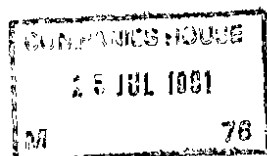


**APPLE COMPUTER (UK) LIMITED**  
*(Company registration no. 1591116)*

**Report and Accounts**  
**28th September 1990**



APPLE COMPUTER (UK) LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended September 28, 1990.

Results and dividends

The profit for the year, after taxation, amounted to £1,971,603 (1989 - £926,768).

The directors do not recommend the payment of a dividend.

Review of the business and future developments

The company's principal activities during the year were the provision of services to support the distribution of Apple Computer products in the United Kingdom and the performance of service work for Apple Computer products.

The directors do not envisage any change in the activities of the company in the foreseeable future.

Directors and their interests

The directors who served during the year were as follows:

|                |                               |
|----------------|-------------------------------|
| A.A. Eisenstat | (U.S.A.)                      |
| M.H. Spindler  | (Resigned February 16, 1990)  |
| D. Byrne       | (Resigned February 16, 1990)  |
| H. Belrne      | ( Resigned February 16, 1990) |
| S. Olsson      | (Appointed February 16, 1990) |
| P. Chauveau    |                               |
| A. Weekes      |                               |

No director had any disclosable interests in the share capital of the company or group companies incorporated in the United Kingdom at any time during the year. Directors' interests in the ultimate holding company are disclosed in the accounts of Apple Computer Inc.

Close Company

The company is not a close company within the provisions of the Income and Corporation Taxes Act, 1988.

Auditors

Ernst and Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

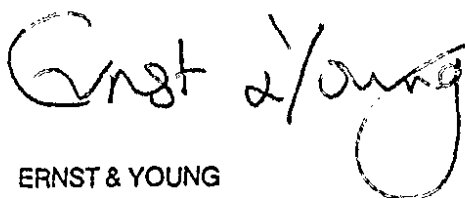
  
A. WEEKES  
Secretary

June 21st 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF  
APPLE COMPUTER (UK) LIMITED

We have audited the accounts on pages 3 to 12 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at September 28, 1990 and of its profit and source and application of funds for the year then ended and have been prepared in accordance with the Companies Act 1985.



ERNST & YOUNG

June 21st 1991

APPLE COMPUTER (UK) LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED SEPTEMBER 28, 1990

|   | <u>Notes</u> | <u>1990</u><br>£  | <u>1989</u><br>£  |
|---|--------------|-------------------|-------------------|
| Turnover  | 2            | 34,433,379        | 27,611,453        |
| Cost of sales                                     |              | <u>7,459,289</u>  | <u>3,180,838</u>  |
| Gross profit                                      |              | 26,974,090        | 24,430,615        |
| Distribution costs and<br>administrative expenses |              | <u>23,761,166</u> | <u>22,605,079</u> |
| Operating profit                                  | 3            | 3,212,924         | 1,825,536         |
| Interest payable/(receivable)                     | 5            | <u>5,854</u>      | <u>(85,359)</u>   |
| Profit on ordinary activities<br>before taxation  |              | 3,207,070         | 1,910,895         |
| Tax on profit on ordinary activities              | 6            | <u>1,235,467</u>  | <u>984,127</u>    |
| Profit for the financial year<br>after taxation   |              | 1,971,603         | 926,768           |
| Retained profit brought forward                   |              | <u>1,296,995</u>  | <u>370,227</u>    |
| Retained profit carried forward                   |              | <u>£3,268,598</u> | <u>£1,296,995</u> |

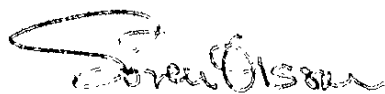
The notes on pages 6 to 12 form part of these financial statements

APPLE COMPUTER (UK) LTD.

