

Apple fiscal 3Q net income jumps 78 percent

JESSICA MINTZ - AP Technology Writer - Associated Press

Apple Inc. blew past expectations when reporting results for its latest quarter on Tuesday, selling almost as many of its new iPad tablets as it sold Mac computers.

Apple said net income rose 78 percent to \$3.25 billion, or \$3.51 per share, from \$1.8 billion, or \$2.01 per share a year ago.

Revenue for the April-to-June period rose 61 percent from last year to \$15.7 billion, making it the company's highest quarterly revenue ever, even beating the latest holiday season.

That's better than Wall Street expected. Analysts surveyed by Thomson Reuters had forecast net income of \$3.11 per share on \$14.7 billion in revenue.

Apple sold 8.4 million iPhones, up 61 percent from last year, even though the company stopped shipping more of the previous-generation iPhones after the updated model, the iPhone 4, was announced in early June. Apple sold 1.7 million of the newest iPhone 4 during the last three days of the quarter.

Apple also said it sold about 3.3 million iPads in the gadget's first three months on the market.

Both the iPad and iPhone 4 have been out of stock in most stores and take a few weeks to ship to new buyers. During the conference call, an analyst asked whether Apple intentionally makes too few of the gadgets.

"We do not purposefully create a shortage for buzz," said Apple Chief Operating Officer Tim Cook. "We are currently still selling both of those products as fast as we can make them."

Cook said he doesn't know when Apple will have enough of the gadgets on hand to meet demand.

Some analysts had worried that the release of the iPad, which can be used to surf the Web, check e-mail, watch movies and read books among other tasks, would lure people who might otherwise buy a Macintosh computer.

The fear seems to have been unfounded: Mac unit sales jumped 33 percent to 3.5 million, helped by what CFO Peter Oppenheimer called record sales to educational institutions in the quarter.

Cook said it was too early to tell whether the iPad may steal revenue from other product categories in the future.

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For the current quarter, Apple said it expects to earn \$3.44 per share on \$18 billion in revenue. Apple said it will wait until the October-through-December quarter to recognize about \$175 million. That's related to the free cases Apple pledged to give iPhone 4 buyers to alleviate a reception issue.

Analysts are currently looking for net income of \$3.83 per share on \$17 billion in revenue.

Apple shares rose \$4.90, or 2 percent, to \$256.70 in extended trading after the release of the results.

Cupertino, Calif.-based Apple sold 9.4 million iPods in the quarter, 8 percent fewer than a year ago.

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