

# Apple talks services amid drop in iPhone sales, profit

AFP, San Francisco

With iPhone sales and profits sliding, Apple on Tuesday sought to highlight its growth in services as it seeks to reduce dependence on its main cash driver.

In its quarterly update, Apple said profits slumped 27 percent from a year ago to \$7.8 billion on a sharp drop in iPhone sales.

Apple sold 40.4 million iPhones in the quarter ending June 25, down 15 percent from a year earlier, highlighting concerns over growth for the company's iconic smartphone.

It was the second straight quarter of slumping iPhone sales for the company, which until then had seen uninterrupted growth.

Overall revenue was down 15 percent from a year ago at \$42.4 billion for Apple, which is the world's most valuable company.

Chief executive Tim Cook said the results showed "stronger customer demand and business performance than we anticipated at the start of the quarter."

Investors appeared to be reassured by the results, which were generally better than expected.

Apple shares rose 6.1 percent in after-hours trade to \$102.61.

The results underscored the challenges for Apple, which has built a huge business around the iPhone but is unlikely to see continued growth, due to a saturated smartphone market and increased competition.

The company said its iPad unit sales meanwhile fell nine percent from a year ago, but revenues rose due to the launch of higher-priced tablets. Mac sales were down 11 percent.

Apple said its services revenue rose 19 percent year-over-year.

"The growth was broad-based with App Store revenue up 37 percent to an all-time high," Cook said in a conference call.

Cook said the company has seen success with its lower-priced iPhone SE launched earlier this year, aiming to win over more cost-conscious customers.

"We had a very successful global launch of iPhone SE and demand outstripped supply throughout the

quarter," Cook said. "Our sales data tells us that the iPhone SE is popular in both emerging and developed markets."

Apple's report showed a sharp drop in revenue from China, which reverses gains since it began selling its iPhones there.

Revenue from "Greater China" slumped 33 percent from a year ago to \$8.8 billion.

"China was a major letdown and I'm anxious to get more details as to what specifically drove the declines," said Patrick Moorhead of Moor Insights & Strategy.

"Samsung and Huawei are much more competitive now versus a year ago and the Chinese economy is not doing well at all, all potentially contributing to the decline. Apple is clearly investing in India to diversify their emerging region performance."

Some analysts say Apple needs to move quickly to diversify its product base to keep growing.

"Since Apple makes about two-thirds or more revenues on its iPhone sales, declines are particu-

larly troubling there," said Jack Gold, a technology analyst at J. Gold Associates.

Apple is moving into new areas such as Apple TV and streaming music which could produce more stable revenues but so far these areas have had minimal impact.

Apple has not revealed sales data for its Apple Watch but analysts say it is the leading smartwatch despite a slump in sales over the past quarter.

Research firm IDC reported last week that Apple Watch global sales were down 55 percent from a year ago to 1.6 million units, but that this still allowed Apple to capture 47 percent of the market.

Some analysts are skeptical on Apple's ability to keep its momentum in the face of sluggish iPhone sales.

The latest results are "characteristic of a company that, while still highly successful, has simply lost the edge that once persuaded consumers to continually upgrade and buy into more expensive pieces of kit," said Neil Saunders of the research firm Conlumino.



Najith Meewanage, chief operating officer of Commercial Bank of Ceylon PLC, and Nasir Uddin, head of sales and marketing of Dusai Hotel & Resort Ltd, exchange documents after signing a memorandum of understanding on special offers for CBC gold credit cardholders.

## Coca-Cola earnings fall

AFP, New York

The sluggish global economy, more and healthier competition, and currency market turbulence again dragged on Coca-Cola Co.'s earnings in the second quarter, the company said Wednesday.

Net earnings rose 10.9 percent and core earnings per share beat expectations by two cents at 60 cents.

## Paddy prices rebound

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It appears that big farmers and stockists are keeping paddy on hold believing that there will be no rice imports from India this year, he added.

Between July 1 and July 26, only 150 tonnes of rice have been imported. In fiscal 2015-16, rice imports slumped to 2.57 lakh tonnes from 14.90 lakh tonnes a year earlier, according to food ministry data.

Saha, also the president of the paddy and rice wholesalers' association in Naogaon, said paddy market began rebounding at the end of May after remaining sluggish for months amid higher supply.

"But the tragedy is that many farmers incurred huge losses before the government began buying," he said.

Farmers were not benefitted by the government's purchases at higher prices, although the growers' identity cards were used and bills issued in their names.

