

Microsoft Danmark ApS

Kanalvej 7, 2800 Kgs. Lyngby

CVR no. 13 61 28 70

Annual report for the year 1 July 2015 - 30 June 2016

Approved at the annual general meeting of shareholders on 22 November 2016

Chairman:


Tomas Haagen
.....
Advokat
Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 København V

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Microsoft Danmark ApS for the financial year 1 July 2015 - 30 June 2016.


The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016.

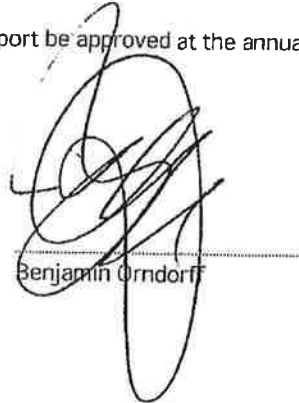
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Kgs. Lyngby, 3 November 2016
Executive Board:



Marianne Dahl Steensen



Benjamin Orndorff

Independent auditors' report

To the shareholder of Microsoft Danmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Microsoft Danmark ApS for the financial year 1 July 2015 - 30 June 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 the auditors' 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, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of its operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

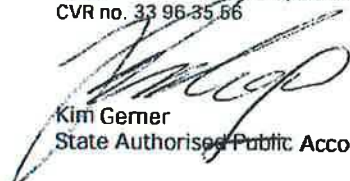
Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 3 November 2016

DELOITTE

Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 66


Kim Gerner
State Authorised Public Accountant


Max Damberg
State Authorised Public Accountant

Management's review

Company details

Name	Microsoft Danmark ApS
Address, Postal code, City	Kanalvej 7, 2800 Kgs. Lyngby
CVR No.	13 61 28 70
Established	1 November 1989
Registered office	Lyngby-Taarbæk
Financial year	1 July 2015 - 30 June 2016
Website	www.microsoft.com/da-dk/
E-mail	danmark@microsoft.com
Telephone	+45 44 89 01 00
Telefax	+45 44 68 55 10
Executive Board	Marianne Dahl Steensen Benjamin Omdorff
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 Copenhagen S

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures					
Revenue	1,092,883	1,031,235	940,205	962,692	871,336
Operating profit	198,873	179,565	154,728	166,783	138,187
Net financials	29,110	805	463	346	7,406
Profit/loss for the year	183,329	138,399	117,150	124,829	111,110
Total assets					
Investment in property, plant and equipment	25,016	7,381	3,299	6,427	1,618
Equity	666,701	621,372	599,973	606,823	593,094
Financial ratios					
Operating margin	18.2%	17.4%	16.5%	17.3 %	15.9 %
Solvency ratio	60.1%	57.6%	59.4%	59.4%	64.6%
Return on equity	28.5%	22.7%	19.4%	20.8%	20.7%
Average number of employees					
	452	446	442	419	412

Operating review

The Company's business review

Microsoft Danmark ApS works with consultancy, support, marketing and communication relating to the sale of software, IT services and hardware. The activities are targeted towards private entities, the public sector and private individuals.

Our mission is to empower every person and every organization on the planet to achieve more.

Financial review

Microsoft Danmark ApS operates on an agent-based model that Microsoft has used in Europe for a number of years. The model entails that a number of tasks are handled by Microsoft's European Operating Centre in Dublin, Ireland, while Microsoft Danmark ApS handles the sales and marketing of products and consulting services. In the financial year 2015/16, Microsoft Danmark ApS saw a 6.0% increase in revenue, with revenue totaling DKK 1,093 million, compared to DKK 1,031 million last year. In spite of the general slowdown of the global IT market and the economic conditions in Denmark, Microsoft has managed to maintain its business at much the same level as last year. The revenue increase in Microsoft Denmark is due to an increase in consultancy services offset by a drop in Commission fees. The profit for the year was DKK 183 million against DKK 138 million last year. The profit for the year is positively affected by the interest compensation received in the year. In view of the general economic conditions in Denmark, these results are considered to be satisfactory.

