

BUSINESS

BUSINESS EDITOR: KEVIN CROWLEY
894-2231 EXT. 2624
kcrowley@therecord.com

DOLLAR 75.94¢ US + 0.35	GOLD \$395.20 US - 1.90	EURO \$1.6144 CDN - 0.76¢	TSX 8,398.05 - 56.10	TSX VE 1,509.59 - 2.40	TSX 60 466.15 - 2.77	DOW 10,050.33 + 4.20	S&P 500 1,096.84 + 2.96	NASDAQ 1,889.06 + 14.69
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EARNINGS REPORTS

TORONTO Weather blamed as Sears Canada profit down 50%

Sears Canada Inc.'s second-quarter profits were nearly cut in half due to price chopping as summer products remained unsold in unseasonably cool weather, the nationwide department store operator said yesterday.

Mark Cohen, Sears Canada's chairman and chief executive, said the quarter was "very inconsistent, with an unattractive showing," but he stressed that the company will still meet its full-year guidance. The retailer reported earnings of \$6.7 million, six cents per share, for the 13-week period ended July 3. That compared with \$13 million, 12 cents per share, a year earlier.

TORONTO CoolBrands quarterly profit up 113.5%, stock retreats

CoolBrands International Inc. grew a fat profit as its customers looked to cinch in their waists for summer, taking the maker of Weight Watchers diet and Atkins low-carb frozen treats to record high quarterly earnings.

CoolBrands' earnings ballooned 113.5 per cent to \$19.1 million, or 34 cents per share, in the three months ended May 31. That compared with earnings of \$9 million, or 17 cents per share, in the year-earlier quarter, the ice-cream manufacturer and distributor announced yesterday.

CoolBrands revenues were up 128.5 per cent to \$187.2 million from \$81.9 million in the third quarter of 2004.

Despite the profit rise, CoolBrands stock (COB.A:TSX) closed down \$1.79, to \$19.15.

TORONTO Celestica revenue up 45%, loss reduced in quarter

Celestica Inc., a global electronics manufacturer mauled by the downturn in the technology sector in the past two years, has reported a 45 per cent increase in second-quarter revenues and a reduced loss.

The Toronto-based company, which reports in U.S. dollars, said revenues came in at \$2.3 billion US for the three months ended June 30. It lost \$25.5 million, or four cents per share, an improvement on the year-earlier loss of \$39.8 million, or 18 cents per share.

The latest quarter's loss was due mostly to previously announced restructuring moves, as Celestica closed sites in the United States, Canada and Western Europe and expanded in Mexico, Central Europe and Asia.

VANCOUVER Canfor profits soar, reversing year-ago loss

Canfor Corp. reported stellar profits in the second quarter as Canada's biggest lumber producer doubled revenues in the wake of its acquisition of rival Slocan Forest Products Ltd.

The Vancouver company reported yesterday it earned \$146.3 million, or \$1 a share, for the three months ended June 30. That compared with a loss of \$1.1 million or three cents a share for the same 2003 period.

Gross sales rose to nearly \$1.3 billion from \$639.4 million.

Canfor said it generated strong profits despite \$30.3 million of one-time charges for restructuring, mill closures and costs related to the company's acquisition of Slocan, a deal that closed April 1.

CALGARY Shell Canada profit up, buys more oilsands leases

Profits at Shell Canada increased 63 per cent in the second quarter, helped by a significant contribution from its Athabasca oilsands project and higher refining margins.

The sharp increase in profits also prompted Shell to increase its quarterly dividend to 25 cents per share, up from 22 cents per share. Shell shares would yield about 1.5 per cent based on its current stock price.

The company also announced it had acquired two additional oilsands leases in Northern Alberta from EnCana Corp. Financial terms of the deal were not disclosed.

DUBLIN, OHIO Tim Hortons boosts earnings for Wendy's

Wendy's International Inc. said yesterday its earnings rose 17 per cent in the second quarter, led by growth in its Tim Hortons coffee chain.

The fast-food restaurant company reported profits of \$71.6 million US, or 62 cents per share, for the quarter that ended June 27, compared with profits of \$61.1 million, or 53 cents per share, a year ago. Sales rose more than 15 per cent to nearly \$909 million from about \$786 million a year ago.

For the first six months of 2004, the company reported profits of \$124 million, or \$1.07 per share, compared with \$105 million, or 92 cents, a share a year ago. Sales were up nearly 18 per cent, to \$1.7 billion from \$1.48 billion.

