



News Release

Advantex Reports Financial Results for the Second Quarter of Fiscal 2015.

Toronto, March 2, 2015 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, today reported a net loss of \$144,079 for the three months ended December 31, 2014, compared with net income of \$74,983 for the same period a year earlier.

Revenues for the latest quarter totaled \$3,799,990, a drop of 17.6 per cent from a year earlier.

The net loss for the six months to December 31, 2014, was \$124,273, compared with net income of \$130,864 a year earlier. First-half revenues were \$7,329,587, down 20 per cent from the first six months of fiscal 2014.

The decline in revenues and earnings is due largely to economic pressures and uncertainties facing many merchants, which resulted in lower participation in key Advantex programs.

“Our merchants have not been immune to sluggish business conditions throughout the Canadian economy”, Kelly Ambrose, Advantex’s president and CEO, said.

Mr Ambrose added: “We are responding vigorously to these challenges. We have adjusted our business model, and our financial situation has stabilized. We remain confident that our performance will improve over time, and that long-term prospects are bright.”

Measures taken in recent months include:

- Advantex announced on January 28, 2015 that it would reduce its workforce by roughly 10 per cent, and implement a modest pay cut across the entire company. These measures have already yielded significant cost savings.
- Two affinity partners, Canadian Imperial Bank of Commerce and Toronto-Dominion Bank, continued to invest during the first half of fiscal 2015 to strengthen Advantex’s marketing resources.
- The Caesars program was launched in February 2015 in the Philadelphia area. About 60 merchants currently participate in the program, and the goal is to raise that number substantially over the next 12 months.

“Our focus in the months ahead will be to cement the loyalty of our existing merchants, and to rebuild our merchant base”, Mr Ambrose said. “Our proprietary technology and long term contracts with CIBC, TD, Aeroplan and Caesars give us the tools to accomplish these goals. We have taken steps to enhance the competitiveness of the CIBC/TD program, and are in talks to identify new growth opportunities for the Aeroplan program.”

Below is a summary of results for the three- and six-month periods ended December 31, 2014, comprising the second quarter (Q2) and first half (H1) respectively of the 2015 fiscal year.

(All currency amounts are in Canadian dollars.)

	<u>Q2 Fiscal</u> <u>2015</u>	<u>Q2 Fiscal</u> <u>2014</u>	<u>H1 Fiscal</u> <u>2015</u>	<u>H1 Fiscal</u> <u>2014</u>
	\$	\$	\$	\$
Revenues				
CIBC/TD program	3,089,353	3,943,117	6,082,209	8,041,699
Aeroplan program	702,774	665,757	1,231,656	1,115,342
Caesars program	7,863		15,677	
Retail programs	3,799,990	4,608,874	7,329,542	9,157,041
Miscellaneous income			45	
Total Revenue	3,799,990	4,608,874	7,329,587	9,157,041
Gross profit	2,590,926	2,872,967	5,171,025	5,817,038
Earnings from operations before interest, depreciation and amortization (EBITDA ¹)	419,239	733,893	1,035,506	1,557,583
Net income (loss)	(144,079)	74,983	(124,273)	130,864

¹ 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 Advantex's financial performance. In case of Advantex, for three and six months ended December 31, 2014 and 2013, per consolidated financial statements for three and six months ended December 31, 2014, Earnings from operations before depreciation, amortization and interest is the nearest equivalent to EBITDA.

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 more than 1,600 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.

Contact:

Mukesh Sabharwal
Vice-President and Chief Financial Officer
Tel: 905-470-9558 ext. 249
Email: mukesh.sabharwal@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: expectations of improvement in its performance and its long term prospects; belief that proprietary technology and long-term contracts give it the tools to rebuild its merchant base; 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, among other things, those listed under General Risks and Uncertainties and Economic Dependence in the management discussion and analysis for the three and six months ended December 31, 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

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

	December 31, 2014	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,041,535	\$ 1,815,805
Accounts receivable	723,130	809,189
Transaction credits (note 5)	9,389,420	10,278,706
Inventory	152,965	90,425
Prepaid expenses and sundry assets	262,073	179,412
	\$11,569,123	\$13,173,537
Non-current assets		
Property, plant and equipment	\$ 212,418	\$ 237,420
Intangible assets	588,970	529,892
	\$ 801,388	\$ 767,312
Total assets	\$12,370,511	\$13,940,849
Liabilities		
Current liabilities		
Loan payable (note 6)	\$ 5,493,390	\$ 6,454,174
Accounts payable and accrued liabilities	3,644,583	4,219,904
	\$ 9,137,973	\$10,674,078
Non-current Liabilities		
12% Non-convertible debentures payable (note 8)	\$ 4,751,873	\$ 4,661,833
Total Liabilities	\$13,889,846	\$15,335,911
Shareholders' deficiency		
Share capital (note 9)	\$24,530,555	\$24,530,555
Contributed surplus	4,090,382	4,090,382
Accumulated other comprehensive income	(47,383)	(47,383)
Deficit	(30,092,889)	(29,968,616)
Total deficiency	\$ (1,519,335)	\$(1,395,062)
Total liabilities and deficiency	\$12,370,511	\$13,940,849

