POINTS INTERNATIONAL LTD

FORM 6-K
(Report of Foreign Issuer)

Filed 05/04/17 for the Period Ending 03/31/17

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of **May, 2017**

Commission File Number: **001-35078**

POINTS INTERNATIONAL LTD.
(Translation of registrant's name into English)

111 Richmond St., W. Suite 700, Toronto, ON, M5H 2G4, Canada
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [ ] Form 40-F [X]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes [ ] No [X]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________________.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Points International Ltd.
(Registrant)

Date: May 3, 2017

By: /s/ Michael D'Amico
Name: Michael D'Amico
Title: Chief Financial Officer

* Print the name and title under the signature of the signing officer.

NYC#: 108692.1

SEC1815(04-09)

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EXHIBIT INDEX

99.1	Condensed Consolidated Interim Financial Statements for the Period Ending March 31, 2017
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Condensed Consolidated Interim Financial Statements

Points International Ltd.
March 31, 2017

Contents

Points International Ltd.
Condensed Consolidated Interim Statements of Financial Position

Expressed in thousands of United States dollars
(Unaudited)

As at	Note		**March 31, 2017**		December 31, 2016
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**42,634**	$	46,492
Short-term investments			**10,033**		10,033
Restricted cash			**500**		500
Funds receivable from payment processors			**4,848**		10,461
Accounts receivable			**5,784**		4,057
Prepaid expenses and other assets	10		**1,431**		1,475
Total current assets		**$**	**65,230**	$	73,018
Non-current assets					
Property and equipment			**1,853**		1,750
Intangible assets			**16,366**		16,896
Goodwill			**7,130**		7,130
Deferred tax assets			**1,797**		1,725
Other assets			**2,715**		2,715
Total non-current assets		**$**	**29,861**	$	30,216
Total assets		**$**	**95,091**	$	103,234
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**5,295**	$	6,335
Income taxes payable			**365**		1,638
Payable to loyalty program partners			**45,683**		53,242
Current portion of other liabilities	10		**1,117**		771
Total current liabilities		**$**	**52,460**	$	61,986
Non-current liabilities					
Deferred tax liabilities			**141**		211
Other liabilities			**659**		719
Total non-current liabilities		**$**	**800**	$	930
Total liabilities		**$**	**53,260**	$	62,916
SHAREHOLDERS' EQUITY					
Share capital			**58,586**		58,412
Contributed surplus			**10,310**		9,881
Accumulated other comprehensive income (loss)			**(69)**		(127)
Accumulated deficit			**(26,996)**		(27,848)
Total shareholders' equity		**$**	**41,831**	$	40,318
Total liabilities and shareholders' equity		**$**	**95,091**	$	103,234
Guarantees and Commitments	8				
Credit Facilities	11				

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Points International Ltd.
Condensed Consolidated Interim Statements of Comprehensive Income

Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

For the three months ended March 31,	Note		2017		2016
REVENUE					
Principal		**$**	**79,488**	$	70,741
Other partner revenue			**3,353**		2,773
Interest			**17**		46
Total Revenue	4	**$**	**82,858**	$	73,560
EXPENSES					
Direct cost of revenue			**71,782**		63,365
Employment costs			**5,881**		5,903
Marketing and communications			**525**		326
Technology services			**432**		374
Depreciation and amortization			**990**		930
Foreign exchange (gain) loss			**(6)**		80
Operating expenses			**2,011**		1,293
Total Expenses		**$**	**81,615**	$	72,271
OPERATING INCOME BEFORE INCOME TAXES		**$**	**1,243**	$	1,289
Income tax expense			**391**		396
NET INCOME		**$**	**852**	$	893
OTHER COMPREHENSIVE INCOME					
Items that will subsequently be reclassified to profit or loss:					
Unrealized gain on foreign exchange derivatives designated as cash flow hedges			**150**		820
Income tax effect			**(40)**		(217)
Reclassification to net income of loss (gain) on foreign exchange derivatives designated as cash flow hedges			**(70)**		308
Income tax effect			**18**		(82)
Other comprehensive income for the period, net of income tax		**$**	**58**	$	829
TOTAL COMPREHENSIVE INCOME		**$**	**910**	$	1,722
EARNINGS PER SHARE					
Basic earnings per share	6	**$**	**0.06**	$	0.06
Diluted earnings per share	6	**$**	**0.06**	$	0.06

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Points International Ltd.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Expressed in thousands of United States dollars except number of shares (Unaudited)	Note	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
				Attributable to equity holders of the Company			
Balance at December 31, 2016		**14,878,674**	**$ 58,412**	**$ 9,881**	**$ (127)**	**$ (27,848)**	**$ 40,318**
Net Income		**-**	**-**	**-**	**-**	**852**	**852**
Other comprehensive income, net of tax		**-**	**-**	**-**	**58**	**-**	**58**
Total comprehensive income		**-**	**-**	**-**	**58**	**852**	**910**
Effect of share option compensation plan	7	**-**	**-**	**107**	**-**	**-**	**107**
Effect of RSU compensation plan	7	**-**	**-**	**566**	**-**	**-**	**566**
Share issuances – RSUs		**-**	**210**	**(210)**	**-**	**-**	**-**
Shares repurchased	5	**(9,300)**	**(36)**	**(34)**	**-**	**-**	**(70)**
Balance at March 31, 2017		**14,869,374**	**$ 58,586**	**$ 10,310**	**$ (69)**	**$ (26,996)**	**$ 41,831**
Balance at December 31, 2015		15,306,402	$ 59,293	$ 9,859	$ (624)	$ (26,333)	$ 42,195
Net Income		-	-	-	-	893	893
Other comprehensive loss, net of tax		-	-	-	829	-	829
Total comprehensive income		-	-	-	829	893	1,722
Effect of share option compensation plan	7	-	-	204	-	-	204
Effect of RSU compensation plan	7	-	-	464	-	-	464
Share issuances – RSUs		-	296	(296)	-	-	-
Shares repurchased	5	(33,800)	(132)	(138)	-	-	(270)
Balance at March 31, 2016		15,272,602	$ 59,457	$ 10,093	$ 205	$ (25,440)	$ 44,315

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Points International Ltd.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in thousands of United States dollars
(Unaudited)

For the three months ended March 31,	Note		**2017**		2016
Cash flows from operating activities					
Net income for the period		**$**	**852**	$	893
Adjustments for:					
Depreciation of property and equipment			**200**		236
Amortization of intangible assets			**790**		694
Unrealized foreign exchange loss			**169**		224
Equity-settled share-based payment expense	7		**673**		668
Deferred income tax expense (recovery)			**(164)**		13
Unrealized net gain on derivative contracts designated as cash flow hedges			**80**		1,128
Changes in non-cash balances related to operations	9		**(5,656)**		(8,226)
Net cash used in operating activities		**$**	**(3,056)**	$	(4,370)
Cash flows from investing activities					
Acquisition of property and equipment			**(303)**		(116)
Additions to intangible assets			**(260)**		(682)
Net cash used in investing activities		**$**	**(563)**	$	(798)
Cash flows from financing activities					
Shares repurchased	5		**(70)**		(270)
Net cash used in financing activities		**$**	**(70)**	$	(270)
Effect of exchange rate fluctuations on cash held			**(169)**		(223)
Net decrease in cash and cash equivalents		**$**	**(3,858)**	$	(5,661)
Cash and cash equivalents at beginning of the period		**$**	**46,492**	$	51,364
Cash and cash equivalents at end of the period		**$**	**42,634**	$	45,703
Interest Received		$	**23**	$	37
Taxes Paid		**$**	**(1,773)**	$	(266)

Amounts received for interest and taxes paid were reflected as operating cash flows in the condensed consolidated interim statements of cash flows.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Points International Ltd. (the "Corporation") is a company domiciled in Canada. The address of the Corporation's registered office is 111 Richmond Street West, 7th Floor, Toronto, Ontario, Canada, M5H 2G5. The condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2017 comprise the Corporation and its wholly-owned subsidiaries: Points International (US) Ltd., Points International (UK) Ltd., Points.com Inc., Points Development (US) Ltd and Points Travel Inc. The Corporation's shares are publicly traded on the Toronto Stock Exchange ("TSX") as PTS and on the NASDAQ Capital Market ("NASDAQ") as PCOM.

The Corporation operates in three reportable segments (see note 3 below):

Segment	**Principal Activities**
Loyalty Currency Retailing	Loyalty currency retailing operations for the Corporation's loyalty partners' retail consumers.
Platform Partners	A portfolio of technology solutions that enables the broad distribution of loyalty currencies across loyalty partner programs and platforms.
Points Travel	White-label travel booking solution for the loyalty industry that allows retail consumers to earn and/or use their loyalty currency while making certain online travel bookings.

The Corporation's operations can be influenced by seasonality. Historically, revenues are highest in the fourth quarter in each year as redemption volumes and promotional activity typically peak at this time.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2016 are available at www.sedar.com or www.sec.gov .

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the three months ended March 31, 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The notes presented in these first quarter 2017 condensed consolidated interim financial statements include only significant changes and transactions occurring since December 31, 2016, and are not fully inclusive of all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended December 31, 2016. All amounts are expressed in thousands of United States dollars, except per share amounts, or as otherwise indicated.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 3, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements follow the same accounting policies and methods of application as those disclosed in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2016, except for the following new significant accounting policy:

(a) Segmented information

During the three months ended March 31, 2017, the Corporation determined that the composition of its operating segments had changed as a result of a new internal reporting structure being implemented and other related changes. As a result, the Corporation has begun, on a retrospective basis, to disclose segmented information based on this new internal reporting structure.

The Corporation determines its reportable segments based on, among other things, how the Corporation's chief operating decision maker ("CODM"), the Chief Executive Officer, regularly reviews the Corporation's operations and performance. The CODM reviews gross profit, which is defined as total revenue less direct cost of revenue, and segment profit (loss) represented by Adjusted EBITDA, which is defined as net income before interest expense, income taxes, depreciation, amortization, foreign exchange gains and losses, impairment charges and stock based compensation, as the key measure of profitability for the purpose of assessing performance for each operating segment and to make decisions about the allocation of resources. The Corporation follows the same accounting policies for its operating segments as those described in the notes to the consolidated financial statements. The Corporation accounts for transactions between reportable segments in the same way that it accounts for transactions with external parties and eliminates them on consolidation.

The Corporation makes significant judgments in determining its operating segments. These are components that engage in business activities from which they may earn revenue and incur expenses, for which operating results are regularly reviewed by the Corporation's CODM to make decisions about resources to be allocated and to assess component performance, and for which discrete financial information is available.

(b) New standards and interpretations not yet adopted

The IASB has issued new standards and amendments to existing standards. These changes have not yet been adopted by the Corporation and could have an impact on future periods.

- IFRS 15, Revenue from Contracts with Customers (effective January 1, 2018);
- IFRS 2, Share-based Payment (effective January 1, 2018);
- IFRS 9, Financial Instruments (effective January 1, 2018);
- IFRIC Interpretation 22, Foreign Currency Translation and Advance Consideration (effective January 1, 2018) and
- IFRS 16, Leases (effective January 1, 2019).

