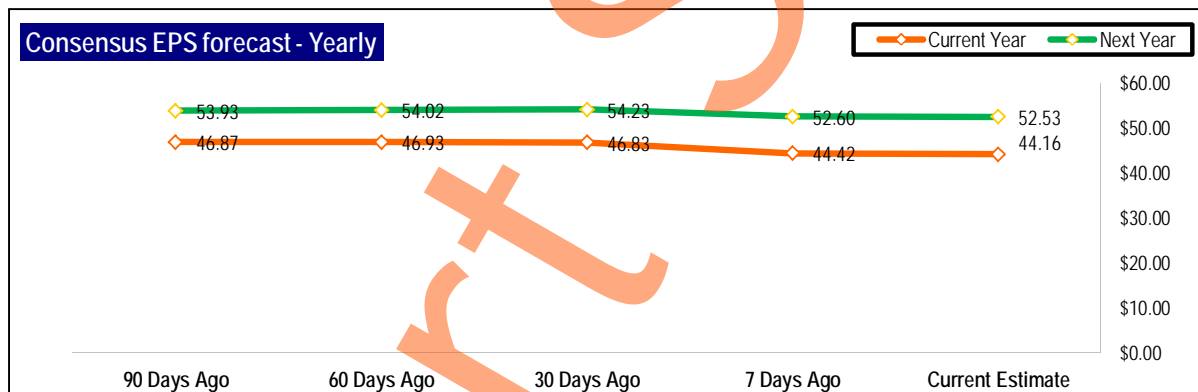
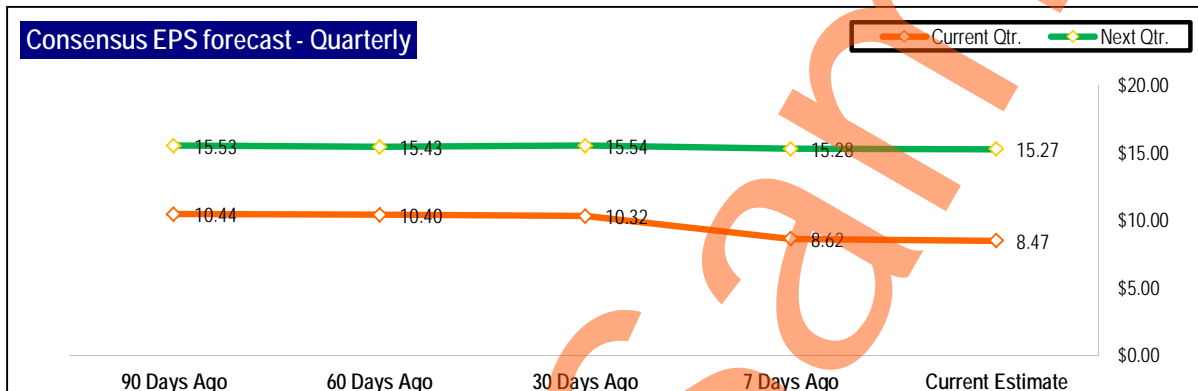


# Research Report

## Apple Inc. (NASDAQ:AAPL)

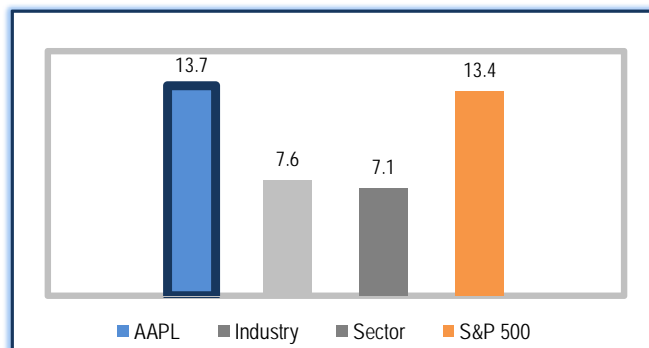
### How do analysts think of the quarterly and yearly earnings per share for (AAPL)?

Based on research reports of 45 research analysts from different independent research firms, the consensus earnings per share of (AAPL) for next quarter is \$15.27 USD. The yearly earnings forecast for current year is \$44.16 USD and the forecast for next year's earnings is \$52.53 USD. The the consensus target price for (AAPL) is 759.69 USD. Also see the consensus valuation ratings and target price from 47 brokerage firms in page 3.



