

TSX +172.41 ↑ 13,758.74	DOW +75.74 ↑ 13,211.88	NASDAQ +26.31 ↑ 2,557.84	DOLLAR +0.20¢ ↑ 90.20¢ US	OIL -\$3.66 US ↓ \$63.75 US	GOLD -\$2.10 US ↓ \$672.30 US
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Torstar rebounds with strong Q1 results

Toronto-based media company records net income of \$15.7M, or 20 cents a share

BY RECORD STAFF

TORONTO

Torstar Corp. has turned in improved first-quarter results, as sales and earnings grew in both its newspaper and book publishing businesses.

The Toronto-based media company recorded a net income of \$15.7 million, or 20 cents a share, in the three months ended March 31, it said yesterday. That's up from \$9.8 million, or 13 cents a share, in the same period a year ago.

Sales increased to \$377.4 million from \$357.1 million.

"This was a good quarter for

Torstar," chief executive officer Robert Prichard told analysts during a conference call. "We made numerous changes in the second half of 2006 to improve our business and financial performance . . . The changes are working."

Sales in the newspaper group increased to \$253 million in the first quarter from \$238.8 million in the first three months of 2006. They rose largely because of growing revenue from Torstar's digital initiatives and its stake in the Metro papers in Toronto, Ottawa, Vancouver, Edmonton and Calgary, and the extra publishing days in the quarter compared to the same

period a year ago.

The newspaper group includes Metroland Media Group, publisher of The Record, The Guelph Mercury, The Hamilton Spectator and 109 community newspapers, as well as The Toronto Star.

Metroland's sales jumped to \$133 million compared to \$120.9 million in the first quarter a year ago.

Operating profits for the entire newspaper group improved to \$19.9 million from \$16.3 million last year, due to lower newsprint prices and staff reductions that occurred late last year.

The advertising market in Toronto remains challenging, but Prichard noted that the number of lines of advertising the Star sold increased month by month through the quarter.

Advertising lineage was down at Metroland, but higher ad rates offset

the decline, Torstar said.

Sales in Torstar's book publishing segment, which consists of Harlequin Enterprises, increased to \$124.5 million from \$118.3 million in the first quarter a year ago. Its operating profits rose to \$19.1 million from \$15.1 million.

Separately, the Star announced yesterday that a redesign of the newspaper will be launched May 28. The changes include moving local news into the front section, and new Living and World & Comment sections.

The Star also said it is reducing the width of its pages to 11.5 inches, starting in August. The narrower size, a change in line with industry trends, will result in a paper that is easier to handle and reduce consumption of newsprint, it said.

