FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: **Advantex Marketing International Inc. (the "Issuer").**

Trading Symbol: **ADX**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

Interim consolidated financial statements for the three months ended September 30, 2014 are attached as Schedule A.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

N/A

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

The information connected to related party transactions is provided in note 13 to the attached interim consolidated financial statements for the three months ended September 30, 2014.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
N/A	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

(a) As at September 30, 2014 the authorized share capital was the same as at June 30, 2014. The authorized share capital as at June 30, 2014 is disclosed in note 11(a) to the audited consolidated financial statements for year ended June 30, 2014 which are available under

the Issuers profile on www.sedar.com.

(b) As at September 30, 2014, and June 30, 2014 there were issued and outstanding:

i) 139,071,218 common shares, and
ii) 459,781 class A preference shares

The number of issued class A preference shares and common shares is provided by the Issuer's transfer agent.

(c) As at September 30, 2014, note 12 to the attached interim consolidated financial statements for the three months ended September 30, 2014 provides details of stock options.,

(d) None.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Stephen Burns – Director, Chairman of the Board of Directors;
William Polley – Director, Chairman of the Audit Committee;
Kelly Ambrose – Director, CEO, President, and Secretary;
Rob von der Porten – Director, member of the Audit Committee;
Marc Lavine - Director, member of the Compensation and Governance Committee;
Barry Wainstein - Director, member of the Compensation and Governance Committee
Mukesh Sabharwal – CFO and VP.

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The interim MD&A for the three month periods ended September 30, 2014 and 2013 is attached as Schedule C.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: November 21, 2014.

Kelly Ambrose
Name of Director or Senior Officer

"Kelly Ambrose" _
Signature

CEO and President
Official Capacity

Issuer Detail Name of Issuer Advantex Marketing International Inc.	For Quarter Ended September 30, 2014	Date of Report YY/MM/D 2014/11/21
Issuer Address 600 Alden Road, Suite 606,		
City/Province/Postal Code Markham, ON, L3R 0E7	Issuer Fax No. (905) 946 2984	Issuer Telephone No. (905) 470 9558
Contact Name Kelly Ambrose	Contact Position CEO and President	Contact Telephone No. (905) 946 2957
Contact Email Address Kelly.ambrose@advantex.com	Web Site Address www. advantex.com	

SCHEDULE "A"

ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended September 30, 2014

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the company. Management is responsible for the information and representations contained in these consolidated financial statements and other sections of this report.

An auditor has not performed a review of these consolidated financial statements.

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

	September 30, 2014	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	2,048,171	1,815,805
Accounts receivable	1,015,224	809,189
Transaction credits (note 5)	9,336,617	10,278,706
Inventory (note 6)	90,242	90,425
Prepaid expenses and sundry assets	225,462	179,412
	$12,715,716	**$13,173,537**
Non-current assets		
Property, plant and equipment (note 7a)	217,367	237,420
Intangible assets (note 7b)	585,205	529,892
	802,572	**767,312**
Total assets	**$13,518,288**	**$13,940,849**
Liabilities		
Current liabilities		
Loan payable (note 8)	5,602,945	6,454,174
Accounts payable and accrued liabilities	4,594,202	4,219,904
	$10,197,147	**$10,674,078**
Non-current liabilities		
12% Non-convertible debentures payable (note 10)	4,696,396	4,661,833
	$4,696,396	**$ 4,661,833**
Total Liabilities	**$14,893,543**	**$15,335,911**
Shareholders' deficiency		
Share capital (note 11)	24,530,555	24,530,555
Contributed surplus (note 12)	4,090,382	4,090,382
Accumulated other comprehensive income	(47,383)	(47,383)
Deficit	(29,948,809)	(29,968,616)
Total deficiency	**$(1,375,255)**	**$(1,395,062)**
Total liabilities and deficiency	**$13,518,288**	**$13,940,849**

Economic and Financial dependence (note 2), 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 and Comprehensive Income (unaudited)
For the three months ended September 30, 2014 and 2013
(expressed in Canadian dollars)

	2014	2013
	$	$
Consolidated Statements of Income		
Revenues	3,529,597	4,548,212
Direct expenses	949,498	1,604,096
	2,580,099	2,944,116
Operating Expenses		
Selling and marketing	832,123	1,001,977
General and administrative	1,131,708	1,118,448
Earnings from operations before depreciation, amortization and interest	616,268	823,691
Interest expense:		
Stated interest expense – loan payable, and debentures	444,462	513,265
Non-cash interest expense on debentures	58,769	104,333
	113,037	206,093
Depreciation of property, plant and equipment, and amortization of intangible assets	93,230	150,211
Net income	**19,807**	**55,882**
Earnings per share:		
Basic and Diluted (note 15)	**0.00**	**0.00**
Consolidated Statements of Comprehensive Income		
Net income	19,807	55,882
Other comprehensive income / (loss)		
Translation adjustment	-	-
Comprehensive income	**19,807**	**55,882**

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Deficiency (unaudited)
For the three months ended September 30, 2014 and 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 and comprehensive income for the period						55,882	-	55,882
Balance – September 30, 2013	**3,815**	**24,106,281**	**808,167**	**2,114,341**	**1,167,874**	**(29,197,489)**	-	**(997,011)**
Balance – July 1, 2014	**3,815**	**24,526,740**	**4,090,382**	-	-	**(29,968,616)**	**(47,383)**	**(1,395,062)**
Net income and comprehensive income for the period						19,807	-	19,807
Balance – September 30, 2014	**3,815**	**24,526,740**	**4,090,382**	-	-	**(29,948,809)**	**(47,383)**	**(1,375,255)**

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the three months ended September 30, 2014 and 2013
(expressed in Canadian dollars)

		2014	2013
Cash flow provided by / (used in) Operating activities			
Net income for the period		$19,807	$55,882
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		93,230	150,211
Accretion charge for debentures		58,769	104,333
		171,806	310,426
Changes in items of working capital			
Accounts receivable		(206,035)	(217,542)
Transaction credits		942,089	370,318
Inventory		183	(25,714)
Prepaid expenses and sundry assets		(46,050)	(89,773)
Accounts payable and accrued liabilities		374,298	128,202
		1,064,485	165,491
Net cash provided by / (used in) operating activities		**1,236,291**	**475,917**
Investing activities			
Purchase of property, plant and equipment, and intangible assets		(128,490)	(114,237)
Net cash (used in) investing activities		**(128,490)**	**(114,237)**
Financing activities			
Proceeds from loan payable		(851,229)	(450,659)
Transaction costs, debenture refinancing (note 10)		(24,206)	-
Net cash generated from / (used in) financing activities		**(875,435)**	**(450,659)**
Effect of exchange rate changes on cash and cash equivalents		-	-
Increase (decrease) in cash and cash equivalents during the period		$232,366	$(88,979)
- From continuing operations		232,366	(8,790)
- From discontinued operations (note 18)		-	(80,189)
Increase in cash and cash equivalents		$232,366	$(88,979)
Cash and cash equivalents	– Beginning of period	1,815,805	1,773,672
Cash and cash equivalents	– End of period	2,048,171	1,684,693
Additional Information			
Interest paid		$249,420	$699.401
For purposes of the cash flow statement, cash comprises:			
Cash		$2,043,171	$1,679,693
Term deposits		$ 5,000	$ 5,000
		$2,048,171	$1,684,693

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

1 General information

Advantex Marketing International Inc. and its subsidiaries (together the company or Advantex) is a public company with common shares listed on the Canadian Securities Exchange (trading symbol ADX). Advantex operates in the marketing services industry. The company develops and manages loyalty programs for a financial institution and other major organizations through which their customers earn frequent flyer miles or points on purchases at participating merchants. Under the umbrella of each program, Advantex provides merchants with marketing and customer incentives. At its sole discretion the company pre-purchases merchants' future sales through its Advance Purchase Marketing (APM) program. Advantex is incorporated and domiciled in Canada, and the address of its registered office is Suite 606, 600 Alden Road, Markham, Ontario, L3R 0E7.

2 Economic and Financial Dependence

Economic Dependence

During year ended June 30, 2014 about 85% (2013 96%) of the company's revenues was generated by a merchant based loyalty program operated in partnership with Canadian Imperial Bank of Commerce ("CIBC"). Until mid-August 2014 this program was entirely dependent upon the company's agreement with CIBC. In June 2014, the company entered into an agreement with The Toronto-Dominion Bank ("TD"). The two agreements enable the company to develop and manage merchant based loyalty program ("CIBC/TD program") under which the company markets participating merchants to the entire portfolio of designated CIBC and TD aeroplan credit cards. On behalf of participating merchants the company awards incremental rewards - over and above those issued by CIBC and TD – to holders of designated credit cards when they complete purchases at their establishments. The company earns its revenue when CIBC and TD aeroplan credit cards holders complete purchases at participating merchants.