Management's review

Management commentary

Non-financial matters

Since the appointment of Satya Nadella as CEO, Microsoft has implemented a new mission, ambition, vision and strategy to help manage and sharpen the transformation of the company. The mission, as stated above, is grounded in both the world in which we live and the future we strive to create. Today, we live in a mobile-first, cloud-first world, and the transformation we are driving across our businesses is designed to enable Microsoft and our customers to thrive in this world. It's important to note that our worldview for mobile-first is not just about the mobility of devices; it's centered on the mobility of experiences that, in turn, are orchestrated by the cloud. That is why we think of these two trends together. What we do with our products and business models has to account for this fundamental transformation.

When we say mobility or mobile-first, the key thing is to remember that this is not the mobility of the device, it's the mobility of the human experience. There are going to be no digital boundaries at all with the computing fabric that surrounds you. So that's what we think of when we say "mobile first."

And these experiences are, in turn, orchestrated by the cloud. It's the experiences that surround you in your daily life, at home, or at work. All of your devices and services need to work in a friction-free way, supported by the cloud and new form factors.

Our strategy is to build best-in-class platforms and productivity services for a mobile-first, cloud-first world. Our platforms will harmonize the interests of end users, developers and IT better than any competing ecosystem or platform. We will realize our mission and strategy by investing in three interconnected and bold ambitions.

We are the only company that thinks about all these things in an expansive way. It drives us to identify and eliminate the barriers that prevent people from being empowered in any situation they find themselves in throughout their personal and professional lives.

To that end, there are three interconnected areas where our customers expect us to lead and innovate...

1. Reinvent productivity and business processes
2. Build the intelligent cloud platform
3. Create more personal computing

These ambitions utilize a unique set of assets that span productivity services, cloud platform, our device platform and our family of devices. There is an explicit path dependence on how we achieve the "inter-connectedness" between the various elements of our strategy to gain momentum.

Knowledge resources

Management

July 1st 2015, Marianne Dahl Steensen was appointed as Country Manager for Microsoft Denmark, replacing Niels Soelberg. Prior to her role in Microsoft, Marianne has been SVP in TDC and country manager for Codan in Denmark.

October 1st George Tsihliis was appointed CFO for Microsoft Denmark, replacing Stefano Mezzadri. Prior to his new role, George was Commercial Controller in Microsoft Russia.

November 1st, Lars Bell was appointed Segment Lead, SMSF, in Microsoft Denmark. Prior to his new role, Lars was responsible for Microsoft Denmark's Services division.

Also November 1st Crilles Jansen took over from Lars Bell as Services Lead. Prior to his new role, Crilles was Sales Lead in Services.

April 1st Nana Bule was appointed Marketing and Operations Lead for Microsoft Denmark, replacing Malou Aamund. Prior to her new role, Nana was CCG Lead in Microsoft Denmark.

Management's review

Management commentary

Employees

Microsoft's business is based on the knowledge and innovation created by people. It is therefore our clear objective to attract, retain and develop the best employees, so that Microsoft can continue to deliver the best solutions in the market. Since this requires motivated and dedicated employees, Microsoft focuses on maintaining and developing its position as one of Denmark's best workplaces. As one element of this, Microsoft is strategically dedicated to diversity across gender, age, nationality, religion and sexual orientation.

Statutory CSR report

Microsoft's Citizenship work is based on international frameworks such as the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the Global Reporting Initiatives' Sustainability Reporting Guidelines. For Microsoft Denmark's statutory account on CSR please see the "Microsoft 2016 Citizenship Report": <https://www.microsoft.com/en-us/about/corporate-responsibility/>. For more details, please also visit <https://www.microsoft.com/en-us/about/corporate-responsibility/reporting-approach> to find information about FY16 focus areas.

Account of the gender composition of management

Microsoft Denmark has specific goals for women in management along with a strategy for how to reach these goals. In general, the IT- and technology industry appeals more to men than to women due to its technical foundation. With this in mind, we have set some goals for the number of women in management as well as the number as women in the whole.

