Registered number: 07653064

TWITTER UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

TWITTER UK LIMITED

COMPANY INFORMATION

Directors	L O'Brien	
	A Rowghani	(resigned 14 June 2014)
	V Gadde	
	A Noto	(appointed 1 September 2014)
Company secretary	V Gadde	
Registered number	07653064	
Registered office	1st Floor 20 Air Street London W1B 5AN England	
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1	
Bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT England	
Solicitors	Baker & McKenzie 100 New Bridge Street London EC4V 6JA England	

TWITTER UK LIMITED

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TWITTER UK LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Business review

The company's profit for the financial year was £4.951 million. The company has performed in line with expectations.

The profit for the period has been transferred to reserves. The directors do not recommend the payment of a dividend.

Principal risks and uncertainties

The directors consider that the following are the principal risks and uncertainties that could materially and adversely affect the company. The directors and the ultimate parent company Twitter, Inc. actively manage these risks and ensure that there are appropriate policies in place in order to mitigate these risks.

Our revenue model is relatively new, as we have a limited operating history, and there is no assurance that it will successfully scale over time. If we fail to retain or to add users to our database then it may adversely affect the profitability of the company in the future as the size of our user base and the users' level of engagement are critical to our success.

We operate in a highly competitive and rapidly evolving market with new products and services being offered by competitors on a continual basis. If we do not continue to provide innovative products and services to users then we may not remain competitive, and our revenues and operating results could be adversely affected.

We generate the majority of our revenue from advertising. The loss of advertisers, or reduction in spending by advertisers could affect our business. We also suffer from other macro risks including unexpected changes in regulatory environments, local political and economic conditions, fluctuations in foreign currency exchange rates and changes to tariffs and other trade barriers.

Another principal risk relates to the non payment of invoices by the other Twitter group companies.

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit, operating profit and profit on ordinary activities before taxation as set out in the profit and loss account.

Future developments

The company's strategy, in line with previous years, focuses on significant growth in the UK, with particular emphasis on growing our user base.

This report was approved by the board and signed on its behalf.

E O'Brien
Director

Date: 27th August 2015

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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 the prevention and detection of fraud and other irregularities.

Principal activities

During the financial year, the company changed its principal activities to marketing and selling advertising services on Twitter to advertisers within the United Kingdom. The company continued to engage in design, development and support services. This activity is funded through an agreement with another Twitter group company.

Results

The profit for the year, after taxation, amounted to £4,951 thousand (2013 - £853 thousand).

Directors

The directors who served during the year were:

L O'Brien	
A Rowghani	(resigned 14 June 2014)
V Gadde	
A Noto	(appointed 1 September 2014)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

L O'Brien
Director

Date: 27th AUGUST 2015

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Independent auditors' report to the members of Twitter UK Limited

Report on the financial statements

Our opinion

In our opinion, Twitter UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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Chartered Accountants

pwc

Independent auditors' report to the members of Twitter UK Limited - continued

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

pwc

Independent auditors' report to the members of Twitter UK Limited - continued

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paul O'Connor

Paul O'Connor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin

27 August 2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
Turnover	1	58,160	24,101
Cost of sales		(54,983)	(22,381)
Gross profit		3,177	1,720
Administrative expenses		108	(22)
Profit on ordinary activities before taxation		3,285	1,698
Tax on profit on ordinary activities	4	1,666	(845)
Profit for the financial year	14	4,951	853

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 9 to 19 form part of these financial statements.

