

Note 5. Goods and Services Tax (“GST”) and Provincial Sales Taxes (“PST”)

During 2005, the Company recorded a charge relating to an audit and proposed assessment by the Canada Revenue Agency relating to GST on certain products sold on which GST was not appropriately charged and remitted. In light of this proposed assessment, the Company assessed and estimated the potential liabilities for GST and PST in other areas of its operations for various periods. Accordingly, a charge of \$40 was recorded in operating income in 2005. Approximately \$1 was paid in 2006 (2005 – \$15) and approximately \$24 remains accrued as at December 30, 2006. The ultimate remaining amount to be paid will depend on the outcome of audits performed by, or settlements reached with the various tax authorities and therefore may differ from this estimate. Management will continue to assess the remaining accrual as progress towards resolution with the various tax authorities is made and will adjust the remaining accrual accordingly.