



News Release

Advantex Outlines Corporate Renewal Initiatives, Announces Fiscal 2014 Financial Results

Toronto, October 28, 2014 -- Advantex Marketing International Inc. (CNSX: ADX), a specialist in marketing loyalty-reward programs, today outlined numerous measures it has taken to renew its business and put it on course for improved financial performance.

In a letter to shareholders accompanying its financial results for the fiscal fourth quarter and year ended June 30, 2014, Kelly Ambrose, Advantex's president and CEO, said: "The past year has been a challenging one for our company. But we have responded vigorously to the challenges, and believe we are now well placed to reap the fruits of our efforts."

Mr. Ambrose added: "We have strengthened existing partnerships and forged valuable new ones. We have reorganized our internal structure to focus more sharply on each of our three main business groups – CIBC/TD, Aeroplan and Caesars Entertainment. And we have acted decisively to put our balance sheet on a secure footing that reflects the current realities of our business."

Below is a summary of Advantex's fiscal 2014 results:
(All currency amounts are in Canadian dollars unless otherwise noted.)

Financial Highlights:

	Fiscal 2014	Fiscal 2013	Increase/ (Decrease)
Revenues			
Program operated in partnership with CIBC	\$14,025,000	\$15,818,000	\$(1,793,000)
Program operated in partnership with Aeroplan	2,505,000	1,067,000	1,438,000
Others	5,000	25,000	(20,000)
	\$16,535,000	\$16,910,000	\$ (375,000)
Net Income/(Loss)	\$ (715,000)	\$ 36,000	\$ (751,000)

The fiscal 2014 performance reflects difficult business conditions for many of Advantex's roughly 1,700 merchants, resulting in a higher delinquency rate than expected on the company's Advance Purchase Marketing program. Under this program, Advantex buys merchants' future credit card receivables at a discount to face value. Write-offs for bad debts rose by 39.1% in fiscal 2014 to \$1.27 million.

In another development, Canadian Imperial Bank of Commerce, one of Advantex's main partners, has acknowledged some erosion in its credit card business over the past year. As a

result, more generous consumer rewards were required in the first half of the fiscal year to encourage merchant enrollment and retention.

Mr. Ambrose said that while the financial results were disappointing, Advantex is well-placed to reap the benefits of several significant achievements over the past year:

- The renewal of partnership agreement with Canadian Imperial Bank of Commerce.
- New partnership with Toronto-Dominion Bank.
- New partnership with Caesars Entertainment.
- A refinancing, under which the company has lightened its debt burden, lowered interest costs and reduced the number of fully-diluted common shares outstanding by almost a quarter.
- Extension of a \$8.5 million credit facility by one year to December 2015. The facility supports the Advance Purchase Marketing program, and thus makes a valuable contribution to Advantex's business.
- A more conservative approach towards identifying and accounting for delinquencies among merchants enrolled in the Advance Purchase Marketing program.
- Enhanced services to merchants. New initiatives include substantial improvements to Advantex's website enabling shoppers to locate merchants more easily; expanded digital marketing resources; and measures to help merchants target their promotions at consumers in specific locations. "Improved merchant satisfaction and loyalty are among our key goals for the coming year." Mr. Ambrose said.

Mr. Ambrose said: "Advantex is now a stronger, more nimble company, and we look forward to an improved financial performance in 2015. The combination of a growing merchant base, a rising volume of transactions and wider geographical coverage should translate into sustainable growth in revenues in the year ahead. Loyalty marketing is a multi-billion dollar business in North America and Advantex is well positioned to gain a wider share of this market with our proprietary technology and our outstanding partners."

The financial results and their discussion are provided in the annual consolidated financial statements and management's discussion and analysis for year ended June 30, 2014. They are available under Advantex's profile on www.sedar.com.

About Advantex:

Advantex provides specialized marketing programs that enable members of affinity groups to earn frequent-flyer miles and other loyalty rewards through purchases at participating merchants.

Through our partnerships with Aeroplan, Canadian Imperial Bank of Commerce, Toronto-Dominion Bank and Caesars Entertainment, we have contractual access to millions of consumers with above-average personal and household income. We also have partnerships with about 1,700 merchants in Canada and the US.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to 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

Advantex 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 Advantex's: belief in its ability to improve its future financial performance including the expected growth in revenue; belief in its ability to gain a wider share of the loyalty marketing business in North America; and other information regarding Advantex's financial and business prospects and financial outlook is forward-looking information.

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

Forward-looking information is subject to a number of risks, uncertainties and assumptions that may cause the actual results of Advantex 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 Advantex. 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 Advantex's Management's Discussion and Analysis for the twelve months ended June 30, 2014.

