POLLARD BANKNOTE LIMITED

March 31 - 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2012

May 7, 2012

This management's discussion and analysis ("MD&A") of Pollard Banknote Limited ("Pollard") for the three months ended March 31, 2012, is prepared as at May 7, 2012, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements of Pollard and the notes therein as at March 31, 2012 and the audited consolidated financial statements of Pollard for the year ended December 31, 2011 and the notes therein. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

Forward-Looking Statements

Certain statements in this report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this document, such statements include such words as "may," "will," "expect," "believe," "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this document. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

Use of Non-GAAP Financial Measures

Reference to "Adjusted EBITDA" is to earnings before interest, income taxes, amortization and depreciation, unrealized foreign exchange gains and losses, mark-to-market gains and losses on foreign currency contracts and interest rate swaps, and certain non-recurring items including conversion expenses, warranty reserve accruals, settlement loss on pension curtailment and restructuring costs. Adjusted EBITDA is an important metric used by many investors to compare issuers on the basis of the ability to generate cash from operations and management believes that, in addition to Net Income, Adjusted EBITDA is a useful supplementary measure.

Adjusted EBITDA is a measure not recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, this measure may not be comparable to similar measures presented by other entities. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to Net Income determined in accordance with GAAP as an indicator of Pollard's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

Basis of Presentation

The results of operations in the following discussions encompass the unaudited condensed consolidated interim consolidated results of Pollard for the three months ended March 31, 2012. All figures are in millions except for per share amounts.

POLLARD BANKNOTE LIMITED

Overview

Pollard Banknote Limited ("Pollard") is one of the leading providers of products and services to lottery and charitable gaming industries throughout the world. Management believes Pollard is the largest provider of instant-win scratch tickets ("instant tickets") based in Canada and the second largest producer of instant tickets in the world.

Pollard produces and provides a comprehensive line of instant tickets and lottery services including: licensed products, distribution, retail telephone selling ("tel-sell"), marketing, internet support, Social Instants™ and instant ticket vending machines. In addition, Pollard's charitable gaming product line includes pull-tab (or break-open) tickets, bingo paper, pull-tab vending machines and ancillary products such as pull-tab counting machines. Pollard also markets products to the commercial gaming and security sector including such items as promotional scratch and win tickets, transit tickets and parking passes.

Pollard's lottery products are sold extensively throughout Canada, the United States and the rest of the world, wherever applicable laws and regulations authorize their use. Pollard serves over 50 instant ticket lotteries including a number of the largest lotteries throughout the world. Charitable gaming products are mostly sold in the United States and Canada where permitted by gaming regulatory authorities. Pollard serves a highly diversified customer base in the charitable gaming market of over 250 independent distributors with the majority of revenue generated from repeat business.

Product line breakdown of revenue

	Three months ended March 31, 2012	Three months ended March 31, 2011
Instant Tickets	87.2%	87.9%
Charitable Gaming Products	11.5%	10.8%
Vending Machines	1.3%	1.3%

Geographic breakdown of revenue

	Three months ended March 31, 2012	Three months ended March 31, 2011
United States	53%	58%
Canada	20%	20%
International	27%	22%

The following financial information should be read in conjunction with the accompanying financial statements of Pollard and the notes therein as at and for the three months ended March 31, 2012.

SELECTED FINANCIAL INFORMATION

(millions of dollars, except per share information)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Sales	$36.6	$39.2
Cost of Sales	30.0	33.1
Gross Profit	6.6	6.1
Gross Profit as a % of sales	*18.0%*	*15.6%*
Administration Expenses	3.4	3.2
Administration Expenses as a % of sales	*9.3%*	*8.2%*
Selling Expenses	1.5	1.5
Selling Expenses as a % of sales	*4.1%*	*3.8%*
Income from Operations	1.7	1.4
Income from Operations as a % of sales	*4.6%*	*3.6%*
Net Income	0.8	0.9
Net Income as a % of sales	*2.2%*	*2.3%*
Adjusted EBITDA	3.4	3.8
Adjusted EBITDA as a % of sales	*9.3%*	*9.7%*
Net Income per share	$0.03	$0.04

	March 31, 2012	December 31, 2011
Total Assets	$120.3	$121.6
Total Non-Current Liabilities	$77.2	$77.2

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(millions of dollars)

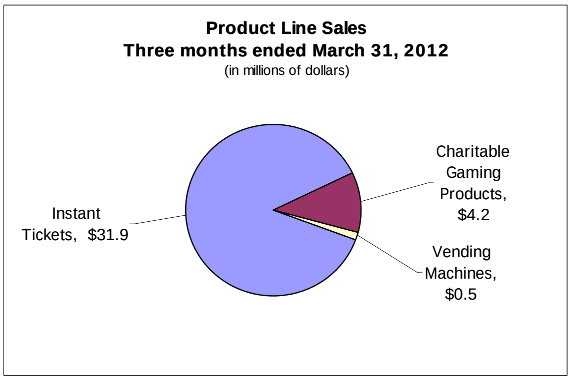
	Three months ended March 31, 2012	Three months ended March 31, 2011
Net Income	$0.8	$0.9
Adjustments:		
Amortization and depreciation	1.9	2.1
Interest	0.9	1.2
Unrealized foreign exchange gain	(0.2)	(0.4)
Income taxes	-	-
Adjusted EBITDA	$3.4	$3.8

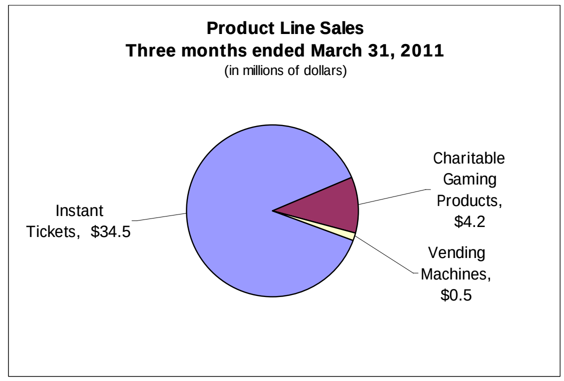
REVIEW OF OPERATIONS

Financial and operating information has been derived from, and should be read in conjunction with, the condensed consolidated interim financial statements of Pollard and the selected financial information disclosed in this MD&A.