These changes are described in detail in the Corporation's 2016 audited condolidated financial statements. The Corporation has a plan to ensure compliance with IFRS 15 by the required adoption date, which includes identifying differences between existing policies and IFRS 15, ensuring the data collection process is sufficient and appropriate, and communicating the upconming changes with various stakeholders. The Corporation is currently executing on its adoption plan and continues to assess the impact of this standard on the consolidated financial statements.

(c) New standards adopted

The Corporation adopted the following standard issued by the IASB. These changes did not have a material impact on the consolidated financial statements.

- Amendments to IAS 7, Statement of Cash Flows

This change is described in detail in the Corporation's 2016 audited consolidated financial statements.

4. OPERATING SEGMENT

The Corporation's reportable segments are Loyalty Currency Retailing, Platform Partners, and Points Travel. These operating segments are organized around differences in products and services. Corporate costs have been allocated to each reportable segment.

Segment profit or loss is represented by Adjusted EBITDA which is defined as net income as presented in the consolidated statement of comprehensive income but excludes interest expense, income taxes, depreciation, amortization, foreign exchange gains and losses, impairment charges and stock based compensation. Segment profit or loss results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not provided to the CODM at the operating segment level and are therefore not allocated to the operating segments.

For the three months ended March 31, 2017:	**Loyalty Currency Retailing**	**Platform Partners**	**Points Travel**	**Total**
Total revenue	**80,545**	**2,110**	**203**	**82,858**
Direct cost of revenue	**71,608**	**159**	**15**	**71,782**
Gross profit	**8,937**	**1,951**	**188**	**11,076**
Adjusted operating expenses [1]	**4,141**	**2,450**	**1,585**	**8,176**
Adjusted EBITDA	**4,796**	**(499)**	**(1,397)**	**2,900**
Equity-settled share-based payment expense [1]				**673**
Income tax expense				**391**
Depreciation and amortization				**990**
Foreign exchange loss (gain)				**(6)**
Net income				**852**

For the three months ended March 31, 2016:	Loyalty Currency Retailing	Platform Partners	Points Travel	Total
Total revenue	72,064	1,455	41	73,560
Direct cost of revenue	63,221	139	5	63,365
Gross profit	8,843	1,316	36	10,195
Adjusted operating expenses [1]	4,213	1,939	1,076	7,228
Adjusted EBITDA	4,630	(623)	(1,040)	2,967
Equity-settled share-based payment expense [1]				668
Income tax expense				396
Depreciation and amortization				930
Foreign exchange loss (gain)				80
Net income				893

[1] Adjusted operating expenses comprise Employment Costs, Marketing and Communications, Technology Services and Operating Expenses, excluding equity-settled share-based payment expense, which is included in Employment Costs in the interim condensed consolidated statement of comprehensive income.

Enterprise-wide disclosures - Geographic information

For the three month period ended March 31,		**2017**			2016	
Revenue						
United States	**$**	**73,994**	**89%**	**$**	**64,190**	**87%**
Europe		**6,604**	**8%**		**7,827**	**11%**
Canada and other		**2,260**	**3%**		**1,543**	**2%**
	$	**82,858**	**100%**	**$**	**73,560**	**100%**

Revenues by geographic region are shown above and are based on the country of residence of each of the Corporation’s loyalty partners. At March 31, 2017, substantially all of the Corporation's assets were in Canada.

Dependence on loyalty program partners

For the three month period ended March 31, 2017, there were three (2016 – three) loyalty program partners for which sales to their members individually represented more than 10% of the Corporation’s total revenue. In aggregate, sales to the members of these three partners represented 69% (2016 – 65%) of the Corporation’s total revenue.

5. CAPITAL AND OTHER COMPONENTS OF EQUITY

Authorized with no par value

Unlimited common shares
Unlimited preferred shares

Issued

At March 31, 2017, all issued shares are fully paid. The holders of common shares are entitled to receive dividends, if any are declared, and are entitled to one vote per share.

Normal Course Issuer Bid (“NCIB”)

On March 2, 2016, the Board of Directors of the Corporation approved a plan to repurchase the Corporation’s common shares. The TSX approved the Corporation's Notice of Intention to make a Normal Course Issuer Bid to repurchase up to 764,930 of its common shares (the "Repurchase"), representing approximately 5% of its 15,298,602 common shares issued and outstanding as of February 24, 2016. The NCIB expired on March 1, 2017 and was not subsequently renewed.

The primary purpose of the Repurchase is for cancellation. Repurchases will be made from time-to-time at the Corporation’s' discretion, based on ongoing assessments of the Corporation’s capital needs, the market price of its common shares, general market conditions and other factors. Repurchases may be effected through the facilities of the TSX, the NASDAQ or other alternative trading systems in the United States and Canada.

In the three months ended March 31, 2017, the Company settled and cancelled an aggregate of 9,300 common shares which were purchased during the last three business days of 2016, at an aggregate purchase price of $70, resulting in a reduction to stated capital and contributed surplus of $36 and $34 respectively (2016: repurchased and cancelled an aggregate of 33,800 common shares, at an aggregate purchase price of $270, resulting in a reduction to stated capital and contributed surplus of $132 and $138 respectively). All of these shares were repurchased and cancelled pursuant to private agreements between the Company and arm's-length third party sellers. These purchases were made under issuer bid exemption orders issued by the Ontario Securities Commission and are included in calculating the number of common shares that the Company may purchase pursuant to the NCIB.

6. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

		For the three month period ended March 31,		
Thousands of US Dollars, except per share amounts		**2017**		2016
Net income available to common shareholders for basic and diluted earnings per share	**$**	**852**	$	893
Weighted average number of common shares outstanding – basic		**14,869,477**		15,298,688
Effect of dilutive securities – share-based payments		**1,767**		6,223
Weighted average number of common shares outstanding –diluted		**14,871,244**		15,304,911
Earnings per share - reported:				
Basic	**$**	**0.06**	$	0.06
Diluted	**$**	**0.06**	$	0.06

a) Basic earnings per share

Earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year.

b) Diluted earnings per share

Diluted earnings per share represents what the net income per share would be if instruments convertible into common shares had been converted at the beginning of the period, or at the time of issuance, if later. In determining diluted earnings per share, the average number of common shares outstanding is increased by the number of shares that would have been issued if all share options with a strike price below the average share price for the period had been exercised at the beginning of the period, or at the time of issuance, if later. The average number of common shares outstanding is also decreased by the number of common shares that could have been repurchased on the open market at the average share price for the year by using the proceeds from the exercise of share options. Share options with a strike price above the average share price for the period are not adjusted because including them would be anti-dilutive.

A total of 624,296 options for the three months ended March 31, 2017 (2016 – 643,992) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding during the three months ended March 31, 2017 and 2016, respectively.

7. SHARE-BASED PAYMENTS

As at March 31, 2017, the Corporation had two share-based compensation plans for its employees: a share option plan and a share unit plan.

Share option plan

Under the share option plan, employees, directors and consultants are periodically granted share options to purchase common shares at prices not less than the market price of the common shares on the day prior to the date of grant. The options generally vest over a period of up to three years and expire at the end of five years from the date of grant. Under the plan, share options can only be settled in equity. On May 5, 2016, the shareholders of the Corporation approved a new share option plan which increased the number of options available for grant as described in the Management Information Circular dated March 2, 2016. The new share option plan changed the number of net options authorized for grant to be determined based on 10% of the larger of the outstanding shares as at March 2, 2016 or any time thereafter. The options available for grant as at March 31, 2017 is shown in the table below:

	March 31, 2017
Shares outstanding as at March 2, 2016	15,298,602
Percentage of shares outstanding	10%
Net options authorized	1,529,860
Less: options issued & outstanding	(705,269)
Options available for grant	824,591

As at March 31, 2016, the options available for grant were determined using the legacy plan, as shown by the table below:

	March 31, 2016
Options authorized by shareholders	2,250,000
Less: options exercised	(1,380,111)
Net options authorized	869,889
Less: options issued & outstanding	(731,737)
Options available for grant	138,152

The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. The Corporation did not grant any share options during the three months ended March 31, 2017 (the weighted average fair value of options granted during the three month period ended March 31, 2016 in Canadian dollars was $4.41) . Expected volatility is generally determined by the amount the Corporation's daily share price fluctuated over the expected life of the option. The fair value of options granted in the three months ended March 31, 2017 and 2016 were calculated using the following weighted assumptions:

	For the three month period ended March 31, 2017	2016
Dividend yield	N/A	NIL
Risk free rate	N/A	0.56%
Expected volatility	N/A	46.77%
Expected life of options in years	N/A	4.20

A summary of the status of the Corporation's share option plan as of March 31, 2017 and 2016, and changes during the three months ended on those dates is presented below.

	2017			2016		
	Number of Options		**Weighted Average Exercise Price (in CAD$)**	Number of Options		Weighted Average Exercise Price (in CAD$)
Balance at January 1	**723,995**	**$**	**15.25**	760,774	$	15.59
Granted	**-**		**-**	39,401		9.89
Exercised	**-**		**-**	-		-
Expired and forfeited	**(18,726)**		**14.63**	(68,438)		13.44
Balance at March 31	**705,269**	**$**	**15.27**	731,737	$	15.49
Exercisable at March 31	**548,311**	**$**	**16.26**	438,860	$	16.17

As at March 31, 2017:

	Options outstanding			Options exercisable	
Range of Exercise Prices (in CAD$)	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price (in CAD$)	Number of options	Weighted average exercise price (in CAD$)
$5.00 to $9.99	120,374	1.35	$ 9.79	94,105	$ 9.76
$10.00 to $14.99	358,669	3.06	$ 12.27	228,370	$ 12.33
$15.00 to $19.99	120,334	0.98	$ 15.98	119,944	$ 15.97
$20.00 and over	105,892	1.96	$ 30.84	105,892	$ 30.84
	705,269			548,311	

As at March 31, 2016:

	Options outstanding			Options exercisable	
Range of Exercise Prices (in CAD$)	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price (in CAD$)	Number of options	Weighted average exercise price (in CAD$)
$5.00 to $9.99	127,146	2.19	$ 9.78	87,745	$ 9.73
$10.00 to $14.99	354,957	3.93	$ 12.33	140,882	$ 12.30
$15.00 to $19.99	133,494	1.98	$ 15.97	132,714	$ 15.95
$20.00 and over	116,140	2.96	$ 30.84	77,519	$ 30.84
	731,737			438,860	

Share unit plan

On March 7, 2012, the Corporation implemented an employee share unit plan, under which employees are periodically granted Restricted Share Units ("RSUs"). The RSUs vest either over a period of up to three years or in full on the third anniversary of the grant date. A total of 92,738 RSUs have been granted for the three months ended March 31, 2017 (2016 – 250,723 RSUs). As at March 31, 2017, 547,971 RSUs were outstanding (2016 – 521,897 RSUs).

