



Winnpak Reports Fourth Quarter Earnings

Winnipeg, Manitoba, February 19, 2008 - Winnpak Ltd. (WPK) today reports consolidated results in US dollars for the fourth quarter of 2007, which ended on December 30, 2007.

<u>Year Ended</u>	<u>December 30</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	466,622	447,120
Net earnings	23,958	32,576
Minority interest (income) expense	(74)	211
Provision for income taxes	8,061	13,809
Interest	2,044	2,170
Depreciation and amortization	24,138	20,879
EBITDA (1)	58,127	69,645
Basic and fully diluted net earnings per share (cents)	37	50
<u>Fourth Quarter Ended</u>	<u>December 30</u> <u>2007</u>	<u>December 31</u> <u>2006</u>
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	126,638	113,088
Net earnings	6,157	6,579
Minority interest expense (income)	5	(28)
Provision for income taxes	(770)	3,623
Interest	552	470
Depreciation and amortization	6,509	5,409
EBITDA (1)	12,453	16,053
Basic and fully diluted net earnings per share (cents)	10	10

Winnpak Ltd. manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the protection of perishable foods, beverages and in health care applications.

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¹ EBITDA is not a recognized measure under Canadian GAAP. Management believes that in addition to net earnings, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net earnings, determined in accordance with GAAP, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies, and, accordingly, the results may not be comparable.



Management's Discussion and Analysis

(presented in US dollars)

Forward-looking statements: Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent our current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, we disclaim any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Results of operations

Net earnings in the fourth quarter of 2007 were 10 cents per share, equal to that recorded in the corresponding period of 2006. Included in the quarter is a gain of 4 cents per share due to the enactment of lower future Canadian rates of income tax. If this gain is excluded, net earnings in the current period would be \$3.7 million or 6 cents per share, a decrease of 43.7 percent from the fourth quarter of 2006. Lower gross profit margins and net foreign exchange losses were responsible for the decline, offset in part by the positive impact of organic growth and lower operating expenses.

Full year net earnings of \$24.0 million or 37 cents per share fell by 26.4 percent from the \$32.6 million in net earnings or 50 cents per share recorded in 2006. When the non-recurring items of the enactment of lower future rates of income tax in both 2007 and 2006 and the gain on the sale of property in 2006 are excluded, year-to-date net earnings in 2007 retreated 8.5 cents per share, or 20.8 percent, due to lower gross profit margins and net foreign exchange losses partially offset by additional earnings from organic growth.

Sales

Fourth quarter sales of \$126.6 million increased by 12.0 percent or \$13.6 million compared to the same period last year, substantially due to greater volume of product sold. This organic growth contributed 1.0 cent per share to net earnings. All product groups contributed to the strong sales growth with the exception of lidding. In particular, shipments of rigid containers, specialty films and packaging machines had volume increases exceeding 25 percent for the quarter compared to the prior year. More modest sales volume increases were exhibited in modified atmosphere packaging and biaxially oriented nylon products. Sales generated from the major capital expansion projects completed in the year are just coming on stream, positively affecting fourth quarter sales by just under \$2 million. The potential for volume growth in upcoming quarters remains high. In addition to volume, pricing and foreign exchange fluctuations had minimal combined effect on fourth quarter sales. The positive foreign exchange impact on sales of \$3.2 million was nearly offset by lower average pricing of \$3.0 million.

Sales in 2007 grew by \$19.5 million or 4.4 percent over the prior year, with increased volume representing \$18.1 million of the growth. Earnings per share were favorably impacted by 1.5 cents due to this volume growth. Shipments of packaging machines, specialty films, modified atmosphere packaging and rigid containers each advanced between 7 and 10 percent over the previous year. However, lidding and biaxially oriented nylon products lost ground due to aggressive competitor pricing and alternate products offered by other suppliers.

