

Apple (UK) Limited

Directors' report and financial statements

Year ended 27 September 2008

Registered number 1591116



Apple (UK) Limited

Directors' report and financial statements

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Apple (UK) Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 27 September 2008.

Principal activities and business review

Apple (UK) Limited provides services to group companies. These services include sales support, marketing and technical support. As of 27 September 2008, the company had 235 employees resulting in a yearly average of 200 employees, which was an increase of 16% on the prior year. This growth was seen primarily in the sales support and marketing area.

On 3 November 2006 Apple (UK) Limited registered a branch office in The Russian Federation with the intention to provide sales support, marketing and other services to group companies trading with Russian customers. There are currently 8 employees in this branch, 7 of which are employed in Sales.

Apple (UK) Limited is a wholly owned subsidiary of Apple Inc., a company incorporated in California, United States of America and listed on the Nasdaq exchange. The Apple Inc. Group of companies, referred to collectively as "Apple" design, manufacture and market:

- Macintosh personal computers and related software, services and peripherals,
- Digital music players (iPod) and related accessories and services including the online sale of audio and video, TV shows and movies and mobile phones (iPhone).

During 2008, Apple has continued to update its Mac line and applications. Apple also updated its popular iPod music players with new Nano and Touch iPod, upgraded classic iPod models and introduced the iPhone 3G in July.

Apple sells to education, consumer, creative professional, and business and government customers through a variety of direct and indirect distribution channels. Apple (UK) Limited's principal business is the provision of sales support and marketing services in connection with sales of Apple products in the UK market.

Sales of Apple products have been growing in recent years with Apple Inc recording a 35.3% growth in worldwide net revenue in Fiscal Year 2008 over Fiscal Year 2007. This strong performance in worldwide sales of Apple products is also reflected in the underlying sales of Apple products in the UK market and is therefore the basis for robust financial performance of Apple (UK) Limited.

The results of the company for the year ended 27 September 2008 as set out on page 7 are considered satisfactory.

Risks and uncertainties

The risks and uncertainties faced by the business are those typical of the technology sector, but are mitigated by the historically strong financial performance of the company and its long standing reputation and tradition within the sector.

The directors consider the principal risks and uncertainties facing the company are:

- margin reduction due to competition
- retaining key employees and succession planning
- a rising cost base
- a sharp down turn in individual and commercial spends

Apple (UK) Limited

Directors' report *(continued)*

Risks and uncertainties (continued)

The directors believe that these risks are effectively managed through a strong focus on competition, on our cost base and on our key employees.

Key performance indicators

Key performance indicators that are focused on by management include:

- Sales
- Margin
- Overheads
- New industry developments

Each of these indicators are monitored by local management against budget and against prior periods. The directors are satisfied with the performance of the company during the year with regard to the indicators above.

Results

The profit for the year after taxation amounted to £9,680,000 (2007: £4,857,000 profit).

Dividend

No dividend was paid in the year (2007: £Nil).

Directors

The directors who held office during the year were as follows:

Georges Guyon de Chemilly (resigned 30 September 2008)

Peter Oppenheimer (also secretary since 11 May 2006)

Gary Wipfler

Tim Cook

Political and charitable contributions

The company made no political contributions during the year (2007: £Nil). The company made no donations to charities during the year (2007: £Nil).

Post balance sheet events

No important events affecting the company have taken place since the end of the financial year.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

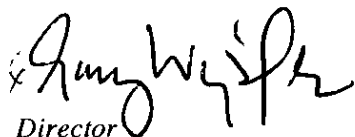
Apple (UK) Limited

Directors' report *(continued)*

Election of the auditor

Pursuant to a shareholders resolution under Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose the appointment of Ernst & Young LLP as auditor of the company.

By order of the board


Director

Dated *July 20, 2009*

Print GARY WIFFLE.....

