

Another triple-digit gain for TSX

TORONTO

Canada's benchmark stock index scored its second straight triple-digit gain yesterday, furthering the previous day's 200-point rally, as investors cheered solid earnings from oil patch and base-metal firms.

On Wall Street, stocks turned positive late in the day after an unexpected jump in U.S. consumer confidence and a pullback in oil prices helped soothe anxiety over mixed profit reports.

Toronto's S&P/TSX composite index moved 129.44 points higher to 11,754.6 as energy, gold and mining stocks fuelled gains. The TSX Venture Exchange moved up 20.76 points to 2,521.37.

The Canadian dollar settled at 87.62 cents US, down 0.01 of a cent.

"The energy sector is still very live-

ly and doing exceptionally well," said Joe Ismail, technical analyst at Maison Placements Canada.

In New York, the Dow Jones industrial average rose 52.66 points to 11,103.71. The Nasdaq composite index added 12.06 points to 2,073.9 and the S&P 500 was up 7.97 points at 1,268.88.

3M Co.'s (NYSE:MMM) second-quarter profit rose 17 per cent to \$882 million US, but that was at the low end of its forecast. Its shares dropped \$3.58 to \$68.11 US.

UPS (NYSE:UPS) plunged \$8.20 to \$71.80 US on its reduced full-year outlook, which overshadowed stronger-than-expected quarterly results.

The U.S. Conference Board said its consumer confidence index for July climbed 1.1 points to 106.5, despite predictions for a 1.4-point drop.

Observers said the recent trend of

sharp swings will likely persist as Wall Street awaits the U.S. Federal Reserve's Aug. 8 decision on interest rates.

"The fundamentals are there for a healthy market, but we've got these factors out there that can depress stock prices," said Ken McCarthy, chief economist for vFinance Investments.

"There's just nothing on the horizon that's likely to push stocks higher" other than the possibility of a resolution in the Middle East.

Light sweet crude fell \$1.30 to \$73.75 US a barrel, ahead of today's weekly snapshot of U.S. petroleum inventories.

The TSX energy sector was up 2.05 per cent as EnCana Corp.'s (TSX:ECA) second-quarter profit jumped about 150 per cent to \$2.16 billion US, helped by high fuel prices and one-time gains. Its shares rose \$2.06 to \$57.71 Cdn.

Stock in Shell Canada (TSX:SHC) edged 31 cents higher to \$39.15 after high oilsands costs caused its second-quarter profit to slip to \$475 million from a year-earlier \$526 million.

Cathedral Energy Services Income Trust's (TSX:CET.UN) units improved 6.1 per cent to \$11.90.

Stock in Canadian Natural Resources Ltd. (TSX:CNQ) gained \$1.79 to \$58.78 after the firm said it expects to more than double the workforce at its Horizon oilsands project in northern Alberta over the next year.

Enbridge Inc. (TSX:ENB) will go ahead with construction of a \$350-million-US project to extend the company's crude-oil pipeline from the Chicago area south to a distribution hub at Patoka, Ill. Its stock was up 12 cents to \$35.62 Cdn.

Toronto market volume was 276.7

million shares worth \$5.8 billion.

Advances beat declines 1,005 to 510 with 209 unchanged.

On the Nymex, the front-month gold contract was up \$4.80 to \$618 US an ounce.

The Toronto gold sector rose 3.32 per cent as NovaGold Resources (TSX:NG) gained 78 cents to \$18.47 Cdn after it expressed disappointment over a \$1.5-billion-US bid by Barrick Gold Corp. (TSX:ABX)

The base-metals sector advanced 1.96 per cent with copper futures up 7.9 cents at \$3.461 a pound.

Ipsco's (TSX:IPS) second-quarter profit rose to \$156.4 million US, from a year-earlier \$126.9 million US. The steelmaker's shares gained \$4.91 to \$104.39 Cdn.

• Canadian Press



DAVID MCKINLEY, SPECIAL TO THE RECORD

Kitchener firefighter Cliff Konrad pours smoothie ingredients at the Sunrise Shopping Centre Booster Juice in Kitchener. Firefighters aided Booster Juice's attempt to enter the Guinness World Records by making the world's largest smoothie. It measured 740 litres, easily topping the previous record of 333 litres. The event also raised money for the Canadian Cancer Society.