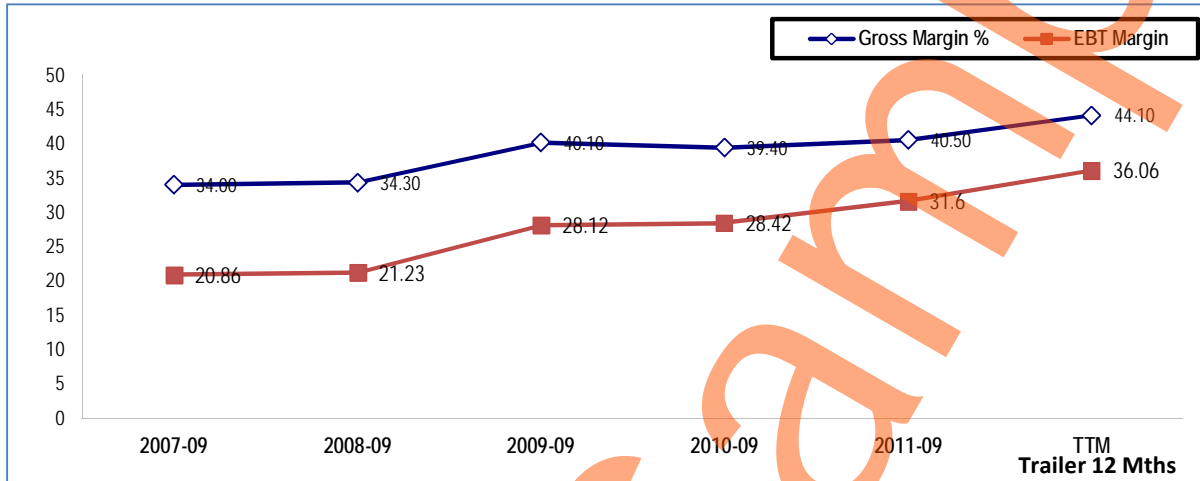
### Is current PE ratio too high?

Our quantitative research models compare current (AAPL) PE ratio with historical PE ratios, adjust the historical PEs by including the influence factors like Company Growth Rate, Company Size, Financial Leverage and Price Volatility. The chart beside shows the PE ratio of (AAPL) after adjustment and compares the adjusted PE ratio with average industry PE, Sector PE, and S&P 500 PE. The adjusted PE ratio of (AAPL) is HIGHER than the industry average PE ratio.



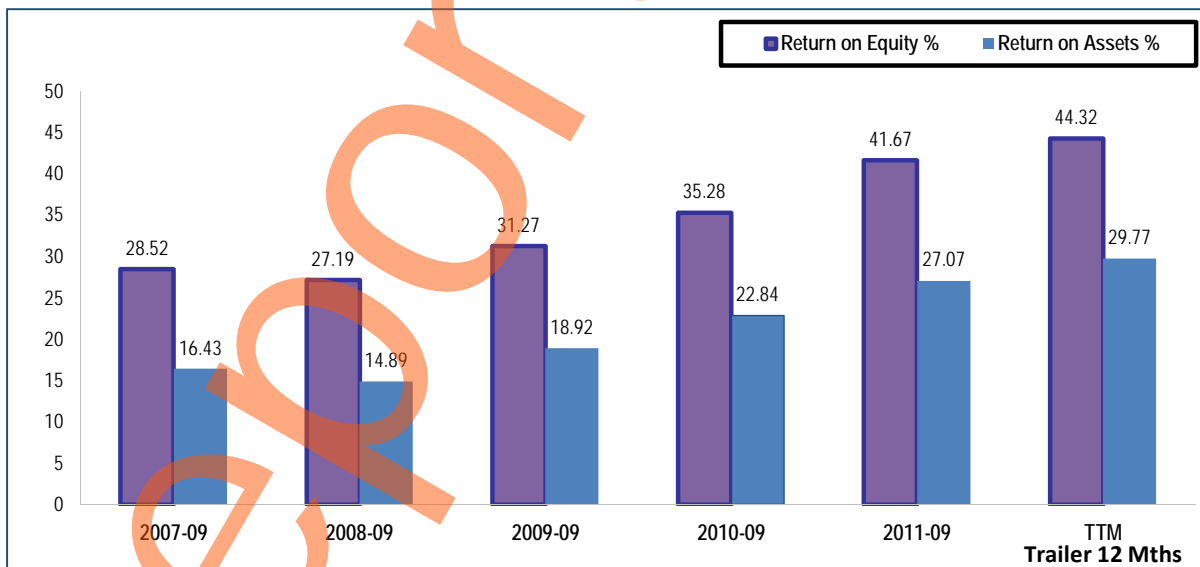
### How profitable is this company?

Profit margins show the ability of the company to generate profit through use of capital. Instead of Gross Profit Margin, investor should also study the trend and figure of Earning Before Tax Margin to see how the company's operating performance without regard to tax implications. By comparing the 5 years trend of (AAPL) Gross Profit Margin and Earning Before Tax Margin (EBT), the company's trailer 12 months EBT has showed improvement from 2011-09% to TTM%. Improvement in EBT reveals improvement in company's operating efficient. See 5 years trend in the chart below.