ANALYSIS OF RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2012

Sales

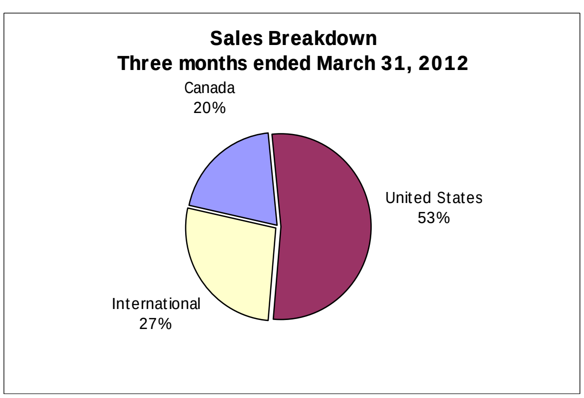


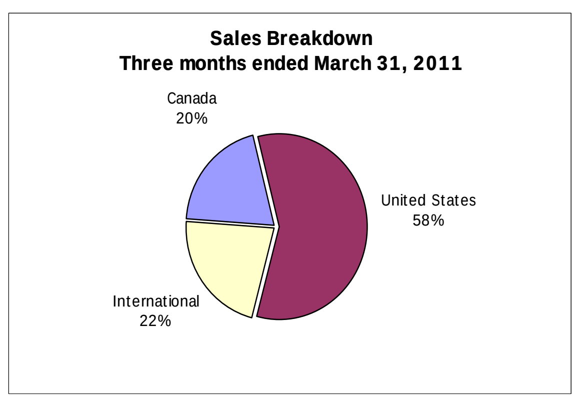


During the three months ended March 31, 2012, Pollard achieved sales of $36.6 million, compared to $39.2 million in the three months ended March 31, 2011. Factors impacting the $2.6 million sales decrease were:

Changes in foreign exchange rates

During the three months ended March 31, 2012, Pollard generated approximately 70% of its revenue in U.S. dollars including a significant portion of international sales which are priced in U.S. dollars. During the first quarter of 2012 the actual U.S. dollar value was converted to Canadian dollars at $1.007, compared to a rate of $1.000 during the first quarter of 2011. This 0.7% increase in the U.S. dollar value resulted in an approximate increase of $0.1 million in revenue relative to the first quarter of 2011.





Other

Instant ticket volumes for the first quarter of 2012 were lower than the first quarter of 2011 by 5.6% which decreased sales by $1.7 million. In addition, a decrease in average selling price compared to 2011 further reduced sales by $1.0 million as a result of greater mix of lower priced sales.

Cost of sales and gross margin

Cost of sales was $30.0 million in the first quarter of 2012 compared to $33.1 million in the first quarter of 2011. Cost of sales was lower by $3.2 million as a result of the decrease in volumes, as well as cost savings generated by our Change Initiative process and reduced amortization of intangible assets. Higher exchange rates on U.S. dollar transactions in the first quarter of 2012 increased cost of sales approximately $0.1 million.

Gross profit earned in the first quarter of 2012 was $6.6 million (18.0% of sales) as compared to $6.1 million (15.6% of sales) earned in the first quarter of 2011. This increase was due mainly to cost reductions, including reduced waste and improved labour efficiency, and lower amortization. These increases to gross profit were partially offset by lower instant ticket volumes and average selling prices.

Administration expenses

Administration expenses were $3.4 million in the first quarter of 2012 which was higher than $3.2 million in the first quarter of 2011 due to increased travel and wage costs.

Selling expenses

Selling expenses were $1.5 million in the first quarter of 2012 which was similar to $1.5 million in the first quarter of 2011.

Finance Costs and Income

Under IFRS included in the income statement classification “finance costs” are interest, amortization of deferred financing costs and foreign exchange losses. Included in the income statement classification “finance income” are foreign exchange gains.

Interest expense

Interest expense decreased to $0.9 million in the first quarter of 2012 from $1.2 million in the first quarter of 2011 due primarily to a reduction in long-term debt and the elimination of higher interest rates related to certain interest rate swaps which expired on August 31, 2011.

Foreign exchange gain

The net foreign exchange gain was $0.2 million in the first quarter of 2012 compared to a gain of $0.8 million in the first quarter of 2011. Within the 2012 foreign exchange gain was an unrealized foreign exchange gain of $0.2 million on U.S. dollar denominated debt (caused by the strengthening of the value of the Canadian dollar versus the U.S. dollar toward the end of the quarter partially offset by losses relating to the reversal of previously recorded unrealized foreign exchange gains from the strengthening of the Canadian dollar which were realized upon repayment). Also within the foreign exchange gain was a realized gain of $0.2 million relating to payments made on U.S. dollar denominated debt and an offsetting realized foreign exchange loss of $0.2 million on the decreased value of U.S. dollar denominated receivables and the conversion of U.S. dollars and Euros into Canadian dollars.

Within the 2011 foreign exchange gain of $0.8 million was unrealized gains of $0.4 million, relating to a $0.3 million unrealized foreign exchange gain on U.S. dollar denominated debt (caused by the strengthening of the Canadian dollar) and $0.1 million on U.S. dollar denominated payables. Within the realized gain of $0.4 million is a $0.7 million realized gain relating to payments made on U.S. dollar denominated debt, partially offset by $0.3 million in realized losses on the decreased value of U.S. dollar denominated receivables and the conversion of U.S. dollars and Euros into Canadian dollars.

Adjusted EBITDA

Adjusted EBITDA was $3.4 million in the first quarter of 2012 compared to $3.8 million in the first quarter of 2011. The primary reasons for the decrease in Adjusted EBITDA were the lower realized foreign exchange gain and higher administration expenses, partially offset by increased gross profit.

Income taxes

Income taxes were nil in the first quarters of 2012 and 2011 as a result of permanent differences relating to the translation of the company's U.S. subsidiaries and differences relating to the foreign exchange impact of Canadian dollar dominated debt in the U.S. subsidiaries.