TWITTER UK LIMITED
REGISTERED NUMBER: 07653064

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	5		9,513		1,162
Current assets					
Debtors	6	21,654		8,367	
Cash at bank and in hand	7	12,665		4,456	
		34,319		12,823	
Creditors: amounts falling due within one year	8	(22,070)		(5,157)	
Net current assets			12,249		7,666
Total assets less current liabilities			21,762		8,828
Creditors: amounts falling due after more than one year	9		(1,183)		-
Provisions for liabilities					
Other provisions	11		(1,655)		(509)
Net assets			18,924		8,319
Capital and reserves					
Called up share capital	13		-		-
Share-based payment reserve	14		13,011		7,357
Profit and loss account	14		5,913		962
Shareholders' funds	15		18,924		8,319

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

L O'Brien
Director

Date: 27th August 2015

The notes on pages 9 to 19 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

The company generates revenue principally from the sale of advertising services. The company's advertising services include three primary products: (i) Promoted Tweets, (ii) Promoted Accounts and (iii) Promoted Trends. Promoted Tweets and Promoted Accounts are pay-for-performance advertising products priced through an auction. Promoted Trends are featured for the UK market and offered on a fixed-fee-per-day basis. Advertisers are obligated to pay when a user engages with a Promoted Tweet or follows a Promoted Account or when a Promoted Trend is displayed. Users engage with Promoted Tweets by clicking on a link in a Promoted Tweet, expanding, retweeting, favouriting or replying to a Promoted Tweet or following the account that tweets a Promoted Tweet. These products may be sold in combination as a multiple element arrangement or separately on a stand-alone basis. Fees for these advertising services are recognised in the period when advertising is delivered as evidenced by a user engaging with a Promoted Tweet, as captured by a click, following a Promoted Account or through the display of a Promoted Trend on the company's platform.

Revenue is recognised only when (1) persuasive evidence of an arrangement exists; (2) the price is fixed or determinable; (3) the service is performed; and (4) collectability of the related fee is reasonably assured. While the majority of the company's revenue transactions are based on standard business terms and conditions, the company also enters into non-standard sales agreements with advertisers that sometimes involve multiple elements.

For arrangements involving multiple deliverables, judgment is required to determine the appropriate accounting, including developing an estimate of the stand-alone selling price of each deliverable. When neither vendor-specific objective evidence nor third-party evidence of selling price exists, the company uses its best estimate of selling price ('BESP') to allocate the arrangement consideration on a relative selling price basis to each deliverable. The objective of BESP is to determine the selling price of each deliverable when it is sold to advertisers on a stand-alone basis. In determining BESPs, the company takes into consideration various factors, including, but not limited to, prices the company charges for similar offerings, sales volume, pricing strategies and market conditions. Multiple deliverable arrangements primarily consist of combinations of the company's pay-for-performance products, Promoted Tweets and Promoted Accounts, which are priced through an auction, and Promoted Trends, which are priced on a fixed-fee-per day for the UK market. For arrangements that include a combination of these products, the company develops an estimate of the selling price for these products in order to allocate any potential discount to all advertising products in the arrangement. The estimate of selling price for pay-for-performance products is determined based on the winning bid price; the estimate of selling price for Promoted Trends is based on Promoted Trends sold on a stand-alone basis and/or separately priced in a bundled arrangement by reference to a list price for the UK market which is approved periodically. The company believes the use of BESP results in revenue recognition in a manner consistent with the underlying economics of the transaction and allocates the arrangement consideration on a relative selling price basis to each deliverable.

1. Accounting policies (continued)

1.3 Turnover (continued)

The company also generates revenue from the provision of design, development and support services to another group company under the terms of an intercompany agreement. Income is earned as a mark-up on certain costs of providing the services, as those costs are incurred.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	over the non-cancellable period of the lease
Fixtures and fittings	-	5 years
Office equipment	-	5 years
Desktop computer equipment	-	3 years
Network equipment	-	3 years

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into pounds sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.6 Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1. Accounting policies (continued)

1.8 Share-based payment transactions

The company has an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options, restricted stock units ('RSU') and restricted stock awards is recognised as an expense with an adjustment to reserves to the extent that the expense differs from amounts recharged by the parent. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options and RSUs granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and RSUs that are expected to become exercisable. At each statement of financial position date, the estimate of the number of options and RSUs that are expected to become exercisable will be revised. The impact of the revision of original estimates, if any, will be recognised in the profit and loss account, with a corresponding adjustment to reserves.