- The top management team consist of 9 people, of which 4 are females. This gives a 44% female representation, which is considered very positive (target: at least 30%)
- The full management population 28%: not fully satisfactory (target: at least 30%)
- The total population consists of 30%: satisfactory (target: at least 30%)

The company has already achieved a balance of gender with regards to Executive Board. The action plan for increasing especially the middle management female representation builds on already ongoing initiatives such as female targeted employer branding materials, a female ambassador program, female mentoring in the hiring process, and a series of new initiatives including increased work life balance measures and a targeted network for 'career mothers'.

Post balance sheet events

No events have occurred after the balance sheet date which materially affect the financial year.

Outlook

Positive developments in revenue and results are expected for the coming financial year.

Financial statements for the period 1 July 2015 - 30 June 2016

Income statement

Note	DKK'000	2015/16	2014/15
2	Revenue	<u>1,092,883</u>	<u>1,031,235</u>
	Gross profit	1,092,883	1,031,235
3	Distribution costs	-742,068	-740,044
3	Administrative expenses	<u>-120,138</u>	<u>-94,282</u>
	Ordinary operating profit	230,677	196,909
	Other operating income	24,163	12,330
	Other operating expenses	<u>-55,967</u>	<u>-29,674</u>
	Operating profit	198,873	179,565
4	Financial income	29,829	912
5	Financial expenses	<u>-719</u>	<u>-107</u>
	Profit before tax	227,983	180,370
6	Tax for the year	<u>-44,654</u>	<u>-41,971</u>
	Profit for the year	<u>183,329</u>	<u>138,399</u>
	Proposed profit appropriation		
	Proposed dividend recognised under equity	183,000	138,000
	Retained earnings	<u>329</u>	<u>399</u>
		<u>183,329</u>	<u>138,399</u>

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	DKK'000	<u>2015/16</u>	<u>2014/15</u>
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Goodwill	<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	8,506	4,276
	Leasehold improvements	18,798	4
	Property, plant and equipment in progress	<u>0</u>	<u>3,802</u>
		<u>27,304</u>	<u>8,082</u>
9	Investments		
	Receivables from group entities	547,583	672,514
	Other receivables	<u>0</u>	<u>4,684</u>
		<u>547,583</u>	<u>677,198</u>
	Total non-current assets	<u>574,887</u>	<u>685,280</u>
	Current assets		
	Receivables		
	Trade receivables	99,356	106,627
	Receivables from group entities	418,371	165,213
10	Deferred tax assets	1,901	6,070
	Income taxes receivable	0	111,747
	Other receivables	525	17
	Prepayments	<u>12,958</u>	<u>3,593</u>
		<u>533,111</u>	<u>393,267</u>
	Cash	<u>632</u>	<u>93</u>
	Total current assets	<u>533,743</u>	<u>393,360</u>
	TOTAL ASSETS	<u>1,108,630</u>	<u>1,078,640</u>

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	DKK'000	<u>2015/16</u>	<u>2014/15</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	201	201
	Retained earnings	483,500	483,171
	Dividend proposed for the year	<u>183,000</u>	<u>138,000</u>
	Total equity	<u>666,701</u>	<u>621,372</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Income taxes payable	<u>39,432</u>	<u>46,520</u>
		<u>39,432</u>	<u>46,520</u>
	Current liabilities other than provisions		
	Trade payables	34,118	21,505
	Income taxes payable	46,520	37,082
11	Other payables	250,755	247,695
	Deferred income	<u>71,104</u>	<u>104,466</u>
		<u>402,497</u>	<u>410,748</u>
	Total liabilities other than provisions	<u>441,929</u>	<u>457,268</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>1,108,630</u></u>	<u><u>1,078,640</u></u>

- 1 Accounting policies
- 12 Collateral
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties
- 15 Fee to the auditors appointed by the Company in general meeting

Financial statements for the period 1 July 2015 - 30 June 2016

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 July 2014	201	482,772	117,000	599,973
Profit/loss for the year	0	399	138,000	138,399
Dividend distributed	0	0	-117,000	-117,000
Equity at 1 July 2015	201	483,171	138,000	621,372
Profit/loss for the year	0	329	183,000	183,329
Dividend distributed	0	0	-138,000	-138,000
Equity at 30 June 2016	201	483,500	183,000	666,701

The share capital consists of 401 shares of DKK 500 each. The shares have not been divided into classes. There have been no changes to contributed capital in the past 5 financial years.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies

The annual report of Microsoft Danmark ApS for 2015/16 has been prepared in accordance with the provisions applying to large reporting class C enterprises under the Danish Financial Statements Act.

