

For Immediate Release: April 14, 2003

Source: Points International Ltd. (TSX Venture Exchange: PTS)



**Points International Ltd. reports 2002 year end results;
Highlights include 135% annual revenue growth, increasing cash**

Toronto, April 14, 2003 – Points International Ltd (TSXV: PTS), operator of the leading loyalty currency exchange located at www.points.com, today announced 2002 year-end results.

Highlights include:

- 135% increase in revenue for 2002 over 2001, achieved while limiting growth in general and administrative expense to 12.5%,
- growth in cash to \$7.34 million at December 31, 2002, and
- the launch of a suite of *Points Solutions* to complement our unique *pointsexchange*[™], the only loyalty program currency exchange.

In addition, Points made significant progress on a number of strategic and business development initiatives during 2002, culminating in recent news, including an:

- agreement with key strategic investor USA Interactive, raising \$15.1 million on April 11, 2003;
- agreement to develop a number of custom technology solutions for eBay Inc.;
- April launch of our first relationship with a major European player, Deutsche Lufthansa AG, and
- April launch of a suite of *Points Solutions* for a major international hospitality partner, Six Continents Hotels.

“The Points team made great progress during 2002. We expect to deliver continued growth during 2003 as we strengthen *pointsexchange* and look forward to developing relationships with existing and new partners,” said CEO Rob MacLean. “We also look forward to pursuing an accelerated pace of business development with the support of our new strategic investor, USA Interactive.”

Financial highlights:

- Revenue of \$2.37 million for 2002, a 135% increase over 2001 revenue of \$1 million.
- A significant majority of revenues continue to be based on recurring transactions. Revenue streams associated with existing business relationships continue to deliver organic revenue growth, and management expects further progress with additional relationships.
- Points reported cash at year-end 2002 of \$7.34 million, compared with \$4.42 million at September 30, 2002, and \$2.89 million at December 31, 2001.

- General and administration expenses were \$6.94 million for 2002, up 12.5% from \$6.17 million for 2001.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were negative \$4.57 million for the year, an 11% improvement over the 2001 result of negative \$5.16 million. Management expects to improve EBITDA further as revenues continue to grow and costs are managed prudently.
- Points reported a 30% improvement in its net loss performance for 2002, and notes that non-cash expenses accounted for \$3.07 million of the 2002 net loss, including \$2.41 million in amortization of assets and deferred financing costs and \$660,000 in accrued interest on the 11% \$6 million senior debenture issued by Points and held by CIBC Capital Partners.

Further highlights include:

- The development of an expanded suite of *Points Solutions* enhancing our original *pointsexchange* solution. *Points Solutions* now include *pointspurchase*, *pointsgift*, *pointstransfer*, *pointscorporate*, *pointsintegrate*, *pointsdonate* and other custom solutions. Points looks forward to further opportunities to offer cost savings and revenue enhancement to its many current and potential partners across the international loyalty industry.
- The 2002 launch of *pointscorporate* solutions for US Airways and America West and the April 2003 launch of this solution for Alaska Airlines.
- Expansion of *pointsexchange* in recent months and weeks to include partners Cathay Pacific, Six Continents Hotels, Spiegel and the JCPenney Gift Card. Management continues to be focused on adding partners to enhance the exchange options available to consumers.
- Points' expansion into international markets gained key momentum with the launch of a *pointspurchase* solution for Lufthansa. Lufthansa's Miles & More program is the largest frequent flyer program in Europe, with over 7.2 million members.

Key business development metrics:

- *pointsexchange* has attracted over 30 participants, representing over 120 million loyalty program accounts.
- Points has launched 22 custom solutions, with an additional six under contract. Management continues to pursue relationships with additional loyalty players and looks forward to adding more contracts for *Points Solutions* in the near future.
- Points has now powered the online sale, transfer and exchange of well over a billion points and miles. Points noted average quarter-over-quarter growth rates during 2002 of more than 50% for both the number of points and miles transacted through custom solutions and through *pointsexchange*.
- The number of *pointsplus* accounts grew at an average quarter-over-quarter rate of 156% during 2002, and the company looks forward to further membership growth resulting from an enhanced marketing program and a growing exchange mix.

“We’re looking forward to accelerating our vision for Points,” concluded MacLean. “We’re expanding and diversifying our partner base, and enhancing our *pointsexchange* foundation. With a number of key developments in recent weeks, including agreements with some of the leading industry players, we expect 2003 to be an exciting year for Points.”

More about Points International Ltd and *Points Solutions*

Points offers innovative solutions to enhance the loyalty experience. Through a portfolio of *Points Solutions*, Points is forging rewarding partnerships with the world's leading loyalty players to deliver compelling value propositions.

The cornerstone of Points' unique loyalty program asset management system is *pointsexchange*[™] - the world's first loyalty program currency exchange that allows consumers to exchange points from one participating loyalty program to another and thereby achieve awards faster than ever before.

A growing portfolio of custom solutions also includes the innovative *pointspurchase*[™] solution, which powers the online sale of miles and points to members of leading loyalty programs including those of American Airlines, Six Continents Hotels, Lufthansa, Air Canada, America West Airlines, Alaska Airlines, Cathay Pacific Airways and US Airways.

Points Solutions, built on leading edge technology developed and managed in-house, are internationally marketed to travel providers and loyalty programs through a distribution alliance with Sabre, the leading provider of technology, distribution and marketing services for the travel industry.

Points is currently developing a number of custom technology solutions for eBay Inc.

Based in Toronto, Points' shares trade on the TSX Venture Exchange under the stock symbol PTS.