Amortization and depreciation

Amortization and depreciation, including amortization of deferred financing costs and intangible assets and depreciation of property and equipment, totaled $1.9 million during the first quarter of 2012 compared to $2.1 million during the first quarter of 2011. The primary reason for the decrease was certain intangible assets being fully amortized in Fiscal 2011.

Net Income

Net Income decreased to $0.8 million in the first quarter of 2012 from $0.9 million in the first quarter of 2011. The primary reasons for the decline were higher administration expenses of $0.2 million, higher amortization of deferred financing costs of $0.1 million and lower foreign exchange gain of $0.6 million, which were partially offset by increased gross profit of $0.5 million and lower interest expense of $0.3 million.

Net Income per share decreased to $0.03 per share in the first quarter of 2012 from $0.04 in the first quarter of 2011.

Liquidity and Capital Resources

Cash provided by operating activities

For the three months ended March 31, 2012, cash flow provided by operating activities was $2.1 million compared to cash flow provided by operating activities of $0.5 million for the comparable period in 2011. For the three months ended March 31, 2012, the change in non-cash component of working capital net to nil, with the decreases in accounts receivable, offset by increases in inventories and prepaid expenses and deposits and decreases in accounts payable and accrued liabilities. This compares to a decrease of $1.4 million for the three months ended March 31, 2011 (due primarily to an increase in accounts receivables and inventories, partially offset by an increase in accounts payable and accrued liabilities).

Cash used by investing activities

In the three months ended March 31, 2012, cash used by investing activities was $1.0 million compared to $0.8 million used in the first quarter of 2011. Capital expenditures of $0.5 were incurred in the three months ending March 31, 2012, compared to $0.8 million for the three months ending March 31, 2011. In addition, Pollard's investment in associate in the first quarter of 2012 was $0.4 million.

Cash used by financing activities

Cash used by financing activities was $0.3 million in the three months ended March 31, 2012, compared to $0.1 million in the three months ended March 31, 2011. During the first quarter of 2012 dividends paid of $0.7 million and a decrease in other long-term liabilities of $0.2 was partially offset by proceeds from long-term debt of $0.6 million. During the first quarter of 2011 dividends paid of $0.7 million was partially offset by proceeds from long-term debt of $0.6 million.

As at March 31, 2012, Pollard had unused committed debt facility of $16.7 million. This amount is available to be used for future working capital requirements, contractual obligations, capital expenditures and dividends.

Quarterly Information
(unaudited)
(millions of dollars)

	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Sales	$36.6	$44.6	$43.8	$44.4	$39.2	$37.3	$41.7	$43.2	$41.2
Adjusted EBITDA	3.4	5.2	5.9	7.7	3.8	4.1	4.6	5.8	3.7
Net Income (Loss)	0.8	1.7	(1.2)	1.7	0.9	(0.7)	1.5	(0.7)	1.7

Sales in Q1 2012 were lower primarily due to decreases in volumes and in average selling prices.

Sales in the final three quarters of 2011 were higher do to an increase in instant ticket volumes, offset partially by the strengthening of the Canadian dollar relative to the U.S. dollar.

Q2 2011 Adjusted EBITDA and Net Income include a gain on sale of property, plant and equipment of $1.5 million.

Sales in Q1 2011 were lower primarily due to the strengthening of the Canadian dollar relative to the U.S. dollar and a decrease in average selling prices.

Q2 2010 Adjusted EBITDA and Net Loss include a gain on sale of property, plant and equipment of $2.0 million.

Productive Capacity

Management has defined productive capacity as the level of operations necessary to maintain a minimum Adjusted EBITDA of $20.0 million and the current cash flow target of $13.4 million on an annualized basis. Due to varying factors implicit in the nature of the lottery industry and the instant ticket market, productive capacity can best be measured through a financial output such as Adjusted EBITDA and cash flow. A number of factors impact the level of Adjusted EBITDA including physical plant capacity, machine capacity, nature of product and service offerings produced and mix of customers. Changes to productive capacity since August 5, 2005, have occurred primarily through expenditures on fixed assets and improved processes and other internal improvement measures, offset by the impacts of changes in foreign exchange relationships, primarily the strengthening of the Canadian dollar relative to the U.S. dollar and the Euro, and the closure of the Kamloops facility in February 2010. There have been no acquisitions since August 5, 2005, and therefore no increases in productive capacity from acquisitions.

Pollard's strategy with respect to productive capacity is to expend the required funds and resources to maintain the assets required to generate the targeted cash flow. In addition, dependent on certain market conditions and limitations on available funds, projects are incurred to increase cash inflow or decrease cash outflow. The nature of the lottery industry does not in itself lead to significant obsolescence risk with the operating assets. To grow productive capacity, ongoing investment in new technology, new fixed assets and new intangible assets is required. Pollard utilizes a number of individual strategies to maintain and grow productive capacity including a capital expenditure budget and a rigorous formal approval process, flexible individual customer management relationships and structured maintenance programs throughout all of the facilities.

An important component to managing and growing productive capacity is the management of certain intangible assets, including customer contracts and relationships, patents, computer software and goodwill. Certain of these assets are reflected in Pollard's financial statements due to the use of continuity of interest method of accounting during the transfer of the business August 5, 2005.

Management focuses on maintaining and growing the value of the customer relationship through winning contract renewals, pursuing and obtaining new contracts and assisting existing customers growing their instant ticket product lines. Regular commitment to research and development allows continual development of patents, software and additional technological assets that maintain and increase operating income and cash flow. Detailed cost benefit analysis is performed for any significant investment of funds or resources in order to minimize the associated risks that these assets will not be able to generate the expected level of cash flow. Where new opportunities are identified, such as a new marketing opportunity or a new machine or process able to reduce input costs, consideration is given to revise plans and take advantage of these prospects.

Certain risks are associated with projects aimed at increasing the productive capacity, including increases in working capital, acquisition or development of intellectual property, development of additional products or services and purchases of fixed assets. If these investments fail to increase Adjusted EBITDA and cash flow, then productive capacity will ultimately decrease over time due to the consumption of these investment resources. The impact on productive capacity may also depend upon the completion and start up timing of certain investment projects.

