Facebook New Zealand Limited
Financial statements
for the year ended 31 December 2011

Contents

Directors' report

The Board of Directors have pleasure in presenting the annual report of Facebook New Zealand Limited, incorporating the financial statements and the auditors' report, for the year ended 31 December 2011.

With the unanimous agreement of all shareholders, Facebook New Zealand Limited has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of Facebook New Zealand Limited authorised these financial statements presented on pages 4 to 18 for issue on 10 August 2012

For and on behalf of the Board.

Cipora Herman
Director

Theodore Ullyot
Director

ERNST & YOUNG

Chartered Accountants

Independent Auditor's Report

To the Shareholders of Facebook New Zealand Limited

Report on the Financial Statements

We have audited the financial statements of Facebook New Zealand Limited on pages 4 to 18, which comprise the balance sheet of Facebook New Zealand Limited as at 31 December 2011, and the statement of comprehensive income and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interest in Facebook New Zealand Limited.

Partners and employees of our firm may deal with the company on normal terms within the ordinary course of trading activities of the business of the company.

Opinion

In our opinion, the financial statements on pages 4 to 18:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Facebook New Zealand Limited as at 31 December 2011 and its financial performance for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by Facebook New Zealand Limited as far as appears from our examination of those records.

Ernst & Young

10 August 2012
Auckland

Facebook New Zealand Limited
Statement of comprehensive income
For the year ended 31 December 2011

	Notes	**12 months ended 31 December 2011 $**	4 months ended 31 December 2010 $
Revenue from services	13	**427,967**	127,309
Expenses	3		
Depreciation and amortisation expense		**(1,156)**	-
Employee benefits expense		**(361,999)**	(69,523)
Other expenses		**(131,508)**	(48,356)
Total expenses		**(494,663)**	(117,879)
(Loss) / profit before income tax		**(66,696)**	9,430
Income tax expense	4	**(14,497)**	(5,238)
(Loss) / profit for the year		**(81,193)**	4,192
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (loss) / income for the year, net of tax		**(81,193)**	4,192
Total comprehensive (loss) / income for the year is attributable to:			
Equity holders of Facebook New Zealand Limited		**(81,193)**	4,192

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Facebook New Zealand Limited
Balance sheet
As at 31 December 2011

	Notes	31 December 2011 $	31 December 2010 $
ASSETS			
Current assets			
Cash and cash equivalents		**131,558**	61,978
Trade and other receivables	6	**90,279**	128,102
Total current assets		**221,837**	190,080
Non-current assets			
Plant and equipment	7	**13,928**	-
Total assets		**235,765**	190,080
LIABILITIES			
Current liabilities			
Trade and other payables	8	**61,245**	34,150
Income tax payable		**6,622**	5,238
Total current liabilities		**67,867**	39,388
Total liabilities		**67,867**	39,388
Net assets		**167,898**	150,692
EQUITY			
Contributed equity	9	**146,500**	146,500
Reserves	10(a)	**98,399**	-
(Accumulated losses) / retained earnings	10(b)	**(77,001)**	4,192
Total equity		**167,898**	150,692

The above balance sheet should be read in conjunction with the accompanying notes.

Facebook New Zealand Limited
Statement of changes in equity
For the year ended 31 December 2011

	Notes	Contributed equity $	Reserves $	(Accumulated losses) / Retained earnings $	Total equity $
Balance as at 26 August 2010		-	-	-	-
Comprehensive income					
Profit for the year		-	-	4,192	4,192
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	4,192	4,192
Transactions with owners					
Issue of share capital	9	146,500	-	-	146,500
Balance as at 31 December 2010		146,500	-	4,192	150,692
Balance at 1 January 2011		146,500	-	4,192	150,692
Comprehensive income					
Loss for the year		-	-	(81,193)	(81,193)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(81,193)	(81,193)
Transactions with owners		-	-	-	-
Share based payments	10(a)	-	98,399	-	98,399
Balance as at 31 December 2011		146,500	98,399	(77,001)	167,898

The above statements of changes in equity should be read in conjunction with the accompanying notes.

1 General information

Facebook New Zealand Limited (the Company) is a service, assistance and advice provider in connection with the development, expansion and maintenence of the user, advertiser and web developer communities in New Zealand.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Kensington Swan, Level 9, 89 the Terrace, Wellington 6011, New Zealand.