The company has a two decade relationship with CIBC. In September, 2013 the company renewed its existing arrangement with CIBC, and signed a new agreement ("new agreement") for an initial term through September 30, 2016. CIBC may, at its option, renew, on the same terms and conditions for up to two additional one year periods. The new agreement can be terminated by CIBC under certain conditions during the initial and renewal terms.

The agreement with TD has an initial term of two years and expires in June 2016. The agreement renews automatically for additional one year terms unless TD provides notice not to renew. The agreement can be terminated by TD under certain conditions during the initial and renewal terms.

The company's revenue from the CIBC/TD program is dependent on the number of merchants participating in the program, dollar spending by holders of CIBC and TD aeroplan credit cards at participating merchants and the economic environment. Since the dollar spending by holders of CIBC and TD aeroplan credit cards is dependent upon the banks credit card portfolio, the company believes that the agreements with two banks mitigate the risk of dependence on one partner.

During year ended June 30, 2014 the company earned 15% (2013 – 6%) of its revenues from the Aeroplan program. This segment is dependent on the company's agreement with Aimia Canada Inc. ("Aimia"). The company operates Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. In November 2014 the company renewed its agreement ("renewed agreement") with Aimia for a five year term ending April 30, 2019. The agreement can be extended for one additional period of five years by mutual consent. Per the renewed agreement the company has an annual commitment to purchase minimum aeroplan miles (note 14). The renewed agreement can be terminated by Aimia under certain conditions during the term of the agreement.

The company successfully completed, during nine months ended March 31, 2014, a pilot merchant based loyalty program, in a test market in the USA, for Caesars Entertainment Corporation ("Caesars"). The company and Caesars signed a multi-year agreement to launch a full program on a graduated basis across the US. The agreement expires December 31, 2017.

The company's segment reporting is provided in note 17.

Financial Dependence

The company is funded by debt. The sources of debt are a line of credit facility, and a non-convertible debentures.

The company has access to a line of credit facility under its loan payable (note 8). The loan payable is used exclusively to expand the company's APM program ("transaction credits" on consolidated statements of financial position). In October 2014 the term of the loan payable was renewed for a one year term expiring in December 2015. The relationship was established in 2007.

On December 30, 2013, the company re-financed its two debentures – 14% non-convertible debentures payable (note 9) and 12% non-convertible debentures payable (note 10) – totalling $7.9 million into a single 12% non-convertible debentures payable ("new 12% debentures") (note 10) for $5.2 million. The new 12% debentures mature September 30, 2016. The new 12% debentures are used to meet working capital requirements.

3 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the company's year ended June 30, 2013, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements and related notes have been reviewed by the company's audit committee and approved by the company's board of directors on November 21, 2014.

Accounting standards issued but not yet applied

The IASB has issued the following applicable standards which have not yet been adopted by the company. IFRS 9 is effective for annual periods beginning on or after either January 1, 2015 (IFRS 9) with early adoption permitted. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated interim financial statements or whether to early adopt any of the new requirements.

The following is a description of the new standards:

IFRS 9 - Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements and are not expected to have an effect on the company's future results and financial position:

IFRS 3 – Business Combinations
IFRS 10 – Investment Entities Consolidated Financial Statements
IFRS 11 - Joint Arrangements
IFRS 12 - Disclosure of Interest in Other Entities
IAS 16 – Property, Plant and Equipment
IAS 19 – Employee Benefits
IAS 27 - Separate Financial Statements
IAS 28 - Investments in Associates and Joint Ventures
IAS 32 - Offsetting Financial Assets and Financial Liabilities
IAS 36 – Impairment of Assets
IAS 38 – Intangible Assets
IAS 40 – Investment Property

4 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

5 Transaction credits

Under its APM model the company acquires the rights to cash flow from future designated credit card transactions at a discount from participating merchants ("transaction credits"). These transaction credits are generally estimated to be fully extinguishable within 30 – 210 days. The company, in the normal course of business, is exposed to credit risk on the transaction credits.

The transaction credits are net of applicable allowance for impaired accounts, which is established based on the specific credit risk associated with the customer and other relevant information.

The transaction credits and the allowance for impaired accounts is as follows:

	September 30, 2014 $	June 30, 2014 $
Transaction credits	10,487,819	11,361,349
Allowance	(1,151,202)	(1,082,643)
Per statement of financial position	9,336,617	10,278,706

The transaction credits that are considered impaired and the related allowance is as follows:

	September 30, 2014	June 30, 2014
	$	$
Impaired transaction credits	2,355,115	2,167,222
Allowance	(1,151,202)	(1,082,643)
Impaired transaction credits not allowed for	1,203,913	1,084,579

6 Inventory

Inventory comprises

	September 30, 2014	June 30, 2014
Digital display units	83,940	88,300
Processing terminals	6,302	2,125
Total	**$90,242**	**$90,425**

Digital display units
The company sells these units to merchants participating in its merchant based loyalty programs.

The units are carried at the lower of cost and net realizable value. Cost is the purchase price paid by the company.

For the three months ended September 30, 2014 $4,360 of inventory was recognized as an expense (2013 - $2,180).

7 Property, plant and equipment and intangible assets

(a) Property, plant and equipment

	Computer equipment	Furniture and equipment	Leasehold Improvements	Total
	$	$	$	$
At June 30, 2014				
Cost	**394,959**	**160,089**	**31,874**	**586,922**
Accumulated depreciation	**231,606**	**96,646**	**21,250**	**349,502**
Period ended September 30, 2014				
Opening net book value	163,353	63,443	10,624	237,420
Additions	5,981	-	-	5,981
Depreciation for the period	20,840	3,600	1,594	26,034
Closing net book value	148,494	59,843	9,030	217,367
At September 30, 2014				
Cost	**400,940**	**160,089**	**31,874**	**592,903**
Accumulated depreciation	**252,446**	**100,246**	**22,844**	**375,536**

(b) Intangible assets

	Computer Software	Other Assets	Total
	$	$	$
At June 30, 2014			
Cost	**2,350,545**	**121,822**	**2,472,367**
Accumulated amortization	**1,898,411**	**44,064**	**1,942,475**
Period ended September 30, 2014			
Opening net book value	452,134	77,758	529,892
Additions	122,509	-	122,509
Amortization for the period	59,420	7,776	67,196
Closing net book value	515,223	69,982	585,205
At September 30, 2014			
Cost	**2,473,054**	**121,822**	**2,594,876**
Accumulated amortization	**1,957,831**	**51,840**	**2,009,671**

8 Loan payable

	September 30, 2014	June 30, 2014
Opening balance	**$6,454,174**	**$7,099,371**
(Decline) / Additional borrowing	(851,229)	(645,197)
Closing balance	**$5,602,945**	**$6,454,174**

The loan payable is a line of credit facility ("facility") provided by Accord Financial Inc. ("Accord"). The facility limit is $8.5 million. The company is paying interest rate on the entire facility equivalent to prime rate of a certain Canadian bank plus 11.5% per annum. The term of facility is to December 2015. In certain circumstances the loan payable amount is repayable on demand to Accord.

The facility is used by the company exclusively to acquire transaction credits, under its APM program, from establishments that are in business segments available to the company under its agreements with CIBC, TD and Aimia.

The interest cost during the period ended September 30, 2014 was $249,420 (2013 - $265,647).

9 14% Non-convertible debentures payable

The 14% non-convertible debentures payable ("14% debentures"), issued in May 2011, were repaid in December 2013. The 3,444,400 common share purchase warrants of the company (each a "warrant") issued with the 14% debentures were not exercised and expired as of December 31, 2013.

Stated interest charges and accretion charges with respect to the 14% debentures are as follows:

Period ended September 30, 2014		Period ended September 30, 2013	
Stated Interest	Accretion charges	Stated Interest	Accretion charges
$-	$-	$61,542	$7,702

10 12% Non-convertible debentures payable

The 12% non-convertible debentures payable ("old 12% debentures"), issued in May 2011, were repaid in December 2013. The 87,056,491 common share purchase warrants of the company (each a "warrant") issued with the old 12% debentures were not exercised and expired as of December 31, 2013.

On December 30, 2013, the company completed a refinancing by way of a private placement of 12% non-convertible debentures ("new 12% debentures") in the principal amount of $5,159,000.

The new 12% debentures are issued as units. Each unit comprises (i) $1,000 face value secured non-convertible debentures of the company bearing interest at 12% per annum, payable semi-annually, and maturing September 30, 2016, and (ii) 8,150 common shares in the capital of the company. The company issued 5,159 units and 42,045,850 common shares.

