POLLARD banknote limited

News Release

POLLARD BANKNOTE ANNOUNCES 4TH QUARTER AND ANNUAL FINANCIAL RESULTS

WINNIPEG, Manitoba, March 14, 2016 /CNW/ — Pollard Banknote Limited (TSX: PBL) ("Pollard") today released its financial results for the three months and year ended December 31, 2015, with continued positive trends in Revenue and Adjusted EBITDA in the fourth quarter and 2015.

"We are very satisfied with our financial results for the 2015 fiscal year and the fourth quarter," commented Co-Chief Executive Officer John Pollard. "During the year we completed some key steps in building the foundation for our future growth in a number of important areas in our business. Our fourth quarter results were reflective of these initiatives, with continued strong revenue, robust cash flow and increased year-over-year adjusted EBITDA."

"We achieved record revenue levels in 2015 due to continuing demand for our main product of instant tickets as well as growth in our Michigan iLottery business, higher sales in our lottery management services business and favorable foreign exchange trends. In addition, as we ramp up our new press through 2016, we will be poised to achieve new levels of production."

"Free cash flow was very strong during the year, allowing us to fund significant capital expenditures relating to our new press entirely through organic cash generation. With lower capital expenditures planned for 2016 this free cash will provide greater financial flexibility to further invest in our business through investment in innovation and further reduction in our external debt."

"The Michigan Lottery's iLottery business, jointly operated with our partner NeoGames®, continues to set the standard for North American lotteries' internet operations. Growing revenue and increased customer counts were achieved regularly and with the introduction of draw based games in the first quarter of 2016, we expect more record results in the new year."

"During the fourth quarter we also generated higher revenue relating to sales of SureTrack®, our proprietary lottery management system, another great example of the expanding menu of products and services we are providing our lottery partners."

“We are very excited about the industry that we are in,” stated Co-Chief Executive Doug Pollard. “Lotteries are a vibrant, progressive, growing industry and this translates into many opportunities for Pollard. Our core business of instant tickets is extremely healthy, with healthy consumer demand generating growth at retail. New product and distribution avenues such as internet based products, including iLottery, have opened up a number of future areas for growth for both lotteries and their partners like Pollard. Our “Space Between” products, such as loyalty clubs, innovative apps and retail support, provide unique levers for our customers to expand their businesses. It’s exciting for us to help our customers grow retail sales today by engaging players in the interactive space. Engaged interactive players will also provide an important long-term asset as lotteries ultimately move towards iLottery sales via mobile and the internet.”

“2015 was a very important year of development for our organization,” concluded John Pollard. “Even while focusing on a number of long term foundational initiatives, including incurring higher costs to support the growth in our lottery management services business and developing additional product capabilities, our 2015 financial results were still very strong. Our balance sheet is solid. While 2015 was seen as a year of transition in many ways for Pollard, 2016 will develop on the key building blocks put in place and allow us to grow our existing businesses and expand into exciting new areas.”

Use of Non-GAAP Financial Measures

Reference to “Adjusted EBITDA” is to earnings before interest, income taxes, depreciation and amortization, unrealized foreign exchange gains and losses, mark-to-market gains and losses on foreign currency contracts, and certain non-recurring items including start-up 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.

HIGHLIGHTS	Three months ended December 31, 2015	Three months ended December 31, 2014
Sales	$ 57.2 million	$ 43.2 million
Gross profit	$ 11.6 million	$ 9.8 million
Gross profit % of sales	*20.3%*	*22.7 %*
Administration expenses	$ 5.7 million	$ 4.6 million
Selling expenses	$ 2.0 million	$ 1.7 million
Net income	$ 1.2 million	$ 2.1 million
Adjusted EBITDA	$ 6.3 million	$ 5.6 million

	Year ended December 31, 2015	Year ended December 31, 2014
Sales	$ 221.0 million	$ 194.5 million
Gross profit	$ 44.3 million	$ 41.1 million
Gross profit % of sales	*20.0 %*	*21.1 %*
Administration expenses	$ 19.2 million	$ 17.0 million
Selling expenses	$ 7.4 million	$ 6.9 million
Net income	$ 7.5 million	$ 8.7 million
Adjusted EBITDA	$ 26.8 million	$ 25.6 million

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 tickets based in Canada and the second largest producer of instant tickets in the world.

