



# ADVANTEX

## NEWS RELEASE

For Immediate Release  
ADX: CSE

### Advantex Announces Net Income for Three and Six Months ended December 31, 2013

**Toronto, March 3, 2014** – Advantex Marketing International Inc. (“Advantex” or the “Company”), a leading specialist in the marketing services industry, today announced its results for three and six months ended December 31, 2013. All currency amounts are in Canadian dollars unless otherwise noted.

“The value proposition of our marketing services programs, the 2,000 merchants participating in our programs, and the diverse revenue streams enabled us to deliver a profit in a volatile business environment,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

The Company validated the attractiveness of its credit card partnership – loyalty point accelerator programs when it signed a new agreement with Canadian Imperial Bank of Commerce (“CIBC”) for a three year term expiring September 30, 2016, and is expected to benefit from the growth in CIBC’s Aventura program, even as the Company expects slippage as a significant part of CIBC’s Aeroplan credit card portfolio migrates to The Toronto-Dominion Bank (“TD”), as publicly disclosed. Furthermore, in October 2013 the Company entered discussions with TD to operate a rewards accelerator program for their credit card portfolio. A successful outcome will fuel the future growth of Advantex, and counter the significant effect on revenues in the aftermath of the decision by CIBC respecting its credit card portfolio, and the intensifying competition amongst Canadian banks for credit card business.

The refinancing of December 30, 2013 significantly improved the capital structure by reducing the fully diluted common shares by 24.5% from 197.9 million to 149.5 million, a reduction of 48.4 million common shares.

“Advantex is in the final stages of discussions with Aimia for a multi-year renewal of their existing agreement. The revenue from this program helped to increase revenues and protect profitability, and I have great expectations of future growth of this program. I am pleased to inform of our entry into the USA. In November 2013 we launched a pilot rewards accelerator program in a test market for Caesars Entertainment Corporation and its Total Rewards loyalty program,” said Mr. Ambrose.

#### Financial Highlights:

	Three months ended December 31		Six months ended December 31	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>				
Program in partnership with CIBC	\$3,843,000	\$4,099,000	\$7,868,000	\$8,308,000
Program in partnership with Aimia	766,000	288,000	1,289,000	470,000
Misc.	—	41,000	—	53,000
	<b>\$4,609,000</b>	<b>\$4,428,000</b>	<b>\$9,157,000</b>	<b>\$8,831,000</b>
<b>Net Income</b>	<b>\$ 75,000</b>	<b>\$ 124,000</b>	<b>\$ 131,000</b>	<b>\$ 398,000</b>

## **About Advantex Marketing International Inc.**

Advantex is a specialist in the marketing services industry. Advantex partners with CIBC, and Aeroplan Canada Inc. (subsidiary of Aimia). On a combined basis, Advantex has contractual marketing access to about five million Canadian consumers with above-average personal and household income. Advantex's merchant partner base currently consists of about 2,000 merchants operating in several business segments: 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 Securities Exchange under the symbol "ADX". For additional information on Advantex, please visit [www.advantex.com](http://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 on its business from changes in CIBC's credit card portfolio; expectation of a successful outcome, and its timing, from the discussions with TD; expectation of future prospects on its business from a relationship with TD; expectation of a multi-year renewal of its existing agreement with Aimia, and the future prospects from this relationship on its business; 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 six months ended December 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.

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

	December 31, 2013	June 30, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 848,604	\$ 1,773,672
Accounts receivable	1,395,512	599,339
Transaction credits	12,096,949	13,632,654
Inventory (note 5)	112,224	139,985
Prepaid expenses and sundry assets	306,998	273,519
	<b>\$14,760,287</b>	<b>\$16,419,169</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 6a)	\$ 275,085	\$ 299,528
Intangible assets (note 6b)	454,476	539,545
	<b>\$ 729,561</b>	<b>\$ 839,073</b>
<b>Total assets</b>	<b>\$15,489,848</b>	<b>\$17,258,242</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Loan payable (note 7)	\$ 7,153,617	\$ 7,099,371
Accounts payable and accrued liabilities	4,249,260	3,420,130
14% Non-convertible debentures payable (note 8)	-	1,736,298
12% Non-convertible debentures payable (note 9)	-	6,055,336
	<b>\$11,402,877</b>	<b>\$18,311,135</b>
<b>Non-current Liabilities</b>		
12% Non-convertible debentures payable (note 9)	<b>\$ 4,588,541</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$15,991,418</b>	<b>\$18,311,135</b>
<b>Shareholders' deficiency</b>		
Share capital (note 10)	\$24,530,555	\$24,110,096
Contributed surplus (note 11)	4,090,382	808,167
Equity portion of debentures (note 9/11)	-	2,114,341
Warrants (note 8/9/11)	-	1,167,874
Deficit	(29,122,507)	(29,253,371)
<b>Total deficiency</b>	<b>\$ (501,570)</b>	<b>\$(1,052,893)</b>
<b>Total liabilities and deficiency</b>	<b>\$15,489,848</b>	<b>\$17,258,242</b>

**Economic and Financial dependence (note 2)**  
**Commitments and Contingencies (note 13)**

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 three and six months ended December 31, 2013 and December 31, 2012 – (unaudited)  
(expressed in Canadian dollars)