Under the agreement, the proceeds of the new 12% debentures are to be used for working capital purposes. The new 12% debentures are secured by a general security interest over the assets of the company and its subsidiaries. The significant financial covenants of the new 12% debentures require the company to meet (i) commencing the quarter ended December 31, 2013, on a quarterly basis a defined level of designated current assets, and interest coverage, and (ii) commencing January 31, 2014, on a monthly basis a defined level of credit card spend, on which the company earns its revenue, at merchants participating in its loyalty programs. In June 2014, the debenture holders agreed to a) re-set the financial covenants and b) defer the semi-annual interest due June 15, 2014 and is now payable in two equal instalments due October 15, 2014 and November 15, 2014. The company agreed to pay a fee of $65,000 to the debenture holders for the above changes to the new 12% debentures The company met the financial covenants as at September 30, 2014.

Movement on the new 12% debentures

	Debt portion
Balance as at June 30, 2014	**$4,661,833**
Transaction costs	(24,206)
Accretion charge for the period	58,769
Balance at September 30, 2014	**$4,696,396**

Stated interest charges and accretion charges with respect to the debentures are as follows:

	Period ended September 30, 2014		**Period ended September 30, 2013**	
	Stated Interest	Accretion charges	Stated Interest	Accretion charges
old 12% debentures	$ -	$ -	$186,076	$96,631
new 12% debentures	$156,042	$58,769	$ -	$ -
new 12% debentures fees	$ 39,000	$ -	$ -	$ -
	$195,042	$58,769	$186,076	$96,631

11 Share capital

Authorized and Issued share capital. No change during the three months ended September 30, 2014.

12 Share-based payments

Employee stock options

The company has a stock option plan for directors, officers, employees and consultants. The number of employee stock options issuable per the company's stock option plan is 16,688,546.

	Number of employee stock options	Weighted average exercise price $
Outstanding at June 30, 2014 and September 30, 2014	**10,190,000**	**0.03**
Exercisable at June 30, 2014 and September 30, 2014	**10,190,000**	**0.03**

The outstanding and exercisable employee stock options at June 30, 2014 were issued at exercise prices ranging between $0.02 and $0.05, and have a weighted average remaining contractual life of 2.25 years. The employee stock options expire at various periods between March 2016 and March 2018.

The number of employee stock options available for future issuance as at June 30, 2014 and September 30, 2014 is 6,498,546.

The company has recorded $ nil of stock-based compensation expense during period ended September 30, 2014 (2013 - $nil).

Potentially Dilutive Securities

Upon exercise of the employee stock options exercisable as at June 30, 2014 and September 30, 2014, the company is committed to issuing 10,190,000 common shares.

Contributed surplus

Amounts attributed to contributed surplus are disclosed as part of shareholders' deficit on the statements of financial position.

	Contributed surplus
Balance at June 30, 2014 and September 30, 2014	**$ 4,090,382**

13 Related party transactions

Directors and Officers

In December 2013 the directors and officers purchased new 12% debentures (note 10), on terms and conditions applicable to the other subscribers. The holdings of debentures are tabulated:

	June 30, 2014 and September 30, 2014
Director and Chief Executive Officer – Kelly Ambrose	$500,000
Director and Chairman of the Board of Directors – Stephen Burns	$ 50,000
Director - Marc Lavine (first term; elected director December 18, 2013)	$500,000
Director – Rob von der Porten (first term; elected director December 18, 2013)	$ 50,000
Director – William Polley	$ 50,000
Director – Barry Wainstein (first term – appointed director March 17, 2014)	$ 25,000
Chief Financial Officer – Mukesh Sabharwal	$115,000

14 Commitments and contingencies

Commitments

As at September 30, 2014, the company is committed to minimum payments with respect to existing leases for equipment and premises:

	Equipment	Premises	Total
Not later than one year	$24,120	$ 99,611	$123,731
Later than one year and not later than five years	$38,370	$182,814	$221,184
Later than five years	$nil	$nil	$nil
Total	**$62,490**	**$282,425**	**$344,915**

The expense related to above leases is expensed in selling and marketing, and general and administrative expenses in the consolidated statements of income.

A significant portion of the commitments for premises is for the company's head office (note 1). The lease expires in September, 2017.

Additional commitments

In November 2014 the company renewed its agreement ("renewed agreement") with Aimia for a five year term ending April 30, 2019. The renewed agreement enables the company to operate Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. Per the renewed agreement the company has an annual commitment to purchase minimum aeroplan miles. The annual commitment is tabulated:

Calendar year	Annual commitment
2014	$1,700,000
2015	$1,870,000
2016	$2,057,000
2017	$2,262,700
2018	$2,488,970

In February 2012 the company signed an agreement with a service provider to purchase software over a three year term. The software provides an integrated platform enabling users to simultaneously manage and schedule their digital marketing campaigns. The annual purchase commitment, per agreement, is $192,000. The company sells this software to merchants participating in its programs.

Taxation

As of date hereof, the company does not have a decision to the notice it has filed with Canada Revenue Agency to confirm the appropriateness of the company's treatment of HST/GST for the periods subsequent to fiscal 2007.

15 Earnings per share

Basic EPS is calculated by dividing the net income for the period attributable to equity owners of the company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The company's potentially dilutive common shares comprise stock options granted to employees, officers and directors (position as at June 30, 2014 tabulated under note 12).

Basic and Diluted EPS are tabulated.

	3 months 2014	3 months 2013
Net earnings	$19,807	$55,882
Basic EPS		
Average number of issued common shares during the period	136,071,218	97,025,368
Basic EPS	$0.00	$0.00
Diluted EPS		
Average number of issued common shares during the period	136,071,218	97,025,368
In the money dilutive securities at end of September	nil	nil
Average number of issued common shares including dilutive securities during the period	136,071,218	97,025,368
Diluted EPS	$0.00	$0.00

16 Nature of Expenses

	Period ended September 30, 2014	Period ended September 30, 2013
	$	$
Direct Expenses		
➢ Covering costs of a) cardholders awards, and marketing and advertising in connection with the company's merchant based loyalty programs; b) cost of sales related to sale of aeronotes; c) cost of sales of digital marketing services; and d) provision against accounts receivable and transaction credits	**$ 949,498**	**$ 1,604,096**
Selling and Marketing, and General & Administrative		
➢ Salaries and wages including travel	1,579,642	1,724,451
➢ Professional fees	132,921	145,136
➢ Facilities, processing, and office expenses	233,026	240,506
➢ Other	18,242	10,332
	$1,963,831	**$ 2,120,425**

17 Segment reporting

The company's reportable segments include: (1) CIBC/TD program and (2) Aeroplan program. Where applicable, corporate and other activities are reported separately as Corporate.

During period ended September 30, 2014 and 2013 the CIBC/TD program relates to the merchant based loyalty program the company developed and managed respectively for CIBC and TD, and CIBC.

The company operates Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. The company's Aeroplan program relates to merchant based loyalty program the company developed and managed for Aimia.

Financial information by reportable segment for period ended September 30, 2014 and 2013 is tabulated.

For the period ended September 30, 2014

	CIBC/TD program	Aeroplan program	Corporate	Total
	$	$	$	$
Revenues	2,992,856	528,882	7,859	3,529,597
Direct expenses	676,919	268,767	3,812	949,498
	2,315,937	260,115	4,047	2,580,099
Selling and marketing	727,766	92,296	12,061	832,123
General and administrative	840,543	148,536	142,629	1,131,708
Earnings from operations before depreciation, amortization and interest	747,628	19,283	(150,643)	616,268
Interest – Loan payable (note 8)	249,420	-	-	249,420
Interest – Non-convertible debentures (notes 9 and 10)	215,231	38,071	509	253,811
Depreciation and amortization	79,059	13,984	187	93,230
Segment profit / (loss)	203,918	(32,772)	(151,339)	19,807

For the period ended September 30, 2013

	CIBC/TD program	Aeroplan program	Corporate	Total
	$	$	$	$
Revenues	4,098,582	449,585	45	4,548,212
Direct expenses	1,313,785	290,311	-	1,604,096
	2,784,797	159,274	45	2,944,116
Selling and marketing	867,774	134,203	-	1,001,977
General and administrative	895,688	98,251	124,509	1,118,448
Earnings from operations before depreciation, amortization and interest	1,021,335	(73,180)	(124,464)	823,691
Interest – Loan payable (note 8)	265,647	-	-	265,647
Interest – Non-convertible debentures (notes 9 and 10)	317,107	34,844	-	351,951
Depreciation and amortization	135,340	14,871	-	150,211
Segment profit / (loss)	303,241	(122,895)	(124,464)	55,882

18 Discontinued operations

Discontinued operations are discussed in detail in note 16 to the consolidated statements for year ended June 30, 2014. The following provides details with respect to the amounts included in the statement of cash flows as discontinued operations.