Economic and Financial dependence (note 2)
Commitments and contingencies (note 12)

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.
Interim Condensed Consolidated Statements of Income and Comprehensive Income – (unaudited)
For the three and six months ended December 31, 2014 and December 31, 2013
(expressed in Canadian dollars)

	Three months ended December 31		Six months ended December 31	
	2014	2013	2014	2013
	\$	\$	\$	\$
Revenues	3,799,990	4,608,874	7,329,587	9,157,041
Direct expenses	<u>1,209,064</u>	<u>1,735,907</u>	<u>2,158,562</u>	<u>3,340,003</u>
	2,590,926	2,872,967	5,171,025	5,817,038
Operating Expenses				
Selling and marketing	990,814	945,469	1,822,937	1,947,447
General and administrative	<u>1,180,873</u>	<u>1,193,605</u>	<u>2,312,582</u>	<u>2,312,008</u>
Earnings from operations before depreciation, amortization and interest	419,239	733,893	1,035,506	1,557,583
Interest expense:				
Stated interest expense – loan payable, and debentures	397,612	514,383	842,074	1,027,648
Non-cash interest expense on debentures	<u>55,477</u>	<u>-</u>	<u>114,246</u>	<u>104,333</u>
	(33,850)	219,510	79,186	425,602
Depreciation of property, plant and equipment, and amortization of intangible assets	<u>110,229</u>	<u>144,527</u>	<u>203,459</u>	<u>294,738</u>
Net income / (loss) and comprehensive income/(loss)	\$(144,079)	\$74,983	\$(124,273)	\$130,864
Earnings per share				
Basic and Diluted (note 13)	\$0.00	\$0.00	\$0.00	\$0.00

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Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Changes in Deficiency – (unaudited)
For the six months ended December 31, 2014 and December 31, 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, 2013	3,815	24,106,281	808,167	2,114,341	1,167,874	(29,253,371)	-	(1,052,893)
Net income/(loss) and comprehensive income/(loss) for the period						130,864		130,864
Transfer to Contributed surplus			3,282,215	(2,114,341)	(1,167,874)			-
Issue of common shares as part of refinancing of debentures (note 7 and 8)		420,459						420,459
Balance – December 31, 2013	3,815	24,526,740	4,090,382	-	-	(29,122,507)	-	(501,570)
Balance – July 1, 2014	3,815	24,526,740	4,090,382	-	-	(29,968,616)	(47,383)	(1,395,062)
Net income/(loss) and comprehensive income/(loss) for the period						(124,273)		(124,273)
Balance – December 31, 2014	3,815	24,526,740	4,090,382	-	-	(30,092,889)	(47,383)	(1,519,335)

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

Advantex Marketing International Inc.
Interim Condensed Consolidated Statements of Cash Flow – (unaudited)
For the six months ended December 31, 2014 and December 31, 2013
(expressed in Canadian dollars)

	31-12-2014	31-12-2013
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income/(loss) for the period	\$(124,273)	\$130,864
Adjustments for:		
Depreciation of property, plant & equipment, and amortization of intangible assets	203,459	294,738
Accretion charge for debentures	<u>114,246</u>	<u>104,333</u>
	193,432	529,935
Changes in items of working capital		
Accounts receivable	86,059	(796,173)
Transaction credits	889,286	1,535,705
Inventory	(62,540)	27,761
Prepaid expenses and sundry assets	(82,661)	(33,479)
Accounts payable and accrued liabilities	<u>(575,321)</u>	<u>829,130</u>
	254,823	1,562,944
Net cash provided by operating activities	448,255	2,092,879
Investing activities		
Purchase of property, plant and equipment, and intangible assets	<u>(237,535)</u>	<u>(185,226)</u>
Net cash (used in) investing activities	(237,535)	(185,226)
Financing activities		
(Repayments)/Proceeds from loan payable	(960,784)	54,246
Payments on maturity / retirement of debentures (notes 7 and 8)	-	(7,895,967)
Proceeds from refinancing debentures (note 8)	-	5,159,000
Transaction costs to close debenture refinancing (note 8)	<u>(24,206)</u>	<u>(150,000)</u>
Net cash (used in) financing activities	(984,990)	(2,832,721)
Decrease in cash and cash equivalents during the period	<u>\$(774,270)</u>	<u>\$(925,068)</u>
- From continuing operations	(774,270)	(782,414)
- From discontinued operations (note 16)	<u>-</u>	<u>(142,654)</u>
Increase (decrease) in cash and cash equivalents during the period	\$(774,270)	\$(925,068)
Cash and cash equivalents – Beginning of period	1,815,805	1,773,672
Cash and cash equivalents – End of period	1,041,535	848,604
<u>Additional Information</u>		
Interest paid	\$ 660,334	\$ 699,401
<u>For purposes of the cash flow statement, cash comprises:</u>		
Cash	\$ 1,036,535	\$ 843,604
Term deposits	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	<u>\$ 1,041,535</u>	<u>\$ 848,604</u>

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