

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except number of shares which are reflected in thousands and per share amounts)

	Three Months Ended		Twelve Months Ended	
	September 24, 2011	September 25, 2010	September 24, 2011	September 25, 2010
Net sales.....	\$ 28,270	\$ 20,343	\$ 108,249	\$ 65,225
Cost of sales ⁽¹⁾	<u>16,890</u>	<u>12,831</u>	<u>64,431</u>	<u>39,541</u>
Gross margin	<u>11,380</u>	<u>7,512</u>	<u>43,818</u>	<u>25,684</u>
Operating expenses:				
Research and development ⁽¹⁾	645	494	2,429	1,782
Selling, general and administrative ⁽¹⁾	<u>2,025</u>	<u>1,571</u>	<u>7,599</u>	<u>5,517</u>
Total operating expenses	<u>2,670</u>	<u>2,065</u>	<u>10,028</u>	<u>7,299</u>
Operating income.....	8,710	5,447	33,790	18,385
Other income and expense.....	<u>81</u>	<u>14</u>	<u>415</u>	<u>155</u>
Income before provision for income taxes.....	8,791	5,461	34,205	18,540
Provision for income taxes	<u>2,168</u>	<u>1,153</u>	<u>8,283</u>	<u>4,527</u>
Net income.....	\$ <u>6,623</u>	\$ <u>4,308</u>	\$ <u>25,922</u>	\$ <u>14,013</u>
Earnings per common share:				
Basic	\$ 7.13	\$ 4.71	\$ 28.05	\$ 15.41
Diluted	\$ 7.05	\$ 4.64	\$ 27.68	\$ 15.15
Shares used in computing earnings per share:				
Basic	928,280	914,555	924,258	909,461
Diluted	939,517	928,825	936,645	924,712
⁽¹⁾ Includes share-based compensation expense as follows:				
Cost of sales	\$ 45	\$ 39	\$ 200	\$ 151
Research and development	\$ 114	\$ 83	\$ 450	\$ 323
Selling, general and administrative	\$ 139	\$ 102	\$ 518	\$ 405

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares which are reflected in thousands)

	September 24, 2011	September 25, 2010
ASSETS:		
Current assets:		
Cash and cash equivalents.....	\$ 9,815	\$ 11,261
Short-term marketable securities	16,137	14,359
Accounts receivable, less allowances of \$53 and \$55, respectively.....	5,369	5,510
Inventories	776	1,051
Deferred tax assets.....	2,014	1,636
Vendor non-trade receivables	6,348	4,414
Other current assets	<u>4,529</u>	<u>3,447</u>
Total current assets	44,988	41,678
Long-term marketable securities	55,618	25,391
Property, plant and equipment, net	7,777	4,768
Goodwill.....	896	741
Acquired intangible assets, net	3,536	342
Other assets	<u>3,556</u>	<u>2,263</u>
Total assets	\$ <u>116,371</u>	\$ <u>75,183</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable.....	\$ 14,632	\$ 12,015
Accrued expenses	9,247	5,723
Deferred revenue	<u>4,091</u>	<u>2,984</u>
Total current liabilities.....	27,970	20,722
Deferred revenue – non-current	1,686	1,139
Other non-current liabilities	<u>10,100</u>	<u>5,531</u>
Total liabilities	39,756	27,392
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000 shares authorized; 929,277 and 915,970 shares issued and outstanding, respectively.....	13,331	10,668
Retained earnings	62,841	37,169
Accumulated other comprehensive income/(loss)	<u>443</u>	<u>(46)</u>
Total shareholders' equity	<u>76,615</u>	<u>47,791</u>
Total liabilities and shareholders' equity	\$ <u>116,371</u>	\$ <u>75,183</u>

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Twelve Months Ended	
	September 24, 2011	September 25, 2010
Cash and cash equivalents, beginning of the year	\$ <u>11,261</u>	\$ <u>5,263</u>
Operating activities:		
Net income.....	25,922	14,013
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, amortization and accretion.....	1,814	1,027
Share-based compensation expense.....	1,168	879
Deferred income tax expense.....	2,868	1,440
Changes in operating assets and liabilities:		
Accounts receivable, net.....	143	(2,142)
Inventories	275	(596)
Vendor non-trade receivables	(1,934)	(2,718)
Other current and non-current assets.....	(1,391)	(1,610)
Accounts payable.....	2,515	6,307
Deferred revenue.....	1,654	1,217
Other current and non-current liabilities.....	<u>4,495</u>	<u>778</u>
Cash generated by operating activities	<u>37,529</u>	<u>18,595</u>
Investing activities:		
Purchases of marketable securities.....	(102,317)	(57,793)
Proceeds from maturities of marketable securities.....	20,437	24,930
Proceeds from sales of marketable securities.....	49,416	21,788
Payments made in connection with business acquisitions, net of cash acquired.....	(244)	(638)
Payments for acquisition of property, plant and equipment	(4,260)	(2,005)
Payments for acquisition of intangible assets.....	(3,192)	(116)
Other	<u>(259)</u>	<u>(20)</u>
Cash used in investing activities	<u>(40,419)</u>	<u>(13,854)</u>
Financing activities:		
Proceeds from issuance of common stock.....	831	912
Excess tax benefits from equity awards.....	1,133	751
Taxes paid related to net share settlement of equity awards	<u>(520)</u>	<u>(406)</u>
Cash generated by financing activities	<u>1,444</u>	<u>1,257</u>
(Decrease)/increase in cash and cash equivalents.....	<u>(1,446)</u>	<u>5,998</u>
Cash and cash equivalents, end of the year	\$ <u>9,815</u>	\$ <u>11,261</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 3,338	\$ 2,697