	Number of RSUs	**Weighted Average Fair Value (in CAD$)**
Balance at January 1, 2017	**480,302**	**$ 12.17**
Granted	**92,738**	**$ 9.21**
Vested	**(10,896)**	**$ 25.89**
Forfeited	**(14,173)**	**$ 12.80**
Balance at March 31, 2017	**547,971**	**$ 11.38**

	Number of RSUs	Weighted Average Fair Value (in CAD$)
Balance at January 1, 2016	301,841	$ 15.38
Granted	250,723	$ 9.89
Vested	(23,801)	$ 16.05
Forfeited	(6,866)	$ 17.31
Balance at March 31, 2016	521,897	$ 12.69

The fair value of each RSU, determined at the date of grant using the volume weighted average trading price per share on the TSX during the immediately preceding five trading days, is recognized over the RSU's vesting period and charged to profit or loss with a corresponding increase in contributed surplus.

Under the Share Unit Plan, share units can be settled in cash or shares at the Corporation's discretion. The Corporation intends to settle all share units in equity at the end of the vesting period. To fulfill this obligation, the Corporation has appointed a trustee to administer the program and purchase shares from the open market on a periodic basis through a share purchase trust. There were no purchases by the trust during the quarter (2016 – nil). As of March 31, 2017, 72,937 of the Corporation's common shares were held in trust for this purpose (2016 - 129,652 shares).

The Corporation accounts for the share-based awards granted under both plans in accordance with the fair value based method of accounting for equity settled share-based compensation arrangements per IFRS 2, Share-based Payment. The estimated fair value of the awards that are ultimately expected to vest is recorded over the vesting period as part of employment costs. The compensation cost for all share-based awards that has been charged against profit or loss and included in employment costs for the three month period ended March 31, 2017 is $673 (2016 - $668).

8. GUARANTEES AND COMMITMENTS

	Total	Year 1 (3)	Year 2	Year 3	Year 4	Year 5+
Operating leases (1)	$ 6,894	$ 1,223	$ 1,339	$ 1,199	$ 1,113	$ 2,020
Principal revenue (2)	424,786	114,495	173,037	137,254	-	-
	$ 431,680	$ 115,718	$ 174,376	$ 138,453	$ 1,113	$ 2,020

(1) The Corporation is obligated under various non-cancellable operating leases for premises and equipment and service agreements for web hosting services.

(2) For certain loyalty partners, the Corporation guarantees a minimum level purchase of points/miles, for each contract year, over the duration of the contract term between the Corporation and Loyalty Partner. Management evaluates each guarantee at each interim reporting date and at the end of each contract year, to determine if the guarantee will be met for that respective contract year.

(3) The guarantees and commitments schedule is prepared on a rolling 12-month basis. If a revenue guarantee has been met, it is removed from the principal revenue disclosure above.

9. SUPPLEMENTAL CASH FLOW INFORMATION

For the three month period ended March 31,		**2017**		2016
Decrease in funds receivable from payment processors	**$**	**5,613**	$	479
Increase in accounts receivable		**(1,727)**		(3)
Decrease (increase) in prepaid expenses and other assets		**44**		(1,379)
Decrease in other assets		**-**		30
Decrease in accounts payable and accrued liabilities		**(1,040)**		(1,600)
Increase (decrease) in income taxes payable		**(1,273)**		110
Increase (decrease) in other liabilities		**286**		(851)
Decrease in payable to loyalty program partners		**(7,559)**		(5,012)
Change in non-cash balances related to operations	**$**	**(5,656)**	$	(8,226)

10. FINANCIAL INSTRUMENTS

Determination of fair value

The fair values of funds receivable from payment processors, accounts receivable, accounts payable and accrued liabilities and payable to loyalty program partners, approximate their carrying values at March 31, 2017 due to their short-term maturities.

Fair value hierarchy

The Corporation has determined the estimated fair values of its financial instruments based on appropriate market inputs and valuation methodologies, as disclosed below. Considerable judgment is required to develop certain of these estimates. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instrument are discussed below.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.**
- **Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).**
- **Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).**

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. The fair value of financial assets and financial liabilities measured at fair value in the consolidated balance sheet as at March 31, 2017 and December 31, 2016 are as follows:

As at March 31, 2017		**Carrying Value**		**Level 2**
Assets:				
Foreign exchange forward contracts designated as cash flow hedges (i)	**$**	**43**	**$**	**43**
Liabilities:				
Foreign exchange forward contracts designated as cash flow hedges (i)		**(137)**		**(137)**
	$	**(94)**	**$**	**(94)**

As at December 31, 2016		Carrying Value		Level 2
Assets:				
Foreign exchange forward contracts designated as cash flow hedges (i)	$	84	$	84
Liabilities:				
Foreign exchange forward contracts designated as cash flow hedges (i)		(258)		(258)
	$	(174)	$	(174)

(i) The carrying values of the Corporation's forward contracts are included in prepaid expenses and other assets and current portion of other liabilities in the condensed consolidated interim statements of financial position.

There were no material financial instruments categorized in Level 1 or Level 3 as at March 31, 2017 and December 31, 2016 and there were no transfers of fair value measurement between Levels 2 and 3 of the fair value hierarchy in the respective periods.

11. CREDIT FACILITIES

On June 23, 2016, the Corporation amended its bank credit facility agreement with Royal Bank of Canada. The following two facilities are available to the Corporation as of March 31, 2017:

- **Revolving operating facility ("Facility #1") of $8,500 available until May 31, 2017. The interest rate charged on borrowings from Facility #1 ranges from 0.35% to 0.75% per annum over the bank base rate.**

- **Term loan facility ("Facility #2") of $5,000 to be utilized solely for the purposes of financing the cash consideration relating to acquisitions made by the Corporation. This facility is available until May 31, 2017. The interest rate charged on borrowings from Facility #2 ranges from 0.40% to 0.80% per an- num over the bank base rate.**

There have been no borrowings to date under these facilities. The Corporation is required to comply with certain financial and non-financial covenants under the agreement. The Corporation was in compliance with all applicable covenants on its facilities during the three months ended March 31, 2017.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management's discussion and analysis (''MD&A'') of the performance and financial condition of Points International Ltd. and its subsidiaries (which are also referred to herein as "Points" or the "Corporation") should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements (including the notes thereto) as at and for the three months ended March 31, 2017, the 2016 annual MD&A and the 2016 audited annual consolidated financial statements and notes thereto and other recent filings with Canadian and US securities regulatory authorities, which may be accessed at www.sedar.com or www.sec.gov.

All financial data herein has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and all dollar amounts herein are in thousands of United States dollars unless otherwise specified. This MD&A is dated as of May 3, 2017 and was reviewed by the Audit Committee and approved by the Corporation's Board of Directors.

FORWARD-LOOKING STATEMENTS

This MD&A contains or incorporates forward-looking statements within the meaning of United States securities legislation and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in costs and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only the Corporation's expectations, estimates and projections regarding future events. Certain significant forward-looking statements included in this MD&A include statements regarding: revenue growth and guidance; the size of the Corporation's pipeline opportunities; evolving the Corporation's open platform strategy; improving data and transactional capabilities; expected gross profit and gross margin; the Corporation's ability to generate cash through normal course operations to fund capital expenditure needs and current operating and working capital requirements, including under current operating leases; and the financial obligations with respect to revenue guarantees.

Although the Corporation believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Known and unknown factors could cause actual results to differ materially from those expressed or implied in the forward-looking statements. In particular, the financial outlooks herein assume the Corporation will be able to maintain its existing contractual relationships and products, that such products continue to perform in a manner consistent with the Corporation's past experience, that the Corporation will be able to generate new business from its pipeline at expected margins, in-market and newly launched products and services will perform in a manner consistent with the Corporation's past experience and the Corporation will be able to contain costs. The Corporation's ability to convert its pipeline of prospective partners and product launches is subject to significant risk and there can be no assurance that the Corporation will launch new partners or new products with existing partners as expected or planned nor can there be any assurance that the Corporation will be successful in maintaining its existing contractual relationships or maintaining existing products with existing partners. Other important assumptions, factors, risks and uncertainties are included in the press release announcing the Corporation's first quarter 2017 financial results, and those described in Points' other filings with applicable securities regulators, including Points' AIF, Form 40-F, annual and interim MD&A, and annual and interim consolidated financial statements and the notes thereto. These documents are available at www.sedar.com and www.sec.gov.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, Points does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

USE OF NON-GAAP MEASURES

The Corporation's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain non-GAAP measures, which are defined in the appropriate sections in the body of this MD&A, to better assess the Corporation's underlying performance. These measures are reviewed regularly by management and the Corporation's Board of Directors in assessing the Corporation's performance and in making decisions about ongoing operations. These measures are also used by investors as an indicator of the Corporation's operating performance. Readers are cautioned that these terms are not recognized GAAP measures and do not have a standardized GAAP meaning under IFRS and should not be construed as alternatives to IFRS terms, such as net income.

BUSINESS OVERVIEW

Points International Ltd.

Points International Ltd. is the global leader in providing loyalty ecommerce solutions to the loyalty industry. Loyalty programs generate substantial economic benefits and are increasingly seen as strategic marketing and business assets for their parent companies. The Corporation does not compete directly with loyalty reward programs, but rather acts as a business partner by providing products and services that help make programs more valuable and engaging. The Corporation delivers e-commerce solutions to loyalty programs on both a privately branded and Points' branded basis.

The Corporation's products and services are available to numerous loyalty program partners simultaneously through the Loyalty Commerce Platform ("LCP"), which is the backbone of Points' product and service offerings. The LCP has been designed as an Application Program Interface ("API") driven transactional platform that provides internal and external product developers easy access to the loyalty industry. The LCP offers a consistent interface for third party developers and loyalty programs that is self-serve capable, providing broad access to loyalty transaction capabilities, program integration, analytics, reporting, security and fraud services. With direct integrations into almost 60 loyalty program partners and access to over 700 million loyalty program members, the LCP uniquely positions the Corporation to connect third party channels with highly engaged loyalty program members and the broader loyalty market.

The Corporation is directly integrated with and provides e-commerce solutions to leading loyalty programs, including:

·	AF-KLM Flying Blue	·	Southwest Airlines Rapid Rewards
·	Alaska Airlines Mileage Plan	·	United Airlines MileagePlus
·	American Airlines AAdvantage	·	Virgin Atlantic Flying Club
·	ANA Mileage Club	·	Hilton Honors
·	British Airways Executive Club	·	Hyatt Gold Passport
·	Delta Air Lines SkyMiles	·	InterContinental Hotels Group
·	JetBlue TrueBlue	·	La Quinta Returns
·	Lanpass	·	Starwood Preferred Guest
·	Lufthansa's Miles & More	·	Chase Ultimate Rewards
·	Saudi Arabian Airlines Alfursan	·	Citi ThankYou

The Corporation's headquarters are located in Toronto, Canada and its shares are dual listed on the Toronto Stock Exchange ("TSX") as PTS and on the NASDAQ Capital Market ("NASDAQ") as PCOM.