Results of Operations – Year ended December 31, 2015

SELECTED FINANCIAL INFORMATION

(millions of dollars)	Year ended December 31, 2015	Year ended December 31, 2014
Sales	$221.0	$194.5
Cost of sales	176.7	153.4
Gross profit	44.3	41.1
Administration expenses	19.2	17.0
Selling expenses	7.4	6.9
Other income	(0.3)	(0.3)
Income from operations	18.0	17.5
Finance costs	6.3	6.0
Finance income	(0.5)	(0.9)
Income before income taxes	12.2	12.4
Income taxes:		
Current (recovery)	(0.7)	3.0
Future	5.4	0.7
	4.7	3.7
Net income	$7.5	$8.7
Adjustments:		
Amortization and depreciation	8.4	7.9
Interest	2.9	2.9
Unrealized foreign exchange loss	3.8	1.7
Mark-to-market loss (gain) on foreign currency contracts	(0.5)	0.1
Start-up costs – Michigan iLottery	-	0.6
Income taxes	4.7	3.7
Adjusted EBITDA	$26.8	$25.6

	December 31, 2015	December 31, 2014
Total Assets	$164.1	$149.3
Total Non-Current Liabilities	$96.3	$89.2

The selected financial and operating information has been derived from, and should be read in conjunction with, the consolidated financial statements of Pollard, as at and for the year ended December 31, 2015. These financial statements have been prepared in accordance with the International Financial Accounting Standards ("IFRS" or "GAAP").

Results of Operations – Year ended December 31, 2015

Sales

During the year ended December 31, 2015 ("Fiscal 2015" or "2015"), Pollard achieved sales of $221.0 million, compared to $194.5 million in the year ended December 31, 2014 ("Fiscal 2014" or "2014"). Factors impacting the $26.5 million sales increase were:

During Fiscal 2015, Pollard generated approximately 65.0% (2014 – 62.3%) of its revenue in U.S. dollars including a portion of international sales which are priced in U.S. dollars. During Fiscal 2015 the actual U.S. dollar value was converted to Canadian dollars at an average rate of $1.269 compared to an average rate of $1.097 during Fiscal 2014. This 15.6% increase in the U.S. dollar value resulted in an approximate increase of $19.4 million in revenue relative to Fiscal 2014. Also during Fiscal 2015, the Canadian dollar strengthened against the Euro resulting in an approximate decrease of $0.5 million in revenue relative to Fiscal 2014.

Higher instant ticket volumes increased sales in Fiscal 2015 by $8.8 million compared to Fiscal 2014. Lower sales of our ancillary instant ticket products and services, primarily licensed games, decreased sales by $1.5 million from Fiscal 2014. Higher instant ticket average selling prices for 2015 increased sales by $1.0 million compared to 2014. Charitable gaming volumes were lower than Fiscal 2014 decreasing sales by $1.6 million, which was partially offset by the increase in average selling price which increased sales by $0.4 million. An increase in machine volumes in Fiscal 2015 increased sales by $0.5 million when compared to 2014.

Cost of sales and gross profit

Cost of sales was $176.7 million in Fiscal 2015 compared to $153.4 million in Fiscal 2014. Cost of sales was higher in Fiscal 2015 relative to Fiscal 2014 as a result of higher exchange rates on U.S. dollar transactions in 2015, which increased cost of sales approximately $15.1 million, an increase in instant ticket volumes and higher manufacturing overheads. Partially offsetting these increases were reduced costs due to lower sales of ancillary instant ticket products and services and the elimination of iLottery start-up costs incurred in Fiscal 2014.

Gross profit was $44.3 million (20.0% of sales) in Fiscal 2015 compared to $41.1 million (21.1% of sales) in Fiscal 2014. This increase was due mainly to the increase in instant tickets volumes as well as the impact of the weakening of the Canadian dollar relative to the U.S. dollar and the elimination of the non-recurring start-up costs incurred in 2014. The decrease in gross profit percentage was primarily higher manufacturing overheads and lower sales of ancillary instant ticket products. These decreases were partially offset by the impact of the weakening Canadian dollar.