Working Capital

Net non-cash working capital varies throughout the year based on the timing of individual sales transactions. The nature of the lottery industry is few individual customers who generally order large dollar value transactions. As such, the change in timing of a few individual orders can impact significantly the amount required to be invested in inventory or receivables at a particular period end. The high value, low volume of transactions results in some significant volatility in non-cash working capital, particularly during a period of rising volumes. Similarly, the timing of the completion of the sales cycle through collection can significantly impact non-cash working capital.

Instant tickets are produced specifically for individual clients resulting in a limited investment in finished goods inventory. Customers are predominantly government agencies, which result in regular payments. These factors assist in a reasonably quick turnover in net working capital. There are a limited number of individual customers, and therefore net investment in working capital is managed on an individual customer by customer basis, without the need for company wide benchmarks.

The overall impact of seasonality does not have a material impact on the carrying amounts in working capital, although production volumes are historically lower in the first quarter relative to the rest of the year.

Investment in non-cash working capital decreased in the first quarter of Fiscal 2012 due to lower accounts receivable of approximately $4.2 million, partially offset by an increase in inventories of $2.0 million and a reduction in accounts payable and accrued liabilities of $1.1 million.

	March 31, 2012	December 31, 2011
Working Capital	$23.6	$23.2
Total Assets	$120.3	$121.6
Total Non-Current Liabilities	$77.2	$77.2

Credit Facility

Pollard's credit facility, which was renewed effective October 30, 2011, consists of one committed term bank loan facility. The committed term bank loan facility provides loans of up to $70.0 million for its Canadian operations and up to US$19.2 million for its U.S. subsidiaries. Borrowings under the credit facility bear interest at fixed and floating rates based on Canadian and U.S. prime bank rates, banker's acceptances or LIBOR. At March 31, 2012, the outstanding letters of guarantee were $2.1 million and the remaining balance available for drawdown was $16.7 million.

Under the terms and conditions of the credit facility agreement Pollard is required to maintain certain financial covenants including working capital ratios, debt to income before interest, income taxes, amortization and depreciation ("Adjusted EBITDA") ratios and certain debt service coverage ratios. As at March 31, 2012 and May 7, 2012, Pollard is in compliance with all covenants.

Under the terms of the credit facility, Pollard has agreed not to pay dividends in excess of the current quarterly amount of $0.03 per share if the debt to Adjusted EBITDA ratio is above a certain level. As at March 31, 2012, Pollard's Adjusted EBITDA ratio is below the target level and as a result there are currently no restrictions on the amount of dividends.

Under the credit facility the amount of the facility will be reduced on a quarterly basis by an amount calculated as 50% of the prior quarter's Excess Cash Flow. Excess Cash Flow is defined as Adjusted EBITDA less scheduled principal indebtedness payments (if any), interest and cash income taxes paid. The reduction in the available facility is not required when the debt to Adjusted EBITDA ratio reaches certain target levels. As at March 31, 2012, the target level was reached and no formal reduction of the credit facility is currently required.

Pollard's credit facility is secured by a first security interest in all of the present and after acquired property of Pollard and its operating subsidiaries. The credit facility can be prepaid without penalties. Under the terms of the agreement, the credit facility is committed for a one year period, renewable October 29, 2012 ("Facility Expiry Date"). If the credit facility is not renewed, the loans are repayable one year after the Facility Expiry Date. As such, the credit facility has effectively a two year term expiring October 29, 2013.

Pollard believes that its credit facility and ongoing cash flow from operations will be sufficient to allow it to meet ongoing requirements for investment in capital expenditures, working capital and dividends at existing business levels.

Outstanding Share Data

As at March 31, 2012 and May 7, 2012, outstanding share data was as follows:

Common shares	23,543,158

Contractual Obligations

There have been no material changes to Pollard's contractual obligations since December 31, 2011, that are outside the normal course of business.

Off-Balance Sheet Arrangements

There have been no material changes to Pollard's off-balance sheet arrangements since December 31, 2011, that are outside the normal course of business.

Financial Instruments

The financial instruments of Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2011.

Critical Accounting Policies and Estimates

The preparation of the financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management of Pollard regularly reviews its estimates and assumptions based on historical experience and various other assumptions that it believes would result in reasonable estimates given the circumstances. Actual results could differ from those estimates under different assumptions. The following is a discussion of accounting policies which require significant management judgment and estimation.

Impairment of goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired of Pollard's U.S. subsidiaries and the excess purchase price over the underlying carrying amount of the portion of the net assets sold as at August 5, 2005, as part of the 26.7% of Pollard sold in conjunction with the IPO, and is not amortized. Goodwill is subject to an annual impairment review. This requires an estimation of the "value in use" or "fair value less costs to sell" of the cash-generating units ("CGUs") to which goodwill is allocated. Estimating a value in use requires Pollard to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Employee future benefits

Accounting for defined benefit plans requires Pollard to use actuarial assumptions. These assumptions include the discount rate, expected rate of return on plan assets and the rate of compensation increases. These assumptions depend on underlying factors such as economic conditions, government regulations, investment performance, employee demographics and mortality rates.

Income taxes

Pollard is required to evaluate the recoverability of deferred income tax assets. This requires an estimate of Pollard's ability to utilize the underlying future income tax deductions against future taxable income before they expire. In order to evaluate the recoverability of these deferred income tax assets, Pollard must estimate future taxable income.

Related Party Transactions

Pollard has not entered into any significant transactions with related parties during the three months ended March 31, 2012, which are not disclosed in the unaudited condensed consolidated interim financial statements.

Industry Risks and Uncertainties

The risk factors affecting Pollard remain substantially unchanged from those identified in the MD&A for Pollard for the year ended December 31, 2011.

Outlook

The market for instant tickets continues to show strong growth, notwithstanding the seasonal lower order volumes experienced in the first quarter of 2012. Current year over year growth in retail sales continues in the 10% range according to independent sources and we expect this trend to continue through at least the remainder of the year. This growth is due to a number of factors including: greater retailer density, more aggressive marketing and merchandising as well as greater variation in game play format. Many lotteries are reporting record sales and jurisdictions are taking advantage of these opportunities to increase profits available to fund good causes such as education and health care.