The company issues restricted stock awards subject to a lapsing right of repurchase to continuing employees of certain acquired companies. Since these issuances are subject to post-acquisition employment, the company accounts for them as post-acquisition stock-based compensation expense. The grant-date fair value of restricted stock granted in connection with acquisitions is recognized as stock-based compensation expense on a graded basis over the requisite service period.

2. Profit for the year

The profit for the year is stated after charging/(crediting):

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	1,315	259
Auditors' remuneration	14	-
(Gain)/loss on foreign exchange	(108)	8
Operating lease expense	3,656	1,050
Onerous contract expense	-	509

During the year, no director received any emoluments (2013 - £NIL).

Auditors' remuneration in the prior year was borne by another group company.

3. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	10,802	6,400
Social security costs	1,691	1,029
Other pension costs	24	9
	12,517	7,438

3. Staff costs (continued)

As set out in note 17, the share-based payment charge for the year was £13.996 million (2013 - £7.133 million).

The average number of employees, including the directors, during the year was as follows:

	2014	2013
Marketing and business development	79	53
General and administrative	8	3
Research and development	39	17
	126	73

4. Taxation

	2014 £000	2013 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on profit for the year	(15)	2,139
Deferred tax (see note 10)		
Origination and reversal of timing differences	(1,651)	(1,294)
Tax on profit on ordinary activities	(1,666)	845

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	3,285	1,698
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	706	395
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	133	169
Depreciation in excess of/(less than) capital allowances for year	66	(22)
Other timing differences leading to an increase in taxation	20	6
Unrelieved tax losses carried forward	642	-
Movements on share-based payment (net)	(1,567)	1,591
Prior year over-provision	(15)	-
Current tax (credit)/charge for the year (see note above)	(15)	2,139

4. Taxation (continued)

Factors that may affect future tax charges

The main rate of corporation tax was reduced from 23% to 21% from 1 April 2014. A further reduction to the rate to 20% from 1 April 2015 was substantively enacted in Finance Act 2013 on 2 July 2013.

5. Tangible fixed assets

	Leasehold improve-ments £000	Fixtures and fittings £000	Office equipment £000	Desktop computer equipment £000	Network equipment £000	Total £000
Cost						
At 1 January 2014	210	28	-	87	1,174	1,499
Additions	6,669	1,166	756	124	951	9,666
At 31 December 2014	6,879	1,194	756	211	2,125	11,165
Depreciation						
At 1 January 2014	64	8	-	31	234	337
Charge for the year	556	114	70	50	525	1,315
At 31 December 2014	620	122	70	81	759	1,652
Net book value						
At 31 December 2014	6,259	1,072	686	130	1,366	9,513
At 31 December 2013	146	20	-	56	940	1,162

6. Debtors

	2014 £000	2013 £000
Due after more than one year		
Other debtors	-	140
Due within one year		
Trade debtors	14,178	-
Amounts owed by group undertakings	3,530	6,153
Other debtors	466	446
Prepayments and accrued income	535	334
Deferred tax asset (see note 10)	2,945	1,294
	21,654	8,367

7. Cash and restricted cash

At 31 December 2014, the restricted cash balance held was nil (2013 - £1.763 million). The balance at 31 December 2013 related to collateral for a lease guarantee, minimum funding requirement for trade payments and credit cards issued.

8. Creditors:
Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	758	350
Amounts owed to group undertakings	13,328	-
Corporation tax	-	2,001
Other taxation and social security	3,901	-
Other creditors	2,274	937
Accruals	1,809	1,869
	22,070	5,157

9. Creditors:
Amounts falling due after more than one year

	2014 £000	2013 £000
Deferred rent	1,183	-

10. Deferred tax asset

	2014 £000	2013 £000
Asset at beginning of year	1,294	-
Amount arising during year	1,651	1,294
Asset at end of year	2,945	1,294

At 31 December 2014 the company had unused tax losses amounting to £2.986 million (2013 - £Nil) in respect of which a deferred tax asset has been recognised.

