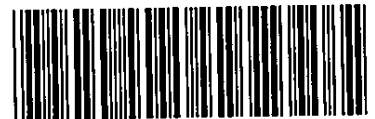


REGISTERED NUMBER: 6331310 (England and Wales)

FACEBOOK UK LIMITED  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008

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**FACEBOOK UK LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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**DIRECTORS:**

R C Herman  
P M Murphy

**SECRETARIES:**

Jordan Company Secretaries Limited

**REGISTERED OFFICE:**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

**REGISTERED NUMBER:**

6331310 (England and Wales)

**AUDITORS:**

Wilkins Kennedy  
Chartered Accountants  
and Registered Auditor  
Gladstone House  
77 - 79 High Street  
Egham  
Surrey  
TW20 9HY

**FACEBOOK UK LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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The directors present their report with the financial statements of the company for the period 1 August 2007 to 31 December 2008.

**INCORPORATION**

The company was incorporated on 1 August 2007 and commenced trading on the same date.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of a social networking platform.

**REVIEW OF BUSINESS**

The results for the period and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

No dividends will be distributed for the period ended 31 December 2008.

**DIRECTORS**

The directors who have held office during the period from 1 August 2007 to the date of this report are as follows:

G Yu - appointed 1 August 2007 - resigned 3 November 2008  
O Van Natta - appointed 1 August 2007 - resigned 12 March 2008  
Ms S Sandberg - appointed 11 April 2008 - resigned 3 November 2008  
R C Herman - appointed 3 November 2008  
P M Murphy - appointed 3 November 2008

Both the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

**FINANCIAL INSTRUMENTS**

The company's financial instruments at the balance sheet date comprised a loan to the parent company, cash and liquid resources. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade creditors, that arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk:

**Interest rate risk**

The company has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained profits.

**Foreign currency risk**

The gains and losses arising from the company's exposure to foreign currency risk arising from its overseas operations are recognised in the profit and loss account.

**Financial assets**

The company has no financial assets other than short-term debtors and cash at bank.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the period the company made charitable donations of £18,250 to the children's charity NSPCC.

**FACEBOOK UK LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
C.R. Herman - Director  
**C R HERMAN**  
Date: May 27, .....2009

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**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
FACEBOOK UK LIMITED**

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We have audited the financial statements of Facebook UK Limited for the period ended 31 December 2008 on pages six to thirteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
FACEBOOK UK LIMITED

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

*Wilkins Kennedy*

Wilkins Kennedy  
Chartered Accountants  
and Registered Auditor  
Gladstone House  
77 - 79 High Street  
Egham  
Surrey  
TW20 9HY

Date: *1 June 2009*

**FACEBOOK UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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	Notes	£
<b>TURNOVER</b>		<b>4,794,921</b>
Administrative expenses		<u><b>(4,359,009)</b></u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>435,912</b>
Interest receivable and similar income		<u><b>3,517</b></u>
		<b>439,429</b>
Interest payable and similar charges	<b>4</b>	<u><b>(7)</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>439,422</b>
Tax on profit on ordinary activities	<b>5</b>	<u><b>(147,884)</b></u>
<b>PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<u><u><b>291,538</b></u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current period.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current period.

The notes form part of these financial statements


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FACEBOOK UK LIMITED

BALANCE SHEET  
31 DECEMBER 2008

	Notes	£
<b>FIXED ASSETS</b>		
Tangible assets	6	104,068
<b>CURRENT ASSETS</b>		
Debtors	7	631,760
Cash at bank		<u>249,691</u>
		881,451
<b>CREDITORS</b>		
Amounts falling due within one year	8	<u>(692,981)</u>
<b>NET CURRENT ASSETS</b>		<u>188,470</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>292,538</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	10	1,000
Profit and loss account	11	<u>291,538</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>292,538</u>

The financial statements were approved by the Board of Directors on May 27, 2009 and were signed on its behalf by:

  
 R.C. Herman - Director  
 CR HERMAN

The notes form part of these financial statements



**FACEBOOK UK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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	Notes	£
<b>Net cash inflow from operating activities</b>	1	<b>799,549</b>
<b>Returns on investments and servicing of finance</b>	2	<b>3,510</b>
<b>Capital expenditure</b>	2	<b><u>(118,844)</u></b>
		<b>684,215</b>
<b>Financing</b>	2	<b><u>(434,524)</u></b>
<b>Increase in cash in the period</b>		<b><u>249,691</u></b>
<hr/>		
<b>Reconciliation of net cash flow to movement in net debt</b>	3	
Increase in cash in the period		<b><u>249,691</u></b>
Change in net debt resulting from cash flows		<b><u>249,691</u></b>
<b>Movement in net debt in the period</b>		<b>249,691</b>
<b>Net debt at 1 August</b>		<b><u>-</u></b>
<b>Net funds at 31 December</b>		<b><u>249,691</u></b>

