
Fabergé Services Limited

Report and Financial Statements

12 month period to 31 March 2010

Company number: 6236931

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Fabergé Services Limited

Registered No 6236931

Information and advisors

Directors

Kevin Mutch

Andrew Willis

Nataliya Vorona (appointed 9 November 2009)

Secretary

Joanna Azra

Auditors

BDO LLP

55 Baker Street

London

W1U 7EU

Bankers

HSBC Bank PLC

70 Pall Mall

London

SW1Y 5EZ

Registered office

17 St George Street

London

W1S 1FJ

Directors' report

The Directors present their report and financial statements for 12 month period from 1 April 2009 to 31 March 2010

Results and dividends

The profit for the year, after taxation, amounted to £14,273 (prior 15 month period loss £1,078,083) The Directors do not recommend payment of a dividend

Principal activities and review of the business

The principal activity of the Company during the period is that of the provision of advisory services and administrative support in connection with the Fabergé brands to Fabergé Limited and Fabergé Suisse SA

During the 12 month period to 31 March 2010, the focus of the Company was to support Fabergé Limited during the launch of its first collection and in the creation and implementation of the post launch strategy. Going forward, the activity will consist of providing advisory and administrative support to Fabergé Limited and Fabergé Suisse SA

Turnover for the year was £6,705,044 (prior 15 month period £6,000,000) The Directors expect the general level of activity to increase

Principal risks and uncertainties

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash flow and working capital. This may involve budgeting and forecasting, changes to purchasing or ordering policies and negotiation of payment terms with key suppliers.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a recognised asset or liability such as future interest payments on variable rate debt.

The Company will be managing this risk, where significant, by implementing the use of hedges to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. No foreign currency hedging arrangements have been considered necessary in the current period.

The Company currently has no borrowings.

Charitable contributions

During the period, the Company has not made any charitable contribution (£4,420 in 2009).

Post Balance Sheet Events

See Note 18 *Post Balance Sheet Events*

Going Concern

The financial statements were prepared on a going concern basis. For more details please refer to Note 1 *Accounting Policies*.

Directors' report (continued)

Directors

The Directors who served the Company during the period are listed below

Kevin Mutch

Magda Palczynska (resigned 12 October 2009)

Andrew Willis

Nataliya Vorona (appointed 9 November 2009)

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors, each of these Directors confirms that

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting pursuant to s485 of the Companies Act 2006

On behalf of the Board



Nataliya Vorona
Director

22/7/10

Statement of Directors' responsibilities

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue being in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Independent auditors' report

to the shareholders of Fabergé Services Limited

We have audited the financial statements of Fabergé Services Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report
to the shareholders of Fabergé Services Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO UK

*Donald Williams (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date*

02/7/10

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Profit and loss account

for the period ended 31 March 2010

		<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	Note	£	£
<i>Turnover</i>	2	6,705,044	6,000,000
<i>Gross profit</i>		6,705,044	6,000,000
Administrative expenses		(6,678,727)	(7,091,258)
<i>Operating profit/(loss)</i>	3	26,317	(1,091,258)
Other interest receivable and similar income	6	930	24,922
<i>Profit/(loss) on ordinary activities before taxation</i>		27,247	(1,066,336)
Tax on profit/(loss) on ordinary activities	7	(12,974)	(11,747)
<i>Profit/(loss) retained for the financial period</i>	13	14,273	(1,078,083)

All amounts relate to continuing activities

There are no recognised gains or losses other than the profit for the period

The notes on pages 9 to 22 form part of these Financial Statements

Balance Sheet

at 31 March 2010

Company number 6236931

		31 Mar 2010	31 Mar 2009
	Note	£	£
Fixed assets			
Tangible assets	8	58,332	98,359
		58,332	98,359
Current assets			
Debtors	9	596,213	523,985
Cash at bank		403,343	181,969
		999,556	705,954
Creditors: amounts falling due within one year	10	(2,103,301)	(1,552,502)
Net current liabilities		(1,103,745)	(846,548)
Creditors: amounts greater than one year	11	(15,694)	(327,191)
Net liabilities		(1,061,107)	(1,075,380)
Capital and reserves			
Issued share capital	12	1	1
Profit and loss account	13	(1,061,108)	(1,075,381)
Equity shareholders' deficit	13	(1,061,107)	(1,075,380)

The Accounts have been prepared in accordance with the special provision for small companies under part 15 of the Companies Act 2006

The financial statements on pages 7 to 22 were approved and authorised for issue by the Board of Directors on 22 July 2010 and were signed on its behalf by



Nataliya Vorona
Director

The notes on pages 9 to 22 form part of these Financial Statements

Notes to the financial statements

for the year ended 31 March 2010

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on the going concern basis. The Company provides services to Fabergé Limited and Fabergé Suisse SA.