Administration expenses

Administration expenses increased to $19.2 million in Fiscal 2015 from $17.0 million in Fiscal 2014 primarily as a result of higher professional fees, the increased Canadian dollar equivalent of U.S. dollar denominated expenses and increased compensation expenses including incentive accruals.

Selling expenses

Selling expenses increased to $7.4 million in Fiscal 2015 from $6.9 million in Fiscal 2014 primarily as a result of the increased cost of U.S. dollar denominated expenses as a result of the strengthening against the Canadian dollar.

Interest expense

Interest expense was $2.9 million in Fiscal 2015 which was similar to $2.9 million in Fiscal 2014.

Foreign exchange loss

The net foreign exchange loss was $3.1 million in Fiscal 2015 compared to a net loss of $1.9 million in Fiscal 2014. The 2015 net foreign exchange loss consisted of a $3.8 million unrealized loss which was primarily a result of the increased Canadian equivalent value of U.S. denominated debt with the significant weakening of the Canadian dollar relative to the U.S. dollar. This loss was partially offset by the realized foreign exchange gain of $0.7 million as a result of foreign currency denominated account receivables collected being converted into Canadian dollars at favorable foreign exchange rates.

The 2014 net foreign exchange loss consisted of a $1.7 million unrealized loss which was primarily as a result of the increased Canadian equivalent value of U.S. denominated debt and accounts payable due to the weakening of the Canadian dollar relative to the U.S. dollar. The realized foreign exchange loss of $0.2 million was predominately a result of decreased value of foreign currency converted into Canadian dollars during Fiscal 2014.

Amortization and depreciation

Amortization and depreciation, including depreciation of property and equipment and the amortization of deferred financing costs and intangible assets, totaled $8.4 million during Fiscal 2015 which increased from $7.9 million during Fiscal 2014 due to increased amortization of deferred financing costs and patents.

Adjusted EBITDA

Adjusted EBITDA was $26.8 million in Fiscal 2015 compared to $25.6 million in Fiscal 2014. The primary reasons for the increase in Adjusted EBITDA of $1.2 million were the increase in gross profit of $3.1 million (net of amortization and excluding $0.6 million in non-recurring iLottery start-up costs in 2014) and the increase in the realized foreign exchange gains of $0.9 million. These increases were partially offset by increased administration expenses of $2.2 million and an increase in selling expenses of $0.5 million.

Income taxes

Income tax expense was $4.7 million in Fiscal 2015, an effective rate of 38.8%, which was higher than our expected effective rate of 26.8% due primarily to differences relating to the foreign exchange impact of Canadian dollar denominated debt in its U.S. subsidiaries. Pollard has capitalized its U.S. operations using intercompany Canadian dollar debt. The weakening of the Canadian dollar versus the U.S. dollar results in a future gain on debt repayment for U.S. tax purposes in the subsidiary, creating a deferred tax expense with no related income (as the gain is eliminated on consolidation). This increased the consolidated provision percentage approximately 30%. Other permanent differences relating to the foreign exchange translation of property, plant and equipment decreased the provision by approximately 15%. Current income tax expense was in a recovery position due to accelerated tax depreciation on capital expenditures.

Income tax expense was $3.7 million in Fiscal 2014, an effective rate of 30.0%, due primarily to differences relating to the foreign exchange impact of Canadian dollar denominated debt in its U.S. subsidiaries. Pollard has capitalized its U.S. operations using intercompany Canadian dollar debt. The weakening of the Canadian dollar versus the U.S. dollar results in a future gain on debt repayment for U.S. tax purposes in the subsidiary, creating a deferred tax expense with no related income (as the gain is eliminated on consolidation).

Net income

Net income was $7.5 million in Fiscal 2015 compared to net income of $8.7 million in Fiscal 2014. The primary reason for the decrease in net income was the increase in income taxes of $1.0 million. Additionally, the primary reasons for the decrease in income before income taxes were the increase in administration expenses of $2.2 million, the increase in selling expenses of $0.5 million and an increase in foreign exchange loss of $1.2 million. Partially offsetting these decreases to income before income taxes were the increase in gross profit of $3.2 million and the increase in the non-cash mark-to-market gain on foreign currency contracts of $0.6 million.

