
LINKEDIN TECHNOLOGY UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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LINKEDIN TECHNOLOGY UK LTD

COMPANY INFORMATION

Directors	Lora Blum Susan Taylor
Registered number	06441873
Registered office	21 Tudor Street London EC4Y 0DJ
Trading Address	Castlewood House 7791 New Oxford Street London WC1A 1DG
Independent auditors	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte Touche House Earlsfort Terrace Dublin 2

LINKEDIN TECHNOLOGY UK LTD

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LINKEDIN TECHNOLOGY UK LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors present their report for the year ended 31 December 2015. This is in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

LinkedIn is the world's largest professional network on the Internet with more than 400 million members in over 200 countries and territories at 31 March 2016. LinkedIn's platform enables members to become more successful in their careers through three value propositions: managing and sharing who they are through their digital professional identity; engaging and expanding who they know through their professional network; and discovering professional knowledge and insights making them better at what they do.

PRINCIPAL RISKS AND UNCERTAINTIES

LinkedIn's mission is to connect the world's professionals to make them more productive and successful. The cornerstone of LinkedIn's business strategy is to focus on our members first. We provide the majority of our solutions to our members at no cost. We believe this approach provides the best way to continue to build a critical mass of members, resulting in beneficial network effects that promote greater utilization of our network, higher levels of engagement and, ultimately, increased value for all of our members.

The objective of LinkedIn Technology UK Limited is to increase awareness of the LinkedIn brand and product offerings in the UK market. It does this by providing sales and marketing support services to its parent company LinkedIn Ireland.

The operations and financial results are subject to various risks and uncertainties which could adversely affect the company's business and its financial condition:

- Revenue is generated from marketing services provided to LinkedIn Ireland. If demand for these services were to decrease revenue and operating results would be adversely impacted.
- The company depends on world class talent to grow and operate the business. If the company were unable to hire, retain and motivate personnel, it would not be able to grow effectively.

FINANCIAL KEY PERFORMANCE INDICATORS

The company's financial KPI for measuring success is revenue growth and the nonfinancial KPI for measuring success is member growth.

The company's business activities have continued to grow during 2016. Turnover increased by 12% from \$76,751,014 in 2014 to \$85,960,212 in 2015. Administrative expenses increased by 12% from \$67,884,599 in 2014 to \$76,018,641 in 2015. The increase in administrative expenses is mainly due to headcount growth. The average headcount has increased by 35% from 186 in 2014 to 251 in 2015.

LINKEDIN TECHNOLOGY UK LTD

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Strategy

LinkedIn's mission is to connect the world's professionals to make them more productive and successful. The cornerstone of LinkedIn's business strategy is to focus on our members first. We provide the majority of our solutions to our members at no cost. We believe this approach provides the best way to continue to build a critical mass of members, resulting in beneficial network effects that promote greater utilization of our network, higher levels of engagement and, ultimately, increased value for all of our members.

The objective of LinkedIn Technology UK Limited is to increase awareness of the LinkedIn brand and product offerings in the UK market. It does this by providing sales and marketing support services to its parent company LinkedIn Ireland.

Future developments

The company's turnover, headcount and administrative expenses are all expected to continue growing in 2016. This future growth is expected with the further development of the product range that the parent, LinkedIn Ireland, offers in the UK market. That future growth may be affected by macro-economic conditions in the UK market.


Review of the Business

LinkedIn Corporation is a professional network on the Internet with approximately 400 million members in over 200 countries and territories. The Company provides the majority of its products at no cost to its members. It offers approximately three product lines: Talent Solutions, which includes Hiring, and Learning and Development, Marketing Solutions and Premium Subscriptions. Its products are sold through approximately two channels, an offline field sales organization, which engages with both large and small enterprise customers, as well as an online, self-serve channel, which includes enterprise customers and individual members purchasing subscriptions. Its solutions include Free Solutions and Monetized Solutions. Its Free Solutions include Stay Connected and Informed, and Advance My Career. The Company's Monetized Solutions include Talent Solutions, which includes Hiring, and Learning and Development, Marketing Solutions and Premium Subscriptions.