Our order volumes for the second quarter have increased significantly from the first quarter and we expect our production and sales volumes for the full year of 2012 to equal those attained in 2011. Lotteries traditionally increase their orders in the middle to later part of the year and we are seeing this trend continue.

There are a number of instant ticket contracts up for bid in 2012 as they have reached the end of their term. We are bidding strategically on these contracts to allow for work at an appropriate price and leveraging our secondary positions in a number of client situations to maintain or increase our volumes profitably.

The New Jersey Lottery had extended our contract up to June 30, 2012, and we anticipate a request for proposals being issued sometime during 2012 to award a long term contract. We have no other material customer contracts that come due in 2012 (when extensions are considered).

The lottery industry continues to look towards expanding their instant ticket product lines through the use of additional distribution channels, maximizing merchandising programs and leveraging the use of the internet. Pollard will continue to pursue opportunities in these areas. Our Social Instants™, a product allowing lotteries to maximize the use of social media to expand and grow their instant ticket sales, continues to generate strong interest among lotteries. A number of other innovative products and services that we have developed are being aggressively marketed to the lottery industry.

Our joint venture in China continues to work toward roll out of our first installed instant ticket validation and distribution system, anticipated to be initiated during the third quarter. While not currently material to our operations, the opportunity to obtain a foothold in the burgeoning Chinese lottery market is an important part in our growth strategy.

The charitable gaming market remains fairly stable relative to prior years; however our operations in this product line continue to generate strong returns. Focusing on a more profitable product mix including serving more non-traditional markets such as international opportunities and the lottery market use of bingo paper and pull-tab tickets, we continue to generate a good return on investment. We anticipate our results from this operation will continue to yield a strong return.

Our Change Initiative process will continue to focus on our key success factors including improving labour efficiencies, reducing waste and leveraging our volumes over the fixed component of our costs. We are encouraged by the progress we have made in the first quarter and believe further improvements will be achieved throughout the rest of 2012.

The value of the Canadian dollar relative to the U.S. dollar remained fairly steady during the first quarter of 2012, reducing the volatility relating to foreign exchange gains and losses. The nature of our operations results in ongoing exposure to foreign exchange risk as a substantial amount of our revenue continues to be generated in U.S. dollars. In addition we do have some exposure to the Euro due to a number of European lotteries in our client roster. We expect these exposures to continue and have a number of risk management policies and tools available to help mitigate these risks, key among these is sourcing a significant amount of our cost inputs in U.S. dollars.

We anticipate our capital expenditures during the remainder of 2012 to be slightly higher than the amounts expended over the last two years. A number of projects are being initiated to increase our capacity and improve efficiency in our manufacturing processes. In addition a number of resource investments are being made in increased innovation and support of our new product initiatives in order to expand our revenue base.

Pollard Banknote believes that its credit facilities and ongoing cash flow from operations will be sufficient to allow it to meet ongoing requirements for investment in capital expenditures, working capital and dividends at existing business levels.

Disclosure Controls and Procedures

Under Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings," issuers are required to document the conclusions of the Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") for the interim period regarding the design of the disclosure controls and procedures. Pollard's management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the disclosure controls and procedures as defined in Multilateral Instrument 52-109 will provide reasonable assurance of achieving the disclosure objectives.

Internal Controls over Financial Reporting

Under Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings," issuers are required to document the conclusions of the Certifying Officers regarding the design of the internal controls over financial reporting. Pollard's management, with the participation of the Certifying Officers of Pollard, has concluded that the design of the internal controls over financial reporting as defined in Multilateral Instrument 52-109 will provide reasonable assurance of achieving the financial reporting objectives.

No changes were made in Pollard's internal control over financial reporting during the three months ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, Pollard's internal control over financial reporting.

Additional Information

Shares of Pollard Banknote Limited are traded on the Toronto Stock Exchange under the symbol PBL.

Additional information relating to Pollard, including the Audited Consolidated Financial Statements and the Annual Information Form of Pollard for the year ended December 31, 2011, is available on SEDAR at www.sedar.com.

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Condensed Consolidated Interim Financial Statements of

POLLARD BANKNOTE LIMITED

(unaudited)

Three months ended March 31, 2012

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

Pollard Banknote Limited

Condensed Consolidated Statements of Financial Position

(*In thousands of Canadian dollars*)

(unaudited)

		March 31, 2012		December 31, 2011
Assets				
Current assets:				
Cash	$	5,884	$	5,059
Accounts receivable		11,342		15,452
Inventories (note 5)		19,435		17,361
Prepaid expenses and deposits		2,646		2,020
Net investment in leases due within one year		32		56
Total current assets		39,339		39,948
Non-current assets:				
Property, plant and equipment		28,307		29,219
Equity investment (note 6)		329		-
Net investment in leases		3		6
Goodwill		35,752		35,902
Intangible assets		12,128		12,294
Deferred income taxes		4,451		4,253
Total non-current assets		80,970		81,674
Total assets	$	120,309	$	121,622
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	14,593	$	15,654
Provisions		10		21
Dividends payable		706		706
Income taxes payable		474		338
Total current liabilities		15,783		16,719
Non-current liabilities:				
Long-term debt (note 7)		69,583		69,077
Other long-term liabilities		58		210
Pension liability		4,438		4,742
Deferred income taxes		3,074		3,213
Total non-current liabilities		77,153		77,242
Shareholders' equity:				
Share capital		73,209		73,209
Reserves		(720)		(326)
Deficit		(45,116)		(45,222)
Total shareholders' equity		27,373		27,661
Total liabilities and shareholders' equity	$	120,309	$	121,622

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Income

(*In thousands of Canadian dollars, except for share amounts*)

(unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Sales	**$ 36,562**	$ 39,235
Cost of sales	**30,002**	33,108
Gross profit	**6,560**	6,127
Administration	**3,360**	3,248
Selling	**1,505**	1,496
Other (income) expense (note 8)	**50**	(22)
Income from operations	**1,645**	1,405
Finance costs (note 9)	**1,050**	1,295
Finance income (note 9)	**(201)**	(749)
Income before income taxes	**796**	859
Income taxes (note 10)	**(16)**	(31)
Net income	**$ 812**	$ 890
Basic and diluted net income per share	**$ 0.03**	$ 0.04
Weighted average number of shares outstanding	**23,543,158**	23,543,158

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited
Condensed Consolidated Statements of Comprehensive Income
(*In thousands of Canadian dollars*)
(unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income	**$ 812**	$ 890
Other comprehensive income (loss):		
Foreign currency translation differences – foreign operations	**(394)**	(400)
Unrealized gain on derivatives designated as cash flow hedges, net of income tax of $67	**-**	116
Other comprehensive loss – net of income tax	**(394)**	(284)
Comprehensive income	**$ 418**	$ 606

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Changes in Equity

(*In thousands of Canadian dollars*)

(unaudited)

For the three months ended March 31, 2012

		Attributable to equity holders of Pollard Banknote Limited				
		Share capital	**Translation reserve**	**Hedging reserve**	**Deficit**	**Total equity**
Balance at January 1, 2012	$	73,209	(326)	-	(45,222)	27,661
Net income		-	-	-	812	812
Other comprehensive loss						
Foreign currency translation differences – foreign operations		-	(394)	-	-	(394)
Total other comprehensive loss	$	-	(394)	-	-	(394)
Total comprehensive income (loss)	$	-	(394)	-	812	418
Dividends to owners of Pollard Banknote Limited (note 12)		-	-	-	(706)	(706)
Balance at March 31, 2012	$	73,209	(720)	-	(45,116)	27,373

For the three months ended March 31, 2011

		Attributable to equity holders of Pollard Banknote Limited				
		Share capital	**Translation reserve**	**Hedging reserve**	**Deficit**	**Total equity**
Balance at January 1, 2011	$	73,209	(661)	(258)	(41,411)	30,879
Net income		-	-	-	890	890
Other comprehensive income (loss)						
Foreign currency translation differences – foreign operations		-	(400)	-	-	(400)
Unrealized gain on derivatives designated as cash flow hedges, net of income tax of $67		-	-	116	-	116
Total other comprehensive income (loss)	$	-	(400)	116	-	(284)
Total comprehensive income (loss)	$	-	(400)	116	890	606
Dividends to owners of Pollard Banknote Limited		-	-	-	(706)	(706)
Balance at March 31, 2011	$	73,209	(1,061)	(142)	(41,227)	30,779

See accompanying notes to condensed consolidated interim financial statements.

Pollard Banknote Limited

Condensed Consolidated Statements of Cash Flows

(*In thousands of Canadian dollars*)
(unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Cash increase (decrease):		
Operating activities:		
Net income	**$ 812**	$ 890
Adjustments:		
Income taxes	**(16)**	(31)
Amortization and depreciation	**1,916**	2,140
Interest expense	**917**	1,156
Unrealized foreign exchange gain	**(201)**	(376)
Loss on equity investment	**79**	-
Interest paid	**(888)**	(1,191)
Income tax paid	**(210)**	(350)
Change in pension liability	**(285)**	(375)
Change in non-cash operating working capital (note 11)	**11**	(1,411)
	2,135	452
Investing activities:		
Additions to property, plant and equipment	**(467)**	(765)
Investment in associate (note 6)	**(408)**	-
Proceeds from net investment in leases	**26**	29
Additions to intangible assets	**(162)**	(90)
	(1,011)	(826)
Financing activities:		
Proceeds from long-term debt	**571**	621
Change in other long-term liabilities	**(147)**	(1)
Dividends paid	**(706)**	(706)
	(282)	(86)
Foreign exchange loss on cash held in foreign currency	**(17)**	(63)
Change in cash position	**825**	(523)
Cash position, beginning of period	**5,059**	5,405
Cash position, end of period	**$ 5,884**	$ 4,882

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

Pollard Banknote Limited ("Pollard"), formerly 7510101 Canada Limited, was incorporated under the laws of Canada on March 26, 2010.

The condensed consolidated interim financial statements of Pollard as at and for the three months ended March 31, 2012, comprise Pollard, Pollard's subsidiaries and its interest in an associate. Pollard is primarily involved in the manufacture and sale of lottery and gaming products.

Pollard's consolidated financial statements as at and for the year ended December 31, 2011, are available at www.sedar.com.

The overall impact of seasonality does not have a significant impact on the operations of Pollard, although instant ticket volumes are historically lower in the first quarter relative to the rest of the year.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and do not include all of the information required for full annual consolidated financial statements.

On May 7, 2012, Pollard's Board of Directors approved these condensed consolidated interim financial statements.

(b) Use of estimates and judgments:

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying Pollard's accounting policies and the key sources of estimation uncertainty were the same as those applied to the condensed consolidated interim financial statements as at and for the year ended December 31, 2011.

3. Significant accounting policies:

Except for the addition of the accounting policy described below, these condensed consolidated interim financial statements follow the same significant accounting policies as described and used in

3. Significant accounting policies (continued):

Pollard's consolidated financial statements for the year ended December 31, 2011 and should be read in conjunction with those reports.

(a) Investment in associates:

Pollard accounts for its investments in entities where it has significant influence, but not control, using the equity method of accounting. Significant influence is presumed to exist when Pollard holds between 20 and 50 percent of the voting power of another entity. The consolidated financial statements include Pollard's share of the income and expenses and equity movements of the entities accounted for under the equity method of accounting, which are recorded on a three month delayed basis.

4. Future accounting standards:

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9 *Financial Instruments* ("IFRS 9 (2009)") and in October 2010, the IASB published amendments to IFRS 9 ("IFRS 9 (2010)"). In December 2011, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2015. IFRS 9 (2009) uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classifications options in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 (2010) added guidance to IFRS 9 (2009) on the classification and measurement of financial liabilities. Pollard is currently assessing the impact of the new standard on its consolidated financial statements.