In many cases, political activists took ID cards from farmers to supply paddy to the government, according to Saha.

The paddy price spiral has led to the rise in rice prices, he added. Data from the Department of Agricultural Marketing shows that the average wholesale and retail price of coarse rice, known as swarna, stood at Tk 29.5 and Tk 32 each kilogram on Tuesday in Dhaka.

In the middle of May, the wholesale and retail prices of coarse rice were Tk 23.5 and Tk 26.50 per kilogram respectively, according to food ministry data.

Md Main Uddin Manik, a rice trader at Karwan Bazar, said the supply of coarse and medium varieties of rice has been slightly squeezed for the government procurement and falling imports. As a result, the prices of rice have edged up.

"The rice price spiral will give incentive to farmers in the current transplantation period of aman. They are likely to take better care of their crops," said Md Badrul Hasan, additional director general of the Directorate General of Food.

## Pizza Hut brings new item

STAR BUSINESS DESK

Pizza Hut, an international restaurant chain operated in Bangladesh by Transcom Foods Ltd, introduced a new item -- Thin Crust Pizza -- at a ceremony in Dhaka on Tuesday.

Akku Chowdhury, managing director and chief executive officer of Transcom Foods, launched the item in presence of TV personality Sharmin Lucky, actress Bonna Mirza and Tushti, singer Topu and TV host Munmun.

Pizza Hut in Bangladesh is committed to serving customers with the best food, according to a press statement.

The brand is constantly evolving with innovation and global best practices. In the same light, it introduced the new item in response to the customers' changing preferences.

"We are following the Yum! roadmap of the global journey of Pizza Hut to build the most loved and fastest growing brand. We plan to evolve in Bangladesh too, with new and exciting things to keep our valued customers coming back to us," said Chowdhury.



Akku Chowdhury, managing director and chief executive officer of Transcom Foods, along with TV personality Sharmin Lucky, actress Bonna Mirza and Tushti, singer Topu and TV host Munmun poses for photographs at the launch of a new item -- Thin Crust Pizza -- at a ceremony in Dhaka on Tuesday.

## Bashundhara to build two economic zones

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The economic zones will create 44,000 jobs as it will be a suitable place for heavy industries such as cement, liquefied natural gas and petrochemical-based products, said a Beza official. Within a year of receiving the licences, Bashundhara will have to conduct an environmental impact assessment and feasibility study and prepare a master plan.

Upon satisfactory completion of the prequalification exercises, it will get the full licence, which will make it eligible to enjoy tax exemption for 12 years.

Apart from the developers, entrepreneurs can also get fiscal and financial incentives and other benefits that industrial units typically get in export processing zones.

By setting up a unit in an economic zone, investors can get tax exemption facility for 10 years.

They can also enjoy Bangladesh's significant market access to developed and neighbouring countries, demographic dividend, the domestic consumer market and most importantly, the cheap labour force.

Bashundhara Group has started operation as a real estate venture in 1987. Today, it is engaged in many areas such as cement, paper and pulp, tissue paper, steel, LP gas bottling and distribution, and trading. Beza has so far awarded licences to seven local private sector companies to set up eight economic zones -- one each to AK Khan and Company, Abdul Monem Ltd, Bay Group, Aman Group, Maisha Group, United Group and two to Meghna Group.

The government is also setting up four economic zones in the public sector: Mirsarai Economic Zone in Chittagong, Mongla Economic Zone in Bagerhat, Srihatta Economic Zone in Moulvibazar and Sabrang Tourism Park in Cox's Bazar. The government plans to develop 100 such zones by 2030 on 75,000 acres with a view to creating jobs for one crore people and producing products and services worth \$40 billion.

## Accolades for icons in agriculture

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He also talked about Bangladesh's journey from a food deficient country to a country surplus in food production.

"In 1971, when we got independence we were a country of 7.5 million people, but there was a shortage of food production. Now, we have a population of 160 million but still we are surplus in food production."

This year, the country will have a surplus of 30 lakh tonnes of food, said the minister. Ahmed also said the export-oriented agro-processors would receive 20 percent cash incentive this year.

Abrar A Anwar, chief executive officer of SCB, said: "I hope through this humble attempt of ours we will be able to motivate thousands of farmers around the country to come up with exemplary contribution in the agricultural sector."

An agricultural revolution has taken place in Bangladesh over the last few decades to ensure food security, employment and foreign remittance, despite all the challenges and constraints to sustainable agricultural development.

The government has provided lots of support for the agriculture sector and the farmers of the country, he said.

