

## **Points International Ltd. Reports Record First Quarter 2007 Financial Results**

***Total revenue increased 85% year-over-year to \$5.3 million***

***Company generates positive EBITDA<sup>1</sup> for second consecutive quarter***

***25.9 billion cumulative points/miles have been transacted, an increase of 50%  
compared to the same period last year***

***2.7 billion points/miles transacted in the first quarter, up 47% year-over-year***

***Announces launch of Global Mileage Exchange for second half of 2007***

***Company raises 2007 revenue guidance by approximately 20%***

**TORONTO, May 10, 2007, Points International Ltd.** (TSX: PTS; OTCBB: PTSEF; "Points" or the "Company"), the owner and operator of Points.com, the world's leading reward program management portal, announced today results for the first quarter ended March 31, 2007. The Company reported an 85% year-over-year increase in total revenue to \$5.3 million for the first quarter of 2007, driven by growth in most areas of its business. In addition, the Company generated positive EBITDA<sup>1</sup> for a second consecutive quarter and raised 2007 revenue guidance by approximately 20%. Cumulative points/miles transacted reached 25.9 billion, equating to an increase of 50% compared to the same period last year. During the first quarter, 2.7 billion points/miles were transacted, up 47% year-over-year.

"Beginning with the first quarter of 2007, as we enter into new agreements or renew current partner agreements, we are enhancing these relationships and are expanding our role to include a principal position in partnership transactions and we will continue to act in an agency capacity as well," stated Rob MacLean, Chief Executive Officer of Points International Ltd. "By taking on a principal role in the transaction, we believe we will be able to leverage our expertise and drive more rapid and sustainable revenue growth as well as greater profitability to Points and our partners. Additionally, because we are more directly involved in the successful operation of our products, we believe we are building stronger and more sustainable relationships with our partners as well as gaining better control over our future revenue streams."

"The Company is focused on growth that is rapid, sustainable and profitable. I believe that our team, under the leadership of Rob MacLean, is executing on this plan as exhibited by the rate of growth we experienced in the first quarter of 2007," commented Stephen K. Bannon, Chairman. "As we capitalize on opportunities for more principal business we anticipate increasing revenue growth and operating margins. Based on this new emphasis, we are raising our revenue outlook to a range of \$21-\$24 million from \$17-\$20 million."

<sup>1</sup>EBITDA is a non-GAAP measure defined as earnings before interest amortization and other items.

Mr. MacLean added, "Our pipeline of new products and partnership agreements continues to build. In addition to contracts already announced, we have contracts or LOI's with three new partners to join *Points.com*, six partners have signed for the launch of seven new products and two integration partners have signed for five integration add-ons. In addition, during the second quarter we will be launching the first phase of our 'Book with Points' product on *Points.com*, in conjunction with our partner Travelocity."

We are also very excited about our newest program currently in development, our Global Mileage Exchange (GMX), which will facilitate the ability for members of various reward programs to trade miles and points directly with other members. We expect to introduce this peer-to-peer offering in the second half of 2007," added Mr. MacLean.

Mr. MacLean concluded, "The first quarter of 2007 results confirm the continued success of our strategy. We have entered 2007 with strong sales momentum, improving financial performance, which gives us greater confidence in our future and is reflected in our higher revenue guidance."

### **First Quarter 2007 Results**

Total revenue was \$5.3 million for the first quarter of 2007, an increase of 85% versus the \$2.8 million reported in the first quarter of 2006, and a 37% sequential increase from the fourth quarter of 2006.

Beginning with the first quarter of 2007, the Company will be providing more detailed disclosure to shareholders, and is reporting its revenues in three segments to reflect its enhanced relationship with certain partners. The three revenue groups are as follows:

1. Principal revenue is any revenue that is not Commission revenue or Interest revenue, as defined below, and includes: *Points.com* membership dues, partner sign-up fees, technology design, development and maintenance revenues, hosting and management fees, revenues from the performance of services via *Points Solutions* that are provided directly to loyalty program members where Points assumes credit and/or inventory risk (i.e. acts as a principal), and *Points.com Business Solutions* membership revenue.
2. Commission revenue is any commissions earned that are calculated as a percentage of a transaction or a fixed dollar value per transaction.
3. Interest income is any revenue earned through the Corporation's investing activities arising from its operating cash flow.

For the first quarter of 2007, Principal revenue totaled \$2.2 million, an increase of 193% versus \$0.8 million a year ago, and a 34% increase compared to \$1.7 million in the fourth quarter of 2006. Commission revenue was \$3.0 million, an increase of 48% versus the \$2.0 million reported in the first quarter of 2006 and a 40% sequential increase from the fourth quarter of 2006. Interest income was \$43,000, a decrease of 34% versus the \$65,000 reported in the first quarter of 2006 and an 11% sequential decrease from the fourth quarter of 2006. The Company continues to have a strong recurring revenue base, with 93% of its revenues in the quarter being recurring in nature, compared to 91% in the first quarter of 2006.