	<b>Three months ended December 31</b>		<b>Six months ended December 31</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	4,608,874	4,427,976	9,157,041	8,831,393
Direct expenses	<u>1,735,907</u>	<u>1,415,995</u>	<u>3,340,003</u>	<u>2,792,024</u>
	2,872,967	3,011,981	5,817,038	6,039,369
<b>Operating Expenses</b>				
Selling and marketing	920,469	977,914	1,897,447	1,887,751
General and administrative	<u>1,218,605</u>	<u>1,007,794</u>	<u>2,362,008</u>	<u>2,085,642</u>
<b>Earnings from operations before depreciation, amortization and interest</b>	733,893	1,026,273	1,557,583	2,065,976
Interest expense:				
Stated interest expense – loan payable, and debentures	514,383	514,079	1,027,648	1,030,675
Non-cash interest expense on debentures	<u>-</u>	<u>149,991</u>	<u>104,333</u>	<u>291,280</u>
	219,510	362,203	425,602	744,021
Write-off of investment	-	100,000	-	100,000
Depreciation of property, plant and equipment, and amortization of intangible assets	<u>144,527</u>	<u>138,206</u>	<u>294,738</u>	<u>246,120</u>
<b>Net income and Comprehensive income</b>	<b>\$74,983</b>	<b>\$123,997</b>	<b>\$130,864</b>	<b>\$397,901</b>
<b>Earnings per share</b>				
Basic and Diluted (note 14)	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

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

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

	Class A preference shares	Common shares	Contributed surplus	Equity portion of debentures	Warrants	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance – July 1, 2012</b>	<b>3,815</b>	<b>24,106,281</b>	<b>793,198</b>	<b>2,114,341</b>	<b>1,196,013</b>	<b>(29,289,624)</b>	<b>(1,075,976)</b>
Net income and comprehensive income for the period						397,901	397,901
Partial early prepayment of debentures (notes 8 and 9)					(28,139)		(28,139)
<b>Balance – December 31, 2012</b>	<b>3,815</b>	<b>24,106,281</b>	<b>793,198</b>	<b>2,114,341</b>	<b>1,167,874</b>	<b>(28,891,723)</b>	<b>(706,214)</b>
<b>Balance – July 1, 2013</b>	<b>3,815</b>	<b>24,106,281</b>	<b>808,167</b>	<b>2,114,341</b>	<b>1,167,874</b>	<b>(29,253,371)</b>	<b>(1,052,893)</b>
Net income and comprehensive income for the period						130,864	130,864
Transfer to Contributed surplus (notes 8,9, and 11)			3,282,215	(2,114,341)	(1,167,874)		-
Issue of common shares as part of refinancing of debentures (notes 9 and 10)		420,459					420,459
<b>Balance – December 31, 2013</b>	<b>3,815</b>	<b>24,526,740</b>	<b>4,090,382</b>	<b>-</b>	<b>-</b>	<b>(29,122,507)</b>	<b>(501,570)</b>

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

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

	<b>31-12-2013</b>	<b>31-12-2012</b>
	\$	\$
<b>Cash flow provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	\$130,864	\$397,901
Adjustments for:		
Write-off of investment	-	100,000
Depreciation of property, plant & equipment, and amortization of intangible assets	294,738	246,120
Accretion charge for debentures	<u>104,333</u>	<u>291,280</u>
	529,935	1,035,301
Changes in items of working capital		
Accounts receivable	(796,173)	(197,817)
Transaction credits	1,535,705	(611,176)
Inventory	27,761	86,690
Prepaid expenses and sundry assets	(33,479)	(273,408)
Accounts payable and accrued liabilities	<u>829,130</u>	<u>(396,003)</u>
	1,562,944	(1,391,714)
<b>Net cash provided by (used in) operating activities</b>	<b>2,092,879</b>	<b>(356,413)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	<u>(185,226)</u>	<u>(380,191)</u>
<b>Net cash (used in) investing activities</b>	<b>(185,226)</b>	<b>(380,191)</b>
<b>Financing activities</b>		
Proceeds from loan payable	54,246	(185,800)
Partial early prepayment of debentures (notes 8 and 9)	-	(376,033)
Payments on maturity / retirement of debentures (notes 8 and 9)	(7,895,967)	-
Proceeds from refinancing debentures (note 9)	5,159,000	-
Transaction costs to close debenture refinancing (note 9)	(150,000)	-
Debenture early prepayment / renewal – additional transaction costs	<u>-</u>	<u>(8,700)</u>
<b>Net cash (used in) generated from financing activities</b>	<b>(2,832,721)</b>	<b>(570,533)</b>
Increase (decrease) in cash and cash equivalents during the period	<u>\$(925,068)</u>	<u>\$(1,307,137)</u>
- From continuing operations	(782,414)	(1,235,168)
- From discontinued operations (note 16)	<u>(142,654)</u>	<u>(71,969)</u>
Increase (decrease) in cash and cash equivalents during the period	\$(925,068)	\$(1,307,137)
Cash and cash equivalents – Beginning of period	1,773,672	1,084,773
Cash and cash equivalents – End of period	848,604	(222,364)
<b>Additional Information</b>		
Interest paid	\$ 699,401	\$ 1,041,584
<u>For purposes of the cash flow statement, cash comprises:</u>		
Cash / (Bank indebtedness)	\$ 843,604	\$ (227,364)
Term deposits	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	<u>\$ 848,604</u>	<u>\$ (222,364)</u>

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