and profitable web and tablet markets, allowing our future games such as the LEGO® online game based on the LEGO® Minifigure line to target these fast growing and exciting new platforms.
- In 4Q12, the Company has started to work actively on securing more games to be developed as work for hire in Montreal. This will also leverage our many years of experience in running and maintaining online games within a separate business unit "Online Services" from our North Carolina studio.

## FINANCIALS

- Revenues in 4Q12 were 7,786 TUSD, compared to 4,284 TUSD in 4Q11.
- EBITDA, positively impacted by the revenues from *The Secret World* was 2,016 TUSD in 4Q12 compared to -1,589 TUSD for 4Q11.
- Operating profit (EBIT), negatively impacted by 5,145 TUSD impairment charges was -5,947 TUSD for 4Q12 compared to -5,189 TUSD for 4Q11.
- Result for the period was -6,433 TUSD compared to -6,096 TUSD for 4Q11.
- Cash flow from operating activities for 4Q12 was positive with 290 TUSD. Cash position at end 4Q12 amounts to 8,048 TUSD. In 4Q the Company has repaid interest-bearing borrowings amounting to approximately 7,000 TUSD.

## UPDATE ON THE RESTRUCTURING PROCESS

- As announced previously The Company is undergoing a restructuring process to better align the company to the current market, make the company more efficient, and enable it to quickly adapt to new business trends. By the end of April we will have three offices with three business areas that independently are geared for future growth.
- The Company is consolidating the live teams and is in the process of moving the production of our existing large scale MMO's to our Operational hub in North Carolina. By consolidating all operations in one place and have the development team work closely together with Operations, Community, Customer Service, Quality Assurance and our Billing and tools team, we expect to see significant improvement in efficiency across all departments involved in developing and running large scale MMO's. The Focus of our North Carolina office will be to develop and run our existing games, and

make the studio ready to operate more games and services both from Funcoms own production line and from others as well. The Company has in 4Q12 actively started to seek opportunities within the "Online Services" business area.

- Our Montreal studios new strategy will be building high-quality games and technology for mobile and tablet platforms. To kick-off this new strategy the Montreal studio will develop two new mobile and tablet games based on the LEGO® brand. The two titles are being developed on a work for hire basis. The Company is in the process of securing further opportunities for the Montreal Studio.
- The Studio in Oslo will continue to focus on the previously announced LEGO® online game, and the business area of building high quality, focused MMO's in the mid-core segment. The Company will in the future work to secure more games strengthening further the strategy for Funcom Oslo.
- The restructuring has also lead to a 50% reduction of headcount in 4Q12 with an additional 25% anticipated in 1Q13. The direct effect of this and other cost saving measures is reflected in the positive cash flow from operations of 290 TUSD in 4Q12.

## LARGE-SCALE MMOs

### *The Secret World*

- New business model was launched for *The Secret World* on 12<sup>th</sup> December increasing sales by more than 30% overall and quadrupling gamers' activity in the game. Daily runrate of client sales is on average six times higher in the period since switching the model than in the similar period prior to the change. Two major game content updates were delivered during the same period, adding a lot of new stories, areas and features to the game.

### Other large-scale MMO's

- Player numbers and revenues from *Age of Conan* and *Anarchy Online* were fairly stable in 4Q12.
- The continuous focus of the development of these games are to add new features and content for the player base to extend player engagement time, and to take advantage of the benefits of a new, joint team working across all games.
- All games in the large-scale MMO segment are cash flow positive and will remain so in the foreseeable future.

## FREE-TO-PLAY MMOs

- The LEGO® online game team is working towards the fourth milestone "Bosses and Encounters" next month.
- In 4Q12 Funcom signed a letter of intent with a major gaming company for a license involving a strong brand. However, the Company decided that its immediate focus should be on completing the restructuring process as well as the projects currently on hand and the development of its new Mobile and Online services departments. Therefore, the company will not proceed beyond the letter of intent.
- The Company is still working actively to secure other opportunities fitting the company strategy of building high quality, focused MMO's in the mid-core segment.
- During 4Q12 *Pet vs Monsters* has entered maintenance mode where cost is aligned with revenue. As revenues from the game remain moderate the Company made a final impairment charge on the book value of the game of 70 TUSD. Future investments in this game are unlikely.

## OTHER GAMES

- *Fashion Week Live* continued to sign more brands to be part of the game in 4Q12. The company is considering alternatives to make the game cash flow positive and future investment in the game is discussed with our partners. The most recent cash projections for the game lead to a final impairment charge of 1,475 TUSD.