The Company was incorporated on 26 August 2010 and commenced operations on 1 September 2010. Therefore, comparatives are for a period of 4 months. As a result the comparatives for statement of comprehensive income, statement of changes in equity and related notes are not comparable.

These financial statements have been approved for issue by the Board of Directors on 10 August 2012.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities, that qualify for and apply differential reporting concessions.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entity reporting

The financial statements for the Company are for Facebook New Zealand Limited as a separate legal entity.

The Company is designated as a profit-oriented entity for financial reporting purposes.

Statutory base

Facebook New Zealand Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Differential reporting

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body of Facebook New Zealand Limited. The Company has taken advantage of all differential reporting concessions available to it.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

(b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is Facebook New Zealand Limited's functional and presentation currency.

2 Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

Sales of services

The Company has a service agreement with Facebook Ireland Limited for the provision of sales and marketing services.

Expenses incurred by the service provider in the performance of agreed upon services and other expenses as agreed between the parties, except interest expenses, losses derived from foreign exchange transactions and income taxes are incorporated into the service agreement.

All revenue is stated net of the amount of goods and services tax.

Revenue is recognised on an accruals basis when the underlying expenses are incurred.

(d) Income tax

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

(e) Goods and Services Tax (GST)

The profit and loss component of the statements of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

The net amount of GST recoverable or payable to the Inland Revenue is included as part of the receivables or payables in the balance sheet.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Company is the lessee

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease (net of any incentives received from the lessor) are charged to the profit and loss component of the statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2 Summary of significant accounting policies (continued)

(h) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss component of the statements of comprehensive income within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in profit and loss component of the statements of comprehensive income.

(i) Financial assets

The Company classifies its financial assets as loans and receivables.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial re-organisation.

2 Summary of significant accounting policies (continued)

The Company first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(j) Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of plant and equipment is calculated using diminishing value income tax rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

- Office equipment	48%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(m) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

2 Summary of significant accounting policies (continued)

(n) Share based payments

Facebook Inc. (the "ultimate holding company") operates a share-based compensation plan. Employees of the Company receives remuneration in the form of equity instruments (options) of its ultimate holding company as consideration for services rendered.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the ultimate holding company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Company recognises the impact of the revision to original estimates, if any, in the income statement.

When the options are exercised, the ultimate holding company issues new shares.

The grant of equity instruments (options) by the ultimate holding company to the employees of the Company is treated as equity-settled, with a corresponding increase in equity as a contribution from the ultimate holding company.

3 Expenses

	12 months ended 31 December 2011 $	4 months ended 31 December 2010 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Office equipment	**1,156**	-
Rental expense relating to operating leases		
Minimum lease payments	**8,692**	-

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the company and its related practices:

(a) Assurance services		
Audit services		
Enrst & Young (2010: PricewaterhouseCoopers)		
Audit and review of financial reports and other audit work	**5,250**	5,000
Other assurance services		
Assistance with preparation of financial statements	-	12,000

4 Income tax

	12 months ended 31 December 2011 $	4 months ended 31 December 2010 $
(a) Tax reconciliation		
Net (loss) / surplus before tax	(66,696)	9,430
Income tax @ 28% (2010: 30%)	(18,675)	2,829
Expenses not deductible for tax purposes	32,721	864
Temporary differences	451	1,545
Tax expense	14,497	5,238
(b) Imputation credits		
Imputation credit account	13,113	-
Movements		
Balance at 1 January (2010: 26 August)	-	-
Tax payments net of refunds	13,113	-
Balance at 31 December	13,113	-

A change in the NZ corporate tax rate from 30% to 28% was enacted on 27 May 2010 with effect from 1 January 2011.

5 Financial instruments by category

Financial assets as per balance sheet	Loans and receivables $	Total $
At 31 December 2011		
Cash and cash equivalents	131,558	131,558
Trade and other receivables	78,495	78,495
	210,053	210,053
At 31 December 2010		
Cash and cash equivalents	61,978	61,978
Trade and other receivables	127,309	127,309
	189,287	189,287

GST receivable and prepayments do not meet the definition of a financial asset and has been excluded from the above table.