-30-

For more information, please contact:

Moira Wright
Points International Ltd.
416-596-3257
moira.wright@points.com

**THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT
RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE**

**ATTACHMENT:
POINTS INTERNATIONAL LTD
EXCERPTS FROM CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2002**

POINTS INTERNATIONAL LTD.
(formerly "Exclamation International Incorporated")
CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31	2002	2001
<u>ASSETS</u>		
CURRENT		
Cash and short term investments	\$ 7,341,700	\$ 2,894,380
Accounts receivable	267,632	103,180
Prepays and sundry assets	<u>657,367</u>	<u>570,899</u>
	8,266,699	3,568,459
 LONG-TERM INVESTMENTS	 151,629	 171,129
CAPITAL ASSETS	1,764,199	3,231,535
INTANGIBLE ASSETS	1,956,539	120,312
FUTURE INCOME TAXES RECOVERABLE	590,000	590,000
DEFERRED FINANCE CHARGES	<u>410,954</u>	<u>739,717</u>
	<u>\$ 13,140,020</u>	<u>\$ 8,421,152</u>

POINTS INTERNATIONAL LTD.
(formerly "Exclamation International Incorporated")
CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31	2002	2001
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,017,956	\$ 486,605
Deposits	8,946,631	2,096,865
Current portion of obligation under capital leases	<u>407,128</u>	<u>736,749</u>
	10,371,715	3,320,219
OBLIGATION UNDER CAPITAL LEASES	-	305,174
CONVERTIBLE DEBENTURE	7,182,500	6,522,500
NON-CONTROLLING INTEREST	<u>-</u>	<u>134,524</u>
	<u>17,554,215</u>	<u>10,282,417</u>
<u>SHAREHOLDERS' EQUITY</u>		
CAPITAL STOCK	14,361,033	9,532,173
WARRANTS	425,588	-
DEFICIT	<u>(19,200,816)</u>	<u>(11,393,438)</u>
	<u>(4,414,195)</u>	<u>(1,861,265)</u>
	<u>\$ 13,140,020</u>	<u>\$ 8,421,152</u>

POINTS INTERNATIONAL LTD.
(formerly "Exclamation International Incorporated")
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31	2002	2001
REVENUES		
Points operations	\$ 2,308,846	\$ 686,194
Interest	59,446	207,744
Appreciation on dilution of investment	-	89,035
Consulting and other	-	22,998
	<u>2,368,292</u>	<u>1,005,971</u>
GENERAL AND ADMINISTRATION	<u>6,941,069</u>	<u>6,168,483</u>
LOSS - Before interest, amortization and other deductions	<u>(4,572,777)</u>	<u>(5,162,512)</u>
Interest on convertible debenture	660,000	522,500
Interest and bank charges	50,071	158,785
Amortization of capital assets, intangible assets and deferred financing costs	<u>2,408,800</u>	<u>1,836,814</u>
	<u>3,118,871</u>	<u>2,518,099</u>
LOSS - Before non-controlling interest and discontinued operations	(7,691,648)	(7,680,611)
NON-CONTROLLING INTEREST	-	314,978
LOSS - From continuing operations	(7,691,648)	(7,365,633)
DISCONTINUED OPERATIONS		
Loss from discontinued operations	(115,730)	(2,163,602)
Loss on disposal of discontinued operations	-	(1,012,043)
Share of loss of disposed significantly influenced investments (Note 4)	-	(658,214)
NET LOSS	(7,807,378)	(11,199,492)
DEFICIT - Beginning of year	<u>(11,393,438)</u>	<u>(193,946)</u>
DEFICIT - End of year	<u>\$(19,200,816)</u>	<u>\$(11,393,438)</u>
LOSS PER SHARE - From continuing operations	<u>\$ (0.15)</u>	<u>\$ (0.24)</u>
NET LOSS PER SHARE	<u>\$ (0.15)</u>	<u>\$ (0.36)</u>

POINTS INTERNATIONAL LTD.
(formerly "Exclamation International Incorporated")
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss from continuing operations	\$ (7,691,648)	\$ (7,365,632)
Items not affecting cash		
Amortization of capital assets	1,512,887	1,540,242
Amortization of deferred financing costs	328,763	246,572
Amortization of intangible assets	567,150	50,000
Non-controlling interest	-	(314,978)
Appreciation on dilution of investment	-	(89,035)
Shares issued in exchange for services	366,379	200,000
Warrants issued in exchange for services	2,775	-
Interest accrued on convertible debenture	<u>660,000</u>	<u>522,500</u>
	(4,253,694)	(5,210,331)
Changes in non-cash balances related to operations	<u>7,130,198</u>	<u>2,288,111</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,876,504</u>	<u>(2,922,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loans receivable from significantly influenced companies	19,500	26,666
Purchase of capital assets	(45,551)	(1,325,489)
Purchase of intangible assets	(144,774)	(70,312)
Fees paid on acquisition	<u>(139,750)</u>	<u>-</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(310,575)</u>	<u>(1,369,135)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of convertible debenture	-	6,000,000
Deferred financing costs	-	(986,289)
Repayment of obligations under capital leases	(634,795)	(1,700,390)
Issuance of capital stock, net of share issue costs	2,631,916	965,950
Issuance of capital stock of Points.com Inc.	<u>-</u>	<u>345,413</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>1,997,121</u>	<u>4,624,684</u>
INCREASE IN CASH FROM CONTINUING ACTIVITIES	4,563,050	333,329
CASH FLOWS USED IN DISCONTINUED OPERATIONS	<u>(115,730)</u>	<u>(1,945,634)</u>
INCREASE (DECREASE) IN CASH FROM ALL ACTIVITIES	4,447,320	(1,612,305)
CASH AND SHORT TERM INVESTMENTS - Beginning of year	<u>2,894,380</u>	<u>4,506,685</u>
CASH AND SHORT TERM INVESTMENTS - End of year	<u>\$ 7,341,700</u>	<u>\$ 2,894,380</u>