## MISCELLANEOUS

### Transactions with related parties

There have been no significant transactions with related parties in Q412.

### Risk factors

For information regarding risk factors for the Company and its games, please refer to note 28 in the 2011 annual report. For evaluations of the risks related to *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 re-views 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

- With the proprietary *Dreamworld* technology platform the company has some of the best tools and expertise available to build and launch games within our strategy in all our three studios.
- The medium and long term financial performance of the Company is influenced by a number of factors; the performance of *The Secret World* still being the most important.
- The Company expects sales for 1Q13 to be in line with 4Q12. The Company expects the recognized revenues to be lower than 4Q12 - please refer to note 2.4 and the 2011 annual report for the principles related to revenue recognition.

Badhoevedorp, The Netherlands, 27 February 2013

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, its organization, please see [www.funcom.com](http://www.funcom.com)
- For more information about *The Secret World* game, please see [www.thesecretworld.com](http://www.thesecretworld.com)
- For more information about the *Age of Conan* game, please see [www.ageofconan.com](http://www.ageofconan.com)
- For more information about the *Anarchy Online* game, please see [www.anarchy-online.com](http://www.anarchy-online.com)
- For more information about *Fashion Week Live*, please see [www.fashionweeklive.com](http://www.fashionweeklive.com)
- For more information about the *Pets vs Monsters* game, please see [www.petsvsmonsters.com](http://www.petsvsmonsters.com)
- For more information about the *Bloodline Champions* game, please see [www.bloodlinechampions.com](http://www.bloodlinechampions.com)

FUNCOM N.V. - FOURTH QUARTER FINANCIALS OF 2012  
PRELIMINARY, NOT AUDITED, FIGURES

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	Fourth Quarter		Accumulated	
	2012	2011	2012	2011
<i>(Figures in TUSD)</i>				
Revenue	7,786	4,284	23,599	15,519
Operating expenses	-5,770	-5,873	-33,311	-21,002
<b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>	<b>2,016</b>	<b>-1,589</b>	<b>-9,712</b>	<b>-5,482</b>
Depreciation, amortization and impairment charges	-7,963	-3,600	-49,375	-7,829
Total operating expenses	-13,733	-9,473	-82,686	-28,831
<b>Operating result ("EBIT") from continuing operations</b>	<b>-5,947</b>	<b>-5,189</b>	<b>-59,087</b>	<b>-13,312</b>
Share of result from equity-accounted entities	-130	-23	-33	-17
Net financial items	-552	-827	-2,979	-2,882
Profit (loss) before income taxes from continuing operations	-6,628	-6,039	-62,099	-16,210
Income taxes	196	-57	-116	-85
<b>Profit (loss) from continuing operations</b>	<b>-6,433</b>	<b>-6,096</b>	<b>-62,215</b>	<b>-16,295</b>
Profit from discontinued operation, net of tax	0	0	0	0
<b>Profit (loss) for the period</b>	<b>-6,433</b>	<b>-6,096</b>	<b>-62,215</b>	<b>-16,295</b>
Attributable to shareholders of Funcom N.V.	-6,433	-6,096	-62,215	-16,295
Earnings per share basic (USD)	-0.10	-0.11	-0.99	-0.30
Earnings per share fully diluted (USD)	-0.10	-0.11	-0.99	-0.30

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Profit (loss) for the period	-6,433	-6,096	-62,215	-16,295
Foreign exchange translation difference	-88	-212	4	520
Other		13		13
<b>Total comprehensive income for the period</b>	<b>-6,521</b>	<b>-6,294</b>	<b>-62,211</b>	<b>-15,762</b>
Attributable to non-controlling interests	0	0	0	0
Attributable to shareholders of Funcom N.V.	-6,521	-6,294	-62,211	-15,762