UNDERSTANDING OUR BUSINESS AND THE LOYALTY INDUSTRY

During the three months ended March 31, 2017, the Corporation reassessed its operating segments to reflect the way the management reviews the profitability of the business and allocates resources as a result of a new internal reporting structure. The Corporation reports results of operations based on three reporting segments which are organized around differences in products and services. As a result, the Corporation has begun, on a retrospective basis, to disclose segmented information based on this new internal reporting structure.

Loyalty Currency Retailing:

Loyalty Currency Retailing includes the Corporation's core Buy, Gift, and Transfer ("BGT") services, which provides loyalty program members with the ability to buy points or miles for themselves, as gifts for others, or perform a transfer of loyalty currency to another program member within the same loyalty program. These services generate substantial revenue for Points' loyalty program partners while offering a unique value proposition to their members. The Corporation has over 30 loyalty program partnerships leveraging the core BGT services and the functionality offered by the LCP.

Revenue in this segment is principally derived through the online sale or transfer of loyalty currencies direct to loyalty program members at retail rates while purchasing points and miles at wholesale rates. The Corporation may take a principal role in the retailing of loyalty currencies. As part of this principal role, the Corporation has a contractual obligation to fulfill a revenue guarantee to the loyalty program based on the terms of the contract between the Corporation and the loyalty program. Under a principal arrangement, the Corporation will assume credit and/or inventory risk in the form of the revenue guarantee to the loyalty program and will have a substantial level of responsibility with respect to marketing, pricing and commercial transaction support. Revenue earned under a principal arrangement is included in Principal Revenue in the Corporation's consolidated financial statements. Alternatively, the Corporation may assume an agency role in the retailing and wholesaling of loyalty currencies, where it takes a less active role in the relationship and receives a commission on each transaction. Revenue earned under an agency role is included in Other Partner Revenue in the Corporation's consolidated financial statements.

Due to the nature of the Loyalty Currency Retailing segment, significant cash balances are available to the Corporation to generate interest income and this income is included in Interest Revenue in the Corporation's consolidated financial statements. Please see the "Performance Indicators and Non-GAAP Metrics" section for further details regarding the classification of revenues that are generated by the Corporation.

Platform Partners:
The Corporation's Platform Partners segment represents a range of product applications that are connected to and enabled by the LCP in either a loyalty program or third party channel. Loyalty program partners leverage these applications to enable their members to earn, redeem or exchange loyalty currency in multiple channels. Included in Platform Partners are multiple third party managed applications that are enabled by the LCP, the Points Loyalty Wallet, Points Business Solutions, and Points.com. The Points Loyalty Wallet, one of the Corporation's newest services and considered a key growth driver for the Corporation, is a multi-channel member engagement service that enables loyalty programs, merchants and other consumer service applications to embed balance tracking and loyalty commerce transactions directly into their product offerings.

Revenue in this segment is earned on a commission basis per transaction or from recurring fixed fees and are predominantly included in Other Partner Revenue in the consolidated financial statements.

Points Travel:
The Points Travel segment connects the world of online travel bookings with the broader loyalty industry. In 2014, the Corporation acquired Accruity Inc., the San Francisco based start-up operator of the PointsHound loyalty-based hotel booking service, which today continues to offer consumers the ability to earn loyalty currency bonuses from 20 loyalty programs. Leveraging the PointsHound platform, the Corporation developed Points Travel, the first white-label travel hotel booking platform specifically designed for loyalty programs. Points' partners with loyalty programs to provide a seamless travel booking experience for loyalty program members and enables the members to earn and redeem their loyalty currency while making hotel and car bookings online. Points Travel offers a rewarding value proposition for loyalty program members as they can earn high levels of points/miles per night for a hotel booking or redeem as many points/miles in whole or with cash for hotel stays and car rentals. Since the start of 2016, the Corporation has launched 6 loyalty program partners on the Points Travel service.

Revenue in this segment is generated from commissions, which are typically the gross amount charged to end consumers less the cost of hotel rooms or car rentals, cost of loyalty currencies delivered to the consumers and other directly related costs for online hotel and car rental bookings or redemptions. This revenue is included in Other Partner Revenue in the Corporation's consolidated financial statements.

The Loyalty Industry

Year-over-year, loyalty programs continue to generate a significant source of ancillary revenue and cash flows for companies that have developed and maintain these loyalty programs. According to the Colloquy group, a leading consulting and research firm focused on the loyalty industry, the number of loyalty program memberships in the US increased from 2.6 billion in 2012 to 3.3 billion in 2014, representing an increase of 27%. In addition, the average US household belonged to 29 loyalty programs as of 2014, versus 22 loyalty programs in 2012 (source: 2015 Colloquy Loyalty Census, February 2015). As the number of loyalty memberships continues to increase, the level of diversification in the loyalty landscape is evolving. While the airline, specialty retail, and financial services industries continue to be dominant in loyalty programs in the US, smaller verticals, including the restaurant and drug store industries are beginning to see larger growth in their membership base. Further, newer loyalty concepts, such as large e-commerce programs, daily deals, and online travel agencies, are becoming more prevalent. As a result of this changing landscape, loyalty programs must continue to provide innovative value propositions in order to drive activity in their programs.

In light of this environment, the Corporation continues to advance the functionality of its LCP which provides external product developers access to direct integrations with the Corporation's loyalty program partners. The LCP provides a medium to more easily facilitate transactions and provide greater value to a loyalty program's membership base. The Corporation continues to focus on innovation and be highly engaged in a quickly developing loyalty industry. As the Corporation continues to advance the platform's capabilities, Management believes the addressable market opportunity for the Corporation will continue to increase.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following information is provided to give a context for the broader comments elsewhere in this report.

(In thousands of US dollars, except share and per share amounts) (unaudited)	For the three months ended 31-Mar-17		31-Mar-16	Variance $	Variance %
Consolidated					
Revenue	$	**82,858**	$ 73,560	9,298	13%
Gross profit [1]	$	**11,076**	$ 10,195	881	9%
Gross margin [2]		**13%**	14%		
Adjusted operating expense [3]	$	**8,176**	$ 7,228	948	13%
Adjusted EBITDA [4]	$	**2,900**	$ 2,967	(67)	(2%)
Adjusted EBITDA [4] as a % of Gross profit [2]		**26%**	29%		
Total Expenses	$	**81,615**	$ 72,271	9,344	13%
Net income	$	**852**	$ 893	(41)	(5%)
Earnings per share					
Basic	$	**0.06**	$ 0.06		
Diluted	$	**0.06**	$ 0.06		
Weighted average shares outstanding					
Basic		**14,869,477**	15,298,688	(429,211)	(3%)
Diluted		**14,871,244**	15,304,911	(433,667)	(3%)
Total assets	$	**95,091**	$ 94,994	97	0%
Total Liabilities	$	**53,260**	$ 50,679	2,581	5%
Shareholders' equity	$	**41,831**	$ 44,315	(2,484)	(6%)
Loyalty Currency Retailing					
Revenue	$	**80,545**	$ 72,064	8,481	12%
Gross profit	$	**8,937**	$ 8,843	94	1%
Adjusted operating expenses	$	**4,141**	$ 4,213	(72)	(2%)
Adjusted EBITDA	$	**4,796**	$ 4,630	166	4%
Platform Partners					
Revenue	$	**2,110**	$ 1,455	655	45%
Gross profit	$	**1,951**	$ 1,316	635	48%
Adjusted operating expenses	$	**2,450**	$ 1,939	511	26%
Adjusted EBITDA	$	**(499)**	$ (623)	124	(20%)
Points Travel					
Revenue	$	**203**	$ 41	162	395%
Gross profit	$	**188**	$ 36	152	422%
Adjusted operating expenses	$	**1,585**	$ 1,076	509	47%
Adjusted EBITDA	$	**(1,397)**	$ (1,040)	(357)	34%

[1] Gross profit is a non-GAAP financial measure. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

[2] Gross margin is a non-GAAP financial measure and is defined as Gross profit as a percentage of Total revenue. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

[3] Adjusted operating expenses is a non-GAAP financial measure. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

[4] Adjusted EBITDA is a non-GAAP financial measure. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

BUSINESS HIGHLIGHTS AND DEVELOPMENTS

Financial results for the quarter ended March 31, 2017, reflected the strength of the Corporation's Loyalty Currency Retailing segment together with continued investment in the Corporation's Platform Partners and Points Travel segments. Consolidated revenue grew 13% on a year over year basis, primarily from organic growth from the Corporation's existing loyalty program partnerships in its Loyalty Currency Retailing segment. Consolidated gross profit increased $881 or 9% on a year over year basis, to $11,076, with the majority of the growth coming from the Platform Partners segment across multiple products leveraging the LCP. Consolidated total expenses were $81,615 for the first quarter of 2017, an increase of $9,344 or 13% while consolidated net income was $852, a slight decrease of $41 or 5%.

Consolidated Adjusted EBITDA for the first quarter of 2017 was $2,900, a slight decrease of $67 or 2% compared to the prior year quarter largely due to increased rent expenses, lower capitalization of internal development time, and increased operational expenses relating to the Points Travel segment, partially offset by the year over year increase in gross profit. The Loyalty Currency Retailing segment continued to demonstrate strong profitability, generating Adjusted EBITDA of $4,796 in the first quarter of 2017, an increase of $166 or 4% over the prior year quarter. As expected, the Points Travel and Platform Partners segments generated negative Adjusted EBITDA in the first quarter of 2017.

The Corporation's Loyalty Currency Retailing segment remains strong with a solid base of long-term partnerships and a pipeline of opportunities. In the first quarter of 2017, the Corporation continued to execute against its new business pipeline in this segment and expanded its global footprint in Latin America with a new partnership with Copa Airline's ConnectMiles program, offering ConnectMiles members the ability to buy, gift and transfer reward miles. The Corporation also went live with Etihad during the first quarter, one of the largest middle-eastern carriers who will be leveraging the Buy service to add value to their program. Furthermore, subsequent to the end of the first quarter, the Corporation announced a new partnership with WestJet to offer its Buy service to WestJet Rewards members.

In the first quarter of 2017, the Corporation observed increasing traction in the growth of its Platform Partners and Points Travel segments. These two operating segments represent significant longer term growth areas for the Corporation. First, the Corporation saw continued growth with its Platform Partners segment, which includes the newly developed Loyalty Wallet product, launching a new partnership with Alaska Airlines to better manage exchanges on their own loyalty program site. Second, the Points Travel product continued to demonstrate a strong value proposition and market fit in the loyalty space. In the first quarter of 2017, the Corporation announced a new partnership with All Nippon Airways, Japan's largest airline, to offer their loyalty members the ability to earn or redeem their miles when transacting for hotel bookings, car rental bookings, and online shopping malls. The Corporation has also signed a co-sale and product development agreement with Expedia and are working on plans to enter the market together over the coming months.

KEY CHANGES IN FINANCIAL RESULTS COMPARED TO 2016

REVENUE, GROSS PROFIT AND GROSS MARGIN

The Corporation generated consolidated revenue of $82,858 for the three months ended March 31, 2017, an increase of $9,298 or 13% over the first quarter of 2016. The increase in consolidated revenue was primarily driven by organic growth from existing partnerships in the Loyalty Currency Retailing segment, which saw strong consumer response to promotional activities during the quarter. Organic growth across all segments, which is defined as the growth in existing partnerships and products that have been in market for at least one year, was 11%.

