

**Attention Business/Financial Editors:**

**TICKER SYMBOL: IFX.A**

**Imaflex Inc. announces results for the quarter ended March 31, 2012**

MONTREAL, May 23, 2012- Imaflex Inc. (the “Company”) (TSXV: **IFX.A**) announces results for the quarter ended March 31, 2012.

(un-audited)		
(CDN \$ thousands, except per share amounts)	Q1 2012	Q1 2011
Sales	11,818	14,343
Cost of sales	10,488	12,343
Gross profit (\$) (before amortization)	1,330	2,000
Gross profit (%) (before amortization)	11.3%	14.0%
Amortization of production equipment	254	245
Gross Profit	1,076	1,755
Gross profit (%)	9.1%	12.2%
Expenses	982	1,346
FX loss (gain)	151	114
Profit (loss) before income taxes	(57)	295
Provision for income taxes	47	178
Profit (loss)	(104)	117
Basic and diluted earnings (loss) per share	(0.002)	0.003
EBITDA	378	742

The results include those of Imaflex Inc. (“Imaflex”) located in Montréal (Québec), its divisions Canguard Packaging (“Canguard”) and Canslit (“Canslit”) located in Victoriaville (Québec), and its wholly owned subsidiary, Imaflex USA Inc. (“Imaflex USA”) located in Thomasville (North Carolina).

*Summary – Results of Operations*

During the first quarter of 2012, the Company was negatively impacted by increasing resin prices which were passed on to customers with a delay. Despite the lower sales compared to the first quarter of 2011, profitability increased compared to the last quarter of 2011 due to the cost structure the Company achieved throughout 2011 which continues to contribute to results in the first quarter of 2012.

*Sales*

Sales increased in first quarter of 2012 compared to the last quarters of 2011, however failing to reach levels of sales achieved in the first quarter of 2011. This increase was expected given business activity had decreased in the third and fourth quarters of 2011. Expectations of decreasing resin prices in the first half of 2012 did not stimulate purchases from customers, who have limited orders avoiding the accumulation of inventory at a higher price. In 2011, the expectation of increases in the pricing of resin stimulated purchases, thus creating additional volume early in the year and lower volume of sales later in the year.

*Gross profit margin*

The gross profit before amortization of production equipment decreased from \$2,000,000 in the first quarter of 2011 to \$1,330,000 in 2012. This is mainly explained by overall lower activity in the Company’s Canadian operations, given many production costs are fixed in nature and at the current production level an increase in sales will usually lead to increased profitability. Moreover, the Company was not able to fully pass on the increases in resin prices

to its customers, thus negatively impacting profitability. This has also impacted the Company's gross margin, which decreased from 14.0% in the first quarter of 2011 to 11.3% in 2012.

### Income taxes

The Company recorded an income tax expense for the quarter despite having incurred a consolidated loss to reflect the deferred income tax expense as well as taxes payable on the net profit of the Canadian entity. Overall, the Company recorded a total expense of \$47,000 representing (80.6) % of the consolidated net profit before taxes. For the period ended March 31, 2011, the expense was greater in absolute terms due to the higher profitability of the Canadian entity and represented 60.5 % of the consolidated net profit before taxes.

### Capital Resources

The Company has an operating line of credit with its bankers to a maximum of \$8,500,000 bearing interest at a rate of prime plus 2.30%. The line of credit is secured by trade receivables, inventories and property, plant and equipment. At March 31, 2012, the Company had drawn \$6,580,371 on its line of credit (\$5,627,248 as at December 31 2011). The Company's working capital position stayed relatively stable since December 31, 2011, going from \$1,748,337 to \$1,723,608. During the quarter, it issued 1,935,485 units, each comprising of one class A share and one class A share purchase warrant entitling the holder to acquire one additional common share for \$0.45, for a consideration of \$735,484, of which \$250,000 was received during the course of the fourth quarter of 2011, but invested \$989,500 for the acquisition of operations in North Carolina. Management believes that the business acquisition will put a strain on cash flow for a certain period following the business acquisition, however given management believes that it should not take an undue amount of time to make the target profitable, the Company's cash flow situation should improve in the long run, although the amount of time it may take to get there cannot be determined with certainty. Management also believes that the Company's current capital structure should enable it to meet all of its short term obligations. Management continuously monitors its capital structure and considers the increase in indebtedness or the issuance of shares as possible options to optimize its capital structure.

### Outlook

Two successive monthly raw material price increases during the quarter negatively impacted our profitability as we were unable to expeditiously or fully pass on the price increases to our clients. The Company's inventory level was below normal during the quarter such that the impact of the price increases on the Company's profitability was negatively compounded.

Notwithstanding the slow start to the current financial year, management remains confident that it will be able to improve operating results for the remaining quarters of the year. Management's optimism stems from its belief that the recently concluded acquisition of business assets in the United States will allow the Company to increase its sales volume in the United States finally allowing volume there to either meet or exceed break-even levels. Further, new products that the company intends to bring to market for the first time in the near future should further increase volumes to the point of surpassing critical break-even thresholds.

Finally, with respect to the recently announced patent application that the Company co-filed with Bayer Innovations GmbH, further studies and planning are being conducted and the Company now believes that this product will be marketed during the fourth quarter of this year at the earliest.

### Safe Harbor Statement

Certain statements and information included in this release constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied in such forward-looking statements. Additional discussion of factors that could cause actual results to differ materially from management’s projections, estimates and expectations is contained in the Company’s other public filings. Unless otherwise required by the securities authorities, we do not undertake to update any forward-looking statements that may be made from time to time by us or on our behalf.

### Non-IFRS Measure

The Company’s management uses a non-IFRS measure in this press release, namely EBITDA. Management wishes to specify that in the performance of the Company’s financial results, EBITDA is shown as “Earnings before interest, taxes, non-controlling interest, depreciation and amortization”. While EBITDA is not a standard IFRS measure, management, analysts, investors and others use it as an indicator of the Company’s financial and operating management and performance. EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company’s performance. The Company’s method of calculating EBITDA may be different from those used by other companies.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

For further information:

**Imaflex Inc.,**

Joseph Abbandonato, President and C.E.O

Giancarlo Santella – Corporate Controller

Tel: (514) 935 – 5710

Fax: (514) 935 – 0264

e-mail: [info@imaflex.com](mailto:info@imaflex.com)

Website: [www.imaflex.com](http://www.imaflex.com)