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1985 and 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the members of Apple (UK) Limited

We have audited the financial statements of Apple (UK) Limited for the year ended 27 September 2008 which comprise Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



Independent auditors' report to the members of Apple (UK) Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG

Chartered Accountants
Registered Auditor

24 July 2009

Apple (UK) Limited

Profit and loss account for the year ended 27 September 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover – continuing operations	2	42,326	27,411
		<hr/>	<hr/>
Gross profit		42,326	27,411
Distribution costs		(589)	(211)
Administrative expenses	8	(28,281)	(20,688)
		<hr/>	<hr/>
Operating profit – continuing operations	3	13,456	6,512
Income from participating interests		-	-
Interest receivable and similar income	6	714	370
Interest payable & similar charges	7	(87)	(13)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		14,083	6,869
Tax on profit on ordinary activities	9	(4,403)	(2,012)
		<hr/>	<hr/>
Profit for the financial year	17	9,680	4,857
		<hr/> <hr/>	<hr/> <hr/>

Apple (UK) Limited

Statement of total recognised gains and losses for the year ended 27 September 2008

	2008 £'000	2007 £'000
Profit for the year - (Includes share based payments charge)	9,680	4,857
	<hr/>	<hr/>
Total recognised gains and losses	9,680	4,857
	<hr/>	<hr/>
Prior year adjustment (note 17)	-	(144)
	<hr/>	<hr/>
Total recognised gains and losses since last financial statements	9,680	4,713
	<hr/>	<hr/>

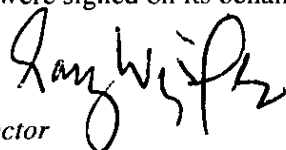
Apple (UK) Limited

Balance Sheet

at 27 September 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	10	2,623	683
Investments	11	3,715	3,715
		<u>6,338</u>	<u>4,398</u>
Current assets			
Debtors	12	27,431	17,920
Cash at bank and in hand		4,551	1,280
		<u>31,982</u>	<u>19,200</u>
Creditors: amounts falling due within one year	13	(5,469)	(4,163)
		<u>26,513</u>	<u>15,037</u>
Net current assets		<u>26,513</u>	<u>15,037</u>
Total assets less current liabilities		<u>32,851</u>	<u>19,435</u>
Provision for liabilities	14	(982)	(916)
		<u>31,869</u>	<u>18,519</u>
Net assets		<u>31,869</u>	<u>18,519</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	25,327	15,647
Capital contribution reserve	18	5,542	1,872
		<u>31,869</u>	<u>18,519</u>
Shareholders' funds – equity	19	<u>31,869</u>	<u>18,519</u>

These financial statements were approved by the board of directors on
and were signed on its behalf by:

x 
Director

Dated *July 20, 2009*

Print *GARY WIPFLER*

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Notes forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cashflow

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

As the company is a wholly owned subsidiary of Apple Inc. the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The consolidated financial statements of Apple Inc., within which the results of this company are included, can be obtained from the address given in the notes to the accounts.

Investments

Investments are valued at cost, less any charge for impairment.

Fixed assets & depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office equipment	20% straight line
Leasehold improvement	lesser of 10 years or lease term
Apple own use	33% - 100% straight line

Apple (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

Current tax is provided on the company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Turnover

The company earns income under service agreements in place with related group undertakings. Income receivable for the provision of services to group companies is recognised when earned.

Apple (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Equity settled share based payment transactions

The Apple share schemes allow employees to acquire shares in Apple Inc. They are all equity settled. The fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. Apple Inc., uses the Black-Scholes-Merton (BSM) option-pricing model to calculate the fair value. Share entitlements granted by Apple Inc., are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods ratably over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period.

2 Turnover

As permitted by paragraph 55(5) of Schedule 4 to the Companies Act 1985, turnover is not analysed as in the opinion of the directors the disclosure of this information would be seriously prejudicial to the interests of the company.

3 Operating profit

	2008	2007
	£'000	£'000
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration		
- audit	44	15
Depreciation	476	199
Hire of plant and machinery		
- rentals under operating leases	198	232
Other operating lease rentals	1,311	1,311
Loss on disposal of tangible fixed assets	-	47
	<u> </u>	<u> </u>

4 Remuneration of directors

	2008	2007
	£'000	£'000
Emoluments (including pension contributions)	-	-
	<u> </u>	<u> </u>

Two directors exercised share options in Apple Inc. during the year (2007: 2).