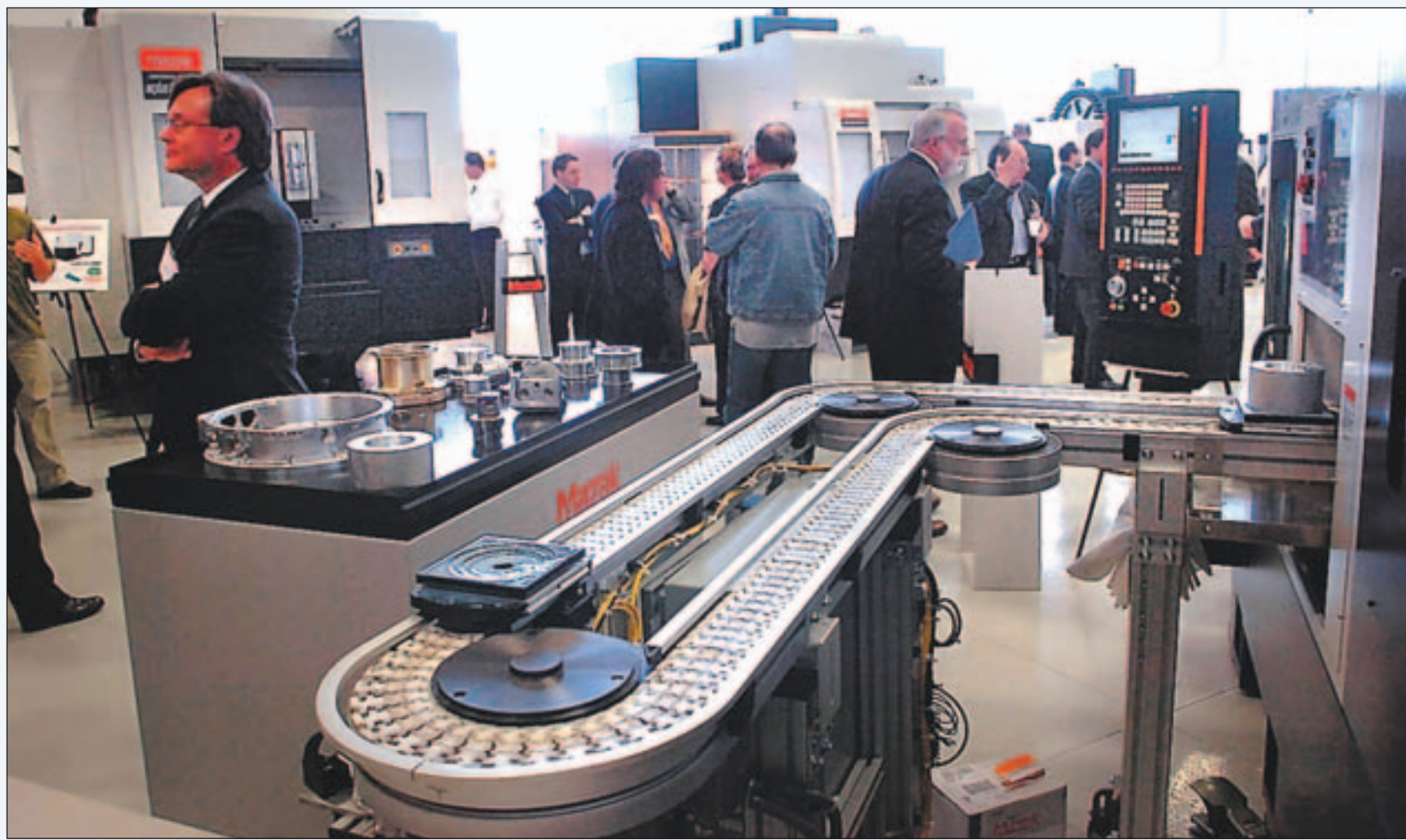
Torstar's shares (TSX:TS.B) rose 82 yesterday, closing at \$21.17.



"We made numerous changes in the second half of 2006 to improve our business and financial performance . . . The changes are working."

ROBERT PRICHARD
TORSTAR CHIEF EXECUTIVE OFFICER

AN ANTIDOTE TO EXODUS



PHOTOS BY PHILIP WALKER, RECORD STAFF
Brian Papke, North American president for Japanese company Yamazaki Mazak Corp., said yesterday despite some 'some softening' in the automotive business, other markets, such as alternative energy and wind power, are emerging and showing promise.

Yamazaki Mazak Corp.'s grand opening shows manufacturing can survive here

BY MICHAEL HAMMOND
RECORD STAFF

CAMBRIDGE

Yamazaki Mazak Corp.'s recent move into Cambridge could be the antidote to the exodus of manufacturing from Waterloo Region, the Japanese company's president says.

Tomohisa Yamazaki told hundreds of customers yesterday that his company's \$4-million Canadian technology centre is a good example of how manufacturing can survive here.

"Customers in Canada are required to add more value to their product and reduce their production costs," he said. "In the past, the focus was on sales volume and market share."

In an elaborate grand opening ceremony that began in the morning at the Waterloo Inn, Mazak executives went to great lengths to promote how their machine tools can help drive manufacturing costs lower in North America.

The company hosted hundreds of customers at its technology centre for an official grand opening. Construction of the building, located on Commerce Court just north of the 401, was completed in December.

Customers were shown dozens of different machines and automated tools in action.

The enclosed self-contained units perform multiple manufacturing tasks at once, reducing the time it takes to build a product.

Mazak employs more than 3,000 people worldwide. Its North American headquarters are based in Kentucky. The Cambridge division, which will act as Mazak's Canadian headquarters, employs 30.

Greg Papke, Mazak's Canadian general manager, said there were a number of reasons why the company chose to locate in Cambridge.

"There's been a lot of movement of industry to this area," he said. "Of course, with Toyota, we see (great) long-term prospects."

