

# RIM Profit Up Sharply, Says SEC Upgrades Probe

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BlackBerry maker Research In Motion Ltd. reported a sharply higher fourth-quarter profit on Wednesday, adding about a million subscribers and forecasting more growth for the upcoming quarter.

RIM also revealed that an informal inquiry by the U.S. Securities and Exchange Commission into past stock-option grants has been upgraded to a formal investigation, adding it plans to continue co-operating with the regulator.

The company said it earned \$187.9 million, or 99 cents a share, in the three months ended March 3. That met expectations and was up from a profit of \$18.4 million, or 10 cents a share, in the same period a year earlier.

RIM's shares fell 6.9 percent to \$136 in after-hours electronic trade, after closing down \$2.29, or 1.5 percent, at \$146.02 on Nasdaq during the regular session.

The stock closed down C\$3.35, or 2 percent, at C\$166.46 on the Toronto Stock exchange. The results were released after markets closed.

Carmi Levy, senior research analyst at Info-Tech Research Group, said

that although the stock-options investigation is a drag on the company, RIM continues to deliver solid results.

"The company continues to perform and perform strongly, regardless of the progression of the investigation," he said. "You have to ask yourself the question: Is this enough to bring down the company, or is this enough to severely damage them? And the answer on that is an emphatic no."

Last month, RIM announced a \$250 million earnings restatement because of errors in how options were granted. As well, co-Chief Executive Jim Balsillie said he would give up his other role as the company's chairman.

Thus far, analysts have viewed the restatement and the options mistakes as disruptive but ultimately immaterial.

RIM's adjusted income was \$192.8 million, or \$1.01 per share. All the results the company released on Wednesday are preliminary as RIM works to bring its financials up to date in the wake of the restatement.

According to Reuters Estimates, analysts had expected the company to earn 99 cents a share before one-time items, on revenue of \$936 million.

The results also met forecasts that RIM provided to investors in December, when it said it would have net earnings of between 92 cents and 99 cents a share and adjusted earnings of between 95 cents and \$1.02 a share.

"We are entering fiscal 2008 with very healthy subscriber growth momentum, a strong slate of products and services, exceptional partnerships and a growing market leadership position," Balsillie said in a statement on Wednesday.

The company said it added 1.02 million BlackBerry subscribers in the quarter and finished the period with a total account base of about 8 million.

Revenue jumped to \$930.4 million from \$561.2 million a year earlier.

For the upcoming first quarter, Waterloo, Ontario-based RIM said it expects revenue of \$1.025 billion to \$1.075 billion and to add between 1.125 million and 1.15 million subscribers. It expects net earnings of between 99 cents and \$1.07 a share and adjusted earnings of \$1.01 to \$1.09 a share.

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