Total general and administration expenses for the first quarter of 2007 were \$4.9 million, a 27% increase versus the first quarter of 2006, and a 35% increase versus the

fourth quarter of 2006. The increase in general and administration expenses versus the fourth quarter was primarily attributable to direct costs incurred to deliver Points.com Business Solutions under a new arrangement and higher marketing and sales commissions

During the first quarter of 2007, the Company reported EBITDA<sup>1</sup> of \$0.3 million compared to a loss of \$1.1 million in the same period in 2006 and versus \$0.2 million in the fourth quarter of 2006.

The Company reported a net loss for the first quarter of 2007 of \$0.8 million, or \$0.01 per share, based on 115.7 million weighted-average shares outstanding, versus a net loss of \$2.3 million, or \$0.02 per share, on 93.7 million weighted average shares outstanding, in the first quarter of 2006, and versus a net loss of \$0.6 million, or \$0.01 per share, on 114.2 million weighted-average shares outstanding in the fourth quarter of 2006.

Non-cash charges, including foreign exchange loss, accrued interest, the amortization of property, plant and equipment, intangible assets, stock option expense and deferred costs, accounted for \$1.1 million of the net loss in the first quarter of 2007 versus \$1.2 million in the first quarter of 2006.

### **Recent Business Highlights**

- Named Anthony Lam as Chief Financial Officer
- Points extended its partnership with Alaska Airlines for another three years and increased its responsibility with regard to providing the PBS products and financial administration of the programs
- US Airways has renewed its participation on Points.com and expanded its use of the Buy Miles, Gift Miles, Corporate Miles and Transfer Miles programs through February 2010
- Delta Air Lines has expanded its Buy and Transfer Miles programs, enabling customers from around the world to purchase, gift and transfer miles online at delta.com
- Signed long term contract extension with American Express, broadening the redemption options that are currently available to American Express® Membership Rewards® members
- Announced an agreement with Jumeirah Group to add Jumeirah's Sirius Recognition and Rewards Programme to Points.com

### **Business Metrics in the First Quarter**

#### Total

- Total points/miles transacted during the first quarter increased 47% versus last year to 2.7 billion, bringing total cumulative points/miles transacted to 25.9 billion
- The total number of transactions increased 24% versus last year to approximately 279,000

### Private Branded Channels

- Total points/miles transacted on products distributed through Points' partner channels rose 49% to 2.4 billion bringing the cumulative total to 23.0 billion
- Approximately 258,000 transactions took place, a 24% increase compared to a year ago

### Points.com Channel

- Over 341 million points were transacted on Points.com, a 33% increase versus 2006
- The number of points/miles transactions grew 18% to over 21,000.
- Cumulative registered users on Points.com increased 37% year-over-year to 1.6 million.

### **Business Outlook**

For the year 2007, the Company is updating its revenue outlook, and expects revenue to be in the range of \$21-\$24 million and anticipates positive EBITDA<sup>1</sup> for the year. This new revenue outlook has been increased from the previous range of \$17-\$20 million. The revenue outlook assumes that the existing products and services will continue to perform along historical growth curves and that the transaction rates of new contracted products and services will grow in a manner consistent with the Company's experience with existing partners. In addition to the revenue assumptions above, the expense outlook incorporates modest expense growth versus the prior year. This outlook is based on the Company's current views. For more information see the safe harbor statement below.

### **Conference Call**

The Company's executives will hold a conference call today at 4:30 p.m. Eastern Time to discuss the results and business outlook. To participate in the conference call, investors from the US and Canada should dial (800) 458-9009 ten minutes prior to the scheduled start time. International callers should dial (719) 457-2623. If you are unable to participate in the live call, a replay will be available through May 24, 2007. To access the replay, dial (888) 203-1112 (passcode: 9188714). International callers should dial (719) 457-0820 and use the same passcode.

### **About Points International Ltd.**

Points International Ltd. is owner and operator of Points.com, the world's leading reward-program management portal. At Points.com consumers can Swap, Earn, Buy, Gift, Share and Redeem miles and points from more than 25 of the world's leading reward programs. Participating programs include American Airlines AAdvantage® program, American Express® Membership Rewards®, Aeroplan®, AsiaMiles(TM), Cendant TripRewards®, Delta SkyMiles®, Gold Points Reward Network, InterContinental Hotels Group's Priority Club® Rewards, and S&H greenpoints. Redemption partners include Amazon.com® and Starbucks.