Based on the following the Directors believe that there are adequate financial resources for the foreseeable future and that the accounts should be prepared on a going concern basis

- During the financial year the Directors of Fabergé Limited have successfully undertaken a capital raising with the receipt of US\$35 million for new equity shares in Fabergé Limited
- In a meeting of the Board of Pallinghurst Resources Limited on 23 April 2010, the Board of Pallinghurst Resources Ltd approved its consent to the provision of a loan to Fabergé Limited for a maximum principal of US\$25,000,000
- The Directors of Fabergé Limited proposed on 6 May 2010 that the company enter into the proposed Loan Agreement with Pallinghurst Resources Limited. The Directors noted the terms and conditions of the proposed Loan Agreement are arms' length
- During the Extraordinary General Meeting of shareholders of Fabergé Limited held on 21 May 2010 the shareholder approved the borrowing

Fabergé Services Limited is reliant on the continued financial support from Fabergé Limited

Cash flow statement

The Company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the Company is a "Small Entity" as defined under section 382 of the Companies Act 2006

Fixed Assets

All fixed assets are initially recorded at cost. They are subsequently held at cost less accumulated depreciation and impairment for diminution in value.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Fixtures and fittings	-	3 years
Computer equipment	-	3 years
Computer software	-	3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

for the year ended 31 March 2010

1. Accounting policies (continued)

Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rendering of services

Turnover from the provision of advisory and administrative support is recognised by reference to the terms of the service agreement between the Company and its counterparties.

Leased Assets

Where assets are financed by leasing agreement that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation of the relevant assets is charged to the profit and loss account.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premium and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the following exception:

- ☐ deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

for the year ended 31 March 2010

1. Accounting policies (continued)

Share-based payments

Cash-settled transactions

FRS 20 requires the fair value of awards and share awards which ultimately vest to be charged to the profit and loss account over the vesting period

The cost of cash-settled transactions is measured at fair value by an external company using an appropriate pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit or loss for the period.

If an award fails to vest the charge to the income statement will be adjusted to reflect this.

2. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of services in the normal course of business from continuing activities.

3. Operating profit/(loss)

This is stated after charging

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	£	£
Auditors' remuneration - audit services	51,587	26,450
- tax compliance services	14,030	4,250
Depreciation of fixed assets	51,128	47,818
Operating leases - land and building	244,092	294,297
Share based payment charge, including national insurance contribution	858,717	1,167,271
Foreign currency translation	71,726	41,534

Notes to the financial statements

for the year ended 31 March 2010

4. Staff costs

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	£	£
Wages and salaries	2,190,180	2,803,140
Social security costs	419,374	226,969
	<u>2,609,554</u>	<u>3,030,109</u>

Included in wages and salaries is a total expense of £736,254 (£1,167,271 in 2009), arising from transactions accounted for as share-based payment transactions (refer to Note 14)

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

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	No	No
Administrative staff	16	14

5. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	£	£
Aggregate emoluments in respect of qualifying services	184,942	336,139
Share based payment provision, including national insurance contribution	168,251	229,844
Gains on the exercise of share-based awards	-	62,674
Compensation for loss of office	49,075	-
	<u>402,268</u>	<u>628,657</u>

Amounts receivable under long term incentive plans are made up of a share-based payments charge and national insurance contribution of £168,521 (£229,844 in 2009) arising from transactions accounted for as cash-settled share-based payment transactions for three (two in 2009) Directors of the Company

No loan was granted during the year (one loan for £45,409 in 2009 to one Director) The existing loan has been partially repaid by 31 March 2010 with the outstanding balance at that date of £13,477 (£28,627 as at 31 March 2009)

