

# RIM Writes Off Value Of Tablet Inventory

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NEW YORK (AP) — Research In Motion Ltd., the struggling maker of the BlackBerry phones, is writing off much of its inventory of PlayBook tablets, since it has to sell them at a deep discount.

The Canadian company on Friday said it's taking a pre-tax charge of \$485 million in the just-ended quarter to account for the declining value of the tablets. The model originally priced at \$500 now costs \$200.

A year ago, co-CEO Jim Balsillie said pent-up interest in the PlayBook was "really overwhelming." Companies are looking for an equivalent of the iPad of corporate use, he said.

In March, Balsillie said "The launch of the PlayBook may well be the most significant development for RIM since the launch of the of the first BlackBerry device back in 1999."

But when the tablet went on sale in April, reviewers puzzled over the lack of email software, saying the device seemed half-baked. RIM now promises updated software in February.

RIM said it shipped 150,000 PlayBooks to stores and distributors in the fiscal third quarter, which ended Nov. 26. "Sell-through," or the number actually bought by users, was slightly higher, reflecting sales of tablets shipped earlier. It shipped 500,000 in the first quarter and 200,000 in the second.

RIM also said it sold 14.1 million BlackBerrys in the third quarter, slightly better than analysts expected. It then expects sales to fall slightly in the current quarter, roughly in line with analysts' expectations.

The company provided preliminary revenue and profit figures for the third quarter that were lower than it previously projected, but not a surprise to analysts.

RIM said it expects earnings at the "low to mid point" of the \$1.20 to \$1.40 per share it previously forecast. Analysts polled by FactSet have on average been expecting \$1.18 per share.

The company expects revenue slightly the below the \$5.3 billion to \$5.6 billion in its previous forecast. Analysts had been expecting \$5.27 billion, on average.

RIM shares fell \$1.76, or 9.5 percent, to \$16.82 in morning trading Friday. The stock hit a seven-year low of \$15.98 last month.

The PlayBook charge comes as analysts have started to conclude that RIM's

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management has no chance of really righting the ship. They've started to value the company not on its future prospects, but on how much it would be worth if acquired, broken up, or simply run down while keeping BlackBerry service going.

The company is also taking a charge of \$50 million for an embarrassing October outage of email and Web services that lasted days for millions of overseas BlackBerry users. It briefly spread to the U.S. and Canada before the company was able to contain the damage.

RIM reports fiscal third-quarter earnings on Dec. 15.

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