Gross profit margins

Compared to 2006, gross profit margins in the fourth quarter of 2007 deteriorated by 5.0 percentage points and year-to-date, by 2.5 percentage points in relation to sales. The stronger Canadian dollar was responsible for gross profit margin declines of 2.9 and 1.0 percentage points, respectively. In the fourth quarter, higher raw material costs contracted margins by 1.0 percentage points while for the entire year, the Company was reasonably successful in matching raw material cost changes with selling price adjustments.

For reference, the following presents the weighted indexed purchased cost of Winpak's eight primary raw materials in the reported quarter and each of the preceding eight quarters, where base year 2001 = 100. Typically, the purchased index cost in one quarter impacts cost of sales in the subsequent quarter.

Quarter and Year	4/05	1/06	2/06	3/06	4/06	1/07	2/07	3/07	4/07
Purchase Price Index	153.0	149.5	146.8	155.4	148.8	146.0	152.5	158.3	161.8



The indexed cost of raw materials purchased by Winpak in the fourth quarter of 2007 increased by 8.7 percent in comparison to the corresponding quarter in 2006 and by 2.2 percent in comparison to the third quarter of 2007. The index is now at the highest point that it has ever been since 2001 when the Company began computing the index.

Higher manufacturing costs, largely associated with the start-up of certain major capital projects negatively impacted fourth quarter margins by a further 1.1 percentage points and year-to date margins by 1.5 percentage points. The startup phase of each project not only negatively impacted manufacturing variances but the added fixed manufacturing costs associated with the projects were not correspondingly offset by higher immediate sales. This is due to the time lag involved in developing new product markets, resolving complex technical issues and lengthy customer testing protocols. Going forward, manufacturing performance should improve as operating techniques and knowledge are further refined. Incremental sales attributed to these projects should escalate and contribute to future earnings.

Expenses, minority interest, and taxation

Lower operating expenses and taxation contributed 5.0 cents per share to net earnings for the fourth quarter of 2007. Of this amount, the enactment of lower future Canadian rates of income tax accounted for 4.0 cents per share in net earnings. A reduction in selling, general and administrative expenses due mainly to lower management incentive plan costs as well as a lower effective income tax rate contributed the remaining 1.0 cent per share in net earnings. Minority interest had no measurable impact on earnings in the fourth quarter.

Cost reductions on a net basis in 2007 had no appreciable impact on net earnings, when the effect of the enactment of lower future Canadian rates of income tax are excluded. Lower minority interest and a slightly lower effective tax rate offset higher freight costs due to fuel surcharges and higher preproduction costs resulting from the start-up of capital expansion projects.

Capital resources, cash flow and liquidity

At the close of the year, Winpak's short-term bank indebtedness amounted to \$5.0 million, or a decrease in cash position of \$8.0 million from the prior year-end. This position reflected 2007 disbursements for investments in property, plant and equipment of \$36.0 million, dividends of \$5.5 million and a foreign exchange adjustment on cash of \$2.4 million less total funds provided by operations of \$35.9 million.

Nearly half of the property, plant and equipment expenditures related to the completion of the three major expansion projects announced on February 15, 2006. Further disbursements were made for other new equipment and ongoing enhancements, efficiency improvements, safety, and protection or extension of the life of equipment.

Total funds provided by operations amounted to \$35.9 million, \$12.7 million less than in 2006. Although there was a net improvement of \$1.0 million in cash flow from operating activities before change in working capital and defined benefit plan payments, disbursements for payables were substantially higher in the year due in large part to certain plant and equipment purchases from the fourth quarter of 2006 being paid in 2007. As well defined benefit plan payments exceeded the prior year by \$2.6 million in an effort to address a significant portion of the underfunded benefit obligations of several of the plans. Higher income tax installment payments increased disbursements but were offset by improvements in accounts receivable collections and inventory reductions.

In the fourth quarter of 2007, the Company increased cash balances by \$3.8 million, mainly as a result of a significant reduction in inventory levels and cash flow generated from operations. This more than offset the investments in property, plant and equipment during the period.

Winpak is confident that sufficient financial resources are in place to fund cash needs for the foreseeable future.