Going Concern

LinkedIn Technology UK Limited earns services revenue from its parent, LinkedIn Ireland, on costs incurred. The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the company continues to adopt the going concern assumption.

Approved by the Board and signed on its behalf by



Director
Lora Blum



Director
Susan Taylor

LINKEDIN TECHNOLOGY UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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. The company's accounting records are maintained at Gardner House, Wilton Place, Dublin 2.

Results and dividends

The profit for the year, after taxation, amounted to \$6,442,798 (2014 \$6,612,938).

During the financial year there were no dividend payments (2014- \$ 13,279,550, \$ 13,280 per share).

Directors

The directors who served during the year were:

Lora Blum
Susan Taylor

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 directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- those directors have 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.

LINKEDIN TECHNOLOGY UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Events after balance sheet date

On 11 June 2016, LinkedIn Corporation (LinkedIn Technology UK Ltd Ultimate parent company), entered into an Agreement and Plan of Merger with Microsoft Corporation and Liberty Merger Sub Inc, a wholly owned subsidiary of Microsoft Corporation. The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Liberty Merger Sub Inc. will merge with and into LinkedIn Corporation (the "Merger"), with LinkedIn Corporation continuing as the surviving corporation and as a wholly-owned subsidiary of Microsoft.

Auditors

The auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101 paragraph 1 12. The Company's shareholder/s has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the LinkedIn Ireland, as the immediate parent of the entity, or by a shareholder/s holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Ireland as the immediate parent. They should be served by no later than December 31, 2015.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and through by weekly all-hands meetings with the CEO. The employee share scheme has been running successfully since its inception in April 2015. It is open to all employees in APAC, Canada and EMEA, with the platform LinkedIn ESPP (Employee Stock Purchase Plan) the employees will be able to contribute up to 10% of ESPP eligible earnings to purchase LinkedIn shares at a 15% discount or more.

Approved by the Board and signed on its behalf by



Lora Blum, Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINKEDIN TECHNOLOGY UK LIMITED

We have audited the financial statements of LinkedIn Technology UK Limited for the year ended 31 December 2015 which comprise the statement of accounting policies, the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22. 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), including FRS 101 "Reduced Disclosure Framework".

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board'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. In addition, we read all the financial and non-financial information in the annual report 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.

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 December 2015 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.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINKEDIN TECHNOLOGY UK LIMITED

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.


Richard Howard (*Senior statutory auditor*)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

28/9/16
28 September 2016

LINKEDIN TECHNOLOGY UK LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 [RESTATED] \$
Turnover		85,960,212	76,751,014
GROSS PROFIT		<u>85,960,212</u>	<u>76,751,014</u>
Administrative expenses		(76,018,641	(67,884,599
))
OPERATING PROFIT	2	<u>9,941,571</u>	<u>8,866,415</u>
Tax on profit	5	(3,498,773)	(2,253,477)
PROFIT FOR THE YEAR		<u>6,442,798</u>	<u>6,612,938</u>
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Income tax – SBC Deduction		1,260,413	1,363,134
Deferred tax – SBC Deduction		3,886	(2,809,384)
TOTAL ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS		<u>1,264,299</u>	<u>(1,446,250)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>7,707,097</u>	<u>5,166,688</u>

LINKEDIN TECHNOLOGY UK LTD

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
Tangible assets	7	10,588,398	4,741,284
		<u>10,588,398</u>	<u>4,741,284</u>
CURRENT ASSETS			
Debtors	6	25,604,410	29,992,853
Cash at bank and in hand	9	6,794,115	4,247,127
		<u>32,398,525</u>	<u>34,239,980</u>
Creditors: amounts falling due within one year	10	(16,842,067)	(15,226,099)
NET CURRENT ASSETS		<u>15,556,458</u>	<u>19,013,884</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,144,856</u>	<u>23,755,166</u>
Creditors: amounts falling due after more than one year	11	(1,658,522)	(1,727,353)
NET ASSETS		<u>24,486,334</u>	<u>22,027,813</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,999	1,999
Other reserves		10,147,197	15,395,774
Profit and loss account		14,337,138	6,630,040
		<u>24,486,334</u>	<u>22,027,813</u>