Financial liabilities as per balance sheet	Measured at amortised cost $	Total $
At 31 December 2011		
Trade and other payables	24,096	24,096
	24,096	24,096
At 31 December 2010		
Trade and other payables	29,000	29,000
	29,000	29,000

Employee entitlements do not meet the definition of a financial liability and has been excluded from the above table.

6 Trade and other receivables

	31 December 2011 $	31 December 2010 $
Related party receivables (note 13)	**78,495**	127,309
Prepayments	**3,520**	-
GST receivable	**8,264**	793
	90,279	128,102

(a) Bad and doubtful trade receivables

The Company has recognised no loss in respect of bad and doubtful trade receivables during the year ended 31 December 2011 (2010: $nil).

7 Plant and equipment

	Office equipment $	Total $
At 31 December 2010		
- Cost	-	-
- Accumulated depreciation	-	-
- Net book amount	-	-
At 31 December 2011		
- Cost	15,084	15,084
- Accumulated depreciation	(1,156)	(1,156)
- Net book amount	13,928	13,928

8 Trade and other payables

	31 December 2011 $	31 December 2010 $
Trade payables	-	21,500
Employee entitlements	**37,149**	5,150
Accrued expenses	**24,096**	7,500
	61,245	34,150

9 Contributed equity

	31 December 2011 Shares	31 December 2010 Shares	**31 December 2011 $**	31 December 2010 $
Opening balance of ordinary shares issued	**10,000**	-	**146,500**	-
Issue of ordinary shares during the year	-	10,000	-	146,500
Closing balance of ordinary shares issued	**10,000**	10,000	**146,500**	146,500

Ordinary shares

As at 31 December 2011 there were 10,000 shares issued (2010: 10,000 shares) and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

The company is not exposed to any externally imposed capital requirements.

10 Reserves and (Accumulated losses) / retained earnings

	31 December 2011 $	31 December 2010 $
(a) Reserves		
Employee equity benefit reserve	**98,399**	-
Movements:		
Employee equity benefit reserve		
Balance 1 January (2010: 26 August)	-	-
Shared based payments	98,399	-
Balance 31 December	98,399	-

Nature and purpose of reserves

(i) Employee equity benefit reserve
The employee equity benefit reserve is used to recognise the fair value of options issued but not exercised.

(b) (Accumulated losses) / retained earnings

	31 December 2011 $	31 December 2010 $
Balance at 1 January (2010: 26 August)	4,192	-
Net (loss) / profit for the year	(81,193)	4,192
Balance at 31 December	(77,001)	4,192

11 Contingencies

As at 31 December 2011 the Company had no contingent liabilities or assets (2010: $nil).

12 Commitments

As at 31 December 2011 the Company had no capital commitments (2010: $nil).

Operating leases
The Company leases various offices under non-cancellable operating leases expiring within two years.

	31 December 2011 $	31 December 2010 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	57,160	-
Later than one year but not later than five years	5,600	-
Later than five years	-	-
	62,760	-

13 Related party transactions

Facebook New Zealand Limited is a wholly owned subsidiary of Facebook Global Holdings II, LLC incorporated in the United States. The ultimate parent is Facebook, Inc. incorporated in the United States.

Transactions with related parties

			Transaction		Year-end	
Related party	**Nature of transactions**	**Relationship with company**	**2011**	2010	**2011**	2010
Facebook Ireland Limited	Service revenue generated under service agreement	Common ownership	**427,967**	127,309	**78,495**	127,309
Facebook, Inc.	Share option expense	Ultimate holding company	**98,399**	-	-	-

All related party transactions are conducted at arms length under normal commercial terms. Outstanding balances are unsecured, interest free and settled in cash.

14 Facebook Inc. 2005 Stock Incentive Plan

At 31 December 2011 Facebook, Inc. had one active stock based employee compensation plan (The 2005 Stock Plan, as amended in December 2010 ("2005 Plan")) under which new awards may be granted. Awards may include incentive share options, non statutory share options, share purchase rights or restricted ordinary shares. The Company has granted only restricted ordinary shares ('RSUs') to employees of Facebook Hong Kong Limited. RSUs may be settled in cash or equity however the company intends to equity settle all RSUs. The vesting condition of the RSUs is that the employees must remain in employment until the initial vesting event.