Accounting policy changes

As more fully described in Note 2 to the Consolidated Financial Statements, the Company adopted the Canadian Institute of Chartered Accountants' Handbook Sections 3855, 3861, 3865, 1530 and 3251. The changes were adopted prospectively from January 1, 2007, except for the retroactive change to the cumulative currency translation adjustments account, which is now included in accumulated other comprehensive income. These new standards had no significant impact on the Company's financial statements and none on the Consolidated Statement of Earnings.

Summary of quarterly results

Thousands of U.S. dollars, except per share amounts (U.S. cents)

	Quarter Ended							
	December 30 2007	September 30 2007	July 1 2007	April 1 2007	December 31 2006	October 1 2006	July 2 2006	April 2 2006
Sales	126,638	116,745	114,479	108,760	113,088	111,638	109,325	113,069
Net earnings	6,157	5,073	5,224	7,504	6,579	7,841	11,711	6,445
EPS	10	7	8	12	10	12	18	10

Looking Forward

Over the past two years, the Company has invested approximately \$75 million in property, plant and equipment which included the major projects of adding new capacity in Manitoba for high-barrier films, manufacturing of new shrink film products in Georgia, and a new facility in Illinois and major items of equipment in Illinois and Quebec directed towards strengthening the Company's position in food lidding, custom thermoforming and broadening the offering of health care products. Although these projects were completed in 2007, they were in the start-up phases for a good portion of the year, the result being that sales were minimal but start-up costs high. In 2008, it is reasonable to expect that the development costs related to these projects should be significantly curtailed while sales of the products generated from these projects could increase by as much as \$30 to \$40 million. Over the ensuing years, the capacity added by these major projects has the potential to add as much as \$75 million to 2007 sales levels. As the capital expenditures for 2008 are expected to be significantly reduced by up to a third to a half of 2007 levels, the Company's technical resources will spend less time on project start-ups and a more heightened focus on improving manufacturing performance and efficiencies. Winpak, while not ignoring opportunities for acquisitions that may arise, for the immediate future will focus on identifying internal investment projects and improving operating efficiencies as the best approach for maximizing shareholder value.



Winpak Ltd.
Interim Consolidated Financial Statements
Fourth Quarter Ended: December 30, 2007

These interim consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, PricewaterhouseCoopers LLP.



Winpak Ltd.
Consolidated Balance Sheets
(thousands of US dollars)
 (December 30, 2007 Unaudited)

	December 30 <u>2007</u>	December 31 <u>2006</u>
Assets		
Current Assets:		
Cash	\$ -	\$ 2,994
Accounts receivable	57,308	53,656
Income taxes receivable	6,292	1,376
Inventories	74,742	69,469
Prepaid expenses	1,945	1,747
Future income taxes	<u>2,702</u>	<u>2,869</u>
	142,989	132,111
Property, plant and equipment (net)	263,328	225,113
Other assets	10,739	5,105
Intangible assets (net)	6,690	8,707
Goodwill	17,854	16,336
	<u>\$ 441,600</u>	<u>\$ 387,372</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank indebtedness (unsecured)	\$ 5,037	\$ -
Accounts payable and accrued liabilities	<u>38,061</u>	<u>42,326</u>
	43,098	42,326
Long-term debt	22,000	22,000
Deferred credits	12,603	10,896
Future income taxes	28,640	25,781
Postretirement benefits	<u>1,596</u>	<u>1,481</u>
	107,937	102,484
Minority interest	11,065	11,139
Shareholders' Equity:		
Share capital	29,195	29,195
Retained earnings	228,470	211,139
Accumulated other comprehensive income (note 7)	<u>64,933</u>	<u>33,415</u>
	<u>293,403</u>	<u>244,554</u>
	<u>322,598</u>	<u>273,749</u>
	<u>\$ 441,600</u>	<u>\$ 387,372</u>

See accompanying notes to consolidated financial statements.



Winpak Ltd.