Apple (UK) Limited

Notes (continued)

5 Staff numbers and costs

The average weekly number of employees during the year was 200 (2007: 173) and is analysed into the following categories:

	2008 Number	2007 Number
Sales/Marketing	125	109
Finance/Administration	33	29
Technical	42	35
	<u>200</u>	<u>173</u>

Staff costs can be analysed as follows;

	2008 £'000	2007 £'000
Wages and salaries	13,058	10,235
Social security costs	1,860	1,417
Other pension costs	392	299
Share based payments	3,670	1,391
	<u>18,980</u>	<u>13,342</u>

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	263	285
Interest from loans to related undertakings	423	59
Other	28	26
	<u>714</u>	<u>370</u>

7 Interest payable & similar charges

	2008 £'000	2007 £'000
Bank charges and fees	7	4
Other	80	9
	<u>87</u>	<u>13</u>

Apple (UK) Limited

Notes (continued)

8 Share-based payments

Apple Inc., has two share option schemes in operation for Apple (UK) Limited employees and executives of the company (the "2003 Employee Stock Plan" and the "Employee Stock Purchase Plan"). Details of the respective plans are outlined below.

The 2003 Employee Stock Plan (the "2003 Plan") is a shareholder approved plan that provides for broad-based grants to employees, including executive officers. Based on the terms of individual option grants, options granted under the 2003 Plan generally expire 7 to 10 years after the grant date and generally become exercisable over a period of four years, based on continued employment, with either annual or quarterly vesting. The 2003 Plan permits the granting of incentive stock options, non-statutory stock options, restricted stock units, stock appreciation rights, stock purchase rights and performance-based awards. The company has a shareholder approved employee stock purchase plan (the "Purchase Plan"), under which substantially all employees may purchase common stock through payroll deductions at a price equal to 85% of the lower of the fair market values as of the beginning and end of six-month offering periods. Stock purchases under the Purchase Plan are limited to 10% of an employee's compensation, up to a maximum of USD 25,000 in any calendar year.

As grants of share options have occurred since 7 November 2002, which have not vested by 1 January 2006, the recognition and measurement principles of FRS 20 have been applied by the company in the current year. The terms and conditions of each grant is as follows; all options are to be settled by physical delivery of shares:

Grant date / entitled employees	Number of instruments in thousands	Vesting conditions	Contractual life of options
Options Granted in 2001	512	1 to 4 years service	7-10 Years
Options Granted in 2002	170	1 to 4 years service	7-10 Years
Options Granted in 2003	5	1 to 4 years service	7-10 Years
Options Granted in 2004	88	1 to 4 years service	7-10 Years
Options Granted in 2005	46	1 to 4 years service	7-10 Years
Options Granted in 2006	23	1 to 4 years service	7-10 Years
Options Granted in 2007	116	1 to 4 years service	7-10 Years
Options Granted in 2008	155	1 to 4 years service	7-10 Years
Total share options	1,115		

Apple (UK) Limited

Notes (continued)

8 Share-based payments (continued)

The number and weighted average exercise price is as follows:

	Weighted average price 2008 USD	Number of options 2008 '000	Weighted average price 2007 USD	Number of options 2007 '000
Outstanding at 29 September 2007	66.06	203	35.74	117
Forfeited during the period	112.56	(6)	89.83	(4)
Exercised during the period	36.57	(20)	32.62	(26)
Granted during the period	169.99	155	89.81	116
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 27 September 2008	110.56	332	66.06	203
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at 27 September 2008	71.36	110	40.75	69

The options outstanding at 27 September 2008 have an exercise price of USD 110.56 and a weighted average contractual life of 3 years.

