



Interim Report for the Fiscal Quarter
Ending March 31, 2012

Item 1 Exact Name of the Issuer and the Address of its Principal Executive Offices

Name

Winning Brands Corporation

Address of Principal Executive Offices

220A - 11 Victoria Street,
Barrie, Ontario, Canada L4N 6T3
(705) 737-4062 Tel
(705) 737-9793 Fax
www.WinningBrands.com
www.WinningBrandsGOV.com
www.WinningBrandsCorporation.com/blog
www.1000Plus.ca

Investor Relations

Jean Wursten-May
jean@winningbrands.ca
Corporate Office,
Address Above

Item 2 Shares Outstanding as at March 31, 2012

Common Shares

Period end date: March 31, 2012
Number of shares authorized: 5,000,000,000
Number of shares outstanding: 3,728,927,712
Freely tradable shares (public float): 3,566,206,357
Estimated number of beneficial shareholders: 4,700
Total number of shareholders of record: 338

Period end date: December 31, 2011
Number of shares authorized: 5,000,000,000
Number of shares outstanding: 3,104,622,156
Freely tradable shares (public float): 2,941,900,801
Estimated number of beneficial shareholders: 4,491
Total number of shareholders of record: 332

Period end date: December 31, 2010
Number of shares authorized: 5,000,000,000
Number of shares outstanding: 1,715,482,208
Freely tradable shares (public float): 1,552,760,853
Estimated number of beneficial shareholders: 1,300
Total number of shareholders of record: 234

Preferred Shares

Period end date: March 31, 2012
Number of shares authorized: 10,000,000
Number of shares outstanding: 10,000,000
Freely tradable shares (public float): nil
Beneficial shareholders: 4
Total number of shareholders of record: 2

Period end date: December 31, 2011
Number of shares authorized: 10,000,000
Number of shares outstanding: 10,000,000
Freely tradable shares (public float): nil
Beneficial shareholders: 4
Total number of shareholders of record: 2

Period end date: December 31, 2010
Number of shares authorized: 10,000,000
Number of shares outstanding: 10,000,000
Freely tradable shares (public float): nil
Beneficial shareholders: 4
Total number of shareholders of record: 2

Item 3 Interim Financial Statements

Attached at the end of this Quarterly Update are the combined, consolidated financial statements including Balance Sheet, Statement of Loss, Statement of Cash Flows, Statement of Changes in Stockholders' Equity (Deficiency) and Notes to the Financial Statements (which form an integral part of the financial statements).

Item 4 Management Discussion and Analysis

i. *Trends, events or uncertainties that have, or are reasonably likely to have, a material impact on the Company's short-term or long-term liquidity.*

The Company is seeking funding alternatives to subscription of its common shares under Regulation D, Rule 504, i.e. refinancing to a new model. In Q1 2012 professional intermediaries commenced preparations for the Company to meet qualified prospective venture debt investors with whom a rotating line of credit is being discussed. Under the targeted new model, participating investors would link their net investment return to an eventual upgrading of the Company's common stock tier in the investment markets, either in the USA or Canada. A revolving line of credit mechanism would minimize interest carrying costs by confining interest charges to the portion of the facility that has been drawn upon. It may also be appropriate to replace a portion of older debt with the contemplated new facility for technical reasons, such as the assumption of security interests. In Q1, such a line of credit was not yet established. It is not clear whether the targeted facility can be activated within Q2 due to the significant role of due diligence reviews. Preparation of applicable materials, and their review, is the most time consuming aspect of the process, particularly if required by several parties for evaluation. If such financing is accomplished in due course, it may have a positive impact upon the Company's long term liquidity by eliminating the need for share issuance under Rule 504. The issuance of fewer shares, or no shares, may restore balance to normal "supply and demand trading" of the Company's stock. Cessation of Rule 504 financing may also create the conditions conducive to the removal the partial chill of the Company's common shares by the Depository Trust Corporation. The Company's shares can currently be traded on some, but not all, electronic investment account platforms. Earlier research and planning regarding SEC registration, or a Canadian equivalent, of the Company's securities has confirmed that implementation of that process should be subsequent to refinancing, rather than precede it. This is due to the high cost of the registration exercise and higher subsequent compliance costs.