Lora Blum
Director



Susan Taylor
Director

The notes on pages 11 to 40 form part of these financial statements

LINKEDIN TECHNOLOGY UK LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 January 2015	1,999	15,395,774	6,630,040	22,027,813
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year			6,442,798	6,442,798
Decrease in capital contribution		(5,248,576)		(5,248,576)
Current Tax SBC deduction	-		1,260,413	1,260,413
Deferred Tax SBC deduction	-		3,886	3,886
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(5,248,576)	7,707,097	2,458,521
AT 31 DECEMBER 2015	1,999	10,147,197	14,337,138	24,486,334

LINKEDIN TECHNOLOGY UK LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 January 2014 – [RESTATED]	1,999	9,005,461	14,742,902	23,750,362
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	6,612,938	6,612,938
Increase in capital contribution		6,390,313		6,390,313
Current tax – SBC Deduction	-	-	1,363,134	1,363,134
Deferred Tax - SBC deduction			(2,809,384)	(2,809,384)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	6,390,313	5,166,688	11,557,001
Dividends			(13,279,550)	(13,279,550)
AT 31 DECEMBER 2014	1,999	15,395,774	6,630,040	22,027,813

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the financial year ended 31 December 20YY the company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

First time application of FRS 100 and FRS 101

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 18.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.1 Basis of accounting (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

New and revised IFRSs affecting amounts reported and/ or disclosures in the financial statements.

In the current financial year, the company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

Annual improvements 2011-2013 Cycle

The annual improvements to IFRS: 2011-2013 Cycle issued by the International Accounting Standards board in December 2013 is the sixth collection of amendments issued under the annual improvement process, which is designed to make necessary, but not urgent, amendments to IFRSs.

The amendments are in the nature of clarifications rather than substantive changes to the existing requirements. The amendments impact the following standards:

- IFRS 1 *First time Adoption of International Financial Reporting Standards – Clarification of the meaning of the "effective IFRSs"*

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.2 Financial reporting standard 101 reduced disclosure exemptions (continued)

- IFRS 3 *Business Combinations* – Clarification of the scope exclusion for joint ventures
- IFRS 13 *Fair value Measurement* – Clarification of the scope of the portfolio exception
- IAS 40 *Investment Property* – Clarification of the interrelationship between IFRS 3 and IAS 40

None of these amendments has had any impact on the financial statements.

IFRIC 21 Levies

The interpretation was developed to address concerns about how to account for levies that are based on financial data for a period that is different from that in which the activities which give rise to payment of the levy occurs.

The interpretation has had no impact on the financial statements.

1.3 Revenue

The turnover shown in the profit and loss account represents amounts receivable from the immediate parent undertaking, LinkedIn Ireland, during the year for the provision of marketing support services period.

1.4 Tangible Fixed Assets

Tangible fixed assets are stated at historical cost, less accumulated depreciation. Assets in the course of construction are not depreciated until they are brought into use.

1.5 Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Improvements	shorter of 5 years or the life of the lease
Computer Equipment	straight line over 3 years
Office Equipment & Fitting	straight line over 3 years

The extended useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimated accounted for on a perspective basis.

1.6 Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Going concern

LinkedIn Technology UK Limited earns services revenue from its parent, LinkedIn Ireland, on costs incurred. The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the company continues to adopt the going concern assumption.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the financial year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Foreign Currencies

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange ruling at the dates of the transactions. The resulting monetary assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are recorded in the profit and loss account.

1.10 ShareBased Payments

In accordance with IFRS 2 "Sharebased payment", the company reflects the economic cost of awarding share options to employees by recording an expense in respect of the services received from employees in the profit and loss account at an amount equal to the fair value of the awarded options. The fair value is determined by reference to the BlackScholes option pricing model.

The expense is spread over the period in which the services are received by the company ('the vesting period'). An assessment of the number of share options which are expected to vest is made at the end of each reporting period and any adjustments to the expected charge relating to those share options are made in the current period.