Papke also said the region's



Tomohisa Yamazaki participates in the grand opening and ribbon cutting of the Cambridge plant, yesterday.

strong engineering and technical talent graduating from the University of Waterloo and Conestoga College is an encouraging sign for Mazak.

Mazak has seen "some softening" among its automotive business, but Brian Papke, Mazak's North American president and Greg's father, stressed that there are several other emerging markets that are showing promise.

"Alternative energy and wind power are providing new opportunities for us," he said.

The region was recently listed as a hot spot for alternative energy opportunities at a wind energy conference in downtown Kitchener.

Despite these new manufacturing opportunities, the region has seen a number of large manufacturing plants close in recent years including La-Z-Boy in Waterloo and BF Goodrich in Kitchener. MTD Canada's fate is uncertain as its U.S. parent is considering closing its Kitchener plants, which make lawnmowers and snowblowers.

Brian Papke is hoping Mazak's advanced manufacturing products will prevent other companies from leaving the area.

"For several years, we've heard about the many companies going offshore," he said. "Cheap labour is not the panacea of manufacturing."
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Open Text betters analysts' forecast

BY MATT WALCOFF
RECORD STAFF

WATERLOO

Everything is going as planned at the newly enlarged Open Text Corp. despite a decline in quarterly net income, the software company said yesterday.

The company earned \$3.9 million US, or eight cents per share, in its third quarter, which ended March 31. In 2006, Open Text recorded a profit of \$7.3 million, or 15 cents per share.

Excluding certain non-operating costs, net income increased 27.7 per cent to \$17.5 million, or 34 cents per share.

Analysts surveyed by Thomson First Call had expected that number to be around 31 cents per share.

Revenue of \$156.1 million was up 54.7 per cent from Open Text's revenue last year but down 5.5 per cent when compared to the combined revenues of Open Text and Hummingbird Ltd. last year.

Open Text bought rival Hummingbird for \$489 million in October.

The company has told investors to expect Hummingbird's sales to decline about 20 per cent from pre-merger levels.

"There have been no surprises to our outlook," chief executive officer John Shackleton told analysts on a conference call yesterday.

"The consolidation of Hummingbird is going smoothly, and we're almost finished with that integration," he said.

"We're on track to meet our profitability goals and remain focused on the bottom line for the remainder of this fiscal year."

The company filed Hummingbird's last financial statements with the U.S. Securities and Exchange Commission yesterday. The disclosures were due late last year.

Also yesterday, Open Text announced plans to make a lump-sum debt repayment of \$30 million and the potential buyback of up to five per cent of its outstanding shares.

About 375 of Open Text's nearly 2,800 employees work at its Waterloo headquarters.

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Lies behind oil chief executive Browne's fall from grace

BP boss' tumble illustrates the perils of being gay at pinnacle of business world

LONDON

It wasn't the deaths of 15 workers at BP's Texas City plant that brought the company's chief executive down. Nor was it one of the largest North Slope oil spills ever at the British company's Prudhoe Bay, Alaska operations.

John Browne, the man who turned BP PLC into one of the world's top energy companies, fell from grace after admitting he lied to a judge when he tried to block a newspaper from printing allegations of wrongdoing made by former boyfriend Jeff Chevalier, a 27-year-old Canadian who went to school in Toronto.

The admission may have been the last straw after a series of troubles at

the end of a storied career. But to some, Browne's resignation as chief executive Tuesday illustrates the power of Britain's tabloid press — and the perils of being gay in the conservative world of big oil.

Stephen Coote, director of Britain's Gay Business Association, said "sport and business are the two last bastions" of institutional homophobia.

Browne, one of Britain's most powerful businessmen and a close associate of Prime Minister Tony Blair, resigned Tuesday after acknowledging that he lied during legal action to block the Mail on Sunday newspaper from publishing an interview with Chevalier.

Browne, 59, told the judge that he and Chevalier had met by chance in a

London park. British media outlets reported that they met through an escort service website.

Chevalier could not be reached for comment yesterday. In a statement, Browne admitted he lied to the court

and said "it was a matter of deep regret."

"For the past 41 years of my career at BP I have kept my private life separate from my business life," he said as he announced his resignation. "I have

always regarded my sexuality as a personal matter, to be kept private."

Judge David Eady rejected Browne's claim for privacy, saying the tycoon's lie had fatally undermined his case.

SEE BROWNE: PAGE C10

DILBERT