Anwar praised the government's measures including the expansion of small irrigation facilities, enhancing the production of domestic food grains, production of high yielding varieties of seeds and their preservation, distribution and development.

SCB has been one of the top banks to have met the agricultural loan disbursement target set by Bangladesh Bank in the last few years, according to Anwar.

The agriculture sector accounts for nearly 20 percent of the country's gross domestic product and represents 47.5 percent of the total labour force.

About 84 percent of the total population live in rural areas and are directly or indirectly engaged in a wide range of agricultural activities, according to the Food and Agriculture Organisation of the United Nations.

In her acceptance speech, Hosne Ara Begum, the female farmer of the year, said she has been farming vegetables for the last six years and was able to turn around her life.

"I was forced to engage in farming after my husband became seriously ill and was bed-ridden for six years."

The mother of three now cultivates various vegetables on two bighas of rented land and her husband Abu Al Sheikh sells the produce in nearby markets. Begum has bought land and built her own house. She has diversified her income generation activities: apart from vegetable farming, she also rears cows. Sana, the male farmer of the year, said he has been farming various kinds of vegetables for the last 10 years.

Until last year, the poor women who won the award in the subsistence market group used to rely on forests to make their living.

They were then trained by USAID-

supported Climate Resilient Ecosystems & Livelihood Project on how to cultivate vegetables and sell them in the market.

They were given a water tank with a capacity of holding rainwater of up to 5,000 litres.

They use this water in their vegetable field during the dry season, said Jyotsna Begum, one of the members of the group.

Shariful Islam, CEO of Bangladesh Brand Forum, the implementing partner of the event from its inception, said the agriculture sector has played a critical role in poverty reduction. "We can learn a lot from the farmers who most often go against the odds and create something that is sustainable."

He said if agriculture production goes up by 10 percent, non-farm activities go up by 6 percent in rural areas.

Abul Khair, chairman of Bengal Group Ltd; Md Hamidur Rahman, director general of the DAE; Alimus Sadat Chowdhury, vice-chairman of Alim Industries Ltd; and Fawzia Yasmeen, general manager of Ispahani Agro Ltd, received the awards on behalf of their respective organisations.

Bitopi Das Chowdhury, country head of SCB's corporate affairs, and Syed Ferhat Anwar, a member of the jury board and also a professor of the Institute of Business Administration, also spoke at the event held at the capital's Radisson Blu Water Garden hotel.



Mubina Asaf, head of legal and external affairs of British American Tobacco Bangladesh, and Abu Hossain Khan, chairman of AH Khan & Co, exchange documents after signing a deal in Dhaka on Tuesday. Under the deal, AH Khan & Co will provide state-of-the-art logistics services to BAT Bangladesh.

## Terror attack won't impact business: Tofail

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"Nevertheless, the security measures taken by the government are appreciated and are helping to restore confidence among the businessmen and foreigners," the minister said.

The killing of nine militants at Kalyanpur on Tuesday also helped restore confidence, he added. "So far, we have not received any negative message from any foreign businessman or company." Meanwhile, the business community at the district level is not worried at all, as the law and order situation is normal, he said.

On the sudden death of Hassan Khaled, president of Dutch-Bangla Chamber of Commerce and Industry, Ahmed said it is shocking, but the cause is yet to be known.

"The members of the law-

enforcement agencies are quite active in ensuring that incidents like the one at Holey Artisan do not happen again. I am hopeful that such killing incidents will stop in the country very soon," said the minister. "I also instructed the DCs not to allow any multilevel marketing company at the district level as many people have become victims of fraud by depositing money with those companies," Ahmed said.

The ministry is not permitting any new MLM company and the existing companies are doing business on a limited scale, he said.

The minister also asked the DCs to promote a specific iconic product in each district as the government is working to diversify the export items under the slogan 'one district, one product'.

"Our export earnings have been

increasing every year but we need to export non-traditional products like jute and jute products as well," he said.

Bangladesh has already set a target to export products worth \$60 billion, and apparel worth \$50 billion in particular, by the end of 2021. Last fiscal year, Bangladesh exported goods worth more than \$34 billion.

The minister suggested the DCs curb food adulteration at the district level; the government has already recruited officials in 481 upazillas to continue drives against food adulteration.

Industries Minister Amir Hossain Amu asked the DCs to cancel the allocation of unused Bangladesh Small and Cottage Industries Corporation industrial plots.

"I asked the DCs to allocate those plots to the new entrepreneurs."