



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Results for the Three and Nine Months ended March 31, 2013

Toronto, May 29, 2013 – Advantex Marketing International Inc. (“Advantex” or the “Company”), a leading specialist in merchant funding and loyalty marketing programs, today announced its results for the three and nine months ended March 31, 2013. All currency amounts are in Canadian dollars unless otherwise noted.

“We achieved a significant increase in merchant count in our programs during the three and nine months ended March 31, 2013. This is an encouraging indication of the value proposition of our services for small independent merchants. But the difficult economy is a critical factor for the merchants participating in our programs, and this is reflected in our results for the three and nine months ended March 31, 2013. We earn revenues as consumers using designated credit cards complete purchases at participating merchants. Our same store analysis indicates sharp year over year declines in consumer spending. Consequently, while our overall revenues are ahead of corresponding periods in the previous year they are not what we expected to see. The secondary fallout of this challenging economic environment is the increase in reserves to cover higher delinquencies we experienced because merchants are under financial strain. The positive is our proven ability to grow merchant participation and this is the antidote to the prevailing economic conditions,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

“We wanted to increase our presence in the small and medium sized enterprises loyalty marketing space. The acquisition of Futura Loyalty Group Inc.’s Aeroplan Canada Inc. (“Aeroplan”) channel marketing assets at end of January 2013 has augmented our merchant portfolio, and gives us access to new business segments to market our programs. The results for three and nine months ended March 31, 2013 reflect revenues from this activity,” said Mr. Ambrose.

The Company’s agreements with its affinity partners – Canadian Imperial Bank of Commerce (“CIBC”), and Aeroplan - and its financial partners - 14% and 12% debenture holders, and provider of loan payable - come up for renewal between August and December, 2013. The Company expects to successfully negotiate renewal of the agreements.

Financial Highlights:

	<u>Three months ended March 31</u>			<u>Nine months ended March 31</u>		
	<u>2013</u>	<u>2012</u>	<u>Inc./ (Dec)</u>	<u>2013</u>	<u>2012</u>	<u>Inc./ (Dec)</u>
	\$	\$	%	\$	\$	%
Revenues	3,593,000	3,494,000	2.8	12,424,000	11,563,000	7.4
Earnings from operations before amortization and interest (“EBITDA” (i))	231,000	387,000	(40.3)	2,297,000	2,364,000	(2.8)
Net Income / (Loss)	(567,000)	(354,000)	(60.2)	(169,000)	154,000	(209.7)

(i) EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by the issuer’s GAAP and is unlikely to be comparable to similar measures presented by other issuers. It is provided as additional information to assist readers in understanding a component of the Company’s financial performance. In case of the Company per consolidated financial statements for three and nine months ended March 31, 2013, earnings from operations before amortization and interest is the nearest equivalent to EBITDA.

About Advantex Marketing International Inc.

Advantex is a specialist in the marketing services industry. Advantex partners with CIBC, and Aeroplan. On a combined basis, Advantex has contractual marketing access to more than five million Canadian consumers with above-average personal and household income. The Company's merchant partner base currently consists of about 2,000 merchants operating restaurants; golf courses; independent inns, resorts and selected hotels; spas; retailers of men's and ladies fashion, footwear and accessories; retailers of sporting goods; florists and garden centres; book and newspaper stores; health and beauty centres; dry cleaners; gift stores; home decor; automotive dealers, service centers; and tire dealerships; many of which are leaders in their respective categories. Advantex is traded on the Canadian National Stock Exchange under the symbol "ADX". For additional information on Advantex, please visit www.advantex.com.

Forward-Looking Information

This Press Release contains certain "forward-looking information". All information, other than information comprised of historical fact, that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is typically identified by words such as: anticipate, believe, expect, goal, intend, plan, will, may, should, could and other similar expressions. Such forward-looking information relates to, without limitation, information regarding the Company's expectation that it will successfully negotiate renewal of its agreements with its affinity and financial partners; and other information regarding financial and business prospects and financial outlook is forward-looking information.

Forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company.

Forward-looking information is subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include those listed under "General Risks and Uncertainties" and "Economic Dependence" in Management's Discussion and Analysis for the three and nine month periods ended March 31, 2013.

All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

- 30 -

For further information please contact:
Kelly Ambrose
President and Chief Executive Officer
Tel: 905-470-9558 ext. 280
E-mail: kelly.ambrose@advantex.com

Advantex Marketing International Inc.
Consolidated Statements of Financial Position – (unaudited)
(expressed in Canadian dollars)