Molson trumpets 'merger of equals'

MONTREAL

A Canadian brewery run by the same family for seven generations announced yesterday it's joining forces with a U.S. beer baron to form Molson Coors Brewing Co. that will focus on American and international markets.

Since 1786, seven generations of Molsons have owned and run the country's second oldest corporation.

Even though it would share ownership of the new company with the Coors family, the current head of the Canadian brewing dynasty said the Molson family wants to continue playing a pivotal role.

"We aren't interested in exiting the business, rather the family wants to play a role in building a major global brewer and deriving greater value for our shareholders," company chairman Eric Molson told a New York news conference when the companies announced the "merger of equals."

"We stand firm in our belief that Molson, as a Canadian icon, has to continue to grow and build on its rich, long-standing brewing heritage and the enduring commitment and loyalty that Canadians have always shown towards our company and products."

The roots of the merger can be traced back about four years to a conversation between chief executives for the two companies. It gained steam several months ago when Coors chief executive Leo Kiely sent a letter to Molson chief executive Dan O'Neill.

The combined company would have annual revenues of about \$6 billion US and rank fifth in the world by brewing volume. It would sell brands like Molson Canadian, Molson Dry, Coors Original and Coors Light, Keystone and Carling as well as Brazilian beers Bavaria and Kaiser.

The deal would merge Montreal-based Molson with Golden, Colo.-based Coors, founded in 1873. Coors trails Anheuser-Busch and SABMiller in the U.S. brewing business, while Molson is slightly bigger than Labatt Brewing, its chief Canadian rival based in Toronto.

The transaction would require approval of two-thirds of each class of Molson shareholders. The brewing arm of the Molson family owns 55 per cent of the voting stock. It would also require majority approval of each class of Coors stockholders.

The company is to be headquartered in Montreal and Colorado. An anticipated \$700 million US in free cash flow would allow the new company to support its key brands and pursue strategic acquisitions and joint ventures.

"The exciting part comes from harnessing the power of a company that will overnight essentially double in



A store worker walks past cases of Coors and Molson beer at a store in Toronto. Canada's largest brewer agreed yesterday to merge with Adolph Coors Co. in a \$6-billion US deal that creates a new beer behemoth

Suddenly, Sleeman's king of the Canadian hill

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size and have the capacity to support aggressive and creative marketing campaigns, product innovations and geographic expansion, all focused on driving growth and getting value," said Peter Coors, the fourth generation to head the company, and a candidate for the Republican nomination for Senate in Colorado.

The deal, which had been rumoured to be near completion for days, had mixed effect on the shares of the companies. Molson (TSX:MOLA) stock closed up \$1.51, or 4.4 per cent, at \$35.68 on the Toronto stock market while Coors (NYSE:RKY) was down \$2.33, or 3.12 per cent, at \$72.40 US on the New York Stock Exchange.

The deal appears to be motivated, in part, by the interests of both the Coors

and Molson families to retain important roles in the combined company rather than sell out to a bigger brewery like Anheuser-Busch.

While the Molson-Coors merger would be difficult to overturn, there could be rival bids for either of the two companies.

The Wall Street Journal reported yesterday that former Molson deputy chairman Ian Molson — Eric Molson's cousin — was expected to head an offer to acquire the Canadian brewer for as much as \$4 billion US, more than 30 per cent above the per share value of the Coors deal.

But analyst Michael Palmer of Veritas Investment Research in Toronto doubts any offer will materialize because an alternative bid couldn't risk losing a licensing agreement to sell Coors Light that has become an integral part of Molson's business.

• Canadian Press

Air Canada ups ante in battle with WestJet

TORONTO

Air Canada has raised the stakes in its legal battle with WestJet Airlines, amending its lawsuit against the discount carrier alleging corporate espionage to demand \$220 million in damages and compensation.

Air Canada said yesterday it is seeking \$170 million in compensation, \$25 million in punitive damages and \$25 million for what it called WestJet's intentional destruction of documents.

The airline had earlier claimed \$5 million in punitive damages.

"Through improperly accessing and misusing the plaintiffs' confidential information from the employee website, WestJet obtained and still has an unfair competitive advantage over the plaintiffs," Air Canada said in its amended statement of claim.

The move by Air Canada came as Calgary-based WestJet received the go-ahead from an Ontario court to counter-

sue Air Canada. It alleges the ailing airline sent private investigators to an executive's home to sift through his trash.