ii. *Internal and external sources of liquidity.*

External liquidity has declined from Q1 2011 because it is more difficult to conduct suitable subscription activity in 2012, however, internal liquidity has improved with the introduction of Purchase Order financing, which will become effective in Q2 2012. Purchase Order financing allows the Company to obtain partial cash advances on the strength of product orders at the time the orders are placed. This is an improvement over the Company's prior reliance upon Accounts Receivable financing, which requires delivery of finished goods in order to qualify for an advance on customer payment terms. The Purchase Order financing will undergo a Q2 testing phase in which participants will evaluate their satisfaction with its operation.

iii. *Any material commitments for capital expenditures and the expected sources of funds for such expenditures.*

No material commitments for capital expenditures have been made that are outside of norms of the Company's routine operations.

iv. Any known trends, events or uncertainties that have had, or that are reasonably expected to have, a material impact on the net sales or revenues or income from continuing operations.

There are no known special trends, events or uncertainties which are likely to have a greater material impact upon revenue of the company than the elements described below. Both Home Depot USA and Lowe's USA have confirmed in Q1 that the Company's lead product, 1000+ Stain Remover, is still a contender for store listing by those organizations. This is the single greatest variable presently known to management of the Company that would have a material impact upon the future net sales of the Company. This is because the product in question already is listed in the Canadian divisions of both retailers and is turning over at a known rate, which can be statistically projected for planning purposes. Based upon these findings, the projection reveals self-sufficiency and profitability for the Company if this were to occur, in the opinion of management. Such listings, although in trial form at both companies in the USA, cannot be predicted because they have been subject to factors internal to those organizations and beyond the control of Winning Brands. No reliance should be made upon the possibility of an expansion of these listings when evaluating the likely future condition of the Company.

v. Significant elements of income and loss not arising from the Company's continuing operations

There are no significant income/loss elements that do not arise from normal operations.

vi. Material changes from period to period in line items of the Financial Statements

Improved Sales Sales (product delivered to customers) for the three months ending March 31, 2012 were \$128,107. This is 23% higher than the corresponding figure for Q1 2011 of \$104,114, reflecting growing in-store sell-through and improvement in the number of stores selling the lead product, 1000+ Stain Remover. The higher Q1 sales figure in 2010 of \$159,162 included a six-month "load-in" delivery to a distributor who now orders monthly. The 2012 improvement over 2011 therefore reflects organic growth and consumption.

Reduced Costs The Q1 operating loss of \$219,069 is a reduction of approximately 33% from the 2011 Q1 figure of \$ 330,802. The savings of \$111,733 is primarily the result of reduced outlays in Advertising and Promotion, Facility and Storage Costs, Management & Staff Compensation, relocation costs and Vehicle & Travel. These improved efficiencies more than offset increases in Bank charges, Financing Fees and Investor Relations. The ability to reduce promotional outlays without harming sales has been a material trend in the past year. However, the Company has reached its minimum sustainable promotional level. The Company considers it to be important that investments in promotional activity to inform retailer store personnel continue because they appear to be more cost effective at this time than general consumer advertising. Well-informed store personnel in the hardware / home improvement sector are demonstrating that they make a disproportionate contribution to consumer buying decisions. This is because of the role of store staff recommendations in consumer trial of a new brand.

Reduced Liabilities Total Liabilities of \$2,880,729 Q1 2011 have been reduced by \$164,099 to \$2,716,630 by Q1 2012. The Company has reduced the size of its inventory of non-biobased merchandise from \$309,949 in Q1 2011 to \$129,381 in Q1 2012. It is the Company's objective to effect a complete switch to biobased 1000+ Stain Remover for all markets in 2012. Drawing down existing supplies is the precursor to this switch-over.

