

# RIM Shares Pop As 2Q Not As Horrible As Feared

The Associated Press

NEW YORK (AP) — Shares of Research in Motion Ltd. popped Friday after the BlackBerry maker's results in its fiscal second quarter weren't quite as awful as investors had feared.

But analysts cautioned that RIM is still struggling in the increasingly competitive mobile market.

The Canadian company posted another large quarterly loss and its BlackBerry smartphone shipments shrunk 30 percent to 7.4 million in the quarter ended Sept. 1.

RIM is losing market share in North America, where Apple's iPhone and phones that run Google's Android software are increasingly dominant. But it has stepped up sales in developing markets and actually increased its subscriber base and cash position.

Its latest loss came to \$235 million, or 45 cents per U.S. share. Revenue totaled \$2.9 billion. Analysts polled by FactSet expected worse: A loss of 47 cents on revenue of \$2.49 billion.

But investors' relief Friday does not imply that all is well for the once-pioneering smartphone maker. Shares, up 64 cents at \$7.78 in late morning trading Friday, remain a far cry from the company's heyday. The stock fetched nearly \$150 in June 2008.

Yes, RIM boosted its cash balance, but its core operations are still losing money, said Sterne Agee analyst Shaw Wu. And he remains concerned that the company's upcoming BlackBerry 10 platform will not be able to compete well against iPhones and Android phones.

The company said Thursday that the BlackBerry 10 remains on track to be released in the first quarter of 2013. It is banking its future on the much-delayed upgrade, meant to offer the multimedia, Internet browsing and apps that users now demand.

And the better-than-expected quarter was largely the result of promotions and phone upgrade programs, which ultimately reduced the average amount of revenue the company generated from each of its customers, said Jefferies analyst Peter Misek. That doesn't bode well for the future.

"All hope is on BlackBerry 10. We won't know success or failure until next summer," he added.

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