Consolidated gross profit for the first quarter of 2017 was $11,076, an increase of $881 or 9% from the first quarter of 2016. The majority of the year over year increase came from the Platform Partners segment, which increased $635 or 48% year over year. The increase from Platform Partners was primarily due to the impact of new partners launched on third party applications in the second quarter of 2016 and increased fees and commissions from existing partners.

Gross profit from the Platform Partners segment represented 18% of total gross profit, up from 13% total gross profit in the prior year quarter. Still in the early stages of growth, gross profit from Points Travel was up $152 or 422% from the prior year quarter. The increase was primarily due to the initial ramp up of transactional activity from new partnerships launched throughout 2016. Gross profit from the Loyalty Currency Retailing segment was relatively flat with the first quarter of 2016, increasing $94 or 1% on a year over year basis. Relative to the first quarter of 2016, current quarter revenues from the Loyalty Currency Retailing segment were more heavily weighted with larger principal partners that carry a lower margin profile.

The mix of partner revenues in the Loyalty Currency Retailing segment was the primary driver for a reduction in Corporation's gross margin in the first quarter of 2017, decreasing from 13.9% in the first quarter of 2016 to 13.4% in the current quarter. Increased gross profit from the Points Travel and Platform Partners segments had a favourable impact on gross margin and partially offset the decrease from the Loyalty Currency Retailing segment.

Total Expenses and Adjusted Operating Expenses

The Corporation incurred consolidated total expenses, as disclosed in the consolidated financial statements, of $81,615 for the first quarter of 2017, an increase of $9,344 or 13% over the comparable prior year period.

The Corporation incurred consolidated adjusted operating expenses of $8,176 in the first quarter of 2017, an increase of $948 or 13% over the first quarter of 2016. The increase was primarily due to incremental rental costs associated with the new premises leases for head office and London, lower capitalization of internal development time, additional expenses incurred towards operationalizing the Points Travel product, and increased marketing spend in the Loyalty Currency Retailing segment. On a year over year basis, a greater focus on the Platform Partners and Points Travel segments resulted in increased adjusted operating expenses in these segments, and a slight decrease in adjusted operating expenses for the Loyalty Currency Retailing segment on a fully allocated basis.

Net Income and Adjusted EBITDA

The Corporation generated consolidated net income, of $852 for the first quarter of 2017, a decrease of $41 or 5% compared to the prior year quarter.

The Corporation generated consolidated Adjusted EBITDA of $2,900 during the first quarter of 2017, a slight decrease of $67 or 2% compared to the same period in 2016. This result reflects the continued strength of the Corporation's Loyalty Currency Retailing segment combined with continued investment towards new, growth opportunities in the Platform Partners and Points Travel segments. The Loyalty Currency Retailing segment generated Adjusted EBITDA of $4,796 for the first quarter of 2017, an increase of $166 or 4% from the prior year period, largely due to higher gross profit generated during the period. The Loyalty Currency Retailing segment has provided a strong profitable foundation from which to deliver growth through the Corporation's other segments. The Platform Partners segment demonstrated positive traction in the first quarter of 2017, which, while resulting in negative Adjusted EBITDA of $499, was an improvement of $124 or 20% over the prior period. Gross profit growth in this segment, driven by new partner launches in 2016 and increased fees and commissions from existing partners, more than offset the growth in expenses. As expected, the Points Travel segment generated negative Adjusted EBITDA of $1,397 for the first quarter of 2017, a decrease of $357 or 34% from the comparable prior year period. The performance of this segment reflected incremental operating expenses incurred towards localizing the product in certain markets, offsetting the growth in gross profit.

REVIEW OF CONSOLIDATED PERFORMANCE

This section discusses the Corporation's consolidated net income and other expenses that do not form part of the segment discussions above.

	For the three months ended			
(In thousands of US dollars) (unaudited)	**March 31, 2017**	**March 31, 2016**	**Variance $**	**Variance %**
Adjusted EBITDA	**$ 2,900**	$ 2,967	(67)	(2%)
Deduct (add):				
Stock based compensation	**673**	668	5	1%
Depreciation and amortization	**990**	930	60	6%
Foreign exchange loss (gain)	**(6)**	80	(86)	(108%)
Income tax expense	**391**	396	(5)	(1%)
Net income	**$ 852**	$ 893	(41)	(5%)

Stock based compensation

The Corporation incurs certain employment related expenses that are settled in equity-based instruments. During the first quarter of 2017, stock based compensation expense was $673, a slight increase of $5 or 1% over the same period in 2016.

Depreciation and amortization

Depreciation and amortization expense in the first quarter of 2017 increased $60, or 6% to $990, from the first quarter of 2016. The increase from the prior year quarter was due to additional amortization incurred from intangible assets developed throughout 2016 and leasehold improvements on new office premises added in the second half of 2016 and the first quarter of 2017.

Foreign exchange loss (gain)

The Corporation is exposed to Foreign Exchange ("FX") risk as a result of transactions in currencies other than its functional currency, the US dollar. FX gains and losses arise from the translation of the Corporation's balance sheet and expenses. The Corporation holds balances in foreign currencies (e.g. non-US dollar denominated cash, accounts payable and accrued liabilities, and deposits) that give rise to exposure to foreign exchange risk. At period end, non-US dollar balance sheet accounts are translated at the period-end FX rate. The net effect after translating the balance sheet accounts is recorded in the condensed consolidated interim statement of comprehensive income for the period.

The majority of the Corporation's revenues in the first quarter of 2017 were transacted in US dollars and EUROs. The direct cost of revenue is denominated in the same currency as the revenue earned, minimizing the FX exposure related to the EURO and British Pound. Ongoing operating costs are predominantly incurred in Canadian dollars, exposing the Corporation to FX risk.

As part of the risk management strategy of the Corporation, management enters into foreign exchange forward contracts extending out to approximately one year to reduce the foreign exchange risk with respect to the Canadian dollar. These contracts have been designated as cash flow hedges. The Corporation does not use derivative instruments for speculative purposes.

For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in income when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in current income. For the quarter ended March 31, 2017, the Corporation reclassified a gain of $52, net of tax, from other comprehensive income into net income (2016 - reclassified loss of $226, net of tax, from other comprehensive loss into net income). The cash flow hedges were effective for accounting purposes during the three months ended March 31, 2017. Realized losses from the Corporation's hedging activities, in 2017, were driven by the changes in the relative strength of the US dollar compared to the Canadian dollar.

For the quarter ended March 31, 2017, the Corporation recorded a foreign exchange gain of $6 compared with a foreign exchange loss of $80 in the first quarter of 2016. Foreign exchange gains and losses fluctuate from period to period due to movements in foreign currency rates.

Income tax expense

The Corporation is subject to tax in multiple jurisdictions and assesses its taxable income to ensure eligible tax deductions are fully utilized. The Corporation recorded an income tax expense of $391 for the quarter ended March 31, 2017 compared to $396 in the prior year quarter. This expense largely relates to the recognition of current tax liabilities, as the Corporation generated taxable income in the first quarter of 2017.

Net income and earnings per share

(In thousands of US dollars, except per share amounts) (unaudited)	For the three months ended **March 31, 2017**	March 31, 2016	$ Variance	% Variance
Net income	**$ 852**	$ 893	(41)	(5%)
Earnings per share				
Basic	**$ 0.06**	$ 0.06	-	-
Diluted	**$ 0.06**	$ 0.06	-	-

The Corporation reported net income of $852 for the quarter ended March 31, 2017 compared with net income of $893 for the quarter ended March 31, 2016. The decrease from the prior year quarter was largely due to lower Adjusted EBITDA and higher depreciation and amortization charges, partially offset by decreased income tax expense.

The Corporation's basic earnings per share is calculated on the basis of the weighted average number of outstanding common shares for the period, which amounted to 14,869,477 common shares for the quarter ended March 31, 2017, compared with 15,298,688 common shares for the quarter ended March 31, 2016. The Corporation reported basic earnings per share and diluted earnings per share of $0.06 for the first quarter of 2017 which is consistent with basic earnings per share and diluted earnings per share for the first quarter of 2016.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Balance Sheet Data as at *(In thousands of US dollars)(unaudited)*		**March 31, 2017**		December 31, 2016	$ Variance	% Variance
Cash and cash equivalents	**$**	**42,634**	$	46,492	(3,858)	(8%)
Short term investments		**10,033**		10,033	-	-
Restricted cash		**500**		500	-	-
Funds receivable from payment processors		**4,848**		10,461	(5,613)	(54%)
Total funds available		**58,015**		67,486	(9,471)	(14%)
Payable to loyalty program partners		**45,683**		53,242	(7,559)	(14%)
NET OPERATING CASH [1]	**$**	**12,332**	$	14,244	(1,912)	(13%)
Total current assets	**$**	**65,230**	$	73,018	(7,788)	(11%)
Total current liabilities		**52,460**		61,986	(9,526)	(15%)
WORKING CAPITAL [2]	**$**	**12,770**	$	11,032	1,738	16%

[1] Net Operating Cash is a Non-GAAP financial measure. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

[2] Working Capital is a Non-GAAP financial measure. Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

The Corporation's financial strength is reflected in its balance sheet. As at March 31, 2017, the Corporation continues to remain debt free with $12,332 of net operating cash. Net operating cash decreased $1,912 from December 31, 2016. The decrease is primarily due to capital and intangible asset additions in the amount of $563, corporate income tax payments and changes in other working capital balances, partially offset by Adjusted EBITDA of $2,900 generated in the three months ended March 31, 2017.

The Corporation's working capital was $12,770 at March 31, 2017 compared to working capital of $11,032 as at December 31, 2016. Working capital increased primarily due to Adjusted EBITDA generated during the three month period ended March 31, 2017, somewhat offset by investing and financing activities during the period. Management believes the Corporation is able to generate sufficient cash through normal course operations to fund anticipated capital expenditure needs and current operating and working capital requirements, including the payment of amounts due under current operating leases. The Corporation's ability to generate sufficient cash flows and/or obtain additional sources of funding may be affected by the risks and uncertainties discussed in the 2016 annual MD&A.

On June 23, 2016, the Corporation amended its bank credit facility agreement with Royal Bank of Canada. As at March 31, 2017, the following two facilities are available until May 31, 2017. The first facility is a revolving operating facility in the amount of $8,500. The second facility is a term loan facility of $5,000 to be used solely for the purposes of financing the cash consideration relating to acquisitions made by the Corporation. No amounts have been drawn to date under these facilities.