Shares for which an option is granted are issued by the parent undertaking and no consideration is given by this company in respect of those options. Therefore the benefit to this company is treated as a capital contribution received from the parent undertaking and is taken to profit and loss account reserve, and no sharebased payment reserve is recognised.

1.11 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit and loss account.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a)

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 42. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Reclassification of financial assets

The Company has reclassified certain non-derivative financial assets out of held for trading (part of the FVPTL category) to AFS financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial Instruments (continued)

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit and loss account relating to the hedged item. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1.12 Pension Scheme

The company operates a defined contribution pension scheme and contributions are charged against profits as they fall due.

1.13 Deferred Commission

Deferred commissions are the incremental costs that are directly associated with non-cancellable subscription contracts primarily related to sales of the company's talent solutions. Deferred commissions consist of sales commissions paid to the company's direct sales representatives and are deferred and amortised over the non-cancellable terms of the related customer contracts, which are generally 12 months. The commission payments are generally paid in full the month after the customer contract is signed. The deferred commission amounts are recoverable through the future revenue streams under the non-cancellable customer contracts. The company believes this is the preferable method of accounting as the commission charges are so closely related to the revenue from the non-cancellable customer contracts that they should be recorded as an asset and charged to expense over the same period that the subscription revenue is recognised. Short-term deferred commissions are included in prepaid expenses and other current assets, while long-term deferred commissions are included in other assets in the accompanying consolidated balance sheets. The amortisation of deferred commissions is included in the profit and loss account.

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below or elsewhere in the financial statements.

Valuation of share-based payments

The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on an accelerated recognition basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015	2014
	\$	\$
Depreciation of tangible fixed assets (Note 7)	2,897,537	2,064,822
Exchange differences	(84,076)	1,811,679
Defined contribution pension cost	1,730,673	1,943,914
Operating lease cost	2,834,482	1,986,489
	7,378,616	7,806,904

During the year, no director received any emoluments (2014 \$NIL).

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2015	2014
	\$	\$
Fees for audit services	15,466	16,959
	<u>15,466</u>	<u>16,959</u>

4. EMPLOYEES

Staff costs were as follows:

	2015	2014
	\$	\$
Wages and salaries	40,417,215	34,361,401
Social security costs	5,944,324	6,051,546
Cost of defined contribution scheme (Note 16)	1,730,673	1,943,914
Share based payments (Note 14)	8,681,787	6,387,242
	<u>56,773,999</u>	<u>48,744,103</u>

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

	2015	2014
	No.	No.
Marketing	<u>251</u>	<u>186</u>

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. TAXATION

	2015 \$	2014 [RESTATED] \$
CORPORATION TAX		
Current tax on profits for the year	2,606,048	2,811,012
TOTAL CURRENT TAX	<u>2,606,048</u>	<u>2,811,012</u>
DEFERRED TAX		
Origination and reversal of timing differences	820,236	(562,599)
Adjustment in respect of previous periods	-	(38,350)
Changes to tax rates	72,488	43,414
TOTAL DEFERRED TAX (Note 13)	<u>892,724</u>	<u>(557,535)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>3,498,773</u>	<u>2,253,477</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 the same as) the standard rate of corporation tax in the UK of 20.25% (2014 21.49%). The differences are explained below:

	2015 \$	2014 [RESTATED] \$
Profit on ordinary activities before tax	<u>9,941,571</u>	<u>8,866,815</u>

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 21.49%)	2,012,828	1,905,479
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EFFECTS OF:

Expenses not deductible for tax purposes	160,609	169,676
Income taxed at the higher rate	72,488	43,415
Adjustments to tax charge in respect of prior periods	584	(20,736)
Share options timing differences	1,252,264	155,644
Other timing differences	-	-

TOTAL TAX CHARGE FOR THE YEAR

<u>3,498,773</u>	<u>2,253,477</u>
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6. DIVIDENDS

	2015	2014
	\$	\$
Dividends analysis	-	13,279,550
	<u>-</u>	<u>13,279,550</u>

During the financial year there were no dividend payments (2014- \$ 13,279,550, \$ 13,280 per share).