Booster Juice smoothie world's largest

BY KILLEEN KELLY
RECORD STAFF

A local Booster Juice franchise blended its way into the Guinness World Records, raising \$1,000 for the Canadian Cancer Society on Saturday.

The Sunrise Shopping Centre Booster Juice on Ottawa Street now holds the title for creating the world's largest smoothie.

The record-breaking beverage

crested at 740 litres, more than doubling the previous record of 333 litres set by the Tropical Smoothie Café in Las Vegas, on Aug. 3, 2002.

It took seven blenders and 3 1/2 hours to blend the classic "Strawberry Sunshine" smoothie — a blend of strawberries and bananas — before it was poured into a giant Booster Juice cup.

Organizers raised money for chari-

ty through 24-ounce individual sales from the giant smoothie and from a raffle.

"It was pouring rain and we still raised 1,000 bucks. That's pretty good," said Frank Voisin, co-owner of the store.

"But I think we would have doubled that had the weather been nice."

Booster Juice operates more than 140 stores in Canada, four in the United

States, 10 in Saudi Arabia and two in Dubai. While additional international franchises are in the works, Ontario is the biggest growth market for the company, Voisin said.

A new location is slated to open in Cambridge next spring and a potential franchisee is scouting a location close to the farmer's market in downtown Kitchener.

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Reject Open Text bid, Hummingbird urges

BY MATT WALCOFF
RECORD STAFF

Software maker Hummingbird Ltd. yesterday recommended shareholders not accept Waterloo-based Open Text Corp.'s standing offer to buy their shares.

Open Text has offered Hummingbird shareholders \$27.75 US per share.

Hummingbird began negotiations with rival Open Text on a potential sale last Friday but said it will not accept less than \$27.85 per share.

Open Text announced its bid for Hummingbird earlier this month as part of an attempt to stop Symphony Technology Group LLC of Palo Alto, Calif., from buying the Toronto firm.

Hummingbird's board of directors approved Symphony's bid of \$26.75 per share in May.

A shareholders' meeting to approve the Symphony deal was scheduled for last Friday, but Hummingbird postponed it until Aug. 18 in light of Open Text's offer.

Hummingbird said its recommendation that shareholders support the Symphony bid still stands, as Hummingbird has not come to an agreement with Open Text on a takeover.

Had Hummingbird not recommended against Open Text's standing offer and reiterated its recommendation in favour of the Symphony offer, it would have had to pay Symphony \$11.7 million under its agreement with the company, Hummingbird said yesterday.

The two Canadian companies in-

tend to finish their negotiations by Sunday, Hummingbird said.

Open Text, which already owns a 4.3 per cent stake in Hummingbird, has said shareholders representing 36.2 per cent of Hummingbird shares have agreed either to sell their shares to Open Text or support Open Text's bid.

Open Text's bid for Hummingbird totals \$482.9 million, while Symphony's bid amounts to \$465.5 million.

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Loblaw profit, stock slump

TORONTO

Profits at Loblaw Cos. Ltd. (TSX:L) dropped 8.1 per cent in the second quarter to \$194 million as Canada's largest grocery chain slashed prices and suffered lingering problems in the West from an overhaul of its supply chain.

Toronto-based Loblaw also cut its full-year forecast yesterday after reporting net earnings of 71 cents a share, down from \$211 million or 76 cents a share in the same period of 2005.

The company's stock fell as low as \$49.25 yesterday, its lowest price since October 2001, before closing at \$50.56, down \$1.68 or 3.2 per cent at the Toronto Stock Exchange.

Adjusting for one-time items, the company earned 70 cents a share, compared with 82 cents a year earlier. Analysts surveyed by Thomson Financial had looked for earnings per share of 73 cents.

Loblaw said it now expects full-year adjusted earnings per share to fall perhaps as much as five per cent below the \$2.17 a share it earned in 2005, below a previous estimate for growth of four to seven per cent.