	Three months ended September 30, 2014	**Three months ended September 30, 2013**
	$	**$**
Changes in non-cash working capital items		
Accounts payable	-	(80,189)
Movement in cash and cash equivalents	-	**$(80,189)**

SCHEDULE "C"

ADVANTEX

ADVANTEX® MARKETING INTERNATIONAL INC.
Management's Discussion and Analysis of Operating Results
For the three month periods ended September 30, 2014 and 2013

This management's discussion and analysis ("MD&A") has been prepared based on information available to Advantex Marketing International Inc. ("Advantex" or "the Company") as at November 21, 2014. MD&A is a narrative explanation to enable the reader to assess material changes in the financial condition and results of operations of the Company during the three month period ended September 30, 2014 compared to the three month period ended September 30, 2013. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the twelve months ended June 30, 2014, and the interim consolidated financial statements and the related notes for the three months ended September 30, 2014 which are available on www.sedar.com. All dollar amounts are stated in Canadian Dollars, which is the Company's presentation and functional currency, unless otherwise noted. Certain dollar amounts have been rounded and do not tie directly to the interim and audited consolidated financial statements.

Overall Performance

Advantex is a leader in the marketing services industry. The Company develops and manages merchant based loyalty programs for its "Affinity partners", Canadian Imperial Bank of Commerce ("CIBC"), The Toronto Dominion Bank ("TD"), Aimia Inc. ("Aimia") and Caesars Entertainment Corporation ("Caesars"). The programs the Company operates in partnership with CIBC and TD ("CIBC/TD program"), Aimia ("Aeroplan program") and Caesars ("Caesars program") enable holders of designated CIBC and TD credit cards, members of Aeroplan, and Caesars Towards Rewards (holders and members together "consumers") to accelerate earning frequent flyer miles and/or other rewards ("consumer rewards") on completing purchases at participating merchants. Under the umbrella of each program, Advantex markets participating merchants to consumers and on behalf of the merchants issues consumer rewards, provides merchants with business intelligence connected to the spending behaviour of consumers, and at its sole discretion provides merchants with working capital by the pre-purchase of their future sales.

On a combined basis, Advantex has contractual marketing access to millions of Canadian and US consumers with above-average personal and household income. The Company's merchant partner base currently consists of about 1,700 merchants operating across Canada and US in diverse 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 business segment.

Advantex earns its revenue from merchants participating in its CIBC/TD program, in the form of an agreed marketing fee, for every purchase completed using an eligible CIBC, and TD (effective June 16, 2014) credit card at their establishments. Advantex earns its revenue in the Aeroplan program from selling consumer rewards (aeroplan miles), at an agreed price per consumer reward, to participating merchants. Merchants participating in the Caesars program pay an agreed monthly participation fee.

Advantex's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol ADX.

Summary – Three months ended September 30, 2014

The Company is pleased to report a net income mainly through effective cost management.

The Company has taken its first steps to build its business to peak levels by capitalizing on the business opportunities provided by its Affinity partnerships.

The Company has restructured around the Affinity partnerships into three business segments. CIBC/TD, Aimia and Caesars.

The task now is to organize the segments for success by executing against our commitments to merchants participating in our programs, and Affinity partners and their customers.

Development after September 30, 2014 – Advantex signs 5 year agreement with Aimia

In November 2014 the Company renewed its agreement ("renewed agreement") with Aimia for a five year term ending April 30, 2019. The agreement can be extended for one additional period of five years by mutual consent.

Highlights of financial performance for the three month period ended September 30, 2014

The highlights of the financial performance for the three month period ended September 30, 2014 (Q1 Fiscal 2015) compared to the three month period ended September 30, 2013 (Q1 Fiscal 2014) is tabulated.

	Q1 Fiscal 2015	Q1 Fiscal 2014	Q1 Fiscal 2015	Q1 Fiscal 2014
	$	$	% of Revenues	% of Revenues
Revenues				
CIBC/TD program	2,992,856	4,098,582		
Aeroplan program	528,882	449,585		
Caesars program	7,814	-		
Retail programs	**3,529,552**	**4,548,167**		
Misc. income	45	45		
Total Revenue	**3,529,597**	**4,548,212**		
Direct expenses	949,498	1,604,096		
Gross profit	**2,580,099**	**2,944,116**	**73.1%**	**64.7%**
Earnings from operations before depreciation, amortization and interest ("EBITDA" *)	**616,268**	**823,691**	**17.5%**	**18.1%**
Net income	**19,807**	**55,882**		

* 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, for the above tabulated periods, per interim consolidated financial statements for the three months ended September 30, 2014, earnings from operations before depreciation, amortization and interest is the nearest equivalent to EBITDA.

Income Statement – Q1 Fiscal 2015 compared to Q1 Fiscal 2014

- TD/CIBC program

The $1,105,726 (26.9%) decline in Q1 Fiscal 2015 revenues compared to Q1 Fiscal 2014 mainly reflects a decline in merchant participation.

Corresponding to the decline in revenues was a $636,866 (48.5%) decline in direct costs. The decline in cost of rewards issued ($193,508) reflecting decline in revenues and lower price, effective January-March 2014, charged by Affinity partners for a certain class of rewards was a factor. The second significant factor, necessitated primarily by the CIBC, TD and Aimia arrangement during our fiscal year ended June 30, 2014, was the requirement to use more generous consumer rewards in the first half of the fiscal year ended June 30, 2014 to encourage merchant enrollment and function as a retention tool. The cost of additional consumer rewards in Q1 Fiscal 2014 was $215,000.

- Aeroplan program

The revenues increased $79,297 (17.6%) in Q1 Fiscal 2015 compared to Q1 Fiscal 2014. During fiscal year ended June 30, 2014, Aimia provided the Company with the business of a re-seller which filed for bankruptcy and revenues partially reflect pick up from this business. During Q4 of fiscal year ended June 30, 2014 a chain location account did not renew their agreement which created a significant effect on the merchant population, but a proportionately modest impact on revenues.

Excluding cost of merchant point of sale material, the cost to the Company of consumer rewards in Q1 Fiscal 2015 was 2.5% higher compared to Q1 Fiscal 2014 reflecting the growth in revenues from merchants with higher margin. Consumer rewards are over 85% of the Aeroplan program direct costs.

- Selling expenses for Q1 Fiscal 2015 were $169,854 (17.0%) lower compared to Q1 Fiscal 2014 and are mainly manpower related.

- General and Administrative (“G&A”) expenses were flat.

- Cash interest expense for Q1 Fiscal 2015 was $68,803 lower reflecting lower borrowing. Q1 Fiscal 2015 includes a pro-rata expense connected to the $65,000 fee payable to holders of 12% non-convertible debentures (“new 12% debentures”) which is explained in the section 12% Non-convertible debentures payable.

- Non-cash expenses representing non-cash interest (accretion charges respecting debentures of the Company) and depreciation/amortization for Q1 Fiscal 2015 were $102,545 lower compared to Q1 Fiscal 2014. Lower accretion charges reflect the structure of the new 12% debentures. Several intangible assets comprising software were fully amortized by fiscal year ended June 30, 2014 resulting in lower amortization in Q1 Fiscal 2015.

The Caesars program is new and the preparatory work for its launch in January 2015 was in line with expectations.

Balance Sheet – as at September 30, 2014 compared to September 30, 2013

- Decline in transaction credits (amounts pre-purchased from merchants under the Company’s Advance Purchase Marketing product) of $3,925,719 (29.6%) primarily reflects a decline in merchant participation.
- The above decline is mirrored in lower debt.

	September 30, 2014	September 30, 2013	Change
Loan payable	$5,602,945	$6,648,712	$(1,045,767)
Debentures repaid in December 2013 comprising 14% non-convertible debentures payable (14% debentures) and 12% non-convertible debentures payable (“old 12% debentures”) – principal	$-	$7,895,967	$(7,895,967)
New 12% debentures	$5,159,000	$-	$ 5,159,000
Total			$(3,782,734)

Results of Operations

	Q1 Fiscal 2015	Q1 Fiscal 2014
	$	$
Revenues		
Retail programs	3,529,552	4,548,167
Misc. income	45	45
Total revenue	**3,529,597**	**4,548,212**
Direct expenses	949,498	1,604,096
Gross profit	**2,580,099**	**2,944,116**
Earnings from operations before depreciation, amortization, and interest	**616,268**	**823,691**
Cash interest expense on loan payable and debentures	444,462	513,265
Earnings from operations before depreciation, amortization and accretion charges	**171,806**	**310,426**
Depreciation and amortization	93,230	150,211
Non-cash interest expense on debentures (accretion charges)	58,769	104,333
Net income	**19,807**	**55,882**
Other Comprehensive income	-	-
Income and comprehensive income	**19,807**	**55,882**
Basic Earnings per share	-	-
Diluted Earnings per share	-	-

Extract from the Statement of Financial Position

	As at September 30, 2014	As at June 30, 2014	(Decrease)/ Increase
	$	$	$
Current assets	12,715,716	13,173,537	(457,821)
Total assets	13,518,288	13,940,849	(422,561)
Shareholders' deficit	(1,375,255)	(1,395,062)	(19,807)

Transaction credits declined $942,089 between June 30, 2014 and September 30, 2014. The decline reflects partially lower merchant participation (1,022 at June 30, 2014 compared to 964 at September 30, 2014). The Company has been reducing the amount of transaction credits purchased from participating merchants and believes this is a factor in reducing its exposure to future merchant delinquencies. The decline in current and total assets mainly reflects decline in transaction credits.