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31 Dec.	
	2012	2011
<i>(Figures in TUSD)</i>		
<b>ASSETS</b>		
<u>Non-current assets</u>		
Deferred tax assets	232	558
Intangible assets	13,729	49,879
Tangible fixed assets	810	2,016
Financial investments	947	921
<u>Current assets</u>		
Trade receivables	2,723	1,353
Prepayments and other assets	6,793	4,173
Cash and cash equivalents	8,048	19,428
<b>Total assets</b>	<b>33,282</b>	<b>78,327</b>
<b>EQUITY AND LIABILITIES</b>		
<u>Equity</u>		
Share capital	3,424	2,777
Reserves	148,168	129,306
Retained earnings	-150,337	-89,165
<u>Liabilities</u>		
Deferred tax liabilities	55	297
Long-term liabilities	4,728	22,104
Deferred revenue	7,968	1,060
Short-term loans and borrowings	12,870	6,969
Other short term liabilities	6,406	4,980
<b>Total equity and liabilities</b>	<b>33,282</b>	<b>78,327</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Fourth Quarter		Period ended 31 Dec.	
	2012	2011	2012	2011
<i>(Figures in TUSD)</i>				
Cash flow from operating activities				
Profit (loss) before income tax	-6,844	-6,039	-62,099	-16,210
Adjustments for:				
Depreciation, amortization and impairment	7,963	3,599	49,375	7,829
Share-based payments	249	191	815	703
Share of result from equity-accounted entities	130		33	17
Effect of exchange rate fluctuations	677	-517	555	359
Changes in working capital	-1,885	459	8,521	916
<b>Net cash from operating activities</b>	<b>290</b>	<b>-2,306</b>	<b>-2,800</b>	<b>-6,386</b>
Cash flow from investing activities				
Purchase of equipment and investment in intangible assets	-1,636	-6,296	-13,804	-18,361
Investment in/loan to (from) equity-accounted entities	-634	66	-850	110
<b>Net cash from investing activities</b>	<b>-2,270</b>	<b>-6,230</b>	<b>-14,654</b>	<b>-18,251</b>
Cash flow from financing activities				
Net proceeds from issue of share capital		185	10,953	480
Proceeds / repayments from (of) borrowings and leases	-7,011	18,194	-5,234	21,162
<b>Net cash from financing activities</b>	<b>-7,011</b>	<b>18,379</b>	<b>5,719</b>	<b>21,643</b>
Change in cash and cash equivalents	-8,991	9,843	-11,735	-2,995
Cash and cash equivalents, beginning of period	17,643	8,740	19,428	22,693
Effect of exchange rate fluctuations	-604	845	355	-270
<b>Cash and cash equivalents, end of period</b>	<b>8,048</b>	<b>19,428</b>	<b>8,048</b>	<b>19,428</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	31 Dec.	
	2012	2011
<i>(Figures in TUSD)</i>		
Opening balance	42,918	53,806
Total comprehensive income for the period	-62,211	-15,762
Equity issues	20,813	480
Reclassification of warrants from liabilities to equity		1,850
Conversion rights reserve	-1,080	1,840
Share-based payments	815	703
Closing balance	1,255	42,918

## 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 twelve months ended 31 December 2012 were approved for issue by the Supervisory Board on 27 February 2013.

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

The unaudited interim condensed consolidated financial statements for the Company for the twelve months ended 31 December 2012 have been prepared in accordance with IAS 34. This 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 2011 annual report. The company also adopted a new revenue recognition accounting policy with respect to new products introduced in 2Q2012 (i.e. game software and bundled products).

The Group has as of 1 January 2012 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 evaluated the impact on the financial statements of standards issued but which have an adoption date on 1 January 2013 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.

In 4Q12 Funcom recognized an impairment loss of 3,000 TUSD (in addition to 35,000 TUSD in 2Q12) in the statement of comprehensive income on the cash generating unit that contains The Secret World - being a game in



the large scale MMO segment. Funcom has also recognized an impairment loss of 1,475 TUSD on the cash generating unit that contains Fashion Week Live and 70 TUSD to the cash generating unit that contains the game Pets vs. Monsters - the last two being games in the free-to-play segment. The impairment losses were recognized due to lower net cash flow estimates. The recoverable amount of the assets was determined based on the assets' value in use, using a discount rate of 12 % (2011: 13% for The Secret World given that the game was not launched and the associated risk was higher). In addition, the Company recorded 600 TUSD of impairment charges on office equipment and leasehold improvements as a result of the restructuring plan announced on January 10, 2013 (see note 13 *Subsequent events*).

## 6 Net financial items

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

## 7 Taxes

It is Funcom's assessment that the tax value of the tax losses carried forward can only be partially recognized under IAS 12. The recognized deferred tax asset is based on an assessment of the tax losses carried forward and the temporary differences arising between the accounting values and the tax bases of assets. The tax assets are primarily denominated in Swiss Francs.

## 8 Financial investments

Financial investments consist of long term receivables and investments in the associated company Stunlock Studios AB, Sweden and the jointly controlled entity MMORPG Technologies INC, Canada.

## 9 Liabilities

Long-term liabilities consist of 4,597 TUSD convertible bonds and 131 TUSD non-interest bearing reimbursable government contribution.