Consolidated Statements of Earnings and Retained Earnings

(thousands of US dollars, except per share amounts)

(Unaudited)

	Fourth Quarter Ended		Year-To-Date Ended	
	December 30	December 31	December 30	December 31
	2007	2006	2007	2006
Sales	\$ 126,638	\$ 113,088	\$ 466,622	\$ 447,120
Cost of sales	100,380	84,078	356,420	330,294
Gross profit	26,258	29,010	110,202	116,826
Expenses				
Selling, general & administrative (note 4)	17,833	16,075	65,313	63,833
Research and technical	2,051	2,284	9,721	8,911
Pre-production	430	213	1,179	869
Gain on sale of assets (note 5)	-	(206)	-	(5,553)
Earnings from operations	5,944	10,644	33,989	48,766
Interest	552	470	2,044	2,170
Earnings before income taxes and minority interest	5,392	10,174	31,945	46,596
Provision for income taxes (note 6)	(770)	3,623	8,061	13,809
Minority interest expense (income)	5	(28)	(74)	211
Net earnings	\$ 6,157	\$ 6,579	\$ 23,958	\$ 32,576
Retained earnings, beginning of period	\$ 224,302	\$ 205,258	\$ 211,139	\$ 181,319
Net earnings	6,157	6,579	23,958	32,576
Dividends declared	(1,989)	(698)	(6,627)	(2,756)
Retained earnings, end of period	\$ 228,470	\$ 211,139	\$ 228,470	\$ 211,139
Earnings per share				
Basic and fully diluted earnings per share (cents)	10	10	37	50
Average number of shares outstanding (000's)	65,000	65,000	65,000	65,000

Consolidated Statements of Comprehensive Income

(thousands of US dollars)

(Unaudited)

	Fourth Quarter Ended		Year-To-Date Ended	
	December 30	December 31	December 30	December 31
	2007	2006	2007	2006
Net earnings	\$ 6,157	\$ 6,579	\$ 23,958	\$ 32,576
Unrealized gains (losses) on translation of financial statements of operations with CDN dollar functional currency to US dollar reporting currency	3,072	(7,193)	31,442	(1,911)
Unrealized gains on derivatives designated as cash flow hedges, net of income tax (\$37 and \$376)	68	-	699	-
Realized gains on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period, net of income tax (\$110 and \$335)	(204)	-	(623)	-
Other comprehensive income (loss) - net of income tax (note 7)	2,936	(7,193)	31,518	(1,911)
Comprehensive income (loss)	\$ 9,093	\$ (614)	\$ 55,476	\$ 30,665

See accompanying notes to consolidated financial statements.



Winpak Ltd.
Consolidated Statements of Cash Flows
(thousands of US dollars)
(Unaudited)

	Fourth Quarter Ended		Year-To-Date Ended	
	December 30	December 31	December 30	December 31
	2007	2006	2007	2006
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 6,157	\$ 6,579	\$ 23,958	\$ 32,576
Items not involving cash:				
Depreciation	6,091	4,862	22,121	18,665
Amortization - intangible assets	418	547	2,017	2,214
Defined benefit plan costs	660	871	3,254	3,715
Future income taxes	(1,560)	(673)	(274)	(2,060)
Foreign exchange loss (gain) on long-term debt	328	-	328	(395)
Minority interest	5	(28)	(74)	211
Gain on sale of assets (note 5)	-	(206)	-	(5,553)
Other	(147)	135	142	1,121
Cash flow from operating activities before the following	11,952	12,087	51,472	50,494
Change in working capital:				
Accounts receivable	(253)	2,238	540	(3,869)
Income taxes receivable	(1,572)	1,723	(4,318)	984
Inventories	5,121	729	2,442	6
Prepaid expenses	990	1,071	118	(37)
Accounts payable and accrued liabilities	(2,149)	5,483	(7,175)	5,573
Defined benefit plan payments	(5)	(198)	(7,210)	(4,623)
	14,084	23,133	35,869	48,528
Investing activities:				
Acquisition of property, plant and equipment	(8,202)	(11,877)	(35,957)	(38,931)
Proceeds from sale of assets (note 5)	-	6	-	8,638
	(8,202)	(11,871)	(35,957)	(30,293)
Financing activities:				
Repayments of long-term debt	(17,000)	(2,000)	(17,000)	(17,000)
Proceeds from long-term debt	17,000	-	17,000	-
Dividends paid	(1,960)	(871)	(5,471)	(3,416)
	(1,960)	(2,871)	(5,471)	(20,416)
Foreign exchange translation adjustment on cash	(169)	363	(2,472)	233
Change in cash position	3,753	8,754	(8,031)	(1,948)
(Bank indebtedness) cash, beginning of period	(8,790)	(5,760)	2,994	4,942
(Bank indebtedness) cash, end of period	\$ (5,037)	\$ 2,994	\$ (5,037)	\$ 2,994
<u>Supplemental disclosure of cash flow information:</u>				
Cash paid during the period for:				
Interest expense	\$ 728	\$ 630	\$ 3,028	\$ 3,268
Income tax expense	1,930	2,038	9,855	11,862