Gross Margin Changes in gross profit margin fluctuate from Quarter to Quarter at the current level of production and with current methods due to inefficiencies inherent in sporadic, low volume demand-based manufacturing. At a higher level of sales than present, the Company could utilize larger production runs which benefit from volume pricing of production components. This is the basis for the Company's long term 40% gross margin target.

Operational Highlights Q1 2012

- Showcase Event in Houston, Texas at Sam's Club. This is a follow-up from the initial arrival at Sam's Club in Q4 2011
- Prototyping of new custom counter display system for 1000+ that reduces per-unit cost by 80% over previous system. Awaiting refinancing for widespread deployment across the entire account base
- Initial indication in writing from U.S. Navy NEXCOM that 1000+ Stain Remover was scheduled for release to select NEX Depots. Activation has been delayed by NEX for unrelated reasons. More information is expected in Q2 regarding this deployment.
- Customer approval and launch of monthly Testimonial Information Series to Do it Best organization members resulting in new store uptake of approximately 2 locations per day
- Deployment of custom brochure holders for 1000+ Stain Remover in Home Depot Canada stores, at the shelf.
- Participation in Lancaster 2012 Connecticut Dealer Show
- 1st outdoor banner installation for 1000+ Stain Remover at an Ace Hardware affiliate
- First deployment of 1000+ online advertising on participating hardware store websites
- First grocery store live demos of 1000+ Stain Remover with Spartan group
- Approval by U.S. Department of Defense (DOD) EMALL registration of Winning Brands. Activation is subject to DOD procedural delay. Carried over to Q2 or Q3.
- Approval for 1000+ in first Commercial, Industrial & Maintenance Catalogue (Home Hardware), deployment in Q2

- Successful transition of Australian representation for 1000+ Stain Remover between two parties, including planning for 2012 conversion to 1000+ world name in this market (from Winning Colours)
- First trial end-cap at Walmart for 1000+ Stain Remover
- Successful conversion by www.HomeDepot.com in USA from Winning Colours to 1000+ Stain Remover
- Approval by Walgreens' Duane Reade Division of 1st New York USPS mailer program. Initial test in Q2.
- First product shipment to European Union – England.
- First paid delivery to hospital of laundry product for testing
- Launch of U.S. Government procurement landing page www.WinningBrandsGOV.com
- Listing of 1000+ Stain Remover by Florida Hardware
- Awarding of United States Department of Agriculture Certification of Biobased Product and legal approval to commence use of registered trademark logo in connection with biobased formulation
- Launch of e-commerce platform for 1000+ Stain Remover by U.K. retailer and first U.K. consumer testimonial
- First replenishment order by Duane Reade
- 1-year anniversary of transition to contract manufacturing without major incident, contributing to cost efficiency and improved quality.

The Company continued to require working capital from the sale of shares of stock or loans to offset its operating deficit, however, the sale of stock under Regulation D, Rule 504 has declined by dollar value to the lowest level in several years. The increase in outstanding shares reflects the lower share price and debt conversion, not increased funding activity.

The results for the Quarter ending March 31, 2012 demonstrate continued successful cost reductions. This contributes to a declining break-even point for the Company. In the opinion of Management, with current infrastructure, if debt were repaid or converted to equity, approximately \$2,500,000 - \$3,000,000 in sales at 40% gross margin would be required for the company to achieve reliable self-sufficiency. This figure is subject to change based on the cost of raw materials, public reporting compliance costs, freight costs and other variables.

vii. Seasonal Aspects.

No seasonal aspects had a material effect on the Company's financial condition or the results of its operation.

Off-Balance Sheet Arrangements

There are no material off-balance sheet arrangements that are not described in the notes to the financial statements.