-4-

BALANCE SHEET AT SEPTEMBER 28, 1990

|  | Notes | £         | 1990<br>£         | 1989<br>£         |
|--|-------|-----------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |           |                   |                   |
| Tangible fixed assets                          | 7     |           | 20,285,673        | 14,988,653        |
| Current assets:                                |       |           |                   |                   |
| Inventory                                      | 8     | 1,064,032 |                   | 1,197,221         |
| Debtors  | 9     | 3,672,374 |                   | 4,877,922         |
| Cash at bank and in hand                       |       | 909,306   |                   | -                 |
|  |       |           | 5,645,712         | 6,075,143         |
|  |       |           | <u>25,931,385</u> | <u>21,063,796</u> |
| <b>LIABILITIES</b>                             |       |           |                   |                   |
| Capital and reserves:                          |       |           |                   |                   |
| Called up share capital                        | 10    |           | 1,000,000         | 1,000,000         |
| Profit & loss account                          |       |           | 3,268,598         | 1,296,995         |
| Provision for liabilities and charges:         |       |           |                   |                   |
| Deferred taxation                              | 11    |           | 126,117           | -                 |
| Creditors: amounts falling due within one year | 12    |           | 5,686,153         | 7,766,801         |
| Long term loan                                 | 16    |           | 15,850,517        | 11,000,000        |
|  |       |           | <u>25,931,385</u> | <u>21,063,796</u> |



S. OLSSON



A. WEEKES

) Directors

June 21st, 1991

The notes on pages 6 to 12 form part of these financial statements

APPLE COMPUTER (UK) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 28, 1990

|   | <u>1990</u><br>£ | <u>1989</u><br>£   |
|---|------------------|--------------------|
| <u>Source of Funds:</u>                                       |                  |                    |
| Profit on ordinary activities before taxation                 | 3,207,070        | 1,910,895          |
| Adjustment for items not involving the movement of funds:     |                  |                    |
| Depreciation  | 1,185,286        | 872,602            |
| Loss/ (Profit) on disposal of fixed assets                    | -                | 609                |
|   | <u>4,392,356</u> | <u>2,874,106</u>   |
| <u>Funds from other sources:</u>                              |                  |                    |
| Proceeds from sale of tangible fixed assets                   | -                | 2,970              |
| Increase in long term loan                                    | 4,850,517        | 11,000,000         |
|   | <u>9,242,873</u> | <u>13,787,076</u>  |
| <u>Application of Funds:</u>                                  |                  |                    |
| Purchase of tangible fixed assets                             | 6,482,307        | 14,606,345         |
| Tax paid  | 926,003          | 700,000            |
|   | <u>7,408,310</u> | <u>15,306,345</u>  |
| (Decrease)/Increase in working capital:                       | <u>1,834,563</u> | <u>(1,519,269)</u> |
| <u>Components of (decrease)/ increase in working capital:</u> |                  |                    |
| Inventory   | (133,189)        | 615,998            |
| Debtors   | (1,205,548)      | 1,234,997          |
| Creditors   | 1,932,528        | (1,213,517)        |
|   | <u>593,791</u>   | <u>637,478</u>     |
| <u>Movement in net liquid funds:</u>                          |                  |                    |
| Bank overdraft  | 331,467          | (331,467)          |
| Cash at bank and in hand                                      | 909,305          | (1,825,280)        |
|   | <u>1,834,563</u> | <u>(1,519,269)</u> |

The notes on pages 6 to 12 form part of these financial statements

## APPLE COMPUTER (UK) LIMITED

-6-

### NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990

#### 1. Accounting policies

##### Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

##### 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:

|                          |  |
|--------------------------|--|
| Construction-in-progress | - not depreciated until asset comes into use |
| Office equipment         | - 25% straight line                          |
| Motor vehicles           | - 33% straight line                          |
| Building                 | - straight line over 30 years                |
| Apple own use            | - 33% straight line                          |

##### Inventory

Inventory is stated at the lower of cost, on a F.I.F.O. basis, and net realisable value.

##### Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

##### Foreign currencies

Transactions in foreign currencies are translated at the rate 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. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £245,049 (1989 £203,251).

#### 2. Turnover

Turnover represents the invoiced amount of goods sold and services provided (net of value added tax), together with commissions received and receivable.

The directors have elected not to disclose the analysis of turnover and profit before taxation by class of business and geographical market, on the grounds that it would be prejudicial to the interest of the company to do so.