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. TANGIBLE FIXED ASSETS

	Office equipment \$	Computer equipment \$	Leasehold improvement s \$	Total \$
COST OR VALUATION				
At 1 January 2015	1,608,181	1,819,911	5,223,534	8,651,626
Additions	2,446,701	1,374,774	5,086,321	8,907,796
Disposals	(671,345)	(270,626)	-	(941,972)
At 31 December 2015	<u>3,383,536</u>	<u>2,924,059</u>	<u>10,309,855</u>	<u>16,617,450</u>
DEPRECIATION				
At 1 January 2015	838,555	1,101,817	1,969,970	3,910,342
Charge for the period	648,472	707,763	1,541,301	2,897,537
Disposals	(508,200)	(270,626)	-	(778,827)
At 31 December 2015	<u>978,827</u>	<u>1,538,954</u>	<u>3,511,271</u>	<u>6,029,052</u>
At 31 December 2015	<u>2,404,710</u>	<u>1,385,105</u>	<u>6,798,583</u>	<u>10,588,398</u>
At 31 December 2014	<u>769,626</u>	<u>718,094</u>	<u>3,253,564</u>	<u>4,741,284</u>

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. DEBTORS

	2015 \$	2014 [RESTATED] \$
DUE AFTER MORE THAN ONE YEAR		
Deferred commission	1,330,885	1,242,887
Other debtors	295,556	210,409
	<u>1,626,441</u>	<u>1,453,296</u>
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings (i)	12,952,763	19,367,892
Deferred commission	6,941,172	6,214,372
VAT receivable	1,635,728	545,187
Prepaid expenses	1,352,683	741,007
Deferred Tax (Note 13)	746,177	1,635,014
Corporation tax debtor	349,446	36,085
	<u>25,604,410</u>	<u>29,992,853</u>

(i) Amounts owed by group undertakings are unsecured, interest free, and repayable on demand. They are classified as loans and receivables and are therefore measured at amortized cost.

9. CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank and in hand	6,794,115	4,247,127
Bank overdrafts (Note 10)	(1,399,066)	-
	<u>5,395,049</u>	<u>4,247,127</u>

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. CREDITORS: Amounts falling due within one year

	2015	2014
	\$	\$
Bank overdrafts (Note 9)	1,399,066	-
Trade creditors	484,578	382,307
Amounts owed to group undertakings (i)	241,747	-
Corporation tax payable	274,298	676,799
Social security taxes	5,533,821	4,474,961
Accruals	8,908,557	9,692,032
	16,842,067	

(i) Amounts owed to parent and group undertakings are unsecured, interest free, and repayable on demand. They are classified as loans and receivables and are therefore measured at amortized cost.

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. CREDITORS: Amounts falling due after more than one year

	2015	2014
	\$	\$
Accruals	1,658,522	1,727,353
	<u>1,658,522</u>	<u>1,727,353</u>

12. SHARE CAPITAL

	2015	2014
	\$	\$
Authorised, allotted, called up and fully paid		
1,000 Issued shares of \$1.99 each	<u>1,999</u>	<u>1,999</u>

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	2015	2014 [RESTATED]
	\$	\$
Included in debtors (Note 8)	746,177	1,635,015

The movement in the deferred taxation asset during the financial year was:

	2015	2014
	\$	\$
At 1 January	1,635,015	3,886,864
P&L Movement arising during the year	(892,724)	519,184
Deferred tax charge to equity for the period	3,886	(2,809,384)
Adjustment in respect of prior years	-	38,350
At 31 December	746,177	1,635,014

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015	2014
	\$	\$
Excess of taxation amortization over amortization on intangible assets	133,740	100,777
Other timing differences	53,031	101,138
Share Options	559,406	1,433,100
	746,177	1,635,015

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. SHARE BASED COMPANSATION

Equitysettled sharebased payments

Shares for which an option is granted to employees of LinkedIn Technology UK Limited are issued by the parent undertaking, LinkedIn Corporation. LinkedIn Corporation has two equity incentive plans: the Amended and Restated 2003 Stock Incentive Plan (the "2003 Plan") and the 2011 Equity Incentive Plan (the "2011 Plan"). Following initial public offering in May 2011, any shares subject to options or other similar awards granted under the 2003 Plan that expire, are forfeited, are repurchased or otherwise terminate unexercised will become available under the 2011 Plan. No additional shares will be issued under the 2003 Plan. No consideration is given by LinkedIn Technology UK Limited in respect of these options.