Item 5 Legal Proceedings

The Company was not involved during the reporting period in any litigation or administrative actions that could have a material effect upon the Company's operations.

Item 6 Defaults upon Senior Securities

The Company is not in default upon any senior securities

Item 7 Other Information

There is no further information of a material nature pertinent to the Interim Report.

Item 8 Exhibits

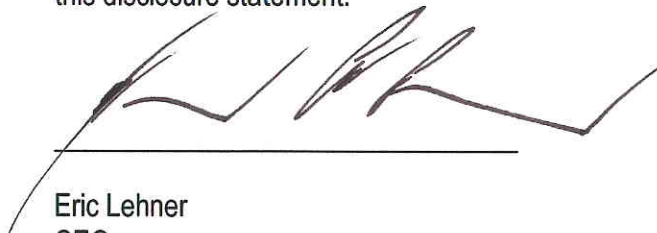
There are no amendments to previous exhibits.

Item 9 Certifications

Following pages

I, Eric Lehner, CEO, certify that:

1. I have reviewed this Interim Report of Winning Brands Corporation for the Fiscal Quarter ending March 31, 2012;
2. Based on my knowledge, this interim report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statement, and other financial information included or incorporated by reference in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.



Eric Lehner
CEO
May 15, 2012

I, Michael Kostrich, CFO, certify that:

1. I have reviewed this Interim Report of Winning Brands Corporation for the Fiscal Quarter ending March 31, 2012;
2. Based on my knowledge, this interim report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statement, and other financial information included or incorporated by reference in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.



Michael Kostrich
CFO
May 15, 2012

Winning Brands Corporation
Combined Consolidated Financial Statements
(Unaudited)
for the Three Months Ended
March 31, 2012

Winning Brands Corporation
Combined Consolidated Balance Sheet
(Unaudited)

as at March 31, 2012

(with comparative figures as at March 31, 2011)

	March 31, 2012	March 31, 2011
Assets		
Current:		
Cash	\$ 105	\$ 26,767
Accounts receivable	158,225	145,486
Inventories	129,381	309,949
Prepays	<u>59,528</u>	<u>66,233</u>
	347,239	548,435
Subscriptions Receivable - Restricted Shares (Note 2)	238,464	244,767
Advances Receivable (Note 3)	192,883	199,525
Property, Plant & Equipment (Note 4)	35,296	42,676
Trade Secret Formulations & Trademarks (Note 5)	<u>1</u>	<u>1</u>
	<u>\$ 813,883</u>	<u>\$ 1,035,404</u>
Liabilities		
Current:		
Accounts Payable & Accruals	\$ 767,979	\$ 783,713
Loans Payable - Inventory & Working Capital - 2008 to present (Note 6)	574,356	740,038
Loans Payable - Working Capital - 2006 & 2007 (Note 7)	<u>125,513</u>	<u>154,350</u>
	1,467,848	1,678,101
Loans Payable - Brand Development (Note 8)	<u>1,248,482</u>	<u>1,202,628</u>
	<u>2,716,330</u>	<u>2,880,729</u>
Stockholders' Deficiency		
Preferred stock	10,000	10,000
Common stock	3,578,928	1,880,242
Additional paid-in capital	4,463,568	4,418,234
Accumulated deficit	(9,545,803)	(7,677,971)
Accumulated foreign currency translation adjustment	<u>(409,140)</u>	<u>(475,830)</u>
	<u>(1,902,447)</u>	<u>(1,845,325)</u>
	<u>\$ 813,883</u>	<u>\$ 1,035,404</u>

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with
the Interim Report for the Fiscal Quarter ending March 31, 2012 and
The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation**Combined Consolidated Statement of Loss**

(Unaudited)

Three Months Ended March 31, 2012**(with comparative figures for Three Months Ended March 31, 2011)**