Sources and Uses of Cash

(In thousands of US dollars) *(unaudited)*		For the three months ended March 31, 2017		March 31, 2016		$Variance	% Variance
Operating activities	**$**	**(3,056)**	$	(4,370)	$	1,314	(30%)
Investing activities		**(563)**		(798)		235	(29%)
Financing activities		**(70)**		(270)		200	(74%)
Effects of exchange rates		**(169)**		(223)		54	(24%)
Change in cash and cash equivalents	**$**	**(3,858)**	$	(5,661)	$	1,803	(32%)

Operating Activities

Cash flows from operating activities are primarily generated from funds collected from miles and points transacted from the various products and services offered by the Corporation and are reduced by cash payments to loyalty partners and payment of operating expenses. Cash flows from operating activities can fluctuate depending on the timing of promotional activity and partner payments. The Corporation experienced a decrease in cash from operating activities on a quarterly basis primarily due to the timing of payments to loyalty program partners, corporate income tax payments and the timing of receipts from the Corporation's payment processors.

Investing Activities

Cash used in investing activities during the first quarter of 2017 included internally developed intangible assets and the purchase of capital assets. Development efforts in the first quarter included enhancing the marketing and merchandising capabilities of the LCP and the advancement of the Loyalty Wallet and Points Travel products.

Financing Activities

Cash flows used in financing activities for the three month period ended March 31, 2017 were primarily related to the settlement of normal course issuer bid ("NCIB") purchases made at the end of 2016.

Contractual Obligations and Commitments

		Total		Year 1 (3)		Year 2		Year 3		Year 4		Year 5+
Operating leases (1)	$	6,894	$	1,223	$	1,339	$	1,199	$	1,113	$	2,020
Principal revenue (2)		424,786		114,495		173,037		137,254		-		-
	$	431,680	$	115,718	$	174,376	$	138,453	$	1,113	$	2,020

(1) The Corporation is obligated under various non-cancellable operating leases for premises and equipment and service agreements for web hosting services.
(2) For certain loyalty partners, the Corporation guarantees a minimum level purchase of points/miles, for each contract year, over the duration of the contract term between the Corporation and Loyalty Partner. Management evaluates each guarantee at each interim reporting date and at the end of each contract year, to determine if the guarantee will be met for that respective contract year.
(3) The guarantees and commitments schedule is prepared on a rolling 12-month basis. If a revenue guarantee has been met, it is removed from the principal revenue disclosure above.

Operating lease and principal revenue obligations will continue to be funded through working capital. The Corporation has made contractual commitments on the minimum value of transactions processed over the term of its agreements with certain loyalty program partners. Under this type of guarantee, in the event that the sale of loyalty program currencies are less than the guaranteed amounts, the Corporation would be obligated to purchase mileage from the loyalty program partner equal to the value of the revenue commitment shortfall. The Corporation has recorded $2,804 on the consolidated balance sheet which is primarily due to mileage reward currencies acquired as a result of revenue guarantee shortfalls in prior years. These amounts have been included in prepaid and other assets.

BALANCE SHEET VARIANCES

Consolidated Balance Sheet Data as at *(In thousands of US dollars) (unaudited)*		**March 31, 2017**		December 31, 2016
Cash and cash equivalents	**$**	**42,634**	$	46,492
Short term investment		**10,033**		10,033
Restricted cash		**500**		500
Funds receivable from payment processors		**4,848**		10,461
Accounts receivable		**5,784**		4,057
Prepaid expenses and other assets		**1,431**		1,475
Total current assets	**$**	**65,230**	$	73,018
Property and equipment		**1,853**		1,750
Intangible assets		**16,366**		16,896
Goodwill		**7,130**		7,130
Deferred tax assets		**1,797**		1,725
Other assets		**2,715**		2,715
Total non-current assets	**$**	**29,861**	$	30,216
Accounts payable and accrued liabilities	**$**	**5,295**	$	6,335
Income taxes payable		**365**		1,638
Payable to loyalty program partners		**45,683**		53,242
Current portion of other liabilities		**1,117**		771
Total current liabilities	**$**	**52,460**	$	61,986
Deferred tax liabilities		**141**		211
Other liabilities		**659**		719
Total non-current liabilities	**$**	**800**	$	930
Total shareholders' equity	**$**	**41,831**	$	40,318

Cash and cash equivalents

The Corporation's cash and cash equivalents balance decreased $3,858 compared to the end of 2016. The decrease in cash and cash equivalents was due to cash outflows related to increased investment in capital assets and intangible assets, corporate income tax payments and changes in working capital balances, payments to loyalty program partners, partially offset by Adjusted EBITDA earned during the three months ended March 31, 2017.

Funds receivable from payment processors

The Corporation's funds receivable from payment processors balance decreased $5,613 compared to the end of 2016, which is attributable to the timing of promotional activities. In general, the Corporation will experience a higher balance when promotions are timed towards the end of the period, and when the receivable balances have not been settled in cash by payment processors.

Accounts receivable

The Corporation's accounts receivable balance increased $1,727 compared to the end of 2016 primarily due to business activities with a certain loyalty program partner. The Corporation is confident that the full amount of the outstanding accounts receivable balance will be collected.

Accounts payable and accrued liabilities

The Corporation's accounts payable and accrued liabilities balance decreased $1,040 compared to the end of 2016, and is primarily due to the timing of payments including the Corporation's annual employee incentives.

Income taxes payable

The Corporation's income taxes payable decreased by $1,273 compared to the end of 2016 due to the timing of corporate income tax payments made to tax authorities.

Payable to loyalty program partners

The Corporation's payable to loyalty program partners decreased $7,559 compared to the end of 2016, which is primarily attributable to the timing of payments made to loyalty partners. The Corporation will typically remit funds to loyalty program partners approximately 30 days after the month of loyalty currency sales.

Cash from Exercise of Options

Certain options are due to expire within 12 months from the date of this MD&A. If exercised in full, issued and outstanding common shares will increase by 201,267 shares.

***Securities with Near-Term Expiry Dates* – Outstanding Amounts as at May 3, 2017 (figures in CAD$).**

Security Type	Month of Expiry	Number	Exercise Price
Option	May 31, 2017	80,973	9.74
Option	August 17, 2017	607	12.27
Option	December 06, 2017	1,486	10.64
Option	March 18, 2018	118,201	15.94
Total		201,267	

OUTSTANDING SHARE DATA

As of May 3, 2017, the Corporation has 14,869,374 common shares outstanding.

As of the date hereof, the Corporation has outstanding options to acquire up to 701,373 common shares. The options have exercise prices ranging from $9.74 to $30.84 with a weighted average exercise price of $15.25. The expiration dates of the options range up to August 22, 2021.

The following table lists the common shares issued and outstanding as at May 3, 2017 and the securities that are currently convertible into common shares along with the maximum number of common shares issuable on conversion or exercise.

	Common Shares	Proceeds
Common Shares Issued & Outstanding	14,869,374	
Convertible Securities: Share options	701,373	CAD$ 10,699,418
Common Shares Issued & Potentially Issuable	15,570,747	CAD$ 10,699,418
Securities Excluded from Calculation:		
Options Available to grant from ESOP (1)	828,487	

(1) "ESOP" is defined as the Employee Stock Option Plan. The number of options available to grant is calculated as the total share option pool less the number of share options exercised and the number of outstanding share options.

SUMMARY OF QUARTERLY RESULTS

(in thousands of US dollars, except per share amounts)

Three month period ended	Total Revenue	Net income	Basic earnings per share	Diluted earnings per share
March 31, 2017	$ 82,858	$ 852	$ 0.06	$ 0.06
December 31, 2016	81,955	(3,674)	(0.24)	(0.24)
September 30, 2016	82,442	335	0.02	0.02
June 30, 2016	83,864	931	0.06	0.06
March 31, 2016	73,560	893	0.06	0.06
December 31, 2015	80,228	961	0.06	0.06
September 30, 2015	81,133	768	0.05	0.05
June 30, 2015	67,898	1,721	0.11	0.11

Generally, increases in transaction levels, revenues and gross profit will drive higher overall profitability. The Corporation's revenues are primarily impacted by retention of existing partnerships and products, new partnerships and products launched during the year, and the level and type of promotional activity offered to loyalty program members during the year. In the absence of any new partner or products launched, quarterly revenues will be impacted by the level of marketing and promotional activity carried out with loyalty program members which will vary quarter over quarter.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

For the Corporation's accounting policies and critical accounting estimates and judgments, refer to the Corporation's MD&A and consolidated financial statements for the year ended December 31, 2016. The preparation of the consolidated financial statements in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Significant changes in these assumptions, including those related to our future business plans and cash flows, could materially change the amounts we record. Actual results may differ from these estimates.

The IASB has issued new standards and amendments to existing standards. These changes have not yet been adopted by Corporation and could have an impact on future periods.

- **IFRS 15, Revenue from Contracts with Customers (effective January 1, 2018);**
- **IFRS 2, Share-based Payment (effective January 1, 2018);**
- **IFRS 9, Financial Instruments (effective January 1, 2018);**
- **IFRIC Interpretation 22, Foreign Currency Translation and Advance Consideration (effective January 1, 2018) and**
- **IFRS 16, Leases (effective January 1, 2019).**

The Corporation adopted the following standard issued by the IASB. These changes did not have a material impact on the consolidated financial statements.

- **Amendments to IAS 7, Statement of Cash Flows**

These changes are described in detail in the Corporation's 2016 audited consolidated financial statements and 2016 annual management's discussion and analysis.

PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL MEASURES

REVENUE, DIRECT COSTS OF REVENUE AND GROSS PROFIT

The Corporation's revenue is primarily generated by transacting points and/or miles online. Revenue is principally derived from the sale or transfer of loyalty currencies directly to loyalty program members. The Corporation categorizes its revenue in three ways: principal revenue, other partner revenue and interest income.

Principal Revenue:

Principal revenue includes all principal revenue derived from reseller sales, technology design, development and maintenance revenue, and hosting fees. Under a reseller arrangement, the Corporation takes on a principal role whereby it purchases points and miles from loyalty program partners at wholesale rates and resells them directly to consumers. The Corporation has a substantial level of responsibility with respect to operations, marketing, pricing and commercial transaction support. In addition, the Corporation may assume additional responsibility when assuming a principal role, such as credit and/or inventory risk.

Other Partner Revenue:

Other partner revenue includes transactional revenue that is realized when the Corporation assumes an agency role in the retailing and wholesaling of loyalty currencies for loyalty program partners and other revenue received from partners which is not transactional in nature. The Corporation also earns Other Partner Revenue through commissions and recurring fixed fees from the products and services it provides through its Platform Partners segment and commission for online bookings or redemptions of hotel accommodations or car rentals through its Points Travel segment.

Interest Income:

Lastly, as part of its operating economics, the Corporation earns interest income on the cash flows generated by its products and services.

Gross profit, defined by management as total revenues less direct costs of revenue, is a non-GAAP financial measure which does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. Gross profit is viewed by management to be an integral measure of financial performance as it represents an internal measure of ongoing growth and the amount of revenues retained by the Corporation that are available to fund ongoing operating expenses, including incremental spending that is in line with the long term investment strategy of the Corporation. Management continues to drive a shift in the Corporation's revenue mix toward reseller relationships (with higher partner engagement) that are expected to lead to sustained profitability for the Corporation. In general, the Corporation seeks to maximize the gross profit generated from each loyalty partner relationship. For this reason, these new deals and products are expected to be accretive to overall profitability.

