

Apple to make announcement on huge cash holdings (Update)

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An Apple logo is seen on a building in San Francisco March 6, 2012. Apple scheduled an announcement Monday on plans for its huge cash balance, estimated to be at least \$97 billion from sales of its hugely successful gadgets like the iPad and iPhone.

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An Apple statement said chief executive Tim Cook and chief financial officer Peter Oppenheimer would hold a conference call at 6:00 am Pacific time (1300 GMT) "to announce the outcome of the company's discussions concerning its cash balance."

The statement said there would be no other update on the current quarter

or other topics.

Apple, with total available cash and securities at record highs -- some reports said it has more cash on hand than the US government -- has been under pressure to pay dividends to shareholders with some of those funds. The company does not currently pay dividends on its common stock.

But the announcement sparked speculation about other options for Apple, ranging from new research to big acquisitions.

"What Apple will do with its cash has long been a topic for discussion, with analysts and investment specialists crying for a dividend," said Matthew Panzarino at The Next Web blog.

"But the most likely option is an acquisition or large investment in technology of some sort. Perhaps Apple will acquire Twitter, the social network that it has so tightly integrated into its iOS and OS X operating systems."

Panzarino said "there is the chance that Apple has decided to do something insanely revolutionary with its cash: figure out a factory template that will allow it, and other tech companies, to bring manufacturing back to the US. This is right up CEO Tim Cook's alley."



An Apple Store customer looks at the new Apple iPhone 4Gs in October 2011 in San Francisco, United States. Apple said it sold 37.04 million iPhones in the quarter that ended on December 31

The analyst said around two-thirds of Apple's cash is overseas: "This means that it could be announcing a way to take advantage of that stockpile outside of the states."

Apple is notoriously tight-lipped about any announcements, but speculation was rampant.

"Will it be something philanthropic? A product? An acquisition or 10? A fund for others to build something? The purchase of a small country? The start of a new one? A dividend (the last one Apple paid was in 1995)?" wrote the technology website TechCrunch. "To be honest, there's enough cash there to do all of the above, and then some."

In its most recent quarter, Apple reported a record profit \$13.06 billion while revenue soared to an all-time high of \$46.33 billion.

Apple said it sold 37.04 million iPhones in the quarter that ended on December 31, up 128 percent from a year ago, and 15.43 million iPads, a 111 percent increase.



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The California-based gadget-maker sold 5.2 million Macintosh computers in the quarter, up 26 percent, and 15.4 million iPods, a 21 percent decline from a year ago.

Its new iPad went on sale on Friday with Apple fans lining up from Sydney to San Francisco to snap up the latest model of the hot-selling tablet computer, but without the huge queues for some other Apple devices.

Analyst Trip Chowdhry of Global Equities Research said Apple may be seeking to counter the muted response to the new iPad.

"There was no reason to send out this email on Sunday evening... probably to counterbalance bad news on soft launch of the new iPad with some good news on dividends," he said in a note to clients.

Cook, who took over Apple's leadership after the death of co-founder Steve Jobs, has said the company and its board have been studying ways to put its cash stockpile to good use.

According to the Dow Jones website All Things Digital, Cook told a Goldman Sachs conference in February that there were "active discussions at the board level on what we should do," and that the company was carefully weighing its options.

"We are not going to run out and have a toga party," he said.

"I'd be the first to admit we have more cash than we need to run the daily business. So we're actively discussing it. I only ask for a bit of patience, so we can do it in a way that's best for the shareholders."

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