In May 2011, the IASB issued the following group of new standards and amendments to existing standards relating to consolidations and joint ventures. Each of these new standards is effective for fiscal years beginning on or after January 1, 2013. Pollard is currently assessing the impact of the new standards and amendments on its consolidated financial statements.

- IFRS 10 *Consolidated Financial Statements* replaces the guidance on control and consolidation in IAS 27 *Consolidated and Separate Financial Statements* and Standing Interpretations Committee ("SIC") 12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control.

- IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will recognize their share of the assets, liabilities, revenue and expenses of the joint operation.

4. Future accounting standards (continued):

- IFRS 12 *Disclosure of Interests in Other Entities* replaces the disclosure requirements currently found in IAS 28 *Investments in Associates*.

- IAS 27 has been amended and renamed *Separate Financial Statements* and deals solely with separate financial statements and the guidance for which remains unchanged.

- IAS 28 has been amended to include joint ventures in its scope and to address changes in IFRS 10 through 12 as explained above.

In May 2011, the IASB published IFRS 13 *Fair Value Measurements* which replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance, with enhanced disclosure requirements for information about fair value measurements. IFRS 13 is required for fiscal years beginning on or after January 1, 2013. Prospective application is required. Pollard is currently assessing the impact of the new standard on its consolidated financial statements.

In June 2011, the IASB published an amended version of IAS 19 *Employee Benefits*. The amendments require actuarial gains and losses to be recognized immediately in other comprehensive income and past service cost must be recognized immediately in profit or loss. This amendment also requires that the expected return on plan assets recognized in profit or loss be calculated based on the rate used to discount the defined benefit obligation. Additional disclosures are also required. IAS 19 is required for fiscal years beginning on or after January 1, 2013. Pollard is currently assessing the impact of the new standard on its consolidated financial statements.

In June 2011, the IASB published amendments to IAS 1 *Financial Statement Presentation*. The amendments require items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to the statement of income later. The amendments are effective for fiscal years beginning on or after July 1, 2012. Pollard is currently assessing the impact of the amendments on its consolidated financial statements.

In December 2011, the IASB published amendments to IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Offsetting Financial Assets and Liabilities*. These amendments are to be applied retrospectively. The amendments to IAS 32 provide clarification on the application of rules to offset financial assets and liabilities. These amendments are effective for fiscal years beginning on or after January 1, 2014. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset. These amendments are effective for fiscal years beginning on or after January 1, 2013. Pollard is currently assessing the impact of the amendments on its consolidated financial statements.

(In thousands of Canadian dollars, except for share amounts)

5. Inventories:

		March 31, 2012		December 31, 2011
Raw materials	$	5,046	$	5,275
Work-in-process		992		689
Finished goods		13,397		11,397
	$	19,435	$	17,361

During the first quarter of 2012, Pollard recorded a reversal of previous write-downs of $3 due to changes in foreign exchange rates.

During the first quarter of 2011, Pollard recorded inventory write-downs of $2 representing an increase in the obsolescence reserves, and write-downs of $17 due to changes in foreign exchange rates.

The cost of sales reflects the costs of inventory including direct material, direct labour and manufacturing overheads.

6. Equity investment:

		Three months ended March 31, 2012		Three months ended March 31, 2011
Balance – beginning of period	$	-	$	-
Initial investment		408		-
Equity loss		(79)		-
Balance – end of period	$	329	$	-

Pollard has entered into an agreement with Palm Commerce Information and Technology (China) Co., Ltd. for the establishment of Shenzhen Palm Commerce & Pollard Banknote Technology Co., Ltd.. The intent of this entity is to provide distribution and validation systems to provincial lottery operations in China. As per the agreement, Pollard completed its capital investment of US$400, representing 40% of the registered capital of the corporation, in January 2012.

(In thousands of Canadian dollars, except for share amounts)

7. Long-term debt:

		March 31, 2012		December 31, 2011
Credit facility, interest of 3.8% to 5.3% payable monthly, maturing 2013	$	**70,142**	$	69,769
Deferred financing charges, net of amortization		**(559)**		(692)
	$	**69,583**	$	69,077

Included in the total credit facility balance is a U.S. dollar loan balance of US$11,830 (December 31, 2011 – US$14,480).

Effective October 30, 2011, Pollard's subsidiaries Pollard Holdings Limited Partnership and Pollard Holdings, Inc. renewed their credit facility. The credit facility provides loans of up to $70,000 for its Canadian operations and up to US$19,208 for its U.S. subsidiaries. Borrowings under the credit facility bear interest at fixed and floating rates based on Canadian and U.S. prime bank rates, banker's acceptances or LIBOR. At March 31, 2012, the outstanding letters of guarantee drawn under the credit facility were $2,146 (December 31, 2011 - $2,163).

Under the terms and conditions of the credit facility agreement Pollard is required to maintain certain financial covenants including working capital ratios, debt to income before interest, income taxes, amortization and depreciation ("Adjusted EBITDA") ratios and certain debt service coverage ratios. As at March 31, 2012, Pollard is in compliance with all financial covenants.

Under the terms of the credit facility the amount of the facility will be reduced on a quarterly basis by an amount calculated as 50% of the prior quarter's Excess Cash Flow. Excess Cash Flow is defined as Adjusted EBITDA less scheduled principal indebtedness payments (if any), interest and cash income taxes paid. The reduction in the available facility is not required when the debt to Adjusted EBITDA ratio reaches certain target levels. As at March 31, 2012, the Adjusted EBITDA ratio target had been achieved and as a result no reduction of the credit facility is currently required. As of March 31, 2012, Pollard has unused credit facility available of $16,728 (December 31, 2011 - $17,659).

Pollard's credit facility is secured by a first security interest in all of the present and after acquired property of Pollard and its operating subsidiaries. The credit facility can be prepaid without penalties. Under the terms of the agreement effective October 30, 2011, the credit facility is committed for a one year period, renewable October 29, 2012 ("Facility Expiry Date"). If the credit facility is not renewed, the loans are repayable one year after the Facility Expiry Date. As such, the credit facility has effectively a two year term expiring October 29, 2013.