Under the 2003 Plan, shares of common stock of LinkedIn Corporation are reserved for the issuance of incentive stock options ("ISOs") or nonstatutory stock options ("NSOs") to eligible participants as of December 31, 2008. The ISOs may be granted at a price per share not less than the fair market value at the date of grant. The NSOs may be granted at a price per share not less than 85% of the fair market value at the date of grant. Options granted to date generally vest over a four year period with 25% vesting at the end of one year and the remaining vesting monthly thereafter. Options granted generally are exercisable up to 10 years. Option holders are allowed to exercise unvested options to acquire restricted shares. Upon termination of service, LinkedIn Corporation has the right to repurchase at the original purchase price any unvested (but issued) common shares. Common shares purchased under the Plan are subject to certain restrictions, including the right of first refusal by LinkedIn Corporation for sale or transfer of these shares to outside parties. LinkedIn Corporation's right of first refusal terminated upon completion of an initial public offering of common stock.

Under the 2011 Plan, LinkedIn Corporation has the ability to issue ISOs, NSOs, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units and/ or performance shares. The ISOs and NSOs will be granted at a price per share not less than the fair value at date of grant. Options granted to date generally vest over a fouryear period with 25% vesting at the end of one year and the remaining vesting monthly thereafter. Options granted generally are exercisable up to 10 years. LinkedIn Corporation began granting RSUs to employees of LinkedIn Technology UK Limited in November 2011, which generally vest over a fouryear period with 25% vesting at the end of one year and the remaining vesting quarterly thereafter.

Share Options

Details of the number of share options and the weighted average exercise price, denominated in US Dollars (US\$), outstanding during the year are as follows:

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2015	2014	2014
	\$	\$	\$	\$
Outstanding at the beginning of the year	61,648	42.88	93,838	28.3
Granted During the year	3,296	204.04	2,209	204.04
Exercised during the year	(28,884)	12.81	(36,088)	12.81
Transferred during the year	(10,855)	6.34	1,834	4.96
Cancelled During the year	(517)	45.00	(205)	45.00
Outstanding at the end of the year	24,688	85.82	61,648	42.88
Ending Exercisable	<u>19,327</u>	<u>62.00</u>	<u>52,648</u>	<u>30.04</u>

LINKEDIN TECHNOLOGY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

The share options outstanding at the end of the year have the following weighted average remaining contractual lives and exercise prices, denominated in US Dollars (\$).

Exercise Price \$	Number Outstandin g Options \$	Weighted Average remaining life in years Outstandin g Options \$	Weighted average exercise price Outstandin g Options \$	Number Vested and Exercisabl e \$	Weighted average exercisabl e price Vested and Exercisabl e \$
2.32	2,733	2.09	2.32	2,733	2.32
8.01	5,941	4.70	8.41	5,702	8.01
40.59	5,892	5.36	40.59	5,892	40.59
77.86	672	8.46	57.03	114	77.86
170.46	5,450	7.16	170.46	3,550	170.46
204.04	2,267	8.19	203.63	1,012	204.04
267.20	1,733	9.16	267.2	324	267.20
	<u>24,688</u>	<u>5.85</u>	<u>88.61</u>	<u>19,327</u>	<u>62.00</u>