	Three months ended March 31, 2012	Three months ended March 31, 2011
Sales	\$ 128,107	\$ 104,114
Cost of goods sold (Note 9)	<u>86,968</u>	<u>35,365</u>
Gross contribution	<u>41,139</u>	<u>68,749</u>
Operating expenses:		
Administration & bookkeeping	8,030	7,409
Advertising & promotion	25,335	54,973
Amortization of capital assets	2,074	2,336
Bank, credit card & exchange charges	6,118	3,977
Computer & internet	-	213
Disposal & relocation costs (Note 9)	-	51,712
Facility & storage costs	12,712	34,906
Freight, courier & postage	14,832	21,784
Financing costs, fees & interest (Note 10)	40,178	21,842
Insurance	4,255	4,566
Investor Relations & Services	6,544	3,233
Legal, accounting & professional fees	20,782	26,874
Management & staff compensation	102,695	140,068
Office expenses	8,096	4,778
Repairs & maintenance	-	375
Telecommunications	4,305	7,638
Vehicle & travel	<u>4,252</u>	<u>12,867</u>
	<u>260,208</u>	<u>399,551</u>
Net loss for the period	(219,069)	(330,802)
Foreign currency translation adjustment	<u>(34,728)</u>	<u>(48,455)</u>
Comprehensive loss for the period	<u>\$ (253,797)</u>	<u>\$ (379,257)</u>

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with the Interim Report for the Fiscal Quarter ending March 31, 2012 and The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation
Combined Consolidated Statement of Changes in Stockholders' Deficiency
Results for the Quarter Ended March 31, 2012

	Preference shares		Common shares			Additional Paid - Up Capital	Accumulated Deficit	Accumulated Currency Translation	Stockholders' (Deficiency) / Equity
	Number of shares	Share amount	Number of shares	Share Amount	Share Amount				
Opening Balance - January 1, 2012	10,000,000	\$ 10,000	3,107,872	\$ 1,156	\$ 2,954,622	\$ 4,463,568	\$ (8,871,178)	\$ (374,412)	\$ (374,412)
Reg D 504 funding	-	-	475,000,000	475,000	475,000	-	(360,000)	-	115,000
Debt retirement	-	-	149,305,556	149,306	149,306	-	(95,556)	-	53,750
Net loss - Q1 2012	-	-	-	-	-	-	(219,069)	-	(219,069)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(34,728)	(34,728)
Cumulative Balances - March 31, 2012	10,000,000	\$ 10,000	3,732,177,712	\$ 3,578,928	\$ 3,578,928	\$ 4,463,568	\$ (9,545,803)	\$ (409,140)	\$ (459,459)

The number of common shares issued reflects the total of all three companies described in Note 1 b) of these combined consolidated financial statements.

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with
the Interim Report for the Fiscal Quarter ending March 31, 2012 and
The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation
Combined Consolidated Statement of Changes in Stockholders' Deficiency
Comparative Results for the Quarter Ended March 31, 2011

	Preference shares		Common shares			Additional Paid - Up Capital	Accumulated Deficit	Accumulated Currency Translation	Stockholders' (Deficiency) / Equity
	Number of shares	Share amount	Number of shares	Share Amount	Share amount				
Opening Balance - January 1, 2011	10,000,000	\$ 10,000	1,718,732,208	\$ 1,565,482	\$ 4,246,594	\$ (7,347,169)	\$ (427,375)	\$ (1,952,468)	
Reg D 504 funding	-	-	110,000,000	110,000	42,400	-	-	152,400	
Debt retirement	-	-	204,758,999	204,760	129,240	-	-	334,000	
Net loss - Q1 2011	-	-	-	-	-	(330,802)	-	(330,802)	
Foreign currency translation adjustment	-	-	-	-	-	-	(48,455)	(48,455)	
Cumulative Balances - March 31, 2011	10,000,000	\$ 10,000	2,033,491,207	\$ 1,880,242	\$ 4,418,234	\$ (7,677,971)	\$ (475,830)	\$ (1,845,325)	

The number of common shares issued reflects the total of all three companies described in Note 1 b) of these combined consolidated financial statements.