11. Provisions

	Onerous contract £000	Asset retirement obligations £000
At 1 January 2014	509	-
Additions	-	1,655
Amounts used	(509)	-
At 31 December 2014	-	1,655

Onerous Contracts

The company had an onerous contract in relation to a lease on a vacant property, this lease was assigned to a third party during the year.

Asset retirement obligations

Under the terms of lease agreements entered into, the company has to restore leasehold premises to their original condition at the end of the lease term. These costs will be expensed over the remaining lease terms of 4 to 4.6 years and the anticipated cash flows are discounted using a real rate of return of 6.74% to 7.3%.

12. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Expiry date:		
Within 1 year	-	503
Between 2 and 5 years	4,082	2,629

13. Share capital

	2014 £000	2013 £000
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1	-	-

14. Reserves

	Share based payment £000	Profit and loss account £000
At 1 January 2014	7,357	962
Profit for the financial year	-	4,951
Share-based payment (net)	5,654	-
At 31 December 2014	13,011	5,913

15. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	8,319	333
Profit for the financial year	4,951	853
Share-based payment charge (net)	5,654	7,133
Closing shareholders' funds	18,924	8,319

16. Related party transactions

The company has availed of the exemption provided in Financial Report Standard No. 8, "Related Party Disclosures", for subsidiary undertakings 100% or more of whose voting rights are controlled within the group, from the requirement to give detail of transactions with entities that are part of the group or investees of the group qualifying as related parties.

17. Share-based payments

Twitter, Inc. 2007 and 2013 Equity Incentive Plans
Twitter, Inc.'s 2007 Equity Incentive Plan provided for the issuance of stock options, restricted stock and restricted stock unit ('RSU') grants for shares of Twitter, Inc.'s common stock to eligible participants. Twitter, Inc.'s 2013 Equity Incentive Plan became effective upon the completion of its initial public offering and serves as the successor to the 2007 Equity Incentive Plan.

Under the terms of the above Plans, RSUs have been granted to Twitter UK employees in 2014 and prior years. RSUs granted under the 2007 Equity Incentive Plan vest upon satisfaction of both a service condition and a performance condition. The service condition for these awards is generally satisfied over four years. The performance condition was satisfied by Twitter, Inc.'s initial public offering in November 2013 and from the year ended 31 December 2013, Twitter UK has recorded the share-based payment charge in respect of RSUs granted to Twitter UK employees in line with the fulfilment of the service condition. RSUs granted under the 2013 Equity Incentive Plan are not subject to a performance condition to vest and the majority of RSUs vest over a service period of four years.

The company issued restricted stock subject to a lapsing right of repurchase to continuing employees of certain acquired companies. Since these issuances are subject to post-acquisition employment, the company accounts for them as post acquisition stock based expense. The grant date fair value of restricted stock granted in connection with acquisition is recognied as a stock based compensation expense on a graded basis over the requisite service period.

17. Share-based payments (continued)

Twitter, Inc. 2011 Acquisition Option Plan
This plan was adopted for the purpose of granting stock options to new employees in connection with the acquisition by Twitter, Inc. of TweetDeck Inc. in May 2011. Under the terms of this Plan stock options were granted to Twitter UK employees in prior years and the related charge based on the satisfaction of the service condition was recorded in the income statement.

Fair value of share-based payment awards recognised in the income statement
The grant-date fair value of the share-based awards granted in exchange for the employees' services is generally recognised as an expense during the period as services are rendered. The expense is recognised in the profit and loss account with a corresponding adjustment to reserves. The company only recognises compensation expense for awards with non-market performance conditions if such awards ultimately vest.