Website: <http://www.points.com>

### **Safe Harbor Statement**

This press release may contain or incorporate forward-looking statements within the meaning of the *Private Securities Litigation Reform Act of 1995*, including those statements relating to Points' strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" or similar expressions, are forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of Points as set forth herein. These statements are not historical facts but instead represent only Points' expectations, estimates and projections regarding future events.

The forward-looking statements contained or incorporated by reference in this press release are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results and shareholder value of Points may differ materially from those expressed in the forward-looking statements contained or incorporated by reference in this press release due to, among other factors, the risks and uncertainties discussed herein, the matters set forth under "Risks and Uncertainties" contained in Points' Annual Information Form filed with applicable securities regulators and the factors detailed in Points' other filings with applicable securities regulators, including the factors detailed in Points' annual and interim financial statements and the notes thereto. Points does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as required by law. All dollar amounts herein are in Canadian dollars unless otherwise specified.

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**POINTS INTERNATIONAL LTD.  
UNAUDITED CONSOLIDATED BALANCE SHEETS**

<b>AS AT</b>	<b>March 31, 2007</b>	<b>December 31, 2006</b>
<b><u>ASSETS</u></b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 33,561,169	\$ 24,689,040
Accounts receivable	2,156,581	2,310,253
Prepays and sundry assets	2,305,789	2,124,925
	38,023,539	29,124,218
PROPERTY, PLANT AND EQUIPMENT	2,599,305	2,934,238
GOODWILL AND INTANGIBLE ASSETS	6,655,445	6,837,155
DEFERRED COSTS	1,034,406	1,167,331
FUTURE INCOME TAXES RECOVERABLE	590,000	590,000
	10,879,156	11,528,724
	\$ 48,902,695	\$ 40,652,942
<b><u>LIABILITIES</u></b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	2,108,038	3,342,868
Deposits	30,864,349	21,159,193
Current portion of loan payable	30,847	33,515
	33,003,234	24,535,576
LOAN PAYABLE	-	5,289
CONVERTIBLE PREFERRED SHARES	19,783,734	19,506,279
	\$ 52,786,968	\$ 44,047,144
<b><u>SHAREHOLDERS' DEFICIENCY</u></b>		
CAPITAL STOCK	44,237,427	43,051,048
WARRANTS	186,688	186,688
CONTRIBUTED SURPLUS	7,838,115	8,703,517
DEFICIT	(56,146,503)	(55,335,455)
	(3,884,273)	(3,394,202)
	\$ 48,902,695	\$ 40,652,942

**POINTS INTERNATIONAL LTD.  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

<b>FOR THE THREE MONTHS ENDED</b>	<b>MARCH 31, 2007</b>	<b>MARCH 31, 2006</b>
<b>REVENUES</b>		
Principal	\$ 2,240,287	\$ 764,083
Commission	2,983,278	2,010,271
Interest income	<u>42,975</u>	<u>65,118</u>
Total Revenue	5,266,540	2,839,473
<b>GENERAL AND ADMINISTRATION EXPENSES</b>		
	<u>4,949,848</u>	<u>3,889,728</u>
<b>INCOME / (LOSS) - Before interest, amortization and other items</b>	<u>316,692</u>	<u>(1,050,256)</u>
Foreign exchange loss (gain)	16,867	(12,464)
Interest on convertible debenture	-	170,707
Interest on convertible preferred shares	277,455	277,455
Interest, loss on short-term investment and capital tax	38,004	9,605
Amortization of property, plant and equipment, intangible assets and deferred costs	<u>795,414</u>	<u>755,654</u>
	<u>1,127,740</u>	<u>1,200,956</u>
<b>NET LOSS</b>	<u>\$ (811,048)</u>	<u>\$ (2,251,212)</u>
<b>LOSS PER SHARE</b>	<u>(\$0.01)</u>	<u>(\$0.02)</u>

**POINTS INTERNATIONAL LTD.  
UNAUDITED CONSOLIDATED STATEMENTS OF DEFICIT**

<b>FOR THE THREE MONTHS ENDED</b>	<b>MARCH 31, 2007</b>	<b>MARCH 31, 2006</b>
DEFICIT - Beginning of period	\$ (55,335,455)	\$ (47,428,760)
NET LOSS - For the period	<u>(811,048)</u>	<u>(2,251,212)</u>
DEFICIT - End of the year	<u>\$ (56,146,503)</u>	<u>\$ (49,679,971)</u>

"The notes to these financial statements form an integral part hereof and may be found under the Company's profile at [www.sedar.com](http://www.sedar.com)."