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with the Interim Report for the Fiscal Quarter ending March 31, 2012 and The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation
Combined Consolidated Statement of Cash Flows
for the Quarter Ended March 31, 2012
(with comparative figures for the Quarter Ended March 31, 2011)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Cash generated by (used for):		
Operations:		
Net loss	\$ (219,069)	\$ (330,802)
Add: Items not involving cash		
Amortization of capital assets	2,074	2,336
Changes in non-cash current balances:		
Increase in receivables	15,231	(10,276)
Decrease (increase) in inventories	14,721	22,853
Decrease (increase) in prepaids	973	7,046
Increase in accounts payable & accruals	<u>24,301</u>	<u>28,910</u>
	<u>(161,769)</u>	<u>(279,933)</u>
Financing:		
Loan advances - Inventory & Working Capital - 2008 to present	-	150,000
Loan repayments - Inventory & Working Capital - 2008 to present	(21,576)	(326,623)
Loan repayments - Working Capital - 2006 & 2007	2,404	4,485
Loan advances - Brand Development	54,456	55,028
Proceeds from share issuance - Regulation D 504 funding	115,000	152,400
Proceeds from share issuance - Debt retirement funding	<u>53,750</u>	<u>334,000</u>
	<u>204,034</u>	<u>369,290</u>
Increase in cash during the period	42,265	89,357
Effect of exchange rate changes on cash	(43,700)	(62,729)
Cash position, beginning of period	<u>1,540</u>	<u>139</u>
Cash position, end of period	<u>\$ 105</u>	<u>\$ 26,767</u>

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with
the Interim Report for the Fiscal Quarter ending March 31, 2012 and
The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation
Notes to Combined Consolidated Financial Statements
as at March 31, 2012
(with comparative figures as at March 31, 2011)

1. Summary of Significant Accounting Policies

a) Nature of business

Winning Brands Corporation, a Delaware incorporated entity, is a non-reporting issuer quoted under the symbol WNBD in the U.S. and WMU in Frankfurt.

Winning Brands Corporation owns 100% of the capital stock of Niagara Mist Marketing Ltd (NMML) which has been in business since 1977. NMML's primary activities include the creation and manufacturing of household and commercial cleaning products as well as cosmetic and personal care formulations.

b) Basis of presentation

The combined consolidated financial statements include the accounts of the company and its wholly-owned subsidiary and XMG Corporation (a related company). All significant inter-company accounts and transactions have been eliminated in order to reflect the net offset of combined operations accurately.

c) Foreign Currency Translation

The combined consolidated financial statements are presented in United States Dollars as follows:

- Balance sheet items using the Bank of Canada exchange rate as at the various period end dates.
- Income statement items using the Bank of Canada average exchange rate for the various periods described.
- Stockholders' share activity at the historical rate in effect on the transaction date.
- Adjustments resulting from the process of translating the Canadian currency financial statements into U.S. dollars are identified as such in the statements of loss and stockholders' deficiency.

d) Use of Estimates and Assumptions

The preparation of the accompanying combined consolidated financial statements requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Winning Brands Corporation
Notes to Combined Consolidated Financial Statements
as at March 31, 2012
(with comparative figures as at March 31, 2011)

e) Going Concern

These combined consolidated financial statements have been prepared assuming that the company will continue as a going concern which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business. Additional financing is needed for the successful completion of the company's contemplated plan of operations and its transition, ultimately, to the attainment of profitable operations. The company's ability to raise additional equity or debt financing is unknown. An inability to resolve these factors would raise substantial doubts about the company's ability to continue as a going concern. These financial statements do not include any adjustments that may result from the outcome of the aforementioned uncertainties.

f) Inventories

Inventories consist of finished product for resale as well as raw materials and packaging components held at the company's premises' and contract warehousing facilities. Finished product is valued at cost including materials, labour and overhead.

g) Property, Plant & Equipment

Property, plant & equipment assets are stated at cost and are amortized at the annual rates noted below. Additions are amortized at one half the annual rates.