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements
For the periods ended December 30, 2007 and December 31, 2006
(thousands of US dollars) (Unaudited)

1. Basis of presentation:

The unaudited consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles "GAAP". They have been prepared using the same accounting policies and methods of application as disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2006 except as described in Note 2.

These unaudited consolidated interim financial statements do not include all of the information and notes to the financial statements required by GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the year ended December 31, 2006.

2. Accounting policy changes:

Financial instruments – recognition and measurement, Financial instruments – disclosure and presentation, Hedges, Comprehensive income and Equity

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) handbook section 3855, Financial instruments – recognition and measurement; section 3861, Financial instruments – disclosure and presentation; section 3865, Hedges; section 1530, Comprehensive income and section 3251, Equity. The adoption of these new standards resulted in changes in the accounting policies for financial instruments and hedge accounting. There was no impact upon net earnings for the years ended December 30, 2007 or December 31, 2006 as a result of these changes.

Upon adoption of the aforementioned sections, the following additional items have been reported in the consolidated financial statements: a) comprehensive income and its components and b) accumulated other comprehensive income and its components. The comparative prior year consolidated financial statements have not been restated, except for the retroactive restatement of the unrealized foreign exchange gains on the translation of the financial statements of operations with the Canadian dollar as the functional currency to US dollar reporting currency (note 7).

The principal changes in accounting policies, financial statement reporting and disclosure recommendations for comprehensive income and its components and the presentation of equity are described below.

Financial instruments – recognition and measurement:

The Company initially recognizes all financial assets and liabilities and non-financial derivatives at fair value unless exempted from derivative treatment. Subsequently, financial assets are measured at either amortized cost or fair value depending on the type of instrument and any optional designations by the Company. Financial liabilities are subsequently measured at amortized cost, or at fair value if they are classified as held for trading purposes. Derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. All changes in fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

Under certain conditions, derivatives that are embedded within host financial and non-financial contracts must be separated from the host contract and accounted for separately at fair value. The Company performed a search for embedded derivatives in all contracts entered into after January 1, 2003, its selected transition date, and has determined that all of its embedded derivatives are exempt from fair value accounting.

Hedge accounting:

Section 3865 replaces and expands upon Accounting Guideline 13 – Hedging Relationships. At the inception of a hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, which includes linking all derivatives to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Company operates principally in Canada and the United States, which gives rise to risks that its earnings and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company enters into foreign currency forward contracts to hedge certain foreign exchange exposures on anticipated sales.

Hedges must be designated as either fair value or cash flow hedges or as a hedge of a net investment in an operation with the Canadian dollar as the functional currency. For a fair value hedge, the gain or loss on the hedging item is recognized in earnings in the period of change together with the offsetting change attributable to the hedged risk. For a cash flow hedge, as well as a hedge of a net investment in an operation with the Canadian dollar as the functional currency, the effective portion of the gain or loss on the hedging item is initially recorded in other comprehensive income and subsequently recognized in earnings (recorded within selling, general & administrative expenses) when the hedged item affects earnings.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income as long as the forecasted transaction may occur and would be recognized in the consolidated statement of earnings in the period the hedged transaction impacts earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of earnings.



