



## Annual Compliance Report based on AAOIFI Shariah Mandate (2011)

---

### Microsoft Corporation (MSFT US)

---



#### Description

Microsoft Corporation is engaged in developing, licensing and supporting a range of software products and services. The Company also designs and sells hardware, and delivers online advertising to the customers. The Company's products include operating systems for personal computers (PCs), servers, phones, and other intelligent devices; server applications for distributed computing environments; productivity applications; business solution applications; desktop and server management tools; software development tools; video games, and online advertising. It also designs and sells hardware, including the Xbox 360 gaming and entertainment console and Xbox 360 accessories. Its cloud-based computing services include Bing and Windows Live Essentials suite.

---

#### Company Status

IdealRatings analysts have issued a new report regarding the company:

<b>Name:</b>	Microsoft Corporation
<b>Ticker:</b>	MSFT US
<b>Country:</b>	United States
<b>Core Business Activity:</b>	Software
<b>Exchange:</b>	NASDAQ
<b>Compliance Status:</b>	Shariah-compliant

IdealRatings reviewed the most recent Annual financial statements (2011) for Microsoft Corporation. The report has been prepared to determine the Shariah-compliance status of the company based on the AAOIFI Shariah mandate.

#### Business Screening

Based on the business of the company the core business is in the Software Publishing Services.

Based on the most recent Annual financial statement of the company, the principal products and services provided by each segment are summarized below:

**Windows & Windows Live Division** – Windows & Windows Live Division offerings consist of multiple editions of the Windows operating system, software and services through Windows Live, and Microsoft PC hardware products.

**Server and Tools** – Server and Tools product and service offerings include Windows Server, Microsoft SQL Server, Windows Azure, Windows Embedded device platforms, and Enterprise Services. Enterprise Services comprise Premier product support services and Microsoft Consulting Services.

**Online Services Division** – Online Services Division offerings include Bing, MSN, and advertiser tools.

**Microsoft Business Division** – Microsoft Business Division offerings include Microsoft Office, SharePoint, Exchange, Lync, and Microsoft Dynamics business solutions.

**Entertainment and Devices Division** – Entertainment and Devices Division offerings include the Xbox 360 entertainment platform, including Kinect for Xbox 360, Mediaroom (Internet protocol television software), and Windows Phone.

Also, the revenue segmentation is as follows:

(In millions)

Year Ended June 30,	2011
<b>Revenue</b>	
Windows & Windows Live Division	\$ 18,778
Server and Tools	17,107
Online Services Division	2,528
Microsoft Business Division	21,986
Entertainment and Devices Division	8,716
Unallocated and other	828
<b>Consolidated</b>	<b>\$ 69,943</b>

(Source: Microsoft Corporation Annual Financial Statement 2011)

The income from the core business is compliant. Non-permissible income mainly comes from interest income and Music is minor compared to the total income of the company and thus does not exceed the 5% threshold as defined by AAOIFI.

Therefore the status of the company from a business activity is as follows:

	Threshold	Company	Compliance
<b>Non-permissible Income</b>	5%	Less than 5%	<b>PASS</b>

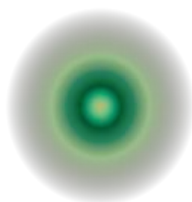
## Financial Screening


According to the most recent Annual financial statement (2010), the financial ratios with respect to the AAOIFI Shariah mandate for the company are as follows:

	Threshold	Company	Compliance
Interest-bearing Investments	30%	23.92%	PASS
Interest-bearing Debts	30%	5.40%	PASS
Liquidity	67%	22.62%	PASS
Share Type (Preference or Common)	Common	Common	PASS

## Compliance Status

Based on the available information and the above figures according to the AAOIFI Shariah mandate **Microsoft Corporation** is to be considered **Shariah-compliant**.





## Disclosures

This research is for our clients only. This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The research reports are published at irregular intervals based on clients' request or as appropriate in our analysts' judgment.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction especially where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

**Copyright 2011 IdealRatings, Inc. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of IdealRatings, Inc.**