Apple Inc., uses the Black-Scholes-Merton (BSM) option-pricing model to calculate the fair value of stock-based awards. The BSM option-pricing model incorporates various assumptions including expected volatility, expected life, and interest rates. The expected volatility is based on the historical volatility of Apple Inc.'s common stock over the most recent period commensurate with the estimated expected life of Apple Inc.'s stock options and other relevant factors including implied volatility in market traded options on Apple Inc.'s common stock. Apple Inc., bases its expected life assumption on its historical experience and on the terms and conditions of the stock awards it grants to employees. Stock-based compensation cost is estimated at the grant date based on the award's fair-value as calculated by the BSM option-pricing model and is recognized as expense ratably on a front loaded basis over the requisite service period.

The weighted average assumptions used for 2008 and 2007 and the resulting estimates of weighted-average fair value per share of options granted and for stock purchases during those periods are as follows:

	2008	2007
Expected life of stock options	3.41 years	3.46 years
Expected life of stock purchases	6 months	6 months
Interest rate - stock options	3.40%	4.61%
Interest rate - stock purchases	3.48%	5.13%
Volatility - stock options	45.64%	38.13%
Volatility - stock purchases	38.51%	39.22%
Dividend yields	-	-
Weighted-average fair value of options granted during the year	\$62.73	\$31.86
Weighted-average fair value of stock purchases during the year	\$42.27	\$20.90

Apple (UK) Limited

Notes (continued)

8 Share-based payments (continued)

Employee expenses (Note 5)	2008 \$'000	2007 \$'000
Share options granted prior to 30 September 2006	176	559
Share options granted in year ended 29 September 2007	1,112	2,195
Share options granted in year ended 27 September 2008	5,893	-
Total employee cost (USD)	7,181	2,754
	£'000	£'000
Total employee cost (GBP)	3,670	1,391

2008 expense charge was converted from USD to GBP at \$1.9568:£1 (2007 \$1.9793:£1)

9 Tax on profit on ordinary activities

(a) Analysis of tax charge

	2008 £'000	2007 £'000
UK Corporation tax (note 9 (b))	4,299	2,044
Total current tax charge	4,299	2,044
Deferred tax (note 12)	104	(32)
Tax on profit on ordinary activities	4,403	2,012

(b) Factors affecting tax charge for year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below.

Apple (UK) Limited

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Current tax reconciliation	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	14,083	6,869
Taxation charge at UK corporation tax rate of 28% (2007:30%)	3,943	2,061
Effects of:		
Expenses not deductible for tax purposes	1,028	417
Depreciation for period in excess of capital allowances	(104)	(1)
Permanent timing differences	113	(433)
Prior Year Taxes	(49)	-
Share Scheme Deduction	(632)	-
Total current tax charge	4,299	2,044

Apple (UK) Limited

Notes (continued)

10 Tangible fixed assets

	Leasehold improvement £'000	Office equipment £'000	Apple own use £'000	Total £'000
<i>Cost</i>				
At beginning of year	998	300	243	1,541
Additions	1,180	1,182	78	2,440
Disposals	(118)	(150)	(74)	(342)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	2,060	1,332	247	3,639
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>				
At beginning of year	440	175	243	858
Charge for year	143	255	78	476
Disposals	(101)	(143)	(74)	(318)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	482	287	247	1,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 27 September 2008	1,578	1,045	-	2,623
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 29 September 2007	558	125	-	683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11 Investments

	Share in group undertakings £'000
Cost at beginning and end of year	3,715
	<u> </u>

The above investment represents 3.58% of ordinary share capital of Apple Operations International, a company incorporated in the Republic of Ireland. In the opinion of the directors, the investment in Apple Operations International is worth at least the amount at which it is stated in the balance sheet.

Apple (UK) Limited

Notes (continued)

12 Debtors

Debtors due within one year:

	2008	2007
	£'000	£'000
Amounts owed by Group undertakings	18,775	10,061
Loans to related undertakings	6,982	6,559
Other debtors and prepayments	911	454
Deferred tax asset	205	308
	<u>26,873</u>	<u>17,382</u>

Debtors due after more than one year:

Amounts owed by Group undertakings	558	538
	<u>27,431</u>	<u>17,920</u>

The loans to related undertakings are interest bearing. (Interest Rate 6.0225%) The amounts owed by related undertakings are non-interest bearing. In general balances are settled every quarter.