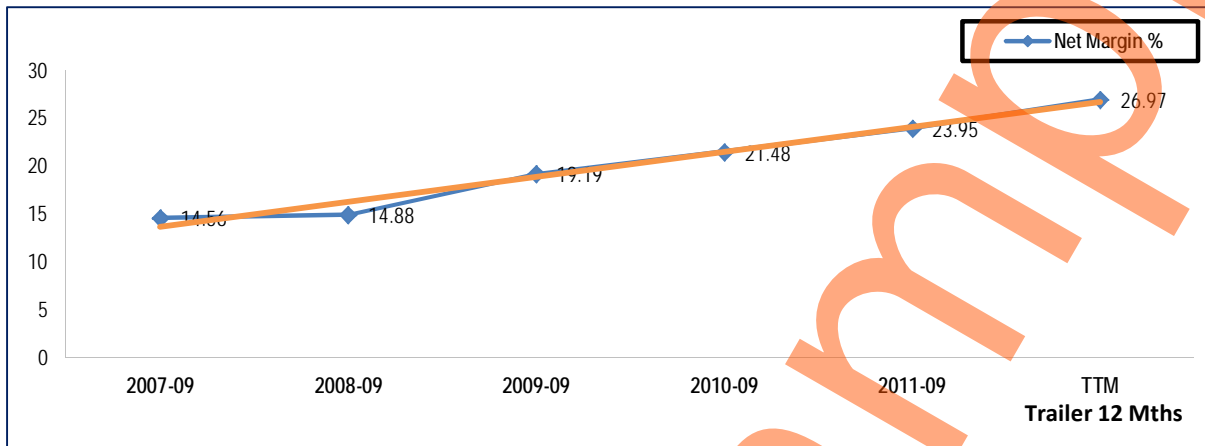
### How well is the company's management?

ROE (Return on Equity) shows how well the company's management is growing the company's value at an acceptable rate. Because ROE weighs net income only againsts shareholders' equity, it doesn't reveal much about how well a company uses its financing from borrowing and bonds. A company with high financial leverage may deliver an impressive ROE (> 15%) without actually being more effective at using the shareholders' equity to grow the company. Therefore, our systems look at ROA (Return on Asset) as well as ROE to provide a clear picture of (AAPL) management's effectiveness. The trailer 12 months ROA is 29.77% and the financial leverage of (AAPL) is 1.46 which falls within reasonable range in the industry. The company ROE is appropriately reveals the quality of the company management.



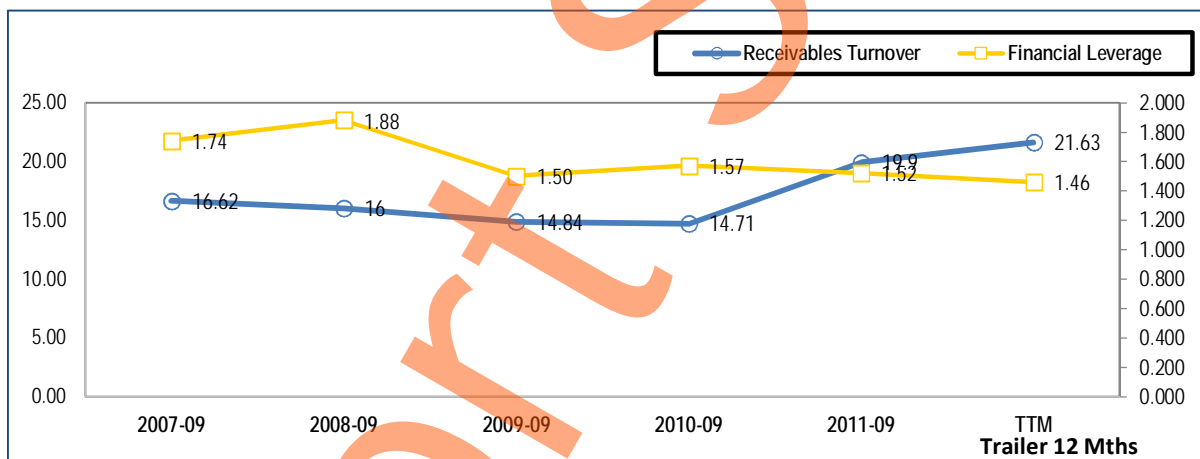
### How's net earning margin changing?

By plotting the 5 years net earning margin with trend line analysis (orange trend line), a positive upward trend line reveals the improvement of net earning power of (AAPL) and a negative trend line gives an opposite observation.



### How efficient is this company using its asset?

Account receivable turnover is a good indicator to measure how efficient of (AAPL) using its asset. A high receivable turnover ratio indicates the company is operating in cash basis. If the receivable turnover is high and the company's financial leverage is also too high (> 1.8), extra caution must be taken as the company may be indirectly extending interest-free loans to their clients.



### Analyst consensus ratings?

Our systems calculate the average valuation ratings and mean target price estimates from 47 brokerage firms, the consensus valuation rating for (AAPL) is 1.9. Also, based on research analysts from 47 brokerage firms, the mean target price for (AAPL) is 759.69 USD.

#### Consensus Target Price

759.69