Notes to the financial statements
for the year ended 31 March 2010

6. Other interest receivable and similar income

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	£	£
Bank interest receivable	19	14,518
Other interest receivable	911	10,404
	<u>930</u>	<u>24,922</u>

7. Taxation

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows

	<i>Period from 1 Apr 2009 to 31 Mar 2010</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009</i>
	£	£
<i>Current tax expense</i>		
UK Corporation tax (note 7 (b))	6,637	13,155
Corporation tax refund	-	(1,408)
<i>Deferred tax expense</i>		
UK Deferred tax (note 7 (c))	6,337	-
Total tax expense	<u>12,974</u>	<u>11,747</u>

Notes to the financial statements

for the year ended 31 March 2010

7. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period differs from the weighted average rate of corporation tax applicable to the Company of 21% (20 795% in 2009). The differences are reconciled below

	<i>Period from 1 Apr 2009 to 31 Mar 2010 £</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009 £</i>
Profit/(Loss) on ordinary activities before taxation	27,247	(1,066,336)
Profit/(Loss) on ordinary activities multiplied by the weighted average rate of corporation tax applicable to the Company	5,722	(221,744)
Adjusted for corporation tax on		
Disallowed expenses and non-taxable income	18,266	10,563
Capital allowances	(5,304)	(5,365)
Employee benefits charge	(12,047)	229,701
Tax Refund	-	(1,408)
Total current tax (note 7(a))	6,637	11,747

(c) Deferred tax

	<i>Period from 1 Apr 2009 to 31 Mar 2010 £</i>	<i>Period from 1 Jan 2008 to 31 Mar 2009 £</i>
Opening Balance	(6,337)	(6,337)
Charges to profit and loss account	6,337	-
Closing Balance	-	(6,337)

	<i>31 Mar 2010 £</i>	<i>31 Mar 2009 £</i>
Accelerated capital allowances	-	378
Short term timing differences	-	(6,715)
Balance of deferred tax asset (note 9)	-	(6,337)

Notes to the financial statements
for the year ended 31 March 2010

8. Tangible fixed assets

	<i>Fixture and fittings</i>	<i>Computer equipment</i>	<i>Computer software</i>	<i>Total</i>
	£	£	£	£
Cost				
Opening Balance at 1 April 2009	64,096	60,780	21,843	146,719
Additions	-	3,065	8,036	11,101
Balance at 31 March 2010	64,096	63,845	29,879	157,820
Depreciation				
Opening Balance at 1 April 2009	21,546	22,070	4,744	48,360
Charge for the period	21,365	21,216	8,547	51,128
Balance at 31 March 2010	42,911	43,286	13,291	99,488
Net carrying value				
Balance at 31 March 2009	42,550	38,710	17,099	98,359
Balance at 31 March 2010	21,185	20,559	16,588	58,332

Notes to the financial statements
for the year ended 31 March 2010

9. Debtors

	31 Mar 2010	31 Mar 2009
	£	£
Due within 1 year	438,064	287,784
Due after 1 year	158,149	236,201
	<u>596,213</u>	<u>523,985</u>

Due within 1 year

	31 Mar 2010	31 Mar 2009
	£	£
Trade Debtors	-	5,542
Amounts due from group undertaking	179,406	-
Prepayments and accrued income	100,237	79,824
Other debtors	78,706	130,387
Loans to employees	79,715	72,031
	<u>438,064</u>	<u>287,784</u>

Due after 1 year

	31 Mar 2010	31 Mar 2009
	£	£
Deferred tax	-	6,337
Rent deposit	158,149	158,149
Loans to employees	-	71,715
	<u>158,149</u>	<u>236,201</u>

10. Creditors: amounts falling due within one year

	31 Mar 2010	31 Mar 2009
	£	£
Trade creditors	250,218	184,256
Amounts due to group undertakings	278,477	178,175
Accruals and deferred income	138,155	240,782
Corporation tax	6,637	13,155
Social security costs	349,829	106,770
Share based payments provision (note 11)	1,063,509	822,392
Other creditors	16,476	6,972
	<u>2,103,301</u>	<u>1,552,502</u>