The 2005 Plan, permits the grant of RSUs over ordinary shares (class B common stock) in Facebook, Inc. RSUs granted under the 2005 Plan generally have a stated expiration, if not exercised, ten years after the date of grant. The per share exercise price of RSUs granted is generally nil.

The fair value of each RSU is estimated on the date of grant using the Black Scholes valuation model, incorporating key assumptions on volatility and expected option lives based on analysis of historical indicators. Forfeitures are estimated based on historical indicators.

RSUs are granted to employees under the 2005 Plan upon hire or based on performance criteria established by management. RSUs are independent of ordinary share options and are subject to forfeiture if employment terminates prior to the release of the restrictions.

Prior to 2010 RSUs were earned on a monthly schedule with vesting subject to an initial vesting event. 25% of the shares would vest on the first anniversary of the vesting event and 2.083% per month thereafter. RSUs granted after 1 January 2010 vest quarterly, with 25% of the shares vesting on the first anniversary of the initial vesting event and 6.25% per quarter thereafter.

Prior to 1 January 2011 an initial vesting event is defined as either (i) the date that is six months after the effective date of an initial public offering of Facebook Inc. securities or (ii) the date of a change in control of Facebook, Inc. After 1 January 2011 an initial vesting event is defined as either (i) 31 December 2013 or (ii) an earlier date between 1 January 2013 and 31 December 2013 that is specified by Facebook, Inc. Or (iii) the date of a change in control of Facebook, Inc.

During the vesting period, ownership of the shares cannot be transferred. Once shares are issued pursuant to the terms of an RSU agreement, these shares have the same dividend and voting rights as other ordinary shares.

The 2005 Plan does not designate the specific number of shares available for RSUs, however the maximum aggregate number of shares that may be granted under the 2005 plan is 961,314,985.

14 Facebook Inc. 2005 Stock Incentive Plan (continued)

A reconciliation of movements in the number of RSUs outstanding and their related weighted average exercise prices are as follows:

	RSUs Number
Outstanding at 1 January	6,250
Granted	530
Outstanding at 31 December	6,780
Exercisable at 31 December	1,693
Weighted average remaining contractual life	9.23

The fair value of RSUs granted in the year was NZ$32.19 (US$25.43).

The weighted average share price during the year for RSUs exercised is not applicable as no awards were exercised.

The total charge for the year relating to employee share based payment plans was NZ$98,399 (US$77,743).

The weighted average fair value of RSUs granted (determined using the Black-Scholes valuation model) and the assumptions used in the calculation are as follows for each share option available:

	RSUs 2011
Grant date	25/03/2011
Share price at grant date	NZ$32.19 (US$25.43)
Exercise price	-
Number of employees - granted	1
Shares under option	530
Vesting periods (years)	5.00
Expected volatility	42.09%
Option life (years)	10.00
Expected life (years)	2.70
Risk free rate	1.12%
Expected dividends expressed as a dividend yield	-
Weighted average fair value per option granted	NZ$32.19 (US$25.43)

Risk free rate

The risk free rate was based on the US Treasury zero-coupon yield curve on the grant date for a term similar to the expected life of the options.

Expected dividend yield

Facebook Inc. has not paid dividends in the past and does not anticipate paying any cash dividends in the foreseeable future, therefore a dividend yield of zero is expected.

Expected volatility

The expected volatility of the ordinary shares was based on historical volatility of the internal measure of share price over the expected life of the applicable option.

The company made the decision to use historical volatility due to the limited availability of actively traded options over ordinary shares from which to derive implied volatility.

Expected term

The expected term is derived by analysing historic employee exercise and termination data. The company believes that historic data currently represents the best estimate of the expected life of a new employee option.

14 Facebook Inc. 2005 Stock Incentive Plan (continued)

RSUs outstanding at the end of the year have the following expiry dates and exercise prices:

	Expiry in year	RSUs Number
Vesting period		
4 years	2017	6,250
5 years	2021	530
Total options outstanding at 31 December 2011		6,780

15 Events occurring after the reporting period

There have been no events subsequent to balance date which require disclosure in or adjustment to the financial statements.