

## NEW ACCOUNTING POLICY: VENDOR REBATES

Effective October 31, 2004 the Company has adopted the following accounting policy:

Accounting by a Customer for Certain Consideration Received from a Vendor – EIC 144

This abstract is effective for annual or interim periods ending after August 15, 2004 and is to be applied retroactively. The abstract provides guidance on how a customer of a vendor's products should account for cash consideration from a vendor. Cash consideration received by a company from a vendor, as in the case of volume rebates, is presumed to be a reduction of the prices of the vendor's products or services and should, therefore, be accounted for as a reduction of cost of sales and related inventory when recognized in the company's income statement and balance sheet. If cash consideration is received as a reimbursement of costs incurred by the customer to sell the vendor's products, as in the case of marketing and advertising funds, it should be characterized as a reduction of that cost when recognized in the company's income statement, provided certain conditions are met.

The following table illustrates the impact of applying EIC-144, for the applicable fiscal year and quarters, on consolidated earnings and earnings per share:

<b>Restated Fiscal Results</b>		
<b>(in thousands except per share amounts)</b>		
<b>Consolidated Earnings</b>		
<b>Period</b>	<b>As Reported</b>	<b>Restated</b>
Q1 Fiscal 2004	1,170	1,856
Q2 Fiscal 2004	3,914	4,221
Q3 Fiscal 2004	7,487	5,881
Q4 Fiscal 2004	15,448	16,122
Fiscal 2004	28,019	28,080
Q1 Fiscal 2005	1,612	1,206
Q2 Fiscal 2005	2,646	2,311
<b>Earnings Per Share (Diluted)</b>		
<b>Period</b>	<b>As Reported</b>	<b>Restated</b>
Q1 Fiscal 2004	0.04	0.06
Q2 Fiscal 2004	0.12	0.13
Q3 Fiscal 2004	0.23	0.18
Q4 Fiscal 2004	0.48	0.50
Fiscal 2004	0.86	0.87
Q1 Fiscal 2005	0.05	0.04
Q2 Fiscal 2005	0.08	0.07