(In thousands of Canadian dollars, except for share amounts)

8. Other (income) expense:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Loss on equity investment (note 6)	**$ 79**	$ -
Other income	**(29)**	(22)
	$ 50	$ (22)

9. Finance costs and finance income:

Finance costs:	Three months ended March 31, 2012	Three months ended March 31, 2011
Interest	**$ 917**	$ 1,156
Amortization of deferred financing costs	**133**	139
	$ 1,050	$ 1,295

Finance income:	Three months ended March 31, 2012	Three months ended March 31, 2011
Foreign exchange gain	**$ (201)**	$ (749)
	$ (201)	$ (749)

10. Income taxes:

Income tax expense (reduction)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Current tax expense	**$ 351**	$ 320
Deferred income tax reduction	**(367)**	(351)
	$ (16)	$ (31)

(In thousands of Canadian dollars, except for share amounts)

10. Income taxes (continued):

Reconciliation of effective tax rate

		Three months ended March 31, 2012		Three months ended March 31, 2011
Net income for the period		$ 812		$ 890
Total income taxes		(16)		(31)
Income before income taxes		$ 796		$ 859
Income tax using Pollard's domestic tax rate	26.8%	$ 213	28.3%	$ 243
Withholding taxes and other non-deductable amounts	3.6%	29	7.1%	61
Effect of non-taxable items related to foreign exchange	(32.4%)	(258)	(39.0%)	(335)
	(2.0%)	$ (16)	(3.6%)	$ (31)

11. Supplementary cash flow information:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Change in non-cash operating working capital:		
Accounts receivable	$ 3,959	$ (1,880)
Inventories	(2,237)	(819)
Prepaid expenses and deposits	(756)	(183)
Accounts payable and accrued liabilities	(944)	1,850
Provisions	(11)	(379)
	$ 11	$ (1,411)

12. Dividends:

Dividends are paid on the Common shares within 15 days of the end of each quarter and are fully discretionary, as determined by the Board of Directors of Pollard, subject to restrictions imposed under its credit facility. Under the credit facility, Pollard has agreed not to pay dividends in excess of the current quarterly amount of $0.03 per share if the debt to Adjusted EBITDA ratio is above a certain level. As at March 31, 2012, Pollard's Adjusted EBITDA ratio is below the target level and as a result there are currently no restrictions on the amount of dividends.

(In thousands of Canadian dollars, except for share amounts)

12. Dividends (continued):

On March 7, 2012, a dividend of $0.03 per share was declared, payable on April 15, 2012, to the shareholders of record on March 31, 2012.

13. Related party transactions:

During the quarter ended March 31, 2012, Pollard paid property rent of $751 (2011 - $672) to affiliates of Pollard Equities Limited ("Equities"). During the quarter, Equities paid Pollard $18 (2011 - $18) for accounting and administration fees.

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the company. The Board of Directors and the Executive Committee are considered key management personnel.

Key management personnel compensation comprised:

		Three months ended March 31, 2012		Three months ended March 31, 2011
Wages, salaries and benefits	**$**	**781**	$	685
Profit share		**1**		-
Expenses related to defined benefit plans		**54**		54
	$	**836**	$	739

At March 31, 2012, included in accounts payable and accrued liabilities is an amount owing to Equities and its affiliates for rent and other expenses of $1,240 (December 31, 2011 - $1,209).

14. Financial risk management:

Pollard has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Currency risk
Interest rate risk

Pollard's risk management polices are established to identify and analyze the risks, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Audit Committee oversees how management monitors compliance with Pollard's risk management policies and procedures. The Audit Committee is assisted in its oversight role by Internal Audit,

(In thousands of Canadian dollars, except for share amounts)

14. Financial risk management (continued):

who undertakes regular reviews of risk management controls and utilizes the annual risk assessment process as the basis for the annual internal audit plan.

Credit risk

The following table outlines the details of the aging of Pollard's receivables and the related allowance for doubtful accounts:

		March 31, 2012		December 31, 2011
Current	**$**	**8,032**	$	11,112
Past due for 1 to 60 days		**2,907**		3,818
Past due for more than 60 days		**407**		671
Less: Allowance for doubtful accounts		**(4)**		(149)
	$	**11,342**	$	15,452

Liquidity risk

Liquidity risk is the risk that Pollard will not be able to meet its financial obligations as they fall due. Pollard's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. In addition, Pollard maintains a committed credit facility including up to $70,000 for its Canadian operations and up to US$19,208 for its U.S. subsidiaries. At March 31, 2012, the unused balance available for drawdown was $16,728 (December 31, 2011 - $17,659).

The 2012 requirements for capital expenditures, working capital and dividends are expected to be financed from cash flow provided by operating activities and the unused credit facility. Pollard enters into contractual obligations in the normal course of business operations.

Currency risk

Pollard sells a significant portion of its products and services to customers in the United States and to international customers where sales are denominated in U.S. dollars. In addition, a significant portion of its cost inputs are denominated in U.S. dollars. Pollard also generates a small amount of revenue in currencies other than the Canadian and U.S. dollar, primarily in Euros.

A 50 basis point strengthening/weakening in the foreign exchange rate between the Canadian and U.S. dollar would decrease/increase the income before income taxes due to changes in operating cashflow by approximately $30 for three months ended March 31, 2012 (2011 - $45).

In addition, translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. At March 31, 2012, the amount

14. Financial risk management (continued):

of financial liabilities denominated in U.S. dollars exceeds the amount of financial assets denominated in U.S. dollars by approximately $6,329 (December 31, 2011 - $6,182).

A 50 basis point weakening/strengthening in the value of the Canadian dollar relative to the U.S. dollar would result in a decrease/increase in net income of approximately $32 for the three months ended March 31, 2012 (2011 - $69).

Interest rate risk

Pollard is exposed to interest rate risk relating to its fixed and floating rate instruments. Fluctuation in interest rates will have an effect on the valuation and repayment of these instruments.

A 50 basis point decrease/increase in interest rates would result in an increase/decrease in income before income taxes of approximately $88 for the three months ended March 31, 2012 (2011 - $77).