About half of the drop will come from unrealized profitability from general merchandise, about 20 per cent in additional costs from a 20-month supply chain overhaul and 20 per cent from pricing pressures in Quebec and the western provinces.

"We're a year behind — that's the bottom line," Loblaw president John Lederer said in a conference call.

"We're very comfortable that over the mid to long term we will be able to take on whatever the competitive landscape brings to bear in this country. We've got the leadership position — we intend to hold it."

Lower food prices intended to drive sales growth had a short-term negative impact on quarterly profits and challenges stemming from its transition to a food and general merchandise retailer and a massive supply-chain restructuring have been more complex and expensive than anticipated.

Sales for the period ended June 17 increased to \$6.7 billion from a year-earlier \$6.4 billion and same-store sales — sales at stores open more than a year — increased by 1.6 per cent.

• Canadian Press

McDonald's quarterly profit soars 57%

CHICAGO

McDonald's Corp. (NYSE:MCD) posted its strongest quarterly results yesterday since beginning a recovery more than three years ago, boosted by resurgent European restaurants that contributed to a 57 per cent jump in profit.

Higher breakfast sales, led by recently introduced premium coffee, kept momentum going in the United States — still McDonald's largest market, with more than 40 per cent of its restaurants. The company cited increased customer visits and said there's no discernible shift toward its dollar menu, which would have been a warning sign to analysts wary for signs of an economic slowdown.

Chief executive Jim Skinner said the quarter was "the strongest since we announced our revitalization plans" in late 2002, with revenue growing nine per cent and same-store sales rising 5.5 per cent worldwide. The results were in line with preliminary earnings released by the Oak Brook, Ill.-based company last week.

While sales in every region were up

solidly over a year ago, Europe stood out, posting its strongest results in more than 10 years after only lacklustre participation in the recovery. Comparable or same-store sales, a widely used industry gauge of performance, rose 6.3 per cent there from the same period in 2005.

The United Kingdom, which has long provided mixed results for the hamburger chain, was a significant contributor with its pound saver menu and varied promotions, including a Win World Cup Chicken game marketed through text messaging. So was World Cup host Germany, with promotions linked to the month-long tournament as well as a value menu and the Big Tasty premium sandwich.

Elsewhere, U.S. comparable sales gained 4.2 per cent despite the flop of its new spicy chicken sandwich, which is being replaced temporarily with \$1.29 chicken snack wraps, while restaurants in the Asia/Pacific, Middle East and Africa saw a 7.2 per cent rise.

"They're doing great in every geographic segment," said Morningstar analyst John Owens. "They obviously have the right plan in place. They just

need to continue to execute against that plan, maintain the focus on McDonald's brand. Their plans to sell the rest of their Chipotle shares will help that."

The company said it would dispose of its remaining stake in Mexican restaurant chain Chipotle Mexican Grill by the end of October with a tax-free exchange of Chipotle shares for McDonald's stock.

In addition, it said it expects to return at least \$5 billion to \$6 billion US to shareholders through dividends and share repurchase in 2006 and 2007, including \$1.8 billion in stock buybacks so far this year.

Net income for the three months ended June 30 was \$834.1 million, or 67 cents per share, up from \$530.4 million, or 42 cents per share, a year earlier.

Revenue increased to \$5.6 billion from \$5.1 billion.

Excluding one-time items, including a 10 cents per-share gain related to the sale of part of its Chipotle stake, earnings were 59 cents per share.

That was three cents better than Wall Street's estimate before the company disclosed preliminary numbers



ASSOCIATED PRESS

The golden arches of a McDonald's restaurant are seen in Omaha, Neb., earlier this week. McDonald's said yesterday its second-quarter earnings jumped 57 per cent as the firm enjoyed its strongest quarterly result in Europe in more than 10 years.

July 17.

Operating income rose 12 per cent in the quarter.

For the first six months, net income was \$1.46 billion, or \$1.16 per share, up 16 per cent from \$1.26 billion, or 98 cents per share, in 2005. Revenue rose eight per cent to \$10.7 billion from \$9.9

billion.

Shares in the company, which surged after its preliminary earnings release last week, fell eight cents to close at \$34.76 on the New York Stock Exchange.

• Associated Press