



ADVANTEX

NEWS RELEASE

For Immediate Release

ADX: CNSX

Advantex Announces Net Income for Fiscal Year ended June 30, 2013

Toronto, October 28, 2013 – Advantex Marketing International Inc. (“Advantex” or the “Company”), a leading specialist in the marketing services industry, today announced its results for the fiscal fourth quarter and year ended June 30, 2013. All currency amounts are in Canadian dollars unless otherwise noted.

“It is encouraging to report an increase in revenues, and a net income in a challenging business environment,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

Financial Highlights:

	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>	<u>Inc./ (Dec)</u>
Revenues: Programs operated in partnership with CIBC	\$15,033,000	\$14,804,000	\$ 229,000
Programs operated in partnership with Aeroplan	1,395,000	965,000	430,000
Other	482,000	127,000	355,000
	\$16,910,000	\$15,896,000	\$1,014,000
Earnings from operations before depreciation, amortization and interest (EBITDA (i))	\$ 3,323,000	\$ 3,214,000	\$ 109,000
Net Income	\$ 36,000	\$ 227,000	\$ (191,000)

(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. In case of the Company, for Fiscal 2013 and Fiscal 2012, per consolidated financial statements for year ended June 30, 2013, earnings from operations before depreciation, amortization and interest is the nearest equivalent to EBITDA.

The Company’s revenues from its programs with Canadian Imperial Bank of Commerce (“CIBC”) and Aeroplan Canada Inc. (“Aeroplan”) increased a solid 4.2%. The Company earns revenues as consumers complete purchases at small independent merchants participating in the programs. The uncertain economy affected consumer spending at participating merchants. This is a significant reason that despite a double digit percent increase in merchant participation during Fiscal 2013, the revenues did not increase as expected. The Company acquired Futura Loyalty Group Inc.’s Aeroplan channel marketing assets at the end of January, 2013. This has augmented our merchant portfolio and our revenues and gross profit for Fiscal 2013.

While Fiscal 2013 selling, general & administrative costs were flat compared to Fiscal 2012, the increase in direct costs eroded all the gains of revenue growth. The Company increased its expense for delinquencies reflecting the financial strain caused by the economic conditions on participating merchants.

“The Company recently announced renewal of its agreement with CIBC which was an important event. The eighteen year relationship is still strong and provides CIBC cardholders with significant value. Discussions with Aeroplan respecting a multi-year renewal of the existing agreement expiring December 31, 2013 are going well. Our financial partners are supportive. Accord Financial Inc. and the Company have extended the term of the credit facility by a year to December 31, 2014. The term of the 14% and 12% debentures has been extended to December 31, 2013. The Company has announced that it has entered into a term sheet to refinance between \$5 million and \$5.5 million of the 14% debentures and 12% debentures. The Company expects to re-finance the debentures. I am cautiously optimistic with the future prospects of Advantex,” said Mr. Ambrose.

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. Advantex'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 décor; 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 from its negotiations with Aeroplan; expectation of negotiating and finalizing a refinancing of debentures on the terms set out in the term sheet; expectation of its future prospects; 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 fiscal year ended June 30, 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.

For further information please contact:

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

	June 30, 2013	June 30, 2012
Assets		
Current assets		
Cash and cash equivalents	1,773,672	1,084,773
Accounts receivable (note 17)	599,339	966,437
Transaction credits	13,632,654	14,095,373
Inventory (note 5)	139,985	204,355
Prepaid expenses and sundry assets	273,519	315,454
	\$16,419,169	\$16,666,392
Non-current assets		
Investment (note 6)	-	100,000
Property, plant and equipment (note 7a)	299,528	222,132
Intangible assets (note 7b)	539,545	330,018
	839,073	652,150
Total assets	\$17,258,242	\$17,318,542
Liabilities		
Current liabilities		
Loan payable (note 8)	7,099,371	6,715,691
Accounts payable and accrued liabilities	3,420,130	4,128,264
14% Non-convertible debentures payable (note 9)	1,736,298	-
12% Non-convertible debentures payable (note 10)	6,055,336	-
	\$18,311,135	\$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	\$18,311,395	\$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	(29,253,371)	(29,289,624)
Total deficiency	\$(1,052,893)	\$(1,075,976)
Total liabilities and deficiency	\$17,258,242	\$17,318,542