Direct cost of revenue consists of variable direct costs incurred to generate principal revenues earned under the reseller model, which include the wholesale cost of loyalty currency paid to partners for the purchase and resale of such currency, and credit card processing fees.

Revenue and gross profit growth is dependent on various factors, including the timing and size of promotional campaigns that are placed in market by the Corporation, the growth in loyalty program partner's membership base, and the effectiveness of merchandising and marketing efforts and channels initiated by the Corporation to generate incremental revenues.

Reconciliation of Revenue to Gross Profit

		For the three months ended		
(In thousands of US dollars)(unaudited)		**March 31, 2017**		March 31, 2016
Revenue	**$**	**82,858**	$	73,560
Less:				
Direct cost of revenue		**71,782**		63,365
Gross profit	**$**	**11,076**	$	10,195

ADJUSTED OPERATING EXPENSES

Adjusted operating expenses is a non-GAAP financial measure, which is defined as Employment Costs, Marketing and Communications, Technology Services and Operating Expenses, excluding equity-settled share-based payment expense. The closest GAAP measure is Total Expenses in the consolidated financial statements and the reconciliation from Total Expenses to Adjusted Operating Expenses is shown below.

Adjusted operating expenses are predominantly cash based expenditures and include employment costs, marketing and communications expenditures, technology services costs and operating expenses.

Reconciliation of Total Expenses to Adjusted Operating Expenses

		For the three months ended		
(In thousands of US dollars)(unaudited)		**March 31, 2017**		March 31, 2016
Total Expenses	**$**	**81,615**	$	72,271
Subtract (add):				
Direct cost of revenue		**71,782**		63,365
Depreciation and amortization		**990**		930
Foreign exchange loss (gain)		**(6)**		80
Stock-based compensation		**673**		668
Adjusted Operating Expenses	**$**	**8,176**	$	7,228

ADJUSTED EBITDA AND ADJUSTED EBITDA AS A PERCENTAGE OF GROSS PROFIT

Adjusted EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, depreciation and amortization, share-based compensation, impairment charges and foreign exchange. Management excludes these items because they affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance.

Management believes that Adjusted EBITDA is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future working capital needs and fund future capital expenditures and uses the metric for this purpose. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing an issuer. The presentation of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

Adjusted EBITDA as a percentage of gross profit is viewed by management as a key internal measure of operating efficiency. This measure demonstrates the Corporation's ability to generate profitability after it has funded ongoing operating costs and strategic investments.

Reconciliation of Net Income to Adjusted EBITDA

	For the three months ended	
(In thousands of US dollars)(unaudited)	**March 31, 2017**	March 31, 2016
Net income	**$ 852**	$ 893
Income tax expense	**391**	396
Depreciation and amortization	**990**	930
Foreign exchange loss (gain)	**(6)**	80
Stock-based compensation	**673**	668
Adjusted EBITDA	**$ 2,900**	$ 2,967

NET OPERATING CASH

Management defines Net Operating cash as 'Total Funds Available' (cash and cash equivalents, restricted cash, funds receivable from payment processors, and security deposits) less amounts payable to loyalty program partners. Management believes that this non-GAAP financial measure provides a useful measure of the Corporation's liquidity. Other issuers may include other items in their definition of 'Net Operating Cash' therefore it may not be comparable to similar measures presented by other issuers.

WORKING CAPITAL

Management defines Working Capital as total current assets less total current liabilities. Management believes that this non-GAAP financial measure provides a useful measure of the Corporation's liquidity. Other issuers may include other items in their definition of 'Working Capital' therefore it may not be comparable to similar measures presented by other issuers.

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Robert MacLean, Chief Executive Officer of Points International Ltd., certify the following:

1. ***Review:*** **I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of Points International Ltd. (the "issuer") for the interim period ended March 31, 2017.**

2. ***No misrepresentations:*** **Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.**

3. ***Fair presentation:*** **Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.**

4. ***Responsibility:*** **The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109** ***Certification of Disclosure in Issuers' Annual and Interim Filings*** **, for the issuer.**

5. ***Design:*** **Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings:**

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** **The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the** ***Internal Control – Integrated Framework*** **(COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission.**

5.2 ***ICFR -- material weakness relating to design:*** **N/A.**

5.3 ***Limitation on scope of design:*** **N/A.**

7. ***Reporting changes in ICFR:*** **The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2017 and ended on March 31, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.**

Date: May 3, 2017

/s/ Robert MacLean

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Robert MacLean
Chief Executive Officer

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Michael D'Amico, Chief Financial Officer of Points International Ltd., certify the following:

1. ***Review:*** **I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of Points International Ltd. (the "issuer") for the interim period ended March 31, 2017.**

2. ***No misrepresentations:*** **Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.**

3. ***Fair presentation:*** **Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.**

4. ***Responsibility:*** **The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109** ***Certification of Disclosure in Issuers' Annual and Interim Filings*** **, for the issuer.**

5. ***Design:*** **Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings:**

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** **The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the** ***Internal Control – Integrated Framework*** **(COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission.**

5.2 ***ICFR -- material weakness relating to design:*** **N/A.**

5.3 ***Limitation on scope of design:*** **N/A.**

7. ***Reporting changes in ICFR:*** **The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2017 and ended on March 31, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.**

Date: May 3, 2017

/s/ Michael D'Amico

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Michael D'Amico
Chief Financial Officer

Points International Ltd. Reports First Quarter 2017 Financial Results

First Quarter Gross Profit [1] of $11.1 Million Increased 9% year-over-year

First Quarter Net Income of $0.9 Million and Adjusted EBITDA [2] of $2.9 Million, Consistent with Prior Year

Toronto, Canada, May 3, 2017 – Points (TSX: PTS) (Nasdaq: PCOM), the global leader in powering loyalty commerce, today announced results for the first quarter ended March 31, 2017.

"2017 is off to a good start in executing our diversification strategy as we look to the future. Our core business shows no signs of abatement, with strong organic growth coupled with both expansion of current and additions of new partnerships. Built off this foundation, our two growth initiatives are indicating strong financial and strategic momentum that points to accretive Adjusted EBITDA in 2018 and beyond," stated Rob MacLean, CEO. "Importantly, for each of our three business segments: Loyalty Currency Retailing, where our Buy, Gift & Transfer services represent the bulk of the activity, Points Travel and Platform Partners, we saw first quarter gross profit increase year-over-year. As we leverage our unique position in the market, we remain optimistic in both the continued success of our core business and that our newer businesses are on track to become meaningful financial and strategic contributors to our long term growth."

First Quarter 2017 Financial Results
(Unless otherwise stated, all comparisons are on a year-over-year basis and all amounts are in USD$. The complete first quarter Condensed Consolidated Interim Financial Statements and Management Discussion & Analysis, including segmented results, are available at www.sedar.com and www.sec.gov .)

- **Revenue increased to $82.9 million from $73.6 million. Principal Revenues totaled $79.5 million and Other Partner Revenue was $3.4 million.**
- **Gross Profit grew 9% to $11.1 million, compared to $10.2 million.**
- **Total Adjusted Operating Expenses [3] were $8.2 million, compared to $7.2 million.**
- **Net Income totaled $0.9 million, or $0.06 per diluted share, consistent with Net Income of $0.9 million, or $0.06 per diluted share.**

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[1] Gross profit is defined as total revenues less the direct cost of revenues. Gross profit is considered by Management to be an integral measure of financial performance and represents the amount of revenues retained by the Corporation after incurring direct costs. However, gross profit is not a recognized measure of profitability under IFRS.

[2] Adjusted EBITDA (Earnings before income tax expense, depreciation and amortization, foreign exchange, share-based compensation and impairment of long-term investments) is considered by Management to be a useful supplemental measure when assessing financial performance. Management believes that Adjusted EBITDA is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. However, Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered a substitute for Net Income, which we believe to be the most directly comparable IFRS measure.

[3] Adjusted Operating Expenses consists of employment expenses excluding stock based compensation, marketing and communications, technology services, and other operating expenses. Adjusted Operating Expenses is not a measure of financial performance under IFRS and should not be considered a substitute for total expenses, which we believe to be the most directly comparable IFRS measure.

- **Adjusted EBITDA was $2.9 million, consistent with $3.0 million.**

Recent Business Highlights

- **Expanded partnership with Hilton, the world's fastest growing hospitality company, to launch Points Pooling, enabling Hilton Honors members the ability to combine, or pool points with up to 10 friends or family members, for free.**
- **Launched a new Currency Retailing collaboration with WestJet to offer Points' Buy service to the WestJet Rewards program. WestJet Rewards members will now be able to buy WestJet dollars, increasing the value, revenue and engagement opportunities for WestJet Rewards.**
- **Launched All Nippon Airways (ANA) Global Hotels and Car Rentals travel booking service, leveraging the full suite of Points Travel functionality to give members the ability to book using their Mileage Club miles or earn miles on hotel and car rental bookings. In collaboration with Collinson Latitude, Points will also launch ANA Global Mileage Mall and ANA Global Selection for additional opportunities to earn or redeem awards.**
- **Launched Currency Retailing functionality for Etihad Airways, one of the largest Middle Eastern carriers, enabling members to purchase Etihad Guest Miles.**
- **Launched a partnership with Copa Airlines to enable ConnectMiles program members to buy, gift or transfer their reward miles.**
- **Recognized by Canada's Top 100 Employers as one of Canada's Top Small and Medium Employers, and by Great Places to Work Canada as one of Canada's top 50 Best Medium Workplaces and Best Workplaces for Women. This marks the second consecutive year that Points has received these honours.**

Outlook

The Company is reiterating financial guidance for the year ending December 31, 2017, as follows:

- **Gross profit is expected to increase up to 10% from 2016**
- **Adjusted EBITDA is expected to increase up to 10% from 2016**

Investor Conference Call

Points' conference call with investors will be held today at 4:30 p.m. Eastern Time. To participate, investors from the US and Canada should dial (877) 407-0784 ten minutes prior to the start time. International callers should dial (201) 689-8560.

In addition, the call is being webcast and can be accessed at the Company's web site: www.points.com and will be archived online upon completion of the call. A telephonic replay of the conference call will also be available until 11:59 p.m. Eastern Time on Wednesday, May 17, 2017, by dialing (844) 512-2921 in the U.S. and Canada and (412) 317-6671 internationally and entering the passcode 13660715.

About Points

Points, publicly traded as Points International Ltd. (TSX: PTS) (Nasdaq: PCOM), is the global leader in providing loyalty eCommerce and technology solutions to the world's top brands to power innovative services that drive increased loyalty program revenue and member engagement. With a growing network of almost 60 global loyalty programs integrated into its unique Loyalty Commerce Platform, Points offers three core private or co-branded services: Loyalty Currency Retailing, which includes the Buy, Gift & Transfer services, retails loyalty points and miles directly to consumers; Points Travel, which helps loyalty programs increase program revenue from hotel and car bookings, providing more opportunities for members to earn and redeem loyalty rewards more quickly; and Platform Partners, a multi-channel service offering which provides developers transactional access to dozens of loyalty programs and their hundreds of millions of members via a package of APIs. Points is headquartered in Toronto with offices in San Francisco and London.