The charge for the year related to share-based payment plans was £13.996 million (2013 - £7.133 million) analysed by plan as follows:

	2014 £000	2013 £000
Restricted Stock Units (Twitter, Inc. 2007 and 2013 Equity Incentive Plans)	13,524	7,030
Stock options (Twitter, Inc. 2011 Acquisition Option Plan	(15)	103
Employee share purchase plan	487	-
Total	13,996	7,133

During the year the company was re-charged £8.342 millions from Twitter, Inc. for its share-based payment charge.

(a) Restricted Stock Units

	2014	2013
RSU awards	659,285	863,825
Earning period (years)	4	4
Forfeiture rate	10.35%	9.42%
Fair value - RSU awards	$40-$57	$17-$59

A reconciliation of movements in restricted stock units granted to company employees during the year ended 31 December 2014 is shown below:

17. Share-based payments (continued)

(b) Restricted stock awards	Number	Weighted average fair value price $
Outstanding 31 December 2013	-	-
Granted	104,350	45.51
Forfeited	-	-
Released	-	-
Outstanding 31 December 2014	104,350	46.98

The company issued restricted stock awards subject to a lapsing right of repurchase to continuing employees of certain acquired companies. Since these issuances are subject to post-acquisition employment, the Company accounts for them as post-acquisition stock-based compensation expense. The grant-date fair value of restricted stock granted in connection with acquisitions is recognized as stock-based compensation expense on a graded basis over the requisite service period.

For RSAs, the fair value is calculated on the date of grant based on the number of shares granted and the quoted price of Twitter, Inc.'s common stock.

	Number	Weighted average fair value price $
Outstanding 31 December 2012	581,500	14.47
Granted/transferred in	873,325	21.77
Forfeited/transferred out	(197,669)	16.44
Outstanding at 31 December 2013	1,257,156	19.24
Granted	659,285	45.51
Forfeited	(84,136)	47.73
Released	(737,585)	48.69
Transfer out	(77,000)	16.48
Transfer in	370,181	17.37
Outstanding at 31 December 2014	1,387,901	30.74
Exercisable at 31 December 2014	-	-
Exercisable at 31 December 2013	207,457	14.14

For RSUs granted under the 2013 Equity Incentive Plan the fair value is calculated on the date of grant based on the number of shares granted and the quoted price of Twitter, Inc.'s common stock.

For RSUs granted under the 2007 Equity Incentive Plan the fair value is calculated on the date of grant based on the number of shares granted based on the estimated fair value of Twitter, Inc.'s common stock.

17. Share-based payments (continued)

(c) Stock Options

A reconciliation of movements in common stock and stock options is shown below:

	Number	Weighted average exercise price $	Weighted average contractual life (in years)
Outstanding at 31 December 2013	269,790	3.03	7.39
Granted	11,000	2.85	9.37
Forfeited	(2,842)	3.12	-
Exercised	(147,845)	2.10	-
Transferred out	(83,494)	2.30	-
Transferred in	57,600	1.89	-
Outstanding at 31 December 2014	104,209	3.09	6.71
Exercisable at 31 December 2014	73,670	3.12	6.40
Exercisable at 31 December 2013	166,700	2.98	7.39

The fair value of stock options granted to employees was determined using the Black-Scholes option pricing model with the following weighted-average assumptions.

	2014	2013
Expected dividend yield	-	-
Risk-free interest rate	1.92%	1.32%-2.16 %
Expected volatility	44.24%	51.62%-52.96 %
Expected term (in years)	5.91	6.90-7.76

18. Ultimate parent undertaking and controlling party

The company's ultimate parent company is Twitter, Inc., a company incorporated in the United States of America.

The company's immediate parent is Twitter International Company, a company incorporated in Ireland.

19. Approval of financial statements

The board of directors approved these financial statements for issue on 27th August 2015.