On 22 December 2011 Funcom issued 150 convertible bonds with a face value of 100 TUSD (total 15,000 TUSD) and 10 % coupon due on 22 December 2014 and convertible into common shares of Funcom N.V. at a price of 1.37 USD per share. The interest is payable semi-annually starting 22 June 2012. Funcom recognized a liability of 12,572 TUSD in the Statement of Financial Position and an equity component of 1,840 TUSD in the Statement of Financial Position. 88 bonds have been converted into 6,423,296 common shares by the end of 3Q12 which resulted in an increase of 336 TUSD of the share capital and 9,543 TUSD of the share premium reserve and a decrease of 1,080 TUSD of the conversion rights reserve, reflected in the consolidated statement of changes in equity. As of December 31, 2012 sixty two bonds are still outstanding.

The interest-bearing loan from KGJ Investments S.A.(former Stelt Holding N.V.) with a carrying value of 9,869 TUSD and face value of 10,400 TUSD with maturity December 29, 2013 previously presented as long-term liability is reclassified to Short-term loans and borrowings.

The carrying value of interest-bearing debt at the end of 4Q12 amounts to approximately 16,245 TUSD.

On 1 October 2012, Funcom repaid bank loans of 7,000 TUSD. As a result the Company is no longer required to maintain a bank deposit of 2,500 TUSD.

## 10 Cash flows

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

## 11 Average numbers of shares

	Fourth quarter		Full year	
	2012	2011	2012	2011
Average number of shares (1000)	66,497	53 734	63,044	53 561

## 12 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

## Segment information

	Revenue from external customers		Segment profit (loss) *)	
	January - December		January - December	
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
Large-scale MMO's	20,108	13,813	5,365	2,242
Free-to-play MMO games	3,491	1,706	2,375	1,074
Total	23,599	15,519	7,740	3,316
General and administrative expenses			-17,453	-8,798
Depreciation, amortization and impairment charges			-49,375	-7,829
Share of result from equity-accounted entities			-33	-17
Net financial items			-2,979	-2,882
<b>Profit (loss) before tax (from continuing operations)</b>			<b>-62,099</b>	<b>-16,210</b>

	Revenue from external customers		Segment profit (loss) *)	
	October - December		October - December	
	2012	2011	2012	2011
Large-scale MMO's	5,084	3,900	1,896	20
Free-to-play MMO games	2,702	384	2,316	861
Total	7,786	4,284	4,212	881
General and administrative expenses			-2,196	-2,470
Depreciation, amortization and impairment charges			-7,963	-3,600
Share of result from equity-accounted entities			-130	-23
Net financial items			-551	-827
<b>Profit (loss) before tax (from continuing operations)</b>			<b>-6,627</b>	<b>-6,039</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
Segment assets as at 31 Dec. 2011	46,417	2,963
Segment assets as at 31 Dec. 2012	13,525	

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

## 13. Subsequent events

On January 10, 2013 Funcom announced the start of a restructuring process and subsequently determined and is currently implementing the details of the restructuring plan. No restructuring provisions were recorded in 2012 as no constructive obligations to restructure were created prior to year end (IAS 37.72). The restructuring plan includes, among others, downsizing of personnel and closure of studios. The plan therefore represents an indication of impairment for office equipment and leasehold improvements and an impairment charge was recorded in 2012 in accordance with IAS 36.12 (f) (see note 5 above).

In February 2013 the Company reached an agreement with its major creditor KGJ Investments S.A. (KGJI S.A.) for the restructuring of the interest bearing loan with face value of 10,400 TUSD and maturity December 29, 2013. The repayment of the loan has been postponed until July 2015 with repayment in four installments. In addition, KGJI S.A. will be issued 10 million warrants to obtain shares in Funcom N.V. The exercise price of these and the existing 5 million warrants held by KGJI S.A. in relation to the same loan will be 0.37 USD per share. The exercise period for all warrants is December 30, 2015. If exercised, the proceeds will be used to repay the outstanding loan. The interest rate and interest payment terms remain with no changes (8% annual interest, payable quarterly). The new terms are conditional to approval by shareholders at an EGM which will be held in April 2013.

In February 2013 the Company also reached an agreement with KGJI S.A. for the restructuring of the convertible bond loan (see note 9). The agreed new terms include maturity date December 22, 2015, conversion price of 0.37 USD per share and interest rate of 5% with no payment before maturity when all accrued interest will become due in either cash or shares of Funcom N.V. at the option of the bondholder. The new terms are conditional on approval by the bondholders at a bondholder meeting which will be convened by the bond trustee and on the approval by shareholders at an EGM which will be held in April 2013.