The accounting policies applied by the Company are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Microsoft Corporation.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue primarily consists of intra-group commissions regarding sales of Microsoft products in Denmark. Furthermore, the revenue comprises to some extent invoiced sales of consultancy services, etc.

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Other operating income and operating expenses

Other operating income and expenses comprise of income and costs of a secondary nature as viewed in relation to the Company's primary activities, including gains and losses from the sale of intangible assets and property, plant and equipment etc.

Distribution costs

Distribution expenses comprise costs incurred for sale and distribution of the Company's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Company's administrative junctions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Company.

Financial income and expenses

Financial income and expenses comprises interests, including those to group entities net capital gains and losses on transactions in foreign currencies as well as tax relief and surcharges under the Danish Tax Prepayment Scheme, etc.

Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Microsoft Group's Danish subsidiaries.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the administrative company according to the current rates applicable to interest allowances, and jointly taxed companies which do not pay their due taxes, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administrative company.

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised on a straight-line basis over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired entities with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets: A useful life of three to five years is applied to other fixtures and fittings, tools and equipment. Computers (excl. servers) are fully depreciated in the month of acquisition. Leasehold improvements are depreciated on a straight-line basis over the agreed lease period, not to exceed 10 years.

Fixed assets are written down to the recoverable amount, if this value is lower than the carrying amount.

Profits and losses from the sale of property, plant and equipment are recognised in the income statement under the same items as the related depreciation.

Other securities and investments

Financial assets comprise of loan to group entities as well as other loans which are due more than a year. Financial assets are measured at amortised cost.

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less provisions for bad debts. Provisions for bad debts are calculated on the basis of an assessment of the expected collectibility.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years as well as not invoiced consultancy services relating to the current financial year. Prepayments are measured at cost.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Cash at hand and in bank

Cash comprises cash in hand and bank deposits.

Equity

Proposed dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Segment information

Segment information is given for revenue broken down by business segment. The segmentation is in accordance with the entity's internal financial management.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	<u>Operating profit x 100</u> Revenue	
Solvency ratio	<u>Equity at year end x 100</u> Total equity and liabilities at year end	
Return on equity	<u>Profit/loss for the year after tax x 100</u> Average equity	
DKK'000	<u>2015/16</u>	<u>2014/15</u>
2 Revenue		
Business segmentation of revenue:		
Commission income	745,881	753,033
Consultancy income	<u>347,002</u>	<u>278,202</u>
	<u>1,092,883</u>	<u>1,031,235</u>
3 Staff costs		
Wages/salaries	523,851	510,414
Pensions	40,474	40,390
Other social security costs	<u>1,088</u>	<u>1,078</u>
	<u>565,413</u>	<u>551,882</u>
Staff costs are recognised as follows in the financial statements:		
Distribution	512,883	516,023
Administration	<u>52,530</u>	<u>35,859</u>
	<u>565,413</u>	<u>551,882</u>
Average number of full-time employees	<u>452</u>	<u>446</u>
Remuneration to members of management:		
Executive board	<u>3,787</u>	<u>12,472</u>
	<u>3,787</u>	<u>12,472</u>

The remuneration of the Executive Board includes pension of DKK 281 thousand (2014/15: DKK 296 thousand).

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

Incentive programmes

In addition to the performance bonus program, the Company has a stock award program, which also included the Executive Board.

The award program comprise stocks in the ultimate parent company. The Danish Company does not pay for these rights.

	DKK'000	2015/16	2014/15
4 Financial income			
Interest receivable, group entities		305	753
Exchange gain		0	159
Compensation of interest from tax authorities		29,524	0
		<u>29,829</u>	<u>912</u>

Compensation of interest from tax authorities relates to a prepayment made in connection with a tax case with the Danish tax authorities which the Company won in court of first instance (The Danish National Tax Tribunal).