The loan payable which currently funds the Company's purchase of transaction credits from merchants reflects a corresponding decline of $851,229 between June 30, 2014 and September 30, 2014.

Movement in shareholders' deficit reflects net income for Q1 Fiscal 2015.

Extracts from the Statement of Cash Flow

	For the three months ended	
	September 30, 2014	**September 30, 2013**
	$	$
Net cash provided by (used in) operating activities		
Net income after adjustments for non-cash expenses*	171,806	310,426
Changes in items of working capital	1,064,485	165,491
	1,236,291	475,917
Net cash (used in) investing activities	(128,490)	(114,237)
Net cash (used in) financing activities	(875,435)	(450,659)
(Decrease)/Increase in cash and cash equivalents	232,366	(88,979)
Cash and cash equivalents at start of period	1,815,805	1,773,672
Cash and cash equivalents at end of period	2,048,171	1,684,693

The presentations in Results of Operations section are not set out in accordance with International Financial Reporting Standards ("IFRS"). The presentations are extracts from the interim consolidated financial statement for the three months ended September 30, 2014, and have been included to provide additional analysis for the reader.

Revenue

The Company's revenue is derived from merchants participating in its Retail programs which currently consist of the CIBC/TD program, the Aeroplan program and Caesars program.

The Retail programs have four business models. APM, Marketing Only, Re-seller and Participation fee which are described later in this section.

The CIBC/TD program operates the APM, and Marketing Only business models.

The Aeroplan program operates the Re-seller model.

The nature of the Company's programs is as follows:

(1) **Advance Purchase Marketing**: The Company acquires the rights to cash flow from future CIBC and TD credit card transactions at a discount from participating merchants (transaction credits on consolidated statement of financial position) and promotes the merchant by way of targeted marketing to holders of designated CIBC / TD credit cards, issues consumer rewards to consumers when they complete purchases at participating merchants, and provides merchants with business intelligence connected to the spending behaviour of consumers. The Company's revenue is from the purchases completed at the participating merchants using any card from CIBC portfolio of credit cards and TD aeroplan credit cards, net of the Company's costs to acquire the transaction credits. Proceeds from the amount spent on above noted CIBC/TD credit cards at participating merchants are received by the Company and a predetermined portion is applied to reduce the transaction credit balance that the merchant owes.

(2) **Marketing Only**: The Company does not acquire transaction credits. In all other respects Marketing Only is similar to APM. Revenue is earned in the form of an agreed marketing fee for every purchase completed using CIBC/TD credit card (as defined under Advance Purchase Marketing) at participating merchants.

(3) **Re-seller**: The Company sells aeroplan miles to small and mid-sized retailers and service providers. Revenue is recognized, at the agreed price per aeroplan mile, when the participating merchant issues aeroplan miles to an Aeroplan member completing a qualifying transaction at the merchant. Certain agreements with merchants carry a commitment for merchants to issue a minimum number of aeroplan miles during the term of their agreement with the Company.

(4) **Participation fee**: The Company markets participating merchants to Total Rewards members and the merchant issues total rewards loyalty points to Total Rewards members completing a qualifying

transaction at the merchant. The merchant pays an agreed monthly fee to Advantex. This is the revenue model for merchants participating in the Caesars program.

The drivers for revenues from the CIBC/TD program are the:

1. Number of participating merchants;
2. Market penetration of the CIBC/TD credit cards;
3. Economic environment. The uncertain economy is affecting consumer spending habits;
4. Mix of merchants in terms of their volume of CIBC/TD credit card transactions; and
5. Participation levels in APM and Marketing Only. The fees that a merchant would pay for participation in the APM model is higher compared to Marketing Only.

The revenues from the Re-seller model reflect the number of participating merchants, and the level of engagement of participating merchants in the program.

The revenues from the Caesars program are dependent on the number of participating merchants. The program is expected to be launched from January 2015. Several merchants participating in the pilot program, which ended in March 2014, were enrolled in the program.

The revenue trends are provided in the tabulation.

	Q1 Fiscal 2015	**Q1 Fiscal 2014**	**Inc./(Dec)**
Average # of merchants participating during the period			
CIBC/TD program	994	1,217	(18.3)%
Aeroplan program	635	780	(18.6)%
	$	$	%
Revenues			
CIBC/TD program	2,992,856	4,098,582	(26.9)%
Aeroplan program	528,882	449,585	17.6%
Caesars program	7,814	-	
Retail programs	**3,529,552**	**4,548,167**	**(22.4)%**
Misc. income	45	45	
Total revenues	**3,529,597**	**4,548,212**	**(22.4)%**

The $1,105,726 (26.9%) decline in Q1 Fiscal 2015 revenues compared to Q1 Fiscal 2014 mainly reflects a decline in merchant participation.

The revenues increased $79,297 (17.6%) in Q1 Fiscal 2015 compared to Q1 Fiscal 2014. During fiscal year ended June 30, 2014, Aimia provided the Company with the business of a re-seller which filed for bankruptcy and revenues partially reflect pick up from this business. During Q4 of fiscal year ended June 30, 2014 a chain location account did not renew their agreement which created a significant effect on the merchant population, but a proportionately modest impact on revenues.

Direct Expenses

In the CIBC/TD program, direct expenses include costs of consumer rewards which the Company purchases from its Affinity partner, the cost of marketing and advertising on behalf of merchants, cost of sales related to the sale of aeronotes, cost of sales of digital marketing services, and provision against receivables.

In the Aeroplan program, direct expenses are primarily costs of consumer rewards which the Company purchases from its Affinity partner.

	Q1 Fiscal 2015	Q1 Fiscal 2014	Inc./(Dec)
	$	$	%
Revenues			
CIBC/TD program	2,992,856	4,098,582	(26.9)%
Aeroplan program	528,882	449,585	17.6%
Caesars program	7,814	-	
Direct expenses			
CIBC/TD program	676,919	1,313,785	(48.5)%
Aeroplan program	268,767	290,311	
Caesars program	3,812	-	

- CIBC/TD program

Decline in cost of rewards issued ($193,508) reflecting decline in revenues and lower price, effective January-March 2014, charged by Affinity partners for a certain class of rewards was a factor. The second significant factor, necessitated by the CIBC, TD and Aimia arrangement during our fiscal year ended June 30, 2014, was the requirement to use more generous consumer rewards in the first half of the fiscal year ended June 30, 2014 to encourage merchant enrollment and function as a retention tool. The cost of additional consumer rewards in Q1 Fiscal 2014 was $215,000.

The other factors behind the decline in direct costs during Q1 Fiscal 2015 were:

1. Lower spending on marketing activities pending finalization of program marketing calendar with CIBC and TD; and
2. Lower expense for impaired accounts. While merchants participating in the CIBC/TD program continue to experience difficult business conditions, the Company believes it has reduced its risk in this area by scaling back its APM product in business segments with high incidence of delinquencies and reducing the amount of transaction credits it purchases from merchants. The Company continues to monitor the credit and collection environment to determine the amounts of transaction credits it purchases from merchants and the collection prospects of impaired accounts.

- Aeroplan program.

  Excluding cost of merchant point of sale material, the cost to the Company of consumer rewards in Q1 Fiscal 2015 was 2.5% higher compared to Q1 Fiscal 2014 reflecting the growth in revenues from merchants with higher margin. Consumer rewards are over 85% of the Aeroplan program direct costs.

Gross Profit

Company gross profit for Q1 Fiscal 2015 was lower by $364,017 compared to Q1 Fiscal 2014.

The CIBC/TD program gross profit declined $468,860 reflecting lower revenues but better gross margin (77.4% during Q1 Fiscal 2015 compared to 67.9% during Q1 Fiscal 2014).

The gross profit from the Aeroplan program for Q1 Fiscal 2015 was higher by $100,841 compared to Q1 Fiscal 2014 reflecting increase in revenues and better gross margin (49.2% during Q1 Fiscal 2015 compared to 35.4% during Q1 Fiscal 2014).

Selling Expenses

Selling expenses include expenses arising from remuneration of sales staff, transaction processing and other selling activities.

