

**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		Six Months Ended	
	March 26, 2016	March 28, 2015	March 26, 2016	March 28, 2015
Net sales.....	\$ 50,557	\$ 58,010	\$ 126,429	\$ 132,609
Cost of sales <sup>(1)</sup> .....	30,636	34,354	76,085	79,212
Gross margin .....	19,921	23,656	50,344	53,397
Operating expenses:				
Research and development <sup>(1)</sup> .....	2,511	1,918	4,915	3,813
Selling, general and administrative <sup>(1)</sup> .....	3,423	3,460	7,271	7,060
Total operating expenses.....	5,934	5,378	12,186	10,873
Operating income .....	13,987	18,278	38,158	42,524
Other income/(expense), net.....	155	286	557	456
Income before provision for income taxes.....	14,142	18,564	38,715	42,980
Provision for income taxes .....	3,626	4,995	9,838	11,387
Net income.....	\$ 10,516	\$ 13,569	\$ 28,877	\$ 31,593
Earnings per share:				
Basic.....	\$ 1.91	\$ 2.34	\$ 5.22	\$ 5.43
Diluted.....	\$ 1.90	\$ 2.33	\$ 5.19	\$ 5.39
Shares used in computing earnings per share:				
Basic.....	5,514,381	5,793,799	5,536,656	5,818,441
Diluted.....	5,540,886	5,834,858	5,567,506	5,858,330
Cash dividends declared per share .....	\$ 0.52	\$ 0.47	\$ 1.04	\$ 0.94
<sup>(1)</sup> Includes share-based compensation expense as follows:				
Cost of sales.....	\$ 191	\$ 142	\$ 395	\$ 282
Research and development.....	\$ 468	\$ 384	\$ 934	\$ 758
Selling, general and administrative .....	\$ 389	\$ 401	\$ 797	\$ 775

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

	<u>March 26, 2016</u>	<u>September 26, 2015</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents .....	\$ 21,514	\$ 21,120
Short-term marketable securities .....	33,769	20,481
Accounts receivable, less allowances of \$60 and \$63, respectively .....	12,229	16,849
Inventories .....	2,281	2,349
Vendor non-trade receivables .....	7,595	13,494
Other current assets .....	10,204	15,085
Total current assets .....	<u>87,592</u>	<u>89,378</u>
Long-term marketable securities .....	177,645	164,065
Property, plant and equipment, net .....	23,203	22,471
Goodwill .....	5,249	5,116
Acquired intangible assets, net .....	3,843	3,893
Other non-current assets .....	7,745	5,556
Total assets .....	<u>\$ 305,277</u>	<u>\$ 290,479</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable .....	\$ 25,098	\$ 35,490
Accrued expenses .....	23,208	25,181
Deferred revenue .....	9,461	8,940
Commercial paper .....	7,998	8,499
Current portion of long-term debt .....	2,500	2,500
Total current liabilities .....	<u>68,265</u>	<u>80,610</u>
Deferred revenue, non-current .....	3,322	3,624
Long-term debt .....	69,374	53,463
Other non-current liabilities .....	33,859	33,427
Total liabilities .....	<u>174,820</u>	<u>171,124</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 5,478,446 and 5,578,753 shares issued and outstanding, respectively .....	29,484	27,416
Retained earnings .....	102,021	92,284
Accumulated other comprehensive income/(loss) .....	(1,048)	(345)
Total shareholders' equity .....	<u>130,457</u>	<u>119,355</u>
Total liabilities and shareholders' equity .....	<u>\$ 305,277</u>	<u>\$ 290,479</u>

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

	<b>Six Months Ended</b>	
	<b>March 26, 2016</b>	<b>March 28, 2015</b>
Cash and cash equivalents, beginning of the period.....	\$ 21,120	\$ 13,844
Operating activities:		
Net income.....	28,877	31,593
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization.....	5,431	5,054
Share-based compensation expense .....	2,126	1,815
Deferred income tax expense .....	3,092	1,879
Changes in operating assets and liabilities:		
Accounts receivable, net.....	4,620	6,555
Inventories .....	68	(285)
Vendor non-trade receivables .....	5,899	2,500
Other current and non-current assets .....	300	2,448
Accounts payable.....	(9,475)	(5,428)
Deferred revenue .....	219	993
Other current and non-current liabilities.....	(2,093)	5,679
Cash generated by operating activities.....	<u>39,064</u>	<u>52,803</u>
Investing activities:		
Purchases of marketable securities.....	(86,242)	(92,523)
Proceeds from maturities of marketable securities .....	9,148	5,871
Proceeds from sales of marketable securities .....	50,051	48,924
Payments made in connection with business acquisitions, net.....	(140)	(115)
Payments for acquisition of property, plant and equipment.....	(5,948)	(5,586)
Payments for acquisition of intangible assets.....	(657)	(155)
Other .....	(322)	88
Cash used in investing activities .....	<u>(34,110)</u>	<u>(43,496)</u>
Financing activities:		
Proceeds from issuance of common stock.....	247	309
Excess tax benefits from equity awards.....	264	357
Payments for taxes related to net share settlement of equity awards ..	(751)	(608)
Payments for dividends and dividend equivalents .....	(5,871)	(5,544)
Repurchase of common stock.....	(13,530)	(12,000)
Proceeds from issuance of term debt, net.....	15,584	11,332
Change in commercial paper, net.....	(503)	(2,508)
Cash used in financing activities .....	<u>(4,560)</u>	<u>(8,662)</u>
Increase in cash and cash equivalents .....	394	645
Cash and cash equivalents, end of the period.....	<u>\$ 21,514</u>	<u>\$ 14,489</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net.....	\$ 6,630	\$ 7,058
Cash paid for interest.....	\$ 565	\$ 220