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NOTES TO THE FINANCIAL STATEMENTS
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FY1		Weighted	Weighted	Number	Weighted
4		Average	average	Vested	average
	Number	reaming	exercise	and	exercisabl
	Outstandin	life in	price	Exercisabl	e price
	g Options	years	Outstandin	e	and
		g Options	g Options		Exercisabl
			\$		e
					\$
Exercise Price \$					
2.32	6,677	3.76	2.32	6,677	2.32
3.50	345	4.76	3.50	345	3.50
4.80	2,500	5.15	4.80	2,500	4.80
6.20	2,345	5.46	6.20	2,345	6.20
8.27	1,768	5.74	8.27	1,768	8.27
8.97	1,190	5.84	8.97	1,190	8.97
14.46	7,597	5.69	14.46	7,597	14.46
19.63	1,480	6.13	19.63	1,366	19.63
22.59	13,786	6.27	22.59	11,716	22.59
45.00	16,216	5.56	45.00	14,545	45.00
72.01	85	6.44	72.01	14	72.01
170.46	5,450	8.16	170.46	2,125	170.46
204.04	2,209	9.16	204.04	460	204.04
	61,648	5.93	42.88	52,648	30.04

The fair values were calculated using the BlackScholes option pricing model. The following table presents the weightedaverage assumption into the model:

2015 2014

Expected volatility - %	45.00	45.00
Expected life - years	4.07	4.07
Risk free rate - %	1.17	1.17

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**NOTES TO THE FINANCIAL STATEMENTS
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Weighted average fair value per option granted – ordinary share 76.39

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**NOTES TO THE FINANCIAL STATEMENTS
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Volatility is based on an average of the historical volatilities of the common stock of several entities with characteristics similar to those of LinkedIn Corporation. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. LinkedIn Corporation uses an expected dividend yield of zero, as it does not anticipate paying any dividends in the foreseeable future. Expected forfeitures are based on LinkedIn Corporation's historical experience.

	2015	2015 \$	2014	2014 \$
Outstanding at the beginning of the year	82,643	178.06	67,476	154.21
Granted during the year	43,853	237.67	48,148	200.26
Exercised/Issued during the year	(34,558)	12.81	(25,843)	155.85
Transferred during the year	(8,300)	6.34	(2,099)	126.09
Cancelled during the year	(5,288)	45.00	(5,039)	159.87
Ending Outstanding	78,350	85.82	82,643	178.06

Share Based Payment Expense

The company recognised total expenses of \$8,681,787 (2014: \$6,387,242) related to equitysettled sharebased transactions during the year.

15. RESERVES

Other reserves

Other reserves are capital contribution relating to sharebased payment charges.

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling \$1,730,673 (2014: \$1,943,914) were payable to the fund during the year, \$296,731 was outstanding at the year-end (2014: \$505,688).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

17. COMMITMENTS UNDER OPERATING LEASES

The company as lessee	2015	2014
\$	\$	\$

Lease payments under operating leases recognised as an expense in the year	1,393,548	455,889
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At 31 December 2015 the company had future minimum lease payments under noncancellable operating leases as follows:

	2015 \$	2014 \$
Within one year	3,194,040	
In the second to fifth years inclusive	4,130,337	2,715,481
More than five years	-	-
TOTAL	<u>7,324,377</u>	<u>2,715,481</u>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of 3.5 years with an option to extend for a further 4.3 years at the then prevailing market rate.

18. CONTROLLING PARTY

The directors consider the immediate parent undertaking to be LinkedIn Ireland, a company incorporated in Ireland.

The directors consider the ultimate parent undertaking, and the largest group for which consolidated financial statements are prepared, to be LinkedIn Corporation, a company incorporated and duly organised under the laws of the state of Delaware.

19. CHANGE IN PRESENTATIONAL CURRENCY

In previous year the financial statements have been prepared based on a functional currency in GBP. In July 2015 management of the company did a re-evaluation of the functional currency. This re-evaluation resulted in the conclusion that the functional currency of the company is USD. Furthermore, management decided to change the presentation currency to USD.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. POST BALANCE SHEET EVENTS

Microsoft Merger

On 11 June 2016, LinkedIn Corporation (LinkedIn Ireland's Ultimate parent company), entered into an Agreement and Plan of Merger with Microsoft Corporation and Liberty Merger Sub Inc., a wholly owned subsidiary of Microsoft Corporation..