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, Advantex 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 Advantex 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
(expressed in Canadian dollars)

	June 30, 2014	June 30, 2013
Assets		
Current assets		
Cash and cash equivalents	1,815,805	1,773,672
Accounts receivable (note 14)	809,189	599,339
Transaction credits (note 14)	10,278,706	13,632,654
Inventory (note 5)	90,425	139,985
Prepaid expenses and sundry assets	179,412	273,519
	\$13,173,537	\$16,419,169
Non-current assets		
Property, plant and equipment (note 7a)	237,420	299,528
Intangible assets (note 7b)	529,892	539,545
	767,312	839,073
Total assets	\$13,940,849	\$17,258,242
Liabilities		
Current liabilities		
Loan payable (note 8)	6,454,174	7,099,371
Accounts payable and accrued liabilities	4,219,904	3,420,130
14% Non-convertible debentures payable (note 9)	-	1,736,298
12% Non-convertible debentures payable (note 10)	-	6,055,336
	\$10,674,078	\$18,311,135
Non-current liabilities		
12% Non-convertible debentures payable (note 10)	4,661,833	-
	\$ 4,661,833	\$ -
Total Liabilities	\$15,335,911	\$18,311,135
Shareholders' deficiency		
Share capital (note 11)	24,530,555	24,110,096
Contributed surplus (note 12)	4,090,382	808,167
Equity portion of debentures (note 10/12)	-	2,114,341
Warrants (note 9/10/12)	-	1,167,874
Accumulated other comprehensive income	(47,383)	-
Deficit	(29,968,616)	(29,253,371)
Total deficiency	\$(1,395,062)	\$(1,052,893)
Total liabilities and deficiency	\$13,940,849	\$17,258,242

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

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, 2014 and 2013
(expressed in Canadian dollars)

	2014	2013
	\$	\$
<u>Consolidated Statements of Income</u>		
Revenues	16,535,124	16,909,808
Direct expenses	<u>6,325,467</u>	<u>5,549,977</u>
	10,209,657	11,359,831
<u>Operating Expenses</u>		
Selling and marketing	3,803,278	3,770,393
General and administrative	4,555,426	4,266,296
Earnings from operations before depreciation, amortization and interest	1,850,953	3,323,142
Interest expense:		
Stated interest expense – loan payable, and debentures	1,884,080	2,047,785
Non-cash interest expense on debentures	<u>208,139</u>	<u>597,665</u>
	(241,266)	677,692
Write-off of investment (note 6)	-	100,000
Depreciation of property, plant and equipment, and amortization of intangible assets	473,979	541,439
Net income/(loss)	(715,245)	36,253
Earnings per share:		
Basic and Diluted (note 19)	0.00	0.00
<u>Consolidated Statements of Comprehensive Income</u>		
Net income / (loss)	(715,245)	36,253
Other comprehensive income / (loss)		
Translation adjustment	(47,383)	-
Comprehensive income / (loss)	(762,628)	36,253

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, 2014 and June 30, 2013
(expressed in Canadian dollars)

	Class A preferen- ce shares	Common shares	Contribut- ed surplus	Equity portion of debentures	Warrants	Deficit	Accumulated Other comprehensi- ve income / (loss)	Total
	\$	\$	\$	\$	\$	\$		
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)
Balance – July 1, 2013	3,815	24,106,281	808,167	2,114,341	1,167,874	(29,253,371)	-	(1,052,893)
Net loss and comprehensive loss for the year						(715,245)	(47,383)	(762,628)
Transfer to Contributed surplus (notes 9,10, and 12)			3,282,215	(2,114,341)	(1,167,874)			
Issue of common shares as part of refinancing of debentures (notes 10 and 11)		420,459						420,459
Balance – June 30, 2014	3,815	24,526,740	4,090,382	-	-	(29,968,616)	(47,383)	(1,395,062)

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, 2014 and 2013
(expressed in Canadian dollars)

	2014	2013
Cash flow provided by / (used in) Operating activities		
Net income / (loss) for the year	\$(715,245)	\$36,253
Adjustments for:		
Write-off of investment	-	100,000
Depreciation of property, plant and equipment, and amortization of intangible assets	473,979	541,439
Unrealized foreign exchange gain	(47,701)	-
Stock-based compensation		14,969
Accretion charge for debentures	208,139	597,665
	(80,828)	1,290,326
Changes in items of working capital		
Accounts receivable	(209,529)	367,098
Transaction credits	3,353,948	462,719
Inventory	49,560	64,370
Prepaid expenses and sundry assets	94,107	41,935
Accounts payable and accrued liabilities	799,635	(708,134)
	4,087,721	227,988
Net cash provided by / (used in) operating activities	4,006,893	1,518,314
Investing activities		
Purchase of property, plant and equipment, and intangible assets	(402,218)	(828,362)
Net cash (used in) investing activities	(402,218)	(828,362)
Financing activities		
Proceeds from loan payable	(645,197)	383,680
Payments on maturity / retirement of debentures (notes 9 and 10)	(7,895,967)	-
Proceeds from refinancing debentures (note 10)	5,159,000	-
Partial repayment of debentures	-	(376,033)
Transaction costs, debenture: refinancing (note 10), partial early repayment	(180,514)	(8,700)
Net cash generated from / (used in) financing activities	(3,562,678)	(1,053)
Effect of exchange rate changes on cash and cash equivalents		
	136	-
Increase (decrease) in cash and cash equivalents during the year	\$42,133	\$688,899
- From continuing operations	184,787	877,514
- From discontinued operations (note 16)	(142,654)	(188,615)
Increase in cash and cash equivalents	\$42,133	\$688,899
Cash and cash equivalents – Beginning of year	1,773,672	1,084,773
Cash and cash equivalents – End of year	1,815,805	1,773,672
Additional Information		
Interest paid	\$1,781,502	\$2,058,694
For purposes of the cash flow statement, cash comprises:		
Cash	\$1,810,805	\$1,768,672
Term deposits	\$ 5,000	\$ 5,000
	\$1,815,805	\$1,773,672

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