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990  
(continued)3. Operating profit

|  | <u>1990</u><br>£ | <u>1989</u><br>£ |
|--|------------------|------------------|
| (a) This is stated after charging:                 |                  |                  |
| Directors' remuneration (see below)                | 341,061          | 265,103          |
| Auditors' remuneration                             | 26,600           | 22,760           |
| Depreciation                                       | 1,185,286        | 872,602          |
| Software development costs                         | 5,523            | 214,327          |
| Operating lease/rental                             |                  |                  |
| - Plant and machinery                              | 870,340          | 666,752          |
| - Land and buildings                               | <u>174,872</u>   | <u>212,097</u>   |
| (b) Directors' remuneration:                       |                  |                  |
| Fees   | -                | -                |
| Other emoluments (including pension contributions) | <u>341,061</u>   | <u>265,103</u>   |

The emoluments of the highest paid director, excluding pension contributions, were £167,064 (1989 -£159,519). Other directors' emoluments, excluding pension contributions fell within the following range:

|                   | <u>1990</u><br>No. | <u>1989</u><br>No. |
|-------------------|--------------------|--------------------|
| £Nil - £5,000     | 4                  | 3                  |
| £10,000 - £15,000 | -                  | 1                  |
| £70,000 - £75,000 | 1                  | -                  |
| £80,000 - £85,000 | -                  | 1                  |
| £90,000 - £95,000 | 1                  | -                  |
| £100,000 +        | 1                  | -                  |

4. Staff costs

|                       | <u>1990</u><br>£ | <u>1989</u><br>£ |
|-----------------------|------------------|------------------|
| Wages and salaries    | 6,672,202        | 5,492,087        |
| Social security costs | 726,303          | 552,709          |
| Other pension costs   | 245,049          | 203,251          |
|                       | <u>7,643,554</u> | <u>6,248,047</u> |



APPLE COMPUTER (UK) LIMITED

-8-

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990  
(continued)

4. Staff costs  
(continued)

The average weekly number of employees during the year was made up as follows:

|                         | <u>1990</u> | <u>1989</u> |
|-------------------------|-------------|-------------|
| Sales and marketing     | 140         | 105         |
| Distribution and admin. | 54          | 69          |
|                         | <u>194</u>  | <u>174</u>  |

5. Interest payable/(receivable)

|               | <u>1990</u><br>£ | <u>1989</u><br>£ |
|---------------|------------------|------------------|
| Bank interest | <u>5,854</u>     | <u>(85,359)</u>  |

6. Tax on profit on ordinary activities

|   | <u>1990</u><br>£  | <u>1989</u><br>£ |
|---|-------------------|------------------|
| Based on the profit for the year:       |                   |                  |
| Current taxation at 35%                 | 1,216,223         | 924,076          |
| Deferred taxation at 33%                | 126,117           | -                |
| Corporation tax:                        |                   |                  |
| (Over)/under provided in previous years | (106,873)         | 60,051           |
|   | <u>£1,235,467</u> | <u>£984,127</u>  |

## 7. Tangible Fixed Assets

|                       | Land      | Buildings | Leasehold<br>Improvement | Office<br>Equipment | Apple<br>Own Use | Construction<br>in Progress | Total      |
|-----------------------|-----------|-----------|--------------------------|---------------------|------------------|-----------------------------|------------|
|                       | £         | £         | £                        | £                   | £                | £                           | £          |
| <b>COST:</b>          |           |           |                          |                     |                  |                             |            |
| September 29 1989     | 8,304,723 | 4,669,420 | 358,561                  | 2,370,852           | 795,168          | 42,877                      | 16,541,601 |
| Additions             |           | 27,706    |                          | 583,432             | 558,726          | 5,312,442                   | 6,482,306  |
| Disposals             |           |           |                          | 3,880               |                  |                             | 3,880      |
| Transfers             | -385,231  | 462,598   | -5,981                   | -70,232             |                  | -1,154                      | -          |
| September 28 1990     | 7,919,492 | 5,159,724 | 352,580                  | 2,880,172           | 1,353,894        | 5,354,165                   | 23,020,027 |
| <b>DEPRECIATION:</b>  |           |           |                          |                     |                  |                             |            |
| September 29 1989     |           | 119,107   | 352,580                  | 799,739             | 281,522          |                             | 1,552,948  |
| Additions             |           | 276,843   |                          | 577,900             | 330,543          |                             | 1,185,286  |
| Disposals             |           | -         |                          | 3,880               |                  |                             | 3,880      |
| Transfers             |           | 10,384    |                          | -10,384             |                  |                             | -          |
| September 28 1990     |           | 406,334   | 352,580                  | 1,363,375           | 612,065          |                             | 2,734,354  |
| <b>NET BOOK VALUE</b> |           |           |                          |                     |                  |                             |            |
| September 28 1990     | 7,919,492 | 4,753,390 | -                        | 1,516,797           | 741,829          | 5,354,165                   | 20,285,673 |
| September 29 1989     | 8,304,723 | 4,550,313 | 5,981                    | 1,571,113           | 513,646          | 42,877                      | 14,988,653 |