	March 31, 2013	June 30, 2012
Assets		
Current assets		
Cash and cash equivalents	1,453,885	1,084,773
Accounts receivable	364,192	966,437
Transaction credits	13,835,289	14,095,373
Inventory (note 5)	98,360	204,355
Prepaid expenses and sundry assets (note 18)	473,218	315,454
	\$16,224,944	\$16,666,392
Non-current assets		
Investment (note 6)	-	100,000
Property, plant and equipment (note 7a)	275,285	222,132
Intangibles (note 7b)	400,176	330,018
	675,461	652,150
Total assets	\$16,900,405	\$17,318,542
Liabilities		
Current liabilities		
Loan payable (note 8)	7,146,822	6,715,691
Accounts payable and accrued liabilities	3,374,142	4,128,264
14% Non-convertible debentures payable (note 9)	1,728,002	-
12% Non-convertible debentures payable (note 10)	5,909,359	-
	\$18,158,325	\$10,843,955
Non-current liabilities		
14% Non-convertible debentures payable (note 9)	-	1,770,606
12% Non-convertible debentures payable (note 10)	-	5,779,957
	\$ -	\$7,550,563
Total Liabilities	\$18,158,325	\$18,394,518
Shareholders' deficiency		
Share capital (note 11)	24,110,096	24,110,096
Contributed surplus (note 12)	808,167	793,198
Equity portion of debentures (note 10)	2,114,341	2,114,341
Warrants (note 9/10)	1,167,874	1,196,013
Deficit	(29,458,398)	(29,289,624)
Total deficiency	\$(1,257,920)	\$(1,075,976)
Total liabilities and deficiency	\$16,900,405	\$17,318,542

**Economic and Financial dependence (note 2a), and Going concern (note 2b)
Commitments and Contingencies (note 14)**

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

Approved by the Board:

Director: Signed "William Polley"
William Polley

Director: Signed "Kelly Ambrose"
Kelly E. Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Income / (Loss) and Comprehensive Income / (Loss)
For the three and nine months ended March 31, 2013 and March 31, 2012 – (unaudited)
(expressed in Canadian dollars)

	For the three months ended March 31		For the nine months ended March 31	
	2013	2012	2013	2012
	\$	\$	\$	\$
Revenues	3,593,094	3,493,635	12,424,487	11,563,064
Direct expenses	1,310,058	945,919	4,102,082	3,158,395
Operating Expenses				
Selling and marketing	895,398	1,015,805	2,783,149	2,717,218
General and administrative	1,156,597	1,145,110	3,242,239	3,323,748
Earnings from operations before amortization and interest	231,041	386,801	2,297,017	2,363,703
Write-off of investment	-	-	100,000	-
Depreciation of property, plant and equipment, and intangibles	141,892	118,706	388,012	313,109
Interest expense:				
Stated interest expense – loan payable, and debentures	503,712	485,748	1,534,387	1,494,472
Non-cash interest expense on loan payable, and debentures	152,112	135,997	443,392	401,659
Net income / (loss) and Comprehensive income / (loss)	(566,675)	(353,650)	(168,774)	154,463
Earnings per share				
Basic and Diluted (note 15)	(0.01)	(0.00)	(0.00)	0.00

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Deficiency
For the nine months ended March 31, 2013 and March 31, 2012 – (unaudited)
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Equity portion of debentures	Warrants	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
Balance – July 1, 2011	3,815	24,106,281	726,795	2,114,341	1,196,013	(29,516,267)	(1,369,022)
Net income and comprehensive income for the period						154,463	154,463
Employee share options:							
Value of services recognized			66,403				66,403
Balance – March 31, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,361,804)	(1,148,156)
Balance – July 1, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,289,624)	(1,075,976)
Net (loss) and comprehensive (loss) for the period						(168,774)	(168,774)
Employee share options:							
Value of services recognized			14,969				14,969
Partial prepayment of debentures (notes 9 and 10)					(28,139)		(28,139)
Balance – March 31, 2013	3,815	24,106,281	808,167	2,114,341	1,167,874	(29,458,398)	(1,257,920)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the nine months ended March 31, 2013 and March 31, 2012 – (unaudited)
(expressed in Canadian dollars)

	31-03-2013	31-03-2012
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income / (loss) for the period	\$(168,774)	\$154,463
Adjustments for:		
Write-off of investment	100,000	-
Depreciation of property, plant and equipment, and intangibles	388,012	313,109
Stock-based compensation (note 12)	14,969	66,403
Accretion charge for debentures	443,392	401,659
	777,599	935,634
Changes in items of working capital		
Accounts receivable	602,245	7,155
Transaction credits	260,084	(1,531,011)
Inventory	105,995	(151,549)
Prepaid expenses and sundry assets	(157,764)	4,743
Accounts payable and accrued liabilities	(754,122)	22,496
	56,438	(1,648,166)
Net cash provided by (used in) operating activities	834,037	(712,532)
Investing activities		
Purchase of property, plant and equipment, and intangibles	(511,323)	(170,011)
Net cash (used in) investing activities	(511,323)	(170,011)
Financing activities		
Proceeds from loan payable	431,131	1,537,772
Partial prepayment of debentures	(376,033)	-
Debenture partial prepayment / renewal – additional transaction costs	(8,700)	(37,088)
Net cash generated from financing activities	46,398	1,500,684
Increase in cash and cash equivalents during the period	\$369,112	\$618,141
- From continuing operations	460,982	725,934
- From discontinued operations (note 17)	(91,870)	(107,793)
Increase in cash and cash equivalents during the period	\$369,112	\$618,141
Cash and cash equivalents, including bank indebtedness – Beginning of period	1,084,773	(78,262)
Cash and cash equivalents, including bank indebtedness – End of period	1,453,885	539,879
Additional Information		
Interest paid	\$1,729,349	\$1,569,480
For purposes of the cash flow statement, cash comprises:		
Cash	\$1,448,885	\$ 534,879
Term deposits	\$ 5,000	\$ 5,000
	<u>\$1,453,885</u>	<u>\$ 539,879</u>

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