	Q1 Fiscal 2015	**Q1 Fiscal 2014**	**Inc./(Dec)**
	$	$	%
Revenues			
CIBC/TD program	2,992,856	4,098,582	(26.9)%
Aeroplan program	528,882	449,585	17.6%
Caesars program	7,814	-	
Selling expenses			
CIBC/TD program	727,766	867,774	(16.1)%
Aeroplan program	92,296	134,203	(31.2)%
Caesars program	12,061	-	

The reduction in selling expenses are mainly related to costs connected to manpower, travel costs of sales staff.

The selling resources are being increased from October 2014 to rebuild the CIBC/TD program, increase the contribution from the Aeroplan program and build the Caesars program.

General and Administrative Expenses ("G&A")

G&A expenses include compensation for all non-sales staff, professional fees, head office premises costs, shareholder and public relations costs, office overheads, capital and income taxes, and foreign exchange gains/(losses).

	Q1 Fiscal 2015	**Q1 Fiscal 2014**	**Inc./(Dec)**
	$	$	%
Change in Retail program revenues	**3,529,552**	**4,548,167**	**(22.4)%**
G&A			
Compensation for non-sales staff	897,072	855,319	
Less: software development costs capitalized (details provided under section Capital Expenditures in this document)	(84,491)	(28,487)	
	812,581	826,832	
All other G&A expenses	319,127	291,616	
	1,131,708	1,118,448	

Compensation

Increase in Q1 Fiscal 2015 expense compared to Q1 Fiscal 2014 partially reflects increase in headcount. Both periods reflect the impact of increase in remuneration of certain staff.

Q1 Fiscal 2015 includes capitalization of $84,491 of internal costs expended on software development connected to ensuring operability of the Company's merchant based programs sponsored by CIBC, TD and Aimia compared to $28,487 in Q1 Fiscal 2014. The capitalization during Q1 Fiscal 2015 mainly relates to operationalizing the TD agreement.

Interest Expense

The interest expense is tabulated:

	Q1 Fiscal 2015	Q1 Fiscal 2014	Inc./(Dec)
	$	$	%
Stated interest expense			
Loan payable	249,420	265,647	
14% debentures	-	61,542	
old 12% debentures		186,076	
new 12% debentures	156,042	-	
New 12% debentures – fees payable	39,000	-	
	444,462	**513,265**	**(13.4)%**
Non-cash interest. Q1 Fiscal 2015 respecting new 12% debentures, and Q2 Fiscal 2014 reflecting 14% debentures, old 12% debentures and new 12% debentures (accretion charges on debentures)	**58,769**	**104,333**	**(43.7)%**
Total interest expense	**503,231**	**617,598**	**(18.5)%**

The Company deployed the funds available to it under loan payable, and 14% debentures with merchants activated under its CIBC/TD program's APM model. The funds available under the old 12% debentures were used for working capital purposes as well as being deployed with merchants activated under the APM model. Since the repayment of the 14% debentures and old 12% debentures, the funds available under the new 12% debentures are used for working capital purposes as well as being deployed with merchants activated under the APM model. The funds deployed are reflected as transaction credits on the consolidated statement of financial position.

Stated interest expense on loan payable reflects the lower utilization of funds under this line of credit facility.

Refer to sections 14% Non-Convertible Debentures Payable and 12% Non-Convertible Debentures Payable for the refinancing completed by the Company and the repayment of 14%, and old 12% debentures. The effect of the refinancing is reflected in the lower stated interest expense and non-cash interest.

Fees payable on the new 12% debentures are described in the section 12% Non-Convertible Debentures Payable.

Net Income/(Loss)

Highlights of Q1 Fiscal 2015 compared to Q1 Fiscal 2014 are tabulated:

	Q1 Fiscal 2015	Q1 Fiscal 2014	Inc./(Dec)
	$	$	%
Revenues	3,529,597	4,548,212	(22.4)%
Gross profit	2,580,099	2,944,116	(12.4)%
Earnings from operations before depreciation, amortization and interest	616,268	823,691	(25.2)%
Net income	19,807	55,882	
Basic earnings per share	-	-	
Diluted earnings per share	-	-	

The 22.4% decline in revenues reflects the decline in CIBC/TD program revenues. The $1,105,726 (26.9%) decline in CIBC/TD program Q1 Fiscal 2015 revenues compared to Q1 Fiscal 2014 mainly reflects a decline in merchant participation. The $79,297 (17.6%) increase in Aeroplan program Q1 Fiscal 2015 revenues

compared to Q1 Fiscal 2014 partially reflects pick up from the business of a re-seller which filed for bankruptcy.

The 12.4% ($364,107) decline in gross profit reflects the decline in revenues partially offset by better gross margin (73.1% during Q1 Fiscal 2015 compared to 64.7% during Q1 Fiscal 2014).

The decline at the gross profit level is partially offset by a decline in selling expenses. Consequently, the drop in the Q1 Fiscal 2015 earnings from operations before depreciation, amortization and interest compared to Q1 Fiscal 2014 is $207,423.

Cash interest expense for Q1 Fiscal 2015 was $68,803 lower reflecting lower borrowing.

Non-cash expenses representing non-cash interest (accretion charges respecting debentures of the Company) and depreciation/amortization for Q1 Fiscal 2015 were $102,545 lower compared to Q1 Fiscal 2014. Lower accretion charges reflect the structure of the new 12% debentures. Several intangible assets comprising software were fully amortized by Fiscal year ended June 30, 2014 resulting in lower amortization in Q1 Fiscal 2015.

The above are reflected as net income for Q1 Fiscal 2015 and Q1 Fiscal 2014.

Working Capital and Liquidity Management

The utilization of liquidity during Q1 Fiscal 2015 compared to Q1 Fiscal 2014 is illustrated in the tabulation:

	For the three months ended	
	September 30, 2014	September 30, 2013
	$	$
Net cash provided by (used in) operating activities		
Net income after adjustments for non-cash expenses*	171,806	310,426
Changes in items of working capital	1,064,485	165,491
	1,236,291	475,917
Net cash (used in) investing activities	(128,490)	(114,237)
Net cash (used in) financing activities	(875,435)	(450,659)
(Decrease)/Increase in cash and cash equivalents	232,366	(88,979)
Cash and cash equivalents at start of period	1,815,805	1,773,672
Cash and cash equivalents at end of period	2,048,171	1,684,693

*Income after adjustments for non-cash expenses 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; as the income after adjustments for non-cash expenses is the Company's assessment of the cash generated from its operating activities prior to changes in working capital items. Income after adjustments for non-cash expenses is arrived after adding back expenses not affecting cash - depreciation of property, plant and equipment and amortization of intangible assets; accretion charge for debentures to net income for the three months ended September 30, 2014 and September 30, 2013, which are disclosed in the interim financial statements for the three months ended September 30, 2014 under the section consolidated statements of cash flow.

The cash and cash equivalents, and accounts receivable as at September 30, 2014 include $171,359 and $331,189 respectively of amounts received / receivable from our Affinity partners CIBC and TD. The amounts are to be utilized by the Company to improve the marketability of the program to merchants and the credit card holders of the banks. Accounts payable and accrued liabilities as at September 30, 2014 reflect the liability corresponding to the cash and cash equivalents and accounts receivable. Nil amounts as at September 30, 2013.

The changes in working capital mainly reflect reduction in transaction credits (during Q1 Fiscal 2015 $942,089 compared to $370,318 during Q1 Fiscal 2014), increase in accounts payable (during Q1 Fiscal 2015 $374,298 compared to $128,202 during Q1 Fiscal 2014) and increase in accounts receivable (during Q1 Fiscal

2015 $206,035 compared t0 $217,542 during Q1 Fiscal 2014). The reduction in transaction credits reflects the decline in merchant count which is discussed in sections Overall Performance and Revenue.

The primary reason for use of financing activities is decline in the loan payable ($851,229 during Q1 Fiscal 2015 compared to $450,659 during Q1 Fiscal 2014). The decline reflects the reduction in transaction credits referred above in working capital.

The Company believes that increasing the amount of the transaction credits deployed with merchants under the CIBC/TD program's APM model will result in higher revenue and, consequently, improve the Company's financial results and cash flows. Generally, the change in transaction credits partially reflects the change in the number of merchants participating in the APM model, as well as the amount of transaction credits deployed with its existing merchants. During the twelve months ended June 30, 2014 the change in the CIBC credit card portfolio, a weak economy, and the increased market activity in the credit card space by Canadian banks created a compressed market for the Company's CIBC/TD program, and consequently a decline in the number of participating merchants during fiscal year ended June 30, 2014 compared to the previous year. The Company believes that the APM business addresses the marketing and working capital needs of small independent merchants, a segment ignored by financial institutions, and there is potential for future revenue growth.