The company has a recognised deferred tax asset of £204,000 (2007: £308,000) arising from the excess of depreciation over capital allowances, a provision taken on the leasehold retirement obligation plus a provision taken by the Russian branch on the first years trading loss.

Deferred tax

	2008	2007
	£'000	£'000
Accelerated capital allowances	59	162
Leasehold retirement obligation	114	114
Trading loss of Russian Branch	32	32
	<u>205</u>	<u>308</u>

Apple (UK) Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts owed to Group undertakings	156	1,033
Trade creditors	1,118	850
Social security	573	338
Accruals	936	1,102
Corporation tax payable	2,686	840
	<hr/>	<hr/>
	5,469	4,163
	<hr/> <hr/>	<hr/> <hr/>

The amounts owed to related undertakings are non-interest bearing. In general balances are settled every quarter.

14 Provision for liabilities

	2008	2007
	£'000	£'000
Asset retirement obligation	982	916
	<hr/>	<hr/>
	982	916
	<hr/> <hr/>	<hr/> <hr/>

The provision for liabilities is in respect of an asset retirement obligation whereby the company has an obligation to restore its leased premises to its original condition on vacation of the premises at the end of the lease in 2017. The company has provided for expected future costs of £1,583,000 in this regard and has discounted them at a rate of 5.83% to net present value.

15 Dividends

The aggregate amount of dividends comprise:

	2008	2007
	£'000	£'000
Interim dividends paid in respect of prior year	-	-
	<hr/>	<hr/>

Apple (UK) Limited

Notes (continued)

16 Called up share capital

	2008 £'000	2007 £'000
<i>Authorised, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000

17 Reconciliation of profit and loss reserves

	2008 £'000	2007 £'000
Opening profit and loss reserve as originally reported	15,647	10,934
Prior year adjustment	-	(144)
Opening profit and loss account reserve as restated	15,647	10,790
Total recognised gains and losses for year	9,680	4,857
Profit and loss account reserve at end of year	25,327	15,647

18 Capital contribution reserve

	2008 £'000	2007 £'000
At beginning of year	1,872	481
Capital contribution during year	3,670	1,391
At end of year	5,542	1,872

Apple (UK) Limited

Notes (continued)

19 Reconciliation of movement in shareholders' funds	2008	2007
	£'000	£'000
Opening shareholders' funds as originally reported	18,519	11,934
Prior year adjustment	-	144
Capital contribution relating to prior years	-	481
	<hr/>	<hr/>
Opening shareholders' funds as restated	18,519	12,271
Total recognised gains and losses for year	9,680	4,857
Capital contribution during year (Note 18)	3,670	1,391
	<hr/>	<hr/>
Closing shareholders' funds	31,869	18,519
	<hr/> <hr/>	<hr/> <hr/>

20 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. The pension costs charged for the period represents contributions payable by the company to the scheme and amounted to £392,149 (2007: £298,958). The liability outstanding at year end was £63,165 (2007: £nil).

21 Commitments

Capital commitments

There were no capital commitments at 27 September 2008 (2007 £Nil).

Lease commitments

The annual commitments under non-cancellable operating leases at 27 September 2008 are as follows:

	2008		2007	
	Buildings	Other	Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
- within one year	-	28	-	38
- in the second to fifth year	-	210	-	172
- over five years	1,311	-	1,311	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,311	238	1,311	180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Guarantees

The company has issued a guarantee in favour of HM Customs & Excise in the amount of £100,000.

Apple (UK) Limited

Notes *(continued)*

22 Ultimate parent company and parent undertaking of larger group of which the company is a member

Apple Inc., a company incorporated in California, United States of America, is the ultimate parent undertaking and controlling party and is both the smallest and largest undertaking into which the results of Apple (UK) Limited are consolidated.

Copies of Apple Inc., accounts may be obtained from:

1 Infinite Loop
Cupertino
CA 95014
USA

23 Post balance sheet events

No important events affecting the company have taken place since the end of the financial year.

24 Approval of financial statements

The directors' approved the financial statements on ... July 20, 2009