For more information, visit company.points.com, follow Points on Twitter (@PointsLoyalty) or read the Points blog . For Points' financial information, visit investor.points.com.

Caution Regarding Forward-Looking Statements

This press release contains or incorporates forward-looking statements within the meaning of United States securities legislation, and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements include, among other things, opportunities for new products and partners and incremental revenue, potential for growth in revenue and gross margin and our guidance for 2017 with respect to gross profit and adjusted EBITDA expectations. These statements are not historical facts but instead represent only Points' expectations, estimates and projections regarding future events.

Although Points believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and are subject to important risks and uncertainties that are difficult to predict. Certain material assumptions or estimates are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Undue reliance should not be placed on such statements. In particular, the financial outlooks herein assume Points will be able to maintain its existing contractual relationships and products, that such products continue to perform in a manner consistent with Points' past experience, that Points will be able to generate new business from our pipeline at expected margins, our in-market and newly launched products and services will perform in a manner consistent with the Company's past experience and we will be able to contain costs. Our ability to convert our pipeline of prospective partners and product launches is subject to significant risk and there can be no assurance that we will launch new partners or new products with existing partners as expected or planned nor can there be any assurance that Points will be successful in maintaining its existing contractual relationships or maintaining existing products with existing partners. Other important risk factors that could cause actual results to differ materially include the risk factors discussed in Points' annual information form, Form-40-F, annual and interim management's discussion and analysis, and annual and interim financial statements and the notes thereto. These documents are available at www.sedar.com and www.sec.gov.

The forward-looking statements contained in this press release are made as at the date of this release and, accordingly, are subject to change after such date. Except as required by law, Points does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this press release, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Measures

The Corporation's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain non-GAAP measures, which are defined in the appropriate sections of this press release, to better assess the Corporation's underlying performance. These measures are reviewed regularly by management and the Corporation's Board of Director's in assessing the Corporation's performance and in making decisions about ongoing operations. These measures are also used by investors as an indicator of the Corporation's operating performance. Readers are cautioned that these terms are not recognized GAAP measures and do not have a standardized GAAP meaning under IFRS and should not be construed as alternatives to IFRS terms, such as net income.

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Points International Ltd.
Key Financial Measures and Schedule of Non-GAAP Reconciliations

Gross Profit [4] Information

Expressed in thousands of United States dollars	For the three months ended	
	March 31, 2017	March 31, 2016
Total Revenue	**$ 82,858**	$ 73,560
Direct cost of revenue	**71,782**	63,365
Gross Profit	**$ 11,076**	$ 10,195
Gross Margin	**13%**	14%

Reconciliation of Net Income to Adjusted EBITDA [5]

Expressed in thousands of United States dollars	For the three months ended	
	March 31, 2017	March 31, 2016
Net Income	**$ 852**	$ 893
Income tax expense	**391**	396
Depreciation and amortization	**990**	930
Foreign exchange loss (gain)	**(6)**	80
Stock-based compensation	**673**	668
Adjusted EBITDA	**$ 2,900**	$ 2,967

[4] Gross Profit is defined as total revenues less the direct cost of revenues. Gross profit is considered by Management to be an integral measure of financial performance and represents the amount of revenues retained by the Corporation after incurring direct costs. However, gross profit is not a recognized measure of profitability under IFRS.

[5] Adjusted EBITDA (Earnings before income tax expense, depreciation and amortization, foreign exchange, share-based compensation and impairment of long-term investments) is considered by Management to be a useful supplemental measure when assessing financial performance. Management believes that Adjusted EBITDA is an important indicator of the Corporation's ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. However, Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered a substitute for Net Income, which we believe to be the most directly comparable IFRS measure.

Reconciliation of Total Expenses to Adjusted Operating Expenses [6]

Expressed in thousands of United States dollars

	For the three months ended	
	March 31, 2017	March 31, 2016
Total Expenses	**$ 81,615**	$ 72,271
Subtract (add):		
Direct cost of revenue	**71,782**	63,365
Depreciation and amortization	**990**	930
Foreign exchange loss (gain)	**(6)**	80
Stock-based compensation	**673**	668
Adjusted Operating Expenses	**$ 8,176**	$ 7,228

[6] Adjusted Operating Expenses consists of employment expenses excluding stock based compensation, marketing and communications, technology services, and other operating expenses. Adjusted Operating Expenses is not a measure of financial performance under IFRS and should not be considered a substitute for total expenses, which we believe to be the most directly comparable IFRS measure.

Points International Ltd.
Condensed Consolidated Interim Statements of Financial Position

Expressed in thousands of United States dollars
(Unaudited)

As at		**March 31, 2017**		December 31, 2016
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**42,634**	$	46,492
Short-term investments		**10,033**		10,033
Restricted cash		**500**		500
Funds receivable from payment processors		**4,848**		10,461
Accounts receivable		**5,784**		4,057
Prepaid expenses and other assets		**1,431**		1,475
Total current assets	**$**	**65,230**	$	73,018
Non-current assets				
Property and equipment		**1,853**		1,750
Intangible assets		**16,366**		16,896
Goodwill		**7,130**		7,130
Deferred tax assets		**1,797**		1,725
Other assets		**2,715**		2,715
Total non-current assets	**$**	**29,861**	$	30,216
Total assets	**$**	**95,091**	$	103,234
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**5,295**	$	6,335
Income taxes payable		**365**		1,638
Payable to loyalty program partners		**45,683**		53,242
Current portion of other liabilities		**1,117**		771
Total current liabilities	**$**	**52,460**	$	61,986
Non-current liabilities				
Deferred tax liabilities		**141**		211
Other liabilities		**659**		719
Total non-current liabilities	**$**	**800**	$	930
Total liabilities	**$**	**53,260**	$	62,916
SHAREHOLDERS' EQUITY				
Share capital		**58,586**		58,412
Contributed surplus		**10,310**		9,881
Accumulated other comprehensive income (loss)		**(69)**		(127)
Accumulated deficit		**(26,996)**		(27,848)
Total shareholders' equity	**$**	**41,831**	$	40,318
Total liabilities and shareholders' equity	**$**	**95,091**	$	103,234

Condensed Consolidated Interim Statements of Comprehensive Income

Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

For the three months ended March 31,		**2017**		**2016**
REVENUE				
Principal	**$**	**79,488**	$	70,741
Other partner revenue		**3,353**		2,773
Interest		**17**		46
Total Revenue	**$**	**82,858**	$	73,560
EXPENSES				
Direct cost of revenue		**71,782**		63,365
Employment costs		**5,881**		5,903
Marketing and communications		**525**		326
Technology services		**432**		374
Depreciation and amortization		**990**		930
Foreign exchange (gain) loss		**(6)**		80
Operating expenses		**2,011**		1,293
Total Expenses	**$**	**81,615**	$	72,271
OPERATING INCOME BEFORE INCOME TAXES	**$**	**1,243**	$	1,289
Income tax expense		**391**		396
NET INCOME	**$**	**852**	$	893
OTHER COMPREHENSIVE INCOME				
Items that will subsequently be reclassified to profit or loss:				
Unrealized gain on foreign exchange derivatives designated as cash flow hedges		**150**		820
Income tax effect		**(40)**		(217)
Reclassification to net income of loss (gain) on foreign exchange derivatives designated as cash flow hedges		**(70)**		308
Income tax effect		**18**		(82)
Other comprehensive income for the period, net of income tax	**$**	**58**	$	829
TOTAL COMPREHENSIVE INCOME	**$**	**910**	$	1,722
EARNINGS PER SHARE				
Basic earnings per share	**$**	**0.06**	$	0.06
Diluted earnings per share	**$**	**0.06**	$	0.06

Points International Ltd.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Expressed in thousands of United States dollars except number of shares (Unaudited)	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
			Attributable to equity holders of the Company			
Balance at December 31, 2016	**14,878,674**	**$ 58,412**	**$ 9,881**	**$ (127)**	**$ (27,848)**	**$ 40,318**
Net Income	**-**	**-**	**-**	**-**	**852**	**852**
Other comprehensive income, net of tax	**-**	**-**	**-**	**58**	**-**	**58**
Total comprehensive income	**-**	**-**	**-**	**58**	**852**	**910**
Effect of share option compensation plan	**-**	**-**	**107**	**-**	**-**	**107**
Effect of RSU compensation plan	**-**	**-**	**566**	**-**	**-**	**566**
Share issuances – RSUs	**-**	**210**	**(210)**	**-**	**-**	**-**
Shares repurchased	**(9,300)**	**(36)**	**(34)**	**-**	**-**	**(70)**
Balance at March 31, 2017	**14,869,374**	**$ 58,586**	**$ 10,310**	**$ (69)**	**$ (26,996)**	**$ 41,831**
Balance at December 31, 2015	15,306,402	$ 59,293	$ 9,859	$ (624)	$ (26,333)	$ 42,195
Net Income	-	-	-	-	893	893
Other comprehensive loss, net of tax	-	-	-	829	-	829
Total comprehensive income	-	-	-	829	893	1,722
Effect of share option compensation plan	-	-	204	-	-	204
Effect of RSU compensation plan	-	-	464	-	-	464
Share issuances – RSUs	-	296	(296)	-	-	-
Shares repurchased	(33,800)	(132)	(138)	-	-	(270)
Balance at March 31, 2016	15,272,602	$ 59,457	$ 10,093	$ 205	$ (25,440)	$ 44,315

Points International Ltd.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in thousands of United States dollars
(Unaudited)

For the three months ended March 31,		**2017**		2016
Cash flows from operating activities				
Net income for the period	**$**	**852**	$	893
Adjustments for:				
Depreciation of property and equipment		**200**		236
Amortization of intangible assets		**790**		694
Unrealized foreign exchange loss		**169**		224
Equity-settled share-based payment expense		**673**		668
Deferred income tax expense (recovery)		**(164)**		13
Unrealized net gain on derivative contracts designated as cash flow hedges		**80**		1,128
Changes in non-cash balances related to operations		**(5,656)**		(8,226)
Net cash used in operating activities	**$**	**(3,056)**	$	(4,370)
Cash flows from investing activities				
Acquisition of property and equipment		**(303)**		(116)
Additions to intangible assets		**(260)**		(682)
Net cash used in investing activities	**$**	**(563)**	$	(798)
Cash flows from financing activities				
Shares repurchased		**(70)**		(270)
Net cash used in financing activities	**$**	**(70)**	$	(270)
Effect of exchange rate fluctuations on cash held		**(169)**		(223)
Net decrease in cash and cash equivalents	**$**	**(3,858)**	$	(5,661)
Cash and cash equivalents at beginning of the period	**$**	**46,492**	$	51,364
Cash and cash equivalents at end of the period	**$**	**42,634**	$	45,703
Interest Received	**$**	**23**	$	37
Taxes Paid	**$**	**(1,773)**	$	(266)

Amounts received for interest were reflected as operating cash flows in the condensed consolidated interim statements of cash flows.