Notes to Consolidated Financial Statements
For the periods ended December 30, 2007 and December 31, 2006
(thousands of US dollars) (Unaudited)

Comprehensive income:

Comprehensive income is comprised of net earnings and other comprehensive income – net of income tax and is disclosed by the Company in the consolidated statements of comprehensive income. Comprehensive income is the change in a Company's net assets resulting from transactions or events from sources other than the Company's shareholders. Other comprehensive income includes: a) unrealized foreign exchange gains or losses on translation of the financial statements of operations with the Canadian dollar as the functional currency to US dollar reporting currency, b) unrealized gains or losses on the effective portion of derivatives designated as cash flow hedges, net of income tax, and c) realized gains or losses on derivatives designated as cash flow hedges when the hedged item affects earnings, net of income tax.

Risk management policies:

The Company manages risk and risk exposures through a combination of insurance, derivative financial instruments, a system of internal and disclosure controls and sound business practices. The Company may use certain derivative financial instruments to manage risks of fluctuation in interest rates and foreign exchange rates. The Company may enter into interest rate swap agreements in order to limit exposure to increases in interest rates and fix interest rates on certain portions of long-term debt. The Company may enter into foreign currency forward and option (floor and cap) contracts to limit exposure on certain anticipated future U.S. dollar cash flows in Canadian dollar functional currency operations. Credit risk associated with these derivative financial instruments arises from the possibility that counterparties may default on their obligations. The Company minimizes this risk by entering into agreements and contracts with major Canadian chartered banks.

The Company is exposed to credit risk from its customers primarily in relation to accounts receivable. This risk is minimized by the Company's diverse customer base. The Company regularly performs credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

3. Financial instruments – valuation:

The following table presents the carrying value and fair value of financial instruments and non-financial derivatives as at December 30, 2007:

Assets (Liabilities)	(Carried at Cost/Amortized Cost)		(Carried at Fair Value)
	Carrying Value	Fair Value	Carrying Value
Accounts receivable	57,191	57,191	
Cash flow hedging derivative			117
Bank indebtedness	(5,037)	(5,037)	
Accounts payable and accrued liabilities	(38,061)	(38,061)	
Long-term debt	(22,000)	(22,000)	

Fair value is based on quoted market prices when available. However, when financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors with similar characteristics and risk profiles. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of judgment.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments:

- The carrying amounts recorded for cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates fair value due to the immediate or short-term maturities of these financial instruments.
- The carrying value of long-term debt approximates fair value primarily because the interest rate is variable and reflects the current market rate available to the Company.
- Derivatives are valued based on closing market quotations from financial institutions.

4. Selling, general & administrative expenses:

Included within selling, general & administrative expenses are the following amounts:

	Fourth Quarter Ended		Year-To-Date Ended	
	December 30 2007	December 31 2006	December 30 2007	December 31 2006
Foreign exchange translation (gain) loss	(57)	334	(1,504)	27
Defined benefit plan costs	660	871	3,254	3,715

Foreign exchange translation amounts represent the realized and unrealized foreign exchange differences recognized upon translation of monetary assets and liabilities, including long-term debt. The 2007 amounts include realized foreign exchange gains (losses) on cash flow hedges arising from transfers of these amounts from other comprehensive income to net earnings.



Notes to Consolidated Financial Statements
For the periods ended December 30, 2007 and December 31, 2006
(thousands of US dollars) (Unaudited)

5. Sale of property, related assets and associated costs:

In June 2006, the Company sold the premises formerly occupied by the converting operating unit at Laird Drive, Toronto, Ontario. Net cash proceeds for the premises of \$8,638 generated a pre-tax gain of \$5,553 and net earnings of \$4,329. In 2005, the Company ceased normal operations at the aforementioned premises. Consequently, in 2005 the Company incurred employee termination and pension plan curtailment and settlement costs. The Company made employee termination payments totaling \$77 during the fourth quarter of 2007 (year-to-date 2007- \$795), leaving a liability of \$116, which will be paid by the end of the first half of 2008. The pension plan curtailment and settlement cost liability of \$1,077 should be paid during the first half of fiscal 2008 after final settlement amounts have been agreed upon with the former employees.