The Company currently deploys the funds available to it under its loan payable, and new 12% debentures with merchants activated under its APM model. The funds available under the new 12% debentures are fully utilized in the business and are used for working capital purposes including being deployed with merchants under the APM model. At present, the need for capital to expand the APM model is satisfied by the loan payable, however there are limitations including; a credit limit of $8.5 million (utilization at September 30, 2014 was $5.6 million compared to $6.4 million at June 30, 2014); it is a demand facility; and it requires the Company to co-fund a certain portion of the transaction credits deployed with merchants under the APM model.

Capital expenditures are discussed under the section Capital Resources in this document. Capital expenditures for Q1 Fiscal 2015 related to the updating of the Company's infrastructure and software development, and were flat compared to Q1 Fiscal 2014. The expenditures are needed to support the Company's products, growing expectations of merchants participating in its programs, and the expanding requirements, especially connected to security of data, provided by Affinity partners, which the Company uses to operate its programs.

The Company carries cash balances sufficient to meet its operational needs, and sustain and expand merchant participation in the APM model. While, generally the cash balances at the end of a quarter / year reflect the timing difference between the Company's ongoing collection of transaction credits from merchants participating in its CIBC/TD program's APM model , and deploying advances to existing and new merchants:

(i) As at September 30, 2014 they also reflect deferring of semi – annual interest of $285,000 due on June 15, 2014 to non-convertible debenture-holders (see section 12% Non-Convertible Debentures Payable), in order to offset the temporary decline in revenues and liquidity for the period June 16 to launch of the TD program. As noted earlier in this section, also included in cash and cash equivalents are funds totaling $171,359 provided by Affinity partners CIBC and TD. and

(ii) As at September 30, 2013 the cash balances also include an element of cash that the Company intended to use to re-pay the 14% debentures and old 12% debentures.

The Company's operations are funded by debt. To continue its current operations and fund growth during fiscal year ending 2015, the Company requires continued access to its existing levels of debt. The Company has secured a one year renewal of the loan payable agreement. The agreement now expires in December 2015. In December 2013, the Company completed a refinancing by way of a private placement of new 12% debentures in the principal amount of $5,159,000. The new 12% debentures mature September 30, 2016. The Company used the proceeds of the new 12% debentures plus cash on hand to repay the old 12% debentures and 14% debentures. The Company repaid $7,896,000 in aggregate principal amount of the old 12% debentures and 14% debentures plus accrued interest thereon.

Additional capital in the form of debt and/or equity will be required to fund the continued expansion of the Company's business expansion goals as described under the section General Risks and Uncertainties in this document.

The Company does not participate in off balance sheet financing arrangements.

Contractual Obligations

Contractual obligations as at September 30, 2014 were due as follow. (In millions of dollars)

		Payments due by period		
Contractual obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**
	$ M	$ M	$ M	$ M
Loan Payable	5.6	5.6		
New 12% debentures	5.2		5.2	
Operating leases	0.3	0.1	0.2	
Other contractual obligations	9.2	2.0	6.6	0.6
Total contractual obligations	20.3	7.7	12.0	0.6

Other contractual obligations

The renewed agreement enables the Company to operate Aimia's Aeroplan loyalty program in the independent merchant business segment, primarily as a re-seller of aeroplan miles. Per the renewed agreement, which has an initial term expiring April 30, 2019, the Company has an annual commitment to purchase minimum aeroplan miles. The annual commitment is tabulated:

Calendar year	Annual commitment
2014	$1,700,000
2015	$1,870,000
2016	$2,057,000
2017	$2,262,700
2018	$2,488,970

In February, 2012 the Company signed an agreement with a service provider to purchase software over a three year term. Reflecting a subsequent understanding, the annual purchase commitment was applicable only from August 1, 2013 and it is $192,000. The Company sells this software to merchants participating in its programs.

Loan Payable

The loan payable is a line of credit facility ("facility") with Accord Financial Inc. ("Accord") to be used exclusively to fund the merchants participating in the APM program in the business segments available to the Company under its agreements with CIBC, TD and Aimia. As security, the provider has first charge to all amounts due from merchants funded from the facility.

The facility was established in December 2007. On October 2, 2014, the Company announced that this agreement has now been extended to December 2015.

The facility has a limit of $8.5 million. The Company is paying an interest rate on the entire facility equivalent to prime rate of a certain Canadian bank plus 11.5% per annum. In certain circumstances the loan payable amount is repayable on demand to Accord.

The Company had utilized $5.6 million of the facility as at September 30, 2014 (as at June 30, 2014 $6.5 million).

14% Non-Convertible Debentures Payable

The 14% debentures, issued in May 2011 and partially repaid in July 2012 pursuant to a debt repayment agreement, in the principal amount of $1,744,000 had an initial maturity date of September 30, 2013. The 3,444,400 common share purchase warrants of the Company (each a "warrant") issued with the 14% debentures had an initial expiration date of September 30, 2013.

During period ended December 31, 2013 the Company and the holders of the 14% debentures agreed to extend the term of the 14% debenture and warrants to December 31, 2013.

On December 30, 2013, the Company repaid the 14% debentures.

The 3,444,400 warrants were not exercised and expired as of December 31, 2013.

12% Non-Convertible Debentures Payable

The old 12% debentures, issued in May 2011 and partially repaid in July 2012 pursuant to a debt repayment agreement, in the principal amount of $6,151,967 had an initial maturity date of September 30, 2013. The 87,056,491 common share purchase warrants of the Company (each a "warrant") issued with the old 12% debentures had an initial expiration date of September 30, 2013.

During period ended December 31, 2013 the Company and the holders of the old 12% debentures agreed to extend the term of the old 12% debenture and warrants to December 31, 2013.

On December 30, 2013, the Company completed a refinancing by way of a private placement of new 12% debentures in the principal amount of $5,159,000.

As of December 31, 2013 the Company used the proceeds of the new 12% debentures plus cash on hand to repay the old 12% debentures and 14% debentures (section 14% Non-Convertible Debentures Payable in this document). The Company repaid $6,151,967 in aggregate principal amount of the old 12% debentures plus accrued interest thereon. The 87,056,491 warrants were not exercised and expired as of December 31, 2013.

The new 12% debentures were issued as units. Each unit comprises (i) $1,000 face value secured non-convertible debentures of the Company bearing interest at 12% per annum, payable semi-annually, and maturing September 30, 2016, and (ii) 8,150 common shares in the capital of the Company. The Company issued 5,159 units and 42,045,850 common shares.

Under the new 12% debentures agreement, the proceeds of the new 12% debentures are to be used for working capital purposes. The new 12% debentures are secured by a general security interest over the assets of the Company and its subsidiaries. The significant financial covenants of the new 12% debentures require the Company to meet (i) commencing the quarter ended December 31, 2013, on a quarterly basis a defined level of designated current assets, and interest coverage, and (ii) commencing January 31, 2014, on a monthly basis a defined level of credit card spend, on which the Company earns its revenue, at merchants participating in its loyalty programs.

In June 2014, the debenture holders agreed to a) re-set the financial covenants and b) defer the semi-annual interest due June 15, 2014 and is now payable in two equal instalments due October 15, 2014 and November 15, 2014. The Company agreed to pay a fee of $65,000 to the debenture holders for the above changes to the new 12% debentures and $39,000 is expensed in the three months ended September 30, 2014 ($6,500 expensed in year ended June 30, 2014). The Company met the revised financial covenants as at June 30, 2014. The Company met its quarterly financial covenants as at September 30, 2014.

If the Company were to breach a financial covenant or were unable to pay its debts as they came due, it would be in default under the new 12% debentures agreement and, as a result, the new 12% debentures holders would have the right to waive the event of default, demand immediate payment of the new 12% debentures in full or modify the terms and conditions of the new 12% debentures including key terms such as repayment terms, interest rates and security. If the Company is unable to secure alternative financing to repay the new 12% debentures, the new 12% debentures holders would have the right to realize upon a part or all of the security held by them.

Summary of Quarterly Results

12 month period ended September 30, 2014					
(in millions of dollars, except per share amounts)	Q2 Fiscal 2014	Q3 Fiscal 2014	Q4 Fiscal 2014	Q1 Fiscal 2015	
	Dec 2013	Mar 31, 2014	Jun 30, 2014	Sep 2014	Total
Revenue	$4.6	$3.6	$3.8	$3.5	$15.5
Percent of Annual revenue	29.7%	23.2%	24.5%	22.6%	100.0%
Net income/(loss)	$0.1	$(0.4)	$(0.4)	$0.0	$(0.7)
Basic earnings per share	-	-	-	-	-
Diluted earnings per share	-	-	-	-	-

12 month period ended September 30, 2013					
(in millions of dollars, except per share amounts)	Q2 Fiscal 2013	Q3 Fiscal 2013	Q4 Fiscal 2013	Q1 Fiscal 2014	
	Dec 2012	Mar 31, 2013	Jun 30, 2013	Sep 2013	Total
Revenue	$4.4	$3.6	$4.5	$4.5	$17.0
Percent of Annual revenue	25.9%	21.1%	26.5%	26.5%	100.0%
Net income/(loss)	$0.1	$(0.6)	$0.2	$0.0	$(0.3)
Basic earnings per share	-	-	-	-	-
Diluted earnings per share	-	-	-	-	-

The fluctuations in the Company's quarterly revenues from its Retail programs reflect seasonal consumer behavior at merchants participating in the Retail programs, as well as the other factors described under section Revenue in this document.