Amounts due to group undertakings are repayable on demand and bear no interest

Notes to the financial statements
for the year ended 31 March 2010

11. Employee benefits

Liabilities for cash settled share-based awards comprise

	<i>31 Mar 2010</i>	<i>31 Mar 2009</i>
	£	£
Share based payment provision	1,079,203	1,149,583
Categorised as		
Due in one year or less (note 10)	1,063,509	822,392
Due after more than one year	15,694	327,191
	<u>1,079,203</u>	<u>1,149,583</u>

Notes to the financial statements
for the year ended 31 March 2010

12. Authorised and issued share capital

Authorised share capital

	<i>31 Mar 2010</i>	<i>31 Mar 2009</i>
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid

	<i>31 Mar 2010</i>	<i>31 Mar 2009</i>
	£	£
1 share of £1 each	1	1

13. Reconciliation of shareholders' deficit and movement on share capital and reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' deficit</i>
	£	£	£
At 1 April 2009	1	(1,075,381)	(1,075,380)
Profit for the period	-	14,273	14,273
At 31 March 2010	1	(1,061,108)	(1,061,107)

Notes to the financial statements

for the year ended 31 March 2010

14. Share-based payments

The Company operates a cash-settled share-based remuneration scheme which is open to any officer or employee of the Company ("Qualified Persons") as determined by the Board of Fabergé Limited. The Board of Fabergé Limited determines the number of awards granted. Qualified Persons are entitled to a grant of awards at the commencement date of their employment. Further grants of awards may be made at a future date. The value of the awards is based on the value of Fabergé Limited.

The awards are measured at fair value using an appropriate pricing model. The fair value of the awards is charged to the profit and loss account over the vesting period.

Under the terms of the scheme, awards vest in three equal parts on the first, second and third anniversary of the date of grant and can only be settled in cash. Awards lapse on the tenth anniversary of the date of grant. In addition, any award shall lapse six months following an Award Holder ceasing to be employed by any group company under the terms of his contract.

	Units	Weighted Average Value per unit £	Units	Weighted Average Value per unit £
	Period from 1 Apr 2009 to 31 Mar 2010	Period from 1 Apr 2009 to 31 Mar 2010	Period from 1 Jan 2008 to 31 Mar 2009	Period from 1 Jan 2008 to 31 Mar 2009
Outstanding at the beginning of the period	71,069	16	34*	929*
Granted during the period	6,811	18	34,057	2
Adjustment in units (re different methodology)	(5,226)	-	-	-
Exercised during the period	(20,888)	40	(2,270)	(28)
Lapsed during the period	(19,980)	(6)	-	-
Outstanding at the end of the period	31,786	37	71,069	16
Exercisable at the end of the period	11,352	42	16,376	28

* A shareholders' resolution was passed on 21 February 2008 that the 1,389,789 issued shares of US\$1.00 par value each in the capital of the Company were subdivided into 1,389,789 shares of US\$0.001 par value each.

The above resulted in a recognised expense in the profit and loss account for the period, £736,254 (£1,167,271 in 2009), plus national insurance contribution of £122,463 (£ nil in 2009).

Share based payment provision is accounted in US Dollars. Currency retranslation resulted in recognised income in the profit and loss account of £84,353 (£13,012 expenses in 2009).

The earliest vesting date is the first anniversary of the Date of Grant. 17,255 awards vested during the period (18,646 in 2009).

20,888 awards were exercised during the period (2,270 in 2009) at the weighted average value of £40 (£28 in 2009).

The total number of awards vested but not exercised by 31 March 2010 was 11,352 (16,376 by 31 March 2009) and the weighted average fair value £42 (£28 in March 2009).

The exercise price at the period end ranged between £18 and £42 (£21 and £85 in March 2009) and the weighted average remaining contractual life of the awards was 8 years (9 years in March 2009).

Notes to the financial statements

for the year ended 31 March 2010

14. Share-based payments (continued)

The following information is relevant in the determination of the fair value of awards granted during the period under the cash-settled share-based remuneration scheme operated by the Company

	2009 - 2010	2008 - 2009
Pricing model	Binomial Model	Binomial Model
Average value per share at the date of grant	£18	£45
Contractual life of award	10 years	10 years
Expected volatility	39%	23%
Dividend yield and growth rate	0%	0%
Risk-free interest rate	3.84%	3.31%

Volatility derived from the average five year (three year in 2009) annualised volatility of comparable listed companies, which is 39% (49% in 2009). The volatility percentage was not discounted during the period (53% discount in 2009).