Earnings per share (basic and diluted) decreased to $0.32 per share in Fiscal 2015 from $0.37 per share in Fiscal 2014.

Results of Operations – Three months ended December 31, 2015

SELECTED FINANCIAL INFORMATION

(millions of dollars)	Three months ended December 31, 2015	Three months Ended December 31, 2014
	(unaudited)	(unaudited)
Sales	$57.2	$43.2
Cost of sales	45.6	33.4
Gross profit	11.6	9.8
Administration	5.7	4.6
Selling	2.0	1.7
Other expense (income)	0.1	(0.1)
Income from operations	3.8	3.6
Finance costs	1.8	1.5
Income before income taxes	2.0	2.1
Income taxes:		
Current (recovery)	(4.5)	0.2
Future (reduction)	5.3	(0.2)
	0.8	-
Net income	$1.2	$2.1
Adjustments:		
Amortization and depreciation	2.4	2.0
Interest	0.8	0.6
Unrealized foreign exchange loss	1.1	0.9
Income taxes	0.8	-
Adjusted EBITDA	$6.3	$5.6

Results of Operations – Three months ended December 31, 2015

During the three months ended December 31, 2015, Pollard achieved sales of $57.2 million, compared to $43.2 million in the three months ended December 31, 2014. Factors impacting the $14.0 million sales increase were:

During the three months ended December 31, 2015, Pollard generated approximately 62.0% (2014 – 60.8%) of its revenue in U.S. dollars including a portion of international sales which were priced in U.S. dollars. During the fourth quarter of 2015 the actual U.S. dollar value was converted to Canadian dollars at an average rate of $1.336, compared to an average rate of $1.137 during the fourth quarter of 2014. This 17.5% increase in the value of the U.S. dollar resulted in an approximate increase of $5.3 million in revenue relative to 2014. Also during the fourth quarter of 2015, the Canadian dollar weakened against the Euro resulting in an approximate increase of $0.2 million in revenue relative to 2014.

Instant ticket sales volumes for the fourth quarter of 2015 were higher than the fourth quarter of 2014 by 9.5%, which combined with an increase in our ancillary instant ticket products and services volumes, primarily sales of our SureTrack® lottery management system, increased sales by $4.8 million. Instant ticket sales volumes in the fourth quarter of 2014 were lower due to a significant amount of product in transit, which was not recorded in sales until the first quarter of 2015. In addition, an increase in average selling price of instant tickets compared to 2014 further increased sales by $3.7 million.

Cost of sales was $45.6 million in the fourth quarter of 2015 compared to $33.4 million in the fourth quarter of 2014. Cost of sales was higher in the quarter relative to the fourth quarter of 2014 as a result of higher exchange rates on U.S. dollar transactions in 2015 which increased cost of sales approximately $4.6 million, an increase in instant ticket volumes and higher manufacturing overheads.

Gross profit was $11.6 million (20.3% of sales) in the fourth quarter of 2015 compared to $9.8 million (22.7% of sales) in the fourth quarter of 2014. This increase in gross profit dollars was due to the impact of the weakening Canadian dollar, the higher instant ticket sales volumes and higher lottery management sales. The decrease in gross profit percentage was due to higher manufacturing overheads and the instant ticket sales mix.

Administration expenses were $5.7 million in the fourth quarter of 2015 which was higher compared to $4.6 million in the fourth quarter of 2014 primarily as a result of higher professional fees, the increased Canadian dollar equivalent of U.S. dollar denominated expenses and increased compensation expenses including incentive accruals.

Selling expenses increased to $2.0 million in the fourth quarter of 2015 from $1.7 million in the fourth quarter of 2014 primarily as a result of the increased cost of U.S. dollar denominated expenses due to the strengthening against the Canadian dollar.

Interest expense increased to $0.8 million in the fourth quarter of 2015 from $0.6 million in the fourth quarter of 2014 primarily as a result of no longer capitalizing borrowing costs related to the new press project during 2015.

The net foreign exchange loss was $0.9 million in the fourth quarter of 2015 compared to a net loss of $0.8 million in the fourth quarter of 2014. The 2015 net foreign exchange loss consisted of a $1.1 million unrealized loss which was primarily a result of the increased Canadian equivalent value of U.S. denominated debt with the weakening of the Canadian dollar relative to the U.S. dollar. This loss was partially offset by the realized foreign exchange gain of $0.2 million, as a result of foreign currency denominated account receivables collected being converted into Canadian dollars at favorable foreign exchange rates.