APPLE COMPUTER (UK) LIMITEDNOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990  
(continued)8. Inventory

|                  | <u>1990</u><br>£  | <u>1989</u><br>£  |
|------------------|-------------------|-------------------|
| Goods for resale | <u>£1,064,032</u> | <u>£1,197,221</u> |

9. Debtors

|                                 | <u>1990</u><br>£ | <u>1989</u><br>£ |
|---------------------------------|------------------|------------------|
| Trade debtors                   | 652,056          | 713,103          |
| Amounts owed by group companies | 2,426,550        | 3,928,382        |
| Prepayments                     | 298,185          | 236,437          |
| Taxes                           | 295,583          | -                |
|                                 | <u>3,672,374</u> | <u>4,877,922</u> |

10. Share capital

|                            | <u>Authorised</u>  |                    | <u>Allotted, called up and<br/>fully paid</u> |                    |
|----------------------------|--------------------|--------------------|---|--------------------|
|                            | <u>1990</u><br>No. | <u>1989</u><br>No. | <u>1990</u><br>No.                            | <u>1989</u><br>No. |
| Ordinary shares of £1 each | <u>1,000,000</u>   | <u>1,000,000</u>   | <u>1,000,000</u>                              | <u>1,000,000</u>   |

11. Deferred taxation

|   | <u>Potential</u> |                  | <u>Provision</u> |                  |
|---|------------------|------------------|------------------|------------------|
|   | <u>1990</u><br>£ | <u>1989</u><br>£ | <u>1990</u><br>£ | <u>1989</u><br>£ |
| Capital allowances in advance of depreciation   | 128,944          | (25,345)         | 128,944          | -                |
| Other differences in recognising revenue and expense items in other periods for taxation purposes | (2,827)          | (2,319)          | (2,827)          | -                |
|   | <u>126,117</u>   | <u>(27,664)</u>  | <u>126,117</u>   | <u>-</u>         |

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990  
(continued)

12. Creditors: amounts falling due within one year

|                                 | <u>1990</u>      | <u>1989</u>      |
|---------------------------------|------------------|------------------|
|                                 | £                | £                |
| Bank overdraft                  | -                | 331,467          |
| Trade creditors                 | 1,113,856        | 1,935,467        |
| Amounts owed to group companies | 891,646          | 653,417          |
| Taxes and social security costs | 287,249          | 175,062          |
| Accruals                        | 2,227,400        | 3,688,733        |
| Corporation tax                 | 1,166,002        | 982,655          |
|                                 | <u>5,686,153</u> | <u>7,766,801</u> |

13. Capital commitments

|                    | <u>1990</u>      | <u>1989</u> |
|--------------------|------------------|-------------|
|                    | £'000            | £'000       |
| Contracted:        |                  |             |
| Land and buildings | 9,493,493        | -           |
| Other              | -                | -           |
|                    | <u>9,493,493</u> | <u>-</u>    |

14. Other financial commitments

At September 28, 1990, the company had annual commitments under non-cancellable operating leases as set out below:

|                            | <u>Building</u> | <u>1990</u>    | <u>Building</u> | <u>1989</u>    |
|----------------------------|-----------------|----------------|-----------------|----------------|
|                            | £               | Other          | £               | Other          |
|                            |                 | £              |                 | £              |
| Operating leases expiring: |                 |                |                 |                |
| Within 1 year:             | -               | 106,665        | -               | 187,594        |
| 2-5 years:                 | -               | 491,015        | -               | 432,769        |
| Over 5 years:              | 142,776         | -              | 144,114         | -              |
|                            | <u>142,776</u>  | <u>597,680</u> | <u>144,114</u>  | <u>620,363</u> |

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1990  
(continued)

15. Ultimate holding company

Apple Computer Inc., incorporated in the USA, is the ultimate holding company.

16. Long term loan

The long term loan of £15,850,517 is a non interest bearing loan. It was issued through a non UK affiliated entity for the purpose of purchasing Stockley Park.

17. Directors loans

No directors had loans from the company during the year.