Economic and Financial dependence (note 2), Commitments and contingencies (note 17), and Subsequent events (note 20)

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 and Comprehensive Income
For the years ended June 30, 2013 and 2012
(expressed in Canadian dollars)

	2013	2012
	\$	\$
Revenues	16,909,808	15,895,402
Direct expenses	<u>5,549,977</u>	<u>4,427,082</u>
	11,359,831	11,468,320
Operating Expenses		
Selling and marketing	3,770,393	3,758,766
General and administrative	4,266,296	4,496,048
Earnings from operations before depreciation, amortization and interest	3,323,142	3,213,506
Interest expense:		
Stated interest expense – loan payable, and debentures	2,047,785	2,012,320
Non-cash interest expense on debentures	<u>597,665</u>	<u>539,662</u>
	677,692	661,524
Write-off of investment	100,000	-
Depreciation of property, plant and equipment, and amortization of intangible assets	541,439	434,881
Net income and Comprehensive income	36,253	226,643
Earnings per share:		
Basic and Diluted (note 19)	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 years ended June 30, 2013 and June 30, 2012
(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 year						226,643	226,643
Stock based compensation							
Value of services recognized			66,403				66,403
Balance – June 30, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,289,624)	(1,075,976)
Balance – July 1, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,289,624)	(1,075,976)
Net income and comprehensive income for the year						36,253	36,253
Stock based compensation							
Value of services recognized			14,969				14,969
Partial repayment of debentures (notes 9 and 10)					(28,139)		(28,139)
Balance – June 30, 2013	3,815	24,106,281	808,167	2,114,341	1,167,874	(29,253,371)	(1,052,893)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the years ended June 30, 2013 and 2012
(expressed in Canadian dollars)

	2013	2012
Cash flow provided by / (used in)		
Operating activities		
Net income for the year	\$36,253	\$226,643
Adjustments for:		
Write-off of investment	100,000	-
Depreciation of property, plant and equipment, and amortization of intangible assets	541,439	434,881
Stock-based compensation	14,969	66,403
Accretion charge for debentures	597,665	539,662
	1,290,326	1,267,589
Changes in items of working capital		
Accounts receivable	367,098	(124,188)
Transaction credits	462,719	(1,687,313)
Inventory	64,370	(137,904)
Prepaid expenses and sundry assets	41,935	(66,913)
Accounts payable and accrued liabilities	(708,134)	376,461
	227,988	(1,639,857)
Net cash provided by / (used in) operating activities	1,518,314	(372,268)
Investing activities		
Purchase of property, plant and equipment, and intangible assets	(828,362)	(225,854)
Net cash (used in) investing activities	(828,362)	(225,854)
Financing activities		
Proceeds from loan payable	383,680	1,798,245
Partial repayment of debentures	(376,033)	-
Debenture partial repayment / renewal – additional transaction costs	(8,700)	(37,088)
Net cash generated from / (used in) financing activities	(1,053)	1,761,157
Increase (decrease) in cash and cash equivalents during the year	\$688,899	\$1,163,035
- From continuing operations	877,514	1,264,207
- From discontinued operations (note 16)	(188,615)	(101,172)
Increase in cash and cash equivalents	\$688,899	\$1,163,035
Cash and cash equivalents, including bank indebtedness – Beginning of year	1,084,773	(78,262)
Cash and cash equivalents – End of year	1,773,672	1,084,773
Additional Information		
Interest paid	\$2,058,694	\$1,893,320
For purposes of the cash flow statement, cash comprises:		
Cash	\$1,768,672	\$1,079,773
Term deposits	\$ 5,000	\$ 5,000
	\$1,773,672	\$1,084,773

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