The 2014 net foreign exchange loss consisted of an unrealized foreign exchange loss of $0.9 million which was primarily as a result of the increased Canadian equivalent value of U.S. denominated payables and long-term debt caused by the weakening of the Canadian dollar relative to the U.S. dollar at the end of the quarter. The additional realized foreign exchange gain of $0.1 million, was predominately a result of the increased value of U.S. denominated receivables, offset partially by increased cost of U.S. denominated payables.

Amortization and depreciation, including depreciation of property, plant and equipment and the amortization of deferred financing costs and intangible assets, totaled $2.4 million during the fourth quarter of 2015 which increased from $2.0 million during the fourth quarter of 2014 primarily as a result of increased depreciation of property, plant and equipment and amortization of patents in 2015.

Adjusted EBITDA was $6.3 million in the fourth quarter of 2015 compared to $5.6 million in the fourth quarter of 2014. The primary reasons for the increase in Adjusted EBITDA were the increase in gross profit (net of amortization and depreciation) of $2.2 million, partially offset by higher administration expenses of $1.1 million, higher selling expenses of $0.3 million and an increase in other expenses of $0.2 million.

Income tax expense was $0.8 million in the fourth quarter of 2015, an effective rate of 37.8% which was higher than our expected effective rate of 26.8% due primarily to differences relating to the foreign exchange impact of Canadian dollar denominated debt in its U.S. subsidiaries. Pollard has capitalized its U.S. operations using intercompany Canadian dollar debt. The significant weakening of the Canadian dollar versus the U.S. dollar in the fourth quarter results in a future gain on debt repayment for U.S. tax purposes in the subsidiary, creating a deferred tax expense with no related income (as the gain is eliminated on consolidation). This increased the consolidated provision percentage by about 31%. Other permanent differences relating to the foreign exchange translation of property, plant and equipment decreased the provision by approximately 21%. Current income tax expense was in a recovery position due to accelerated tax depreciation on capital expenditures.

Income tax expense was nil in the fourth quarter of 2014, an effective rate of 0.0%. Included in the effective rate are differences relating to the foreign exchange impact of Canadian dollar denominated debt in its U.S. subsidiaries. Pollard has capitalized its U.S. operations using intercompany Canadian dollar debt. The weakening of the Canadian dollar versus the U.S. dollar in the fourth quarter results in a future gain on debt repayment for U.S. tax purposes in the subsidiary, creating a deferred tax expense with no related income (as the gain is eliminated on consolidation). This increased the consolidated provision percentage by about 16%. Other permanent differences relating to the foreign exchange translation of property, plant and equipment decreased the provision by approximately 15%. In addition, adjustments in the annual estimated tax rate to the actual tax rate in the U.S. subsidiaries decreased the provision by approximately 28%.

Net income was $1.2 million in the fourth quarter of 2015 compared to $2.1 million in the fourth quarter of 2014. The primary reason for the decrease in net income was the increase in income tax expense of $0.8 million. Additionally, the primary reasons for the decrease in income before income taxes were the increase in administration expenses of $1.1 million, the increase in selling expense of $0.3 million, the increase in other expense of $0.2 million and the increase in interest expense of $0.2 million. Partially offsetting these decreases in income before income taxes was the increase in gross profit of $1.8 million.

Earnings per share (basic and diluted) decreased to $0.05 per share in the fourth quarter of 2015 from $0.09 per share in the fourth quarter of 2014.

Outlook

The lottery industry, and specifically the instant ticket product line, continues a trend seen for the last number of years: robust growth. Even though total overall revenue growth of lotteries was tepid during 2015, the revenue growth of the instant ticket category has been strong, with most jurisdictions reporting in the high single digit growth rates and often record levels of instant ticket sales. We continue to believe this long term solid growth trend will continue, as lotteries focus on increasing their returns for good causes and expand their products and services to do so. Even during times of large jackpot sales for draw based games as recently witnessed in the United States, additional foot traffic is drawn into retail locations which in turn feeds incremental sales of instant tickets. Recent studies show a positive correlation between increased lottery sales and lower gasoline prices at the pumps, highlighting lower oil prices as a positive factor supporting the growth in sales. Overall consumer demand remains strong for instant lottery tickets and we believe all of the reasons supporting this demand will continue.