15. Related party transactions

During the period, Fabergé Services Limited entered into the following transactions with related parties

	Related party relationship	Amount	Transaction
Kevin Mutch	A Director of Fabergé Services Limited	£45,409	A loan was granted in February 2008 to enable the purchase of shares in Fabergé Limited. This has been partially repaid by 31 March 2010 with the outstanding balance at that date of £13,477. This loan incurs interest at Barclays Bank Base Rate and £162 interest was paid during the year.
Mark Dunhill	A Director of Fabergé Limited	£45,409	A loan was granted in February 2008 to enable the purchase of shares in Fabergé Limited. This has been partially repaid by 31 March 2010 with the outstanding balance at that date of £13,477. This loan incurs interest at Barclays Bank Base Rate and £162 interest was paid during the year.
Mark Dunhill	A Director of Fabergé Limited	£851	The employee entered into a salary sacrifice scheme arrangement for £1,000 worth of bicycle equipment (£851 excluding VAT). 12 payments of £71 to be made on a monthly basis. This has been partially repaid by 31 March 2010 with the outstanding balance at that date of £780.

Notes to the financial statements
for the year ended 31 March 2010

15. Related party transactions (continued)

	Related party relationship	Amount	Transaction
Nataliya Vorona	A Director of Fabergé Services Limited	£530	The employee entered into a salary sacrifice scheme arrangement for £610 worth of bicycle equipment (£530 excluding VAT) 12 payments of £44 to be made on a monthly basis This has been partially repaid by 31 March 2010 with the outstanding balance at that date of £221

The Company has taken advantage of the exemption allowed by FRS 8 'Related Party Transactions' not to disclose any transactions with the entities that are included in the consolidated financial statements of Fabergé Limited

16. Ultimate parent undertaking and controlling party

Fabergé Services Limited was 100% owned by Fabergé Limited and the share was sold and transferred to Fabergé S à r l on 24 July 2009 Fabergé S à r l is 100% owned by Fabergé Ltd

Fabergé Conduit Limited, a Company incorporated in the Cayman Islands owns approximately 80 33% (78 17% prior to capital raising in September 2009) of Fabergé Limited

Fabergé Conduit Limited has a 51 1% shareholder, The Pallinghurst Resources Fund L P , a limited partnership registered in the Cayman Islands The parent company of The Pallinghurst Resources Fund L P is Pallinghurst Resources Limited, which is listed on the Johannesburg Stock Exchange and Bermuda Stock Exchange Pallinghurst Resources Limited changed its name from Pallinghurst Resources (Guernsey) Limited on 28 May 2009

The other shareholders of Fabergé Conduit Limited are NGPMR (Cayman) L P , Investec Pallinghurst (Cayman) L P and Pallinghurst (Cayman) Founder L P

Due to the voting arrangements embodied in the Articles of Association of Fabergé Conduit Limited, The Pallinghurst Resources Fund L P is however not able to control the decisions of Fabergé Conduit Limited The Directors are therefore of the view that the Company has no single controlling party

The smallest and largest group of undertakings for which group accounts have been drawn up is that headed by Fabergé Limited, incorporated in the Cayman Islands

17. Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below

	31 Mar 2010 £	31 Mar 2009 £
	Land and Building	Land and Building
Operating leases which expire		
In two to five years	235,964	235,964

Notes to the financial statements
for the year ended 31 March 2010

18. Post balance sheet events

In a meeting of the Board of Pallinghurst Resources Limited on 23 April 2010, the Board of Pallinghurst Resources Ltd approved its consent to the provision of loan to Fabergé Limited for a maximum principal of US\$25,000,000

The Directors of Fabergé Ltd proposed on 6 May 2010 that the company enter into the proposed Loan Agreement with Pallinghurst Resources Limited. The Directors noted the terms and conditions of the proposed Loan Agreement are arms' length.

The Extraordinary General Meeting of shareholders of Fabergé Limited was held on 21 May 2010 and the borrowing was approved during the meeting.

There were no other significant post balance sheet events.