	DKK'000	2015/16	2014/15
5 Financial expenses			
Interest expenses, group entities		158	0
Other interest expenses		75	107
Exchange losses		486	0
		<u>719</u>	<u>107</u>
6 Tax for the year			
Estimated tax charge for the year		39,433	46,520
Deferred tax adjustments in the year		4,169	-4,029
Tax adjustments, prior years		1,052	-520
		<u>44,654</u>	<u>41,971</u>

	DKK'000	Goodwill
7 Intangible assets		
Cost at 1 July 2015		<u>126,141</u>
Cost at 30 June 2016		<u>126,141</u>
Impairment losses and amortisation at 1 July 2015		<u>126,141</u>
Impairment losses and amortisation at 30 June 2016		<u>126,141</u>
Carrying amount at 30 June 2016		<u>0</u>

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 July 2015	18,491	2,637	3,802	24,930
Additions in the year	9,832	14,689	495	25,016
Disposals in the year	-189	0	0	-189
Transfer from other accounts	-971	5,268	-4,297	0
Cost at 30 June 2016	<u>27,163</u>	<u>22,594</u>	<u>0</u>	<u>49,757</u>
Impairment losses and depreciation at 1 July 2015	14,215	2,633	0	16,848
Amortisation/depreciation in the year	4,508	1,163	0	5,671
Reversal of amortisation/depreciation and impairment of disposals	-66	0	0	-66
Impairment losses and depreciation at 30 June 2016	<u>18,657</u>	<u>3,796</u>	<u>0</u>	<u>22,453</u>
Carrying amount at 30 June 2016	<u>8,506</u>	<u>18,798</u>	<u>0</u>	<u>27,304</u>

9 Investments

DKK'000	Receivables from group entities	Other receivables	Int liabilities
Cost at 1 July 2015	672,514	4,684	677,198
Disposals in the year	-124,931	-4,684	-129,615
Cost at 30 June 2016	<u>547,583</u>	<u>0</u>	<u>547,583</u>
Carrying amount at 30 June 2016	<u>547,583</u>	<u>0</u>	<u>547,583</u>

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

10 Deferred tax

Deferred tax relates to:

DKK'000	2015/16	2014/15
Property, plant and equipment	1,828	1,852
Liabilities	73	4,218
	<u>1,901</u>	<u>6,070</u>

11 Other payables

VAT and other indirect taxes	5,408	10,542
Wages/salaries, salary taxes, social security contributions, etc.	128,900	113,932
Compensated absence	87,999	84,560
Other accrued expenses	28,448	38,661
	<u>250,755</u>	<u>247,695</u>

12 Collateral

A bank guarantee amounting to DKK 43,220 thousand has been pledged as security for the Company's future payments of rent costs.

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

Microsoft Danmark ApS is a party in certain disputes in which the final financial outcome is uncertain. If the pending disputes result in considerable payments for the Entity, the parent company will refund the payments so that the financial position of the Entity will not be affected by the payments. Therefore, Management's assessment is that the final settlements will not have a significant influence on the financial position of the Entity.

The Company is jointly taxed with Microsoft Development Center Copenhagen ApS, which acts as administrative company. Together with the administrative company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 30 June 2016, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 106,218 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2015/16	2014/15
Rent and lease liabilities	<u>159,135</u>	<u>178,446</u>

Microsoft Denmark ApS and Microsoft Development Center Copenhagen ApS have entered into a joint contract to lease a new shared domicile located in Lyngby north of Copenhagen. The two companies are jointly liable for the 10 year rent commitment, with a remaining obligation amounting to DKK 310 million as of 30 June 2016. Microsoft Denmark ApS is expected to pay 45% of the rent commitment.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

14 Related parties

Microsoft Danmark ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Microsoft International Holdings Spain S.R.L	Madrid, Spain	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Microsoft Corporation	Redmond, WA, USA	www.microsoft.com

	<u>2015/16</u>	<u>2014/15</u>
DKK'000		
15 Fee to the auditors appointed by the Company in general meeting		
Fee regarding statutory audit	238	231
Assurance engagements	47	46
Other assistance	0	20
	<u>285</u>	<u>297</u>