6. Provision for income taxes:

In both 2007 and 2006 the Canadian Federal government and in 2007 the Manitoba provincial government, substantively enacted legislation that cover a period of several future years which progressively reduce the Federal and Manitoba corporate income tax rates. As a result, the Company was required to re-measure its future income tax assets and liabilities using the newly enacted income tax rates, taking into account the tax rates anticipated to be in effect when the related future income tax assets are realized and liabilities are settled. This resulted in a non-cash reduction in future income taxes and an income tax recovery in the fourth quarter of \$2,453, year-to-date 2007 - \$2,751 (year-to-date 2006 - \$1,483).

7. Accumulated other comprehensive income:

	Fourth Quarter Ended		Year-To-Date Ended	
	December 30 2007	December 31 2006	December 30 2007	December 31 2006
Balance, beginning of period, as previously reported	61,997	40,608	-	-
Unrealized gains on translation of financial statements of operations with Canadian dollar functional currency to US dollar reporting currency	-	-	33,415	35,326
Restated balance, beginning of period	61,997	40,608	33,415	35,326
Other comprehensive income (loss)	2,936	(7,193)	31,518	(1,911)
Balance, end of period	<u>64,933</u>	<u>33,415</u>	<u>64,933</u>	<u>33,415</u>

The accumulated balances for each component of other comprehensive income, net of income taxes, are comprised of the following:

Unrealized gains on translation of financial statements of operations with Canadian dollar functional currency to US dollar reporting currency	64,857	33,415
Unrealized gains on derivatives designated as cash flow hedges	76	-
Balance, end of period	<u>64,933</u>	<u>33,415</u>

8. Future accounting standards:

The CICA has issued three handbook sections, which apply commencing with the Company's 2008 interim and annual consolidated financial statements. The Company is currently evaluating the impact of these standards on the consolidated financial statements. Management does not expect the sections to have a significant impact on the Company's financial results.

Financial instruments – disclosures:

Section 3862 describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. This section complements existing handbook section 3855, Financial instruments – recognition and measurement, section 3863, Financial instruments – presentation and section 3865, Hedges.

Financial instruments – presentation:

Section 3863 describes standards for presentation of financial instruments and non-financial derivatives and carries forward, unchanged, the presentation requirements of section 3861, Financial instruments – disclosure and presentation.

Capital disclosures:

Section 1535 establishes standards for disclosing information about a Company's capital and how it is managed to enable users of financial statements to evaluate the Company's objectives, policies and procedures for managing capital.



Notes to Consolidated Financial Statements
For the periods ended December 30, 2007 and December 31, 2006
(thousands of US dollars) (Unaudited)

The CICA has issued the following two handbook sections, which apply commencing with the Company's 2009 interim and annual consolidated financial statements. While the Company is currently assessing the impact of these new recommendations on its consolidated financial statements, management does not expect the sections to have a significant impact on the Company's financial results.

Inventories:

Section 3031 establishes standards on the determination of the cost components of inventory including all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The section requires inventory to be measured at the lower of cost and net realizable value including a possible reversal of an original write-down to net realizable value. The section also establishes expanded financial statement disclosure and presentation standards for the carrying amounts of inventories and classifications appropriate to the Company.

Going concern:

Section 1400, General standards of financial statement presentation, has been amended to include going concern requirements. The amendments require management to make an assessment of the Company's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

9. Seasonality:

The Company experiences seasonal variation in sales, typically being the highest in the second and fourth quarters, and lowest in the first quarter.

10. Comparative interim amounts:

Certain comparative interim amounts have been reclassified to conform with the presentation in the current period.