

**Attention Business/Financial Editors:**

**TICKER SYMBOL: IFX**

**Imaflex Inc. announces results for the quarter ended March 31, 2015**

MONTREAL, May 26, 2015 - Imaflex Inc. (the “Company”) (TSXV: IFX) announces results for the quarter ended March 31, 2015.

(unaudited)		
(CDN \$ thousands, except per share amounts)	Q1 2015	Q1 2014
Sales	15,910	14,423
Cost of sales (excluding amortization)	14,633	13,044
Gross profit (\$) (before amortization)	1,277	1,379
Gross profit (%) (before amortization)	8.0%	9.6%
Amortization of production equipment	361	312
Gross Profit	916	1,067
Gross profit (%)	5.8%	7.4%
Sales and administrative expenses	1,467	1,310
FX gain	(673)	(404)
Other expenses	195	128
Profit (loss) before income taxes	(73)	33
Provision for income taxes	220	90
Profit (loss)	(293)	(57)
Basic and diluted earnings (loss) per share	(0.006)	(0.001)
EBITDA	512	476

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).

The Company’s accounting policies under IFRS have not changed since the Company’s last annual financial statements and have been applied consistently to the the interim condensed consolidated financial statements for the periods ended March 31, 2015 and 2014. As of the 1<sup>st</sup> of January 2015, a portion of the Parent Company’s advances to the foreign subsidiary are being accounted for as forming part of the net investment in the foreign subsidiary for the purposes of foreign exchange accounting and the foreign exchange gains and losses arising on these advances are recognized as Accumulated foreign currency translation within Reserves.

Sales

Sales increased by \$ 1,487,000 in the first quarter of 2015 compared to 2014, due to the increased volume of sales for certain products as a result of business development efforts in 2014 that continue to positively impact the top line. Part of the increase is also explained by the important appreciation of the USD, positively impacting sales denominated in USD. The Company focused efforts on increasing overall capacity usage and market development.

Gross profit margin

The increase in sales did not translate into an increase in the Company’s gross margin and also contributed to the decrease in the gross profit margin. Improvements were achieved in many departments, including packaging film and agricultural metallized film, where a very difficult first quarter of 2014 had a

negative impact on the Company's profitability. The improvements however were offset by several challenges that negatively impacted results. Firstly, the decreasing resin prices led to an immediate decrease in the sales price, which had a negative impact on sales produced with older inventory. Also, the increase in sales of garbage bags did not generate immediate profitability given the Company is preparing for an increase in capacity. In the first quarter of 2015, the additional sales were produced via a more expensive route. However, management believed it was necessary to first secure the additional business before investing in additional capacity in order to ensure that the investments would bring returns in the shortest amount of time possible. Finally, the US operations also improved sales but they were negatively impacted by the decreases in resin costs, some higher inventory levels held at the beginning of the period as well as increases in labour and repair expenses.

#### *Selling and administrative*

Selling and administrative expenses increased by \$ 157,000 in the first quarter of 2015 compared to 2014, mainly following research and development efforts in order to produce and test samples of the new agricultural products that are intended to be sent out to growers in the summer of 2015. These expenses are aimed at ensuring that the products deliver the intended results and that they meet all regulatory requirements before being commercialized.

#### *Net income*

The Company did not generate the gross margin it was expecting following the increase in sales due to currency fluctuations that erased the decrease in resin prices. Moreover, the selling price was lower than expected due to the decrease in the price of polyethylene resin, further negatively impacting profitability. However, increased production capacity that is expected to be available in the second quarter of 2015 will lead to a more streamlined process for certain products and should generate increased production efficiency. Management believes that the encouraging top line trends are showing that the business is headed in the right direction.

#### *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 1.25%. The line of credit is secured by trade receivables and inventories. As at March 31, 2015, the Company had drawn \$ 4,538,371 on its line of credit (\$ 5,154,870 as at December 31, 2014). The Company's working capital was \$ 5,021,124 as at March 31, 2015 compared to \$ 5,493,261 as at December 31, 2014. In 2014, the Company obtained new financing by entering into two new long term borrowing arrangements and closed a private placement in December. During the first quarter of 2015, the Company issued 1,381,695 shares after warrants were exercised generating inflows of \$ 621,763. Although a portion of the debt financing obtained in 2014 was used to purchase equipment that is aimed at generating increased profitability, these financings mostly improved the Company's liquidity and will enable the Company to finance the growth in 2015.

#### *Management Outlook*

During the quarter, management maintained its focus on the objectives of developing and testing its new products, increasing sales in strategic markets

through its sales force and improving production efficiency in the US operations. Management made headway in its plans and believes that the Company is growing and is headed in the right direction.

The results however do not fully reflect the improvements that were achieved. Firstly, the appreciation of the USD increased the cost of raw material which offset the decrease in resin costs. Secondly, the falling prices of polyethylene had a negative impact on sales throughout the quarter and sales stabilized only in March.

#### 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 calculated as “Earnings before finance expenses, taxes, the change in fair value of the derivative financial instrument, 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:

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