

Apple beats profit estimates, boosting shares

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Apple on Tuesday reported stronger-than-expected results for the past quarter, with higher revenues and profits, delivering a boost to its share price.

Profit climbed 12 percent to \$8.7 billion, and [revenue](#) rose seven percent to \$45.4 billion, with the California-based company selling 41 million iPhones in the fiscal third quarter to July 1.

Shares rose nearly six percent to \$159.01 in after-market trades that followed released of the earnings report.

"We're happy to report our third consecutive quarter of accelerating growth and an all-time quarterly record for services revenue," Apple chief executive Tim Cook said in a release.

Apple has been highlighting the increasing amount of money it brings in selling digital content and services to people using its popular devices.

The move is seen by some as an effort to assure investors that the company's fortune doesn't rest solely on sales of iPhones, which have been its main revenue driver.

Apple also highlighted that 61 percent of the revenue in the quarter came from outside the United States.

However, revenue in the important China market slipped 10 percent from a year earlier to slightly more than \$8 billion.

Apple last month removed software allowing [internet users](#) to skirt China's "Great Firewall" from its [app store](#) in the country, sparking criticism that it was bowing to Beijing's tightening web censorship.

Chinese internet users have for years sought to get around heavy internet restrictions, including blocks on Facebook and Twitter, by using foreign virtual private network (VPN) services.

Beijing mandated in January that all developers must obtain government licenses to offer VPNs, leading to the Apple decision.

"We would rather not remove the apps, but like in other countries, we obey the laws where we do business," Cook said during an earnings call.

"We are hopeful that over time, the restrictions we are seeing are loosened, because innovation really requires freedom to collaborate and communicate, and I know that is a major focus there."

Cook maintained that the App Store in China remained stocked with VPN apps, including creations from developers outside that country.

Sidestepping Trump talk

Cook sidestepped a question regarding talk by US President Donald Trump that Apple planned three big new US plants.

When asked about the Trump talk, Cook said Apple felt a responsibility to increase economic activity in this country but said nothing of building more manufacturing facilities here.

Cook said Apple has already created two million jobs in the US, about three quarters of those developers making software for its devices.

"I think the developer community will be the largest contribution Apple can make," Cook said.

He added that Apple buys lots of money on goods and services from US suppliers, and recently launched a fund to promote US manufacturing.

That fund was started with a billion dollars, some \$200 million of which is going to Corning Glass to expand a US plant for making screens for Apple mobile devices, according to Cook.

Apple is also investing in education programs teaching technical skills, and is likely to hire more workers.

"That is what we are doing from a job growth point of view and we are

very proud of that," Cook said after outlining efforts that did not include Apple building factories.

Trump vowed while campaigning that he would force Apple to bring production to US soil.

Anniversary iPhone?

The quarterly update for the world's most valuable company showed it was able to keep positive momentum even as some consumers waited for the anticipated 10th anniversary iPhone expected later this year.

While iPhone sales in the quarter rang up at the high end of Apple's forecast, Cook said a "pause" in buying due to rumor of an anniversary model arriving later this year kept the number from being even higher.

But Apple still faces pressure with an increasingly competitive smartphone market dominated by Samsung and others using the Google Android operating system.

Apple is seeking to diversify its product line with the Apple Watch, digital content and other services, but the iPhone accounted for more than 60 percent of revenue in the past quarter.

Sales of Apple Watch and iPad climbed in the quarter.

Analyst Patrick Moorhead at Moor Insights & Strategy said Apple delivered strong results, calling it "a very good quarter driven by strong iPhone sales, but all product and service categories had improvements."

Moorhead said Apple posted "stellar" gains in product revenue and managed positive results in all regions except China.

"What matters most is how competitive (Apple is) and the timing for the iPhone 8," Moorhead said.

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