<u>Category</u>	<u>Rate</u>	<u>Method</u>
Factory equipment & dies	4%	Declining balance
Computers	30 to 100%	Declining balance
Vehicles	30%	Declining balance
Leaseholds	5 yr	Straight line
Furniture & fixtures	20%	Declining balance
Signs	20%	Declining balance

h) Revenue Recognition

Revenue is recognized as product is shipped. Goods are not normally shipped on a consignment basis and under no circumstances are treated as sales until they actually occur.

Winning Brands Corporation
Notes to Combined Consolidated Financial Statements
as at March 31, 2012
(with comparative figures as at March 31, 2011)

i) Financial Instruments & Risk Management

Foreign currency risk

The company is exposed to currency risk as some of its accounts receivable and accounts payable are denominated in U.S. dollars, Canadian dollars and other foreign currencies. The company also earns revenue & makes expenditures in these currencies. Unfavourable changes in the applicable exchange rate may result in a decrease in any foreign exchange gain or an increase in any foreign exchange loss.

Credit risk

Credit risk arises from the possibility that entities to which the company sells may experience financial difficulty and be unable to fulfil their contractual obligations. This risk is mitigated by proactive credit management policies that include regular monitoring of the debtors' payment history.

Fair value

The fair value of the company's financial instruments is estimated based on the amount at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. The fair value of accounts receivable, inventory, prepaid expenses, accounts payable and accrued expenses are assumed to approximate their historical cost amount due to their short term nature.

The fair value of the company's long-term financial assets is estimated to approximate the recorded amounts, other than the fair market value of Trade Secret Formulations & Trademarks as referred to in Note 5.

The fair value of the company's long-term financial liabilities is estimated to approximate the recorded amounts.

2. Subscriptions Receivable - Restricted Shares

Subscriptions receivable is an attribution to members of the founding management group of the value of their proportionate interest in Niagara Mist Marketing Limited in 2004 prior to the plan of merger and reorganization with Winning Brands Corporation. These interests were converted from free trading shares of Niagara Mist Marketing Limited to restricted shares of Winning Brands Corporation, and remain restricted as at March 31, 2012. These amounts are non-interest bearing nor payable until the removal of the trading restriction on these shares, at which time the receivable may be retired according to a repayment plan to be determined at that time.

Winning Brands Corporation
Notes to Combined Consolidated Financial Statements
as at March 31, 2012
(with comparative figures as at March 31, 2011)

3. Advances receivable

Pending final determination of compensation to be granted for services rendered by the CEO, Eric Lehner, from 2005 to the date of determination, advances have been made on account to him. Preliminary annual compensation to the CEO has been made as follows: 2005 - \$10,000; 2006 - \$12,000; 2007 - \$74,000; 2008 - \$74,000; 2009 - \$120,000; 2010 - \$98,000; 2011 - \$66,000. Any payments greater than the preliminary compensation amounts have been treated as advances.

It is the intention that the company will in due course provide compensation to the CEO that is more customary of his level of responsibility, as determined by a competent unaffiliated authority. At such time the advances may be converted to earned compensation.

In the interim, and in good faith toward the company and its shareholders, the CEO has provided partial security for the advances in the form of an assignment of a \$100,000 interest in real property that is registered on title in the town of Caledon, Ontario. The net effect of this arrangement is to link compensation to performance.

4. Property, Plant & Equipment

Property, plant & equipment represent the acquisition cost of physical assets used for production and operations. Annual amortization has been applied based on the rates as describe in Note 1 g). Other assets utilized are either leased or subcontracted as required. Subsequent to December 31, 2010, the disposition of certain assets occurred. This reflects the shift of manufacturing from owned to contract production.