WestJet alleges Air Canada private eyes trespassed on private property to take company documents that had been shredded and placed in a municipal recycling container.

"We consider there is significant merit in the claim," WestJet lawyer Dan McDonald said.

The airline made the allegations after Air Canada sued WestJet and two of its employees claiming they accessed an Air Canada employee website 243,630 times between May 15, 2003, and March 19, 2004, to check seat availability on Air Canada flights.

With that information, WestJet could alter its routes and improve its expansion plans, Air Canada charges.

No allegations from either side have been proven in court.

• Canadian Press

Microsoft profit up 82 per cent

SEATTLE

Microsoft Corp.'s earnings rose nearly 82 per cent in its fiscal fourth quarter, helped slightly by a tax benefit, and the software maker raised revenue expectations slightly for the coming fiscal year. But the latest quarter's results were short of analysts' expectations and the stock fell.

Earnings for the three months ended June 30 were \$2.69 billion US, or 25 cents per share, up from \$1.48 billion or 14 cents per share in the same period a year earlier. The most recent earnings included a \$208 million tax benefit. Revenue grew 15 per cent to \$9.29 billion, up from nearly \$8.07 billion a year earlier.

Microsoft — which disclosed yesterday that its cash reserves now stand at \$60.59 billion — will pay a one-time dividend of \$3 per share, at a cost of \$32 billion, as part of plans to return a substantial chunk of that cash hoard back to shareholders. It also doubled its annual dividend.

• Associated Press

DILBERT



• Record news services

How to prepare for a disaster

Put a plan in place, businesses told

BY ROSE SIMONE
RECORD STAFF

CAMBRIDGE

A major flood sweeps through downtown Galt in Cambridge.

A heat wave causes a cascade in the hydro grid, disrupting power across the province for a week.

A major fire guts a multi-tenant business building in Kitchener's core.

Any of these disasters would result in an economic blow. But for some businesses, especially small and medium-sized ones, it could spell doom.

Participants from about a dozen businesses had a chance to learn about disaster recovery planning this week at a workshop sponsored by the consulting firm Data Perceptions, along with FibreTech and the Waterloo Data Fortress run by eSolutions, a division of Conestoga-Rovers & Associates in Waterloo.

A disaster recovery plan is a lot like a business plan. "but written around a specific situation or scenario," said Eric Sundin, president of Data Perceptions and a leader of the workshop.

The planning starts with what-if questions.

"Let's say you are doing business from one location. What if the building burns down?" That's one scenario Sundin poses.

The loss would not be so much in the building or equipment — insurance can cover that — but in the irreplaceable data the company has in its computers.

What would happen if all of your financial and billing information, client files and work in progress were lost?

"A lot of companies would never recover because they would lose all of their data, their systems, their interaction with customers," Sundin said.

It is impossible to protect against every possible disaster or loss, but it is possible to at least mitigate against some losses, he said.

That's what a disaster recovery plan does.

Increasingly, large corporations will only give contracts to small and medium-sized businesses that have such a plan to keep data secure.

The auto industry, for example, is now employing more of the smaller organizations, but demands those small companies be able to mitigate against business interruptions.

A disaster recovery plan should look at all the same areas a business plan would cover, Sundin said. That includes the company's sales and marketing, production and day-to-day operations, finances and future development.

"A disaster might only impact one or two of these areas, or all of them."

Most businesses have already done the basics to prevent or protect themselves against disasters, Sundin said.

They should have fire suppression equipment and smoke detectors in case of fire. They should have firewalls and anti-virus software to protect the data in their computers.

But some businesses need to do more than others because of the nature of the work, he added. The level of security depends on the nature of the information being protected and what the company can afford to do.

"There are hundreds of thousands of possible threats and some are significant to you and some aren't. So you have to look at the threats that would be significant and what are the probabilities of that happening."

"You have to draw in the line somewhere."

In some cases, a company will want to invest in an off-site data backup system such as that provided at the ultra-secure Waterloo Data Fortress.

In other cases, the company may be comfortable with a newer server that has lots of redundancy built right into the box.

"It varies so much with every business," Sundin said.

Another disaster recovery planning workshop will be held Tuesday, July 27.

Sundin said there are only a couple more spots available for that workshop, but if there is enough interest, another workshop may be scheduled.

For more information, contact Nicole Vander Hyden at Data Perceptions Inc., by phone at 749-9319, ext. 1110, or by e-mail at nicole.vanderhyden@dataperceptions.com
rsimone@therecord.com