The transaction is expected to close in the 2016 calendar year. Consummation of the Merger is subject to certain conditions, including the receipt of the necessary approval from the Company's stockholders, the satisfaction of certain regulatory approvals and other customary closing conditions.

Sale of Intellectual Property to LinkedIn Ireland

During May 2016 the directors of the company approved the sale of the rights to use LinkedIn's intellectual property in certain territories, primarily Asia, to subsidiary company LinkedIn Ireland. The effective date of the sale is 1st of May, 2016. The value of the rights sold has been valued in excess of \$600 million. LinkedIn Ireland issued a promissory note to the company for the entire value of the rights transferred.

There have been no other significant events affecting the company since the financial year end

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

21
FIRST TIME ADOPTION OF FRS 101

Note	As previously stated 1 January 2014 \$	Effect of transition 1 January 2014 \$	FRS 101 (as restated) 1 January 2014 \$	As previously stated 31 December 2014 \$	Effect of transition 31 December 2014 \$	FRS 101 (as restated) 31 December 2014 \$
Fixed assets	6,416,084	-	6,416,084	4,741,284	1	4,741,285
Current assets	29,030,722	(2,788,317)	26,242,405	34,227,795	12,189	34,239,984
Creditors: amounts falling due within one year	(11,760,381)	-	(11,760,381)	(15,226,101)	2	(15,226,099)
NET CURRENT ASSETS	17,270,341	(2,788,317)	14,482,024	19,001,694	12,191	19,013,885
TOTAL ASSETS LESS CURRENT LIABILITIES	23,686,425	(2,788,317)	20,898,108	23,742,978	12,192	23,755,169
Creditors: amounts falling due after more than one year	(2,725,099)	-	(2,725,099)	(1,727,353)	-	(1,727,353)
NET ASSETS	20,961,326	(2,788,317)	18,173,009	22,015,625	12,192	22,027,816
Capital and reserves	20,961,326	(2,788,317)	18,173,009	22,015,625	12,192	22,027,816

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. FIRST TIME ADOPTION OF FRS 101 (continued)

		<i>As previously stated 31 December 2014</i>	<i>Effect of transition 31 December 2014</i>	FRS 101 (as restated) 31 December 2014
	Note	\$	\$	\$
Turnover		76,751,014	-	76,751,014
		<u>76,751,014</u>	<u>-</u>	<u>76,751,014</u>
Administrative expenses		(67,705,047)	(179,552)	(67,884,599)
		<u>(67,705,047)</u>	<u>(179,552)</u>	<u>(67,884,599)</u>
OPERATING PROFIT		9,045,967	(179,552)	8,866,415
Taxation		(807,227)	(1,446,450)	(2,253,477)
		<u>(807,227)</u>	<u>(1,446,450)</u>	<u>(2,253,477)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	22	<u>8,238,740</u>	<u>(1,625,802)</u>	<u>6,612,938</u>

LINKEDIN TECHNOLOGY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

22. EXPLANATION OF TRANSITION TO FRS 101

Reconciliation of total current assets for the financial year ended 31 December 2014

	Notes	USD
Total current assets for the financial year under Irish GAAP	21	29,030,722
Taxation - SBC Deduction	22.1	(2,788,317)
Total current assets for the financial year under FRS 101		26,242,405

Notes to the reconciliation of current assets for 2014:

22.1 – The transition adjustment relates to non-current deferred tax on share based compensation recorded on equity.

Reconciliation of total comprehensive income for the financial year ended 31 December 2014

	Notes	USD
Total comprehensive income for the financial year under Irish GAAP	21	8,238,740
FX – Changes in functional currency	22.2	(179,552)
Taxation - SBC Deduction	22.3	(1,446,250)
Total comprehensive income for the financial year under FRS 101		6,612,938

Notes to the reconciliation of profit or loss for 2014:

22.2 – FX impact regarding to change in operational currency in 2014

22.3 – The transition adjustment relates to income and deferred tax on share based compensation, recorded on equity.