	<u>March 31,</u> <u>2012</u>	<u>March 31,</u> <u>2011</u>
Factory equipment & dies	\$ 171,930	\$ 171,572
Computers	38,034	39,039
Vehicles	32,788	33,654
Leaseholds	28,163	28,908
Furniture & Fixtures	12,720	13,056
Signs	<u>1,335</u>	<u>1,371</u>
	284,970	287,600
Accumulated amortization	<u>249,674</u>	<u>244,924</u>
	<u>\$ 35,296</u>	<u>\$ 42,676</u>

The accompanying Notes are an Integral part of this Financial Statement & should be read in conjunction with
the Interim Report for the Fiscal Quarter ending March 31, 2012 and
The Issuer Initial Disclosure Statement dated March 31, 2010

Winning Brands Corporation
Notes to Combined Consolidated Financial Statements
as at March 31, 2012
(with comparative figures as at March 31, 2011)

5. Trade Secret Formulations & Trademarks

The company's wholly owned subsidiary, Niagara Mist Marketing Limited, has developed a portfolio of intellectual properties including proprietary chemical formulations, know-how and trademarks which provide the basis for commercially distinct mass market consumer products with unique selling propositions. These products, principally the lead product, Winning Colours 1000+ Stain Remover, have gained listings by retailers.

No fair market valuation is reflected in these financial statements of these intellectual properties (whose substance is growing through ongoing work and additions) and all investment in their research and development and registration, where applicable, has been expensed rather than capitalized. It is the opinion of management that the fair market valuation of these assets are an integral part of the company's overall value and can be better determined as the implementation of the issuer's business plan yields results. Such valuation would be carried out by competent independent valuation professionals.

6. Loans Payable - Inventory & Working Capital - 2008 to present

These 6%, 8%, and 13% simple interest loans have various due dates. The 6% and 8% notes loans can be extended at 12% interest thereafter or converted to equity at a 25% - 40% discount to market. Some holders of matured loans have chosen to extend their term beyond maturity rather than converting to equity at this time, subject to market conditions.

7. Loans Payable - Working Capital - 2006 & 2007

These loans were made by unaffiliated parties for working capital purposes. One of these amounts, a \$360,000 Canadian original obligation was secured by a GSA (General Security Agreement). As of March 31, 2012 there is no remaining amount outstanding on the principal amount of that obligation, although a forbearance fee is being negotiated in consideration for having provided informal extensions during the life of the loan prior to its repayment.

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8. Loans Payable - Brand Development

These loans represent funding for the initial period of the company's brand development work, prior to the 2006 access to public equity financing. The loans are repayable by a variety of specific terms of repayment, all of which are long term in nature and open (i.e. can be repaid in full without penalty as resources permit). A portion of the loans payable pertains to contingent subscriptions prior to the merger, which must be returned due to non-completion.

9. Cost of goods sold / Disposal & relocation costs

The cost of goods sold figure reflects the costs of raw materials, packaging components (which include bottles, caps, labels, corrugated cartons, and pallets), and subcontract service fees.

During the 2011 year various disposal and relocation costs were incurred by the company as a result of moving to contract manufacturing on a full time basis. These unique charges have been separated from the cost of goods sold for financial statement purposes.

10. Reduction of accrued interest

Of the "Loans Payable - Brand Development" amount reflected in Note 8, \$327,773 of accrued interest has been forgiven by one of the founding lenders. This reduction of accrued interest was charged to the combined consolidated statement of loss in the fourth quarter of 2010 as this was the period in which the forgiveness was granted.

This accrual is no longer required as the lender is now satisfied that eligibility for eventual removal of the trading restriction on their original allocation of common shares is sufficient consideration for their loan to date. Participation in future stock options or warrants, at the sole discretion of the company, may be provided as consideration of this forgiveness.

11. Comparative figures

Certain comparative figures have been reclassified to confirm with the financial statement presentation for the current year.