Our current contract portfolio remains strong. There has been no significant changes in our contracts during 2015 and we do not anticipate any significant changes during 2016. Our portfolio includes a number of jurisdictions that have achieved instant ticket growth higher than the industry average and these trends, combined with prospects to strategically bid for work on contracts that are shared amongst multiple suppliers, will support our current level of business and provide opportunities to grow.

One of the strengths in our recent results has been the ability to innovate and develop value added products which enable us to maintain our average selling prices in the face of continued competitive pressure on prices. We have made significant commitments of resources to innovation to generate these value added propositions so that our customers can have leading edge products in the retail environment to grow their business and generate greater returns for their good causes.

Operationally our focus for 2016 will be the continuing ramp up and increasing the utilization of our new press which began live production in the fall of 2015. We will begin to see more of the positive impacts as the press becomes fully integrated into our production environment during 2016. We do anticipate higher volumes in 2016 relative to 2015 due to the increased capacity now available, however the long term sales cycle and timing of contract renewals does impact how quickly we can generate higher volumes. Increasing instant ticket sales of our existing customers does provide some built in organic growth opportunities, and we will be strategic in bidding for new opportunities to expand our volumes.

The Michigan Lottery iLottery operation continues to set the North American standard for successful iLottery operations and with the recent introduction of draw based games, we are now offering the complete suite of lottery products over the internet. In 2016 we, in conjunction with our partner, will initiate the operation of our second North American iLottery contract with the Virginia Lottery eSubscription platform. We are actively telling the story of the importance of iLottery to the industry and although there are currently no immediate formal bid opportunities available, we believe we are well positioned to capitalize as this distribution method develops.

We are seeing an increased interest in some of our ancillary product lines, in particular our SureTrack® lottery management system. As lotteries focus on improving their operations, opportunities to provide them the additional assistance of our inventory, distribution and lottery management system have increased and we have made a number of sales in this area. It is a growing area and provides additional value added services to both our existing customers and provides an important tool in developing new relationships.

The continued weakness in the Canadian dollar relative to both the U.S. dollar and the Euro is positive to our business, both in terms of higher net Canadian cash flow and giving us a stronger competitive position. Over the last number of years we have taken a number of steps to lessen our net exposure to foreign exchange variability through increasing our natural hedges by procuring inputs denominated in U.S. currency. This has reduced the volatility and overall impact of changes in the Canadian/U.S. relationship on our financial results, however an ongoing weak Canadian dollar is still positive for our business.

Our charitable games business had a very good year in 2015 and we anticipate this success to continue. While the overall market for pull-tabs and bingo paper remains flat or slightly declining, we have made a number of improvements in our cost structure and have seen new sales in specific product types that has generated some top line growth as well. The sale of our pull tab vending machines have increased and should continue due to new opportunities opening up in certain jurisdictions.

Our 2016 budgeted capital expenditures are expected to be significantly lower than those that occurred over the past two years due to the completion of the new press installation. We are anticipating our capital expenditure focus to be in maintenance areas and smaller growth projects and be at a dollar level more consistent with that experienced in 2012 and 2013.

As a result of lower capital expenditures we anticipate our free cash flow to be higher than experienced in the last few years. Our priority with this cash flow is to continue to invest in a number of opportunities we see in our business including future iLottery opportunities, financing our expanding strategic alliances and various partnerships, pursuing more aggressively acquisition opportunities and reducing our bank debt.

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.

For Further Information Please Contact:

John Pollard
Co-Chief Executive Officer
Telephone: (204) 474-2323 ext 204
Facsimile: (204) 453-1375

Doug Pollard
Co-Chief Executive Officer
Telephone: (204) 474-2323 ext 275
Facsimile: (204) 453-1375

Rob Rose
Chief Financial Officer
Telephone: (204) 474-2323 ext 250
Facsimile: (204) 453-1375

SEDAR: 00022394
(PBL)

CO: Pollard Banknote Limited