The notes form part of these financial statements

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FACEBOOK UK LIMITED

NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	435,912
Depreciation charges	14,776
Increase in debtors	(196,236)
Increase in creditors	<u>545,097</u>
<b>Net cash inflow from operating activities</b>	<b><u>799,549</u></b>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
<b>Returns on investments and servicing of finance</b>	
Interest received	3,517
Interest paid	<u>(7)</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>3,510</u></b>
<b>Capital expenditure</b>	
Purchase of tangible fixed assets	<u>(118,844)</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(118,844)</u></b>
<b>Financing</b>	
Loan to parent company	(435,524)
Share issue	<u>1,000</u>
<b>Net cash outflow from financing</b>	<b><u>(434,524)</u></b>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.07 £	Cash flow £	At 31.12.08 £
Net cash:			
Cash at bank	<u>-</u>	<u>249,691</u>	<u>249,691</u>
	<u>-</u>	<u>249,691</u>	<u>249,691</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>249,691</u></b>	<b><u>249,691</u></b>

The notes form part of these financial statements

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**FACEBOOK UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008**

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**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax.

Turnover is attributable to USA.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on cost
Fixtures and fittings	- 50% on cost
Computer equipment	- 33% on cost

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**2. STAFF COSTS**

	£
Wages and salaries	2,029,137
Social security costs	<u>218,261</u>
	<u>2,247,398</u>

The average monthly number of employees during the period was as follows:

Management team	4
Finance team	2
Administration team	1
Technical team	1
Sales team	<u>8</u>
	<u>16</u>

FACEBOOK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008

3. OPERATING PROFIT

The operating profit is stated after charging:

	£
Hire of plant and machinery	130,288
Other operating leases	568,372
Depreciation - owned assets	14,776
Auditors' remuneration	7,000
Auditors' remuneration - non audit fees	<u>53,810</u>
Directors' emoluments	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	<u>7</u>

5. TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	<u>147,884</u>
Tax on profit on ordinary activities	<u>147,884</u>

**Factors affecting the tax charge**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	£
Profit on ordinary activities before tax	<u>439,422</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	123,038
Effects of:	
Disallowable expenses	42,633
Capital allowances in excess of depreciation	(7,470)
Small company relief	<u>(10,317)</u>
Current tax charge	<u>147,884</u>

FACEBOOK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
Additions	<u>12,611</u>	<u>1,957</u>	<u>104,276</u>	<u>118,844</u>
At 31 December 2008	<u>12,611</u>	<u>1,957</u>	<u>104,276</u>	<u>118,844</u>
<b>DEPRECIATION</b>				
Charge for period	<u>4,481</u>	<u>897</u>	<u>9,398</u>	<u>14,776</u>
At 31 December 2008	<u>4,481</u>	<u>897</u>	<u>9,398</u>	<u>14,776</u>
<b>NET BOOK VALUE</b>				
At 31 December 2008	<u>8,130</u>	<u>1,060</u>	<u>94,878</u>	<u>104,068</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Amounts owed by group undertakings	435,524
Other debtors	100,937
VAT	55,826
Prepayments and accrued income	<u>39,473</u>
	<u>631,760</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	187,850
Corporation tax	147,884
Other taxes and social security	67,452
Accruals and deferred income	<u>289,795</u>
	<u>692,981</u>

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings £	Other operating leases £
Expiring: Within one year	<u>67,010</u>	<u>50,752</u>

FACEBOOK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 AUGUST 2007 TO 31 DECEMBER 2008

10. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
1,000	Ordinary	£1	<u>1,000</u>

Allotted and issued:			
Number:	Class:	Nominal value:	£
1,000	Ordinary	£1	<u>1,000</u>

1,000 Ordinary shares of £1 each were allotted at par during the period.

11. RESERVES

	<b>Profit and loss account</b>
	<b>£</b>
Profit for the period	<u>291,538</u>
At 31 December 2008	<u>291,538</u>

12. ULTIMATE CONTROLLING PARTY

The company's controlling party is Facebook Inc., a company registered in USA, which owns 100% of the share capital of Facebook (UK) Limited. Facebook Inc. prepares consolidated financial statement which incorporate Facebook (UK) Limited.

The company has taken advantage of the exemption available to wholly owned subsidiaries where the holding company produces consolidated accounts and as a result no intergroup transactions are disclosed.

At the period end, an amount of £435,524 was due from Facebook Inc.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<b>£</b>
Profit for the financial period	<u>291,538</u>
Share capital issued	<u>1,000</u>
<b>Net addition to shareholders' funds</b>	<b>292,538</b>
Opening shareholders' funds	<u>-</u>
<b>Closing shareholders' funds</b>	<b><u>292,538</u></b>
Equity interests	<u>292,538</u>