The fluctuations in the Company's quarterly results reflect revenues and the costs to earn the revenues.

Capital Resources

Expenditures for property, plant and equipment and intangible assets for Q1 Fiscal 2015 were $128,490 compared to $114,237 for Q1 Fiscal 2014.

The Q1 Fiscal 2015 expenditures included $5,981 for computer hardware and $122,509 for computer software (Q1 Fiscal 2014 $12,104 and $102,133 respectively). The capital expenditures for Q1 Fiscal 2015 relate to updating the Company's infrastructure and software, and are flat compared to the Q1 Fiscal 2014.

Q1 Fiscal 2015 includes capitalization of $84,491 of internal costs expended on software development connected to ensuring operability of the Company's merchant based programs sponsored by CIBC, TD and Aimia compared to $28,487 in Q1 Fiscal 2014. The capitalization during Q1 Fiscal 2015 mainly relates to operationalizing the TD agreement. The costs are being amortized over the shorter of useful life of the software and term of Affinity partner agreement.

For the fiscal year ending June 30, 2015, the Company expects capital expenditures to be more than fiscal year ended June 30, 2014. The expected increase would be to support the expanding requirements, particularly those connected to security of data, provided by Affinity partners, which the Company uses to operate its programs and to launch programs with other potential Affinity partners.

There are no material commitments for capital expenditures as of the date hereof.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements, in accordance with IFRS, requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim consolidated financial

statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Company's significant accounting policies are disclosed in note 4 to the audited consolidated financial statements for year ended June 30, 2014.

Contingent liabilities

A significant amount of estimation is applied in evaluating the Company's uncertain tax provision with the Canada Revenue Agency (CRA), as described in note 17 to the audited consolidated financial statements for year ended June 30, 2014, and in the final paragraph in the General Risks and Uncertainties section of this document, and whether a tax provision is required.

Going concern

The Company tests the going concern assumption on a quarterly basis. The Company determines this from its financial forecasts that are prepared on its expectation regarding continuation of its agreement with CIBC and TD, continuation of its agreement with Aimia, continued access to existing sources of debt, ability to access additional sources of debt, growth of its existing business, and development of new lines of business.

Financial instruments – fair value

The Company calculates the fair value of certain financial instruments using the Black-Scholes option pricing model. This requires assumptions regarding the risk-free rate of return, the expected life of the instrument, the expected volatility in the price of the common shares of the Company and the expected level of dividends to be paid on the common shares of the Company.

The carrying value of accounts receivable, transaction credits, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. The stated value of the loan payable, and non-convertible debenture payable approximate their fair values, as the interest rates are representative of current market rates for loans with similar terms, conditions and maturities.

Credit risk

The Company has certain business risks linked to the collection of its transaction credits. Under the APM model the Company generally acquires the rights to cash flow from future designated credit card transactions ("future sales") at a discount from participating merchants ("transaction credits" on consolidated statement of financial position). These transaction credits are estimated to be fully extinguishable within 30 – 210 days. Until these transaction credits have been extinguished through designated cardholder spend at participating merchants, there is a credit risk, and an increase in credit risk associated with the longer time frame approaching and/or exceeding 210 days. In the event of default, the Company has set up escalating collection measures, and an allowance is determined on specifically identified transaction credit balances that are delinquent and amount of the specific provision is determined based on whether the account has been referred for legal collection, whether the Company's attempt to debit the merchant's bank account for payments due to the Company has been rejected, the underlying reason for the rejections, and the Company's historical experience on recoveries.

The maximum exposure to credit risk is the net balance of the transaction credits, and accounts receivable.

The accounts receivable, transaction credits, and the allowance for impaired accounts is as follows:

	September 30, 2014	June 30, 2014
	$	$
Transaction credits	10,487,819	11,361,349
Accounts receivable	1,023,975	809,189
Allowance	(1,159,953)	(1,082,643)
Per statement of financial position	10,351,841	11,087,895
Maximum exposure to credit risk	10,351,841	11,087,895

	September 30, 2014	June 30, 2014
	$	$
Impaired transaction credits	2,355,115	2,167,222
Allowance	(1,151,202)	(1,082,643)
Impaired transaction credits not allowed for	1,203,913	1,084,579

Stock Options

The Company has a stock option plan ("2009 stock option plan") for directors, officers, employees and consultants. The 2009 stock option plan is 12% fixed maximum number of common shares issuable based on issued and outstanding common shares (calculated on a non-diluted basis).

In December 2013, the directors of the Company approved continuation of the 2009 stock option plan to date of the annual meeting of shareholders in 2014. With the increase in the issued and outstanding common shares of the Company consequent to the private placement of the new 12% debentures (section 12% Non-Convertible Debentures Payable), the directors approved a resolution on March 9, 2014 increasing the number of employee stock options issuable per the Company's stock option plan from 11,643,044 to 16,688,546.

The stock options are non-assignable; the stock option price is to be fixed by the Board of Directors but may not be less than the regulations of the stock exchange on which the Company's common shares are listed; the term of the stock options may not exceed five years, and payment for the optioned shares is required to be made in full on the exercise of the stock options. The stock options are subject to various vesting provisions, determined by the Board of Directors, ranging from immediate to four years.

Movement during Q1 Fiscal 2015 and Q1 Fiscal 2014 is tabulated.

	Q1 Fiscal 2015	Q1 Fiscal 2014
	Number of options	
Outstanding at start of period	10,190,000	10,441,430
Expired	-	-
Forfeited	-	-
Granted	-	-
Outstanding at end of period	10,190,000	10,441,430

The number of stock options available for future issuance as at September 30, 2014 compared to September 30, 2013 is as follows:

	Q1 Fiscal 2015	Q1 Fiscal 2014
Maximum number reserved for issuance	16,688,546	11,643,044
Less: outstanding at end of period	10,190,000	10,441,430
Number of options available for future issuance	6,498,546	1,201,614

There was no stock based compensation expense during Q1 Fiscal 2015 and Q1 Fiscal 2014.

Outstanding Share Data

Outstanding common shares

As of June 30, 2014, September 30, 2014 and the date hereof, the number of issued and outstanding common shares of the Company is 139,071,218. The number of common shares is provided by the Company's transfer agent CST Trust Company.

As of date hereof, the Company was committed to issuing 10,190,000 additional common shares pursuant to the 2009 stock option plan.

Related party transactions

Directors and Officers

In December 2013 the following related parties purchased new 12% debentures, on terms and conditions applicable to the other subscribers (section 12% Non-Convertible Debentures Payable in this document). The holdings of debentures are tabulated:

	September 30, 2014	June 30, 2014
	new 12% debentures	new 12% debentures
Director and Chief Executive Officer – Kelly Ambrose	$500,000	$500,000
Director and Chairman of the Board of Directors – Stephen Burns	$ 50,000	$ 50,000
Director - Marc Lavine (first term; elected director December 18, 2013)	$500,000	$500,000
Director – Rob von der Porten (first term; elected director December 18, 2013)	$ 50,000	$ 50,000
Director – William Polley	$ 50,000	$ 50,000
Director – Barry Wainstein (first term – appointed director March 17, 2014)	$ 25,000	$nil
Chief Financial Officer – Mukesh Sabharwal	$ 115,000	$ 115,000

Outlook

The Company believes that its long term prospects are positive and expects to improve its financial performance. This is based on its proven business model and its existing Affinity partnerships.

After responding vigorously to the challenges of fiscal year ended June 30, 2014, during the three months ended September 30, 2014 the Company has taken its first steps to build its business to peak levels by capitalizing on the business opportunities provided by its Affinity partnerships.

The Affinity partnerships with CIBC, TD, Aimia and Caesars give the Company a solid footing in the loyalty marketing space. 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 its proprietary technology and its outstanding partners.

Economic Dependence

A significant portion of the Company's current revenue is dependent upon its value-added loyalty program agreement with CIBC under which consumer rewards are awarded to holders of certain CIBC credit cards when they complete purchases at merchants participating in Advantex's CIBC/TD program. The significance to the Company of the CIBC agreement can best be assessed by comparing its revenues from its relationship with CIBC with that of other programs as tabulated at the end of this section. The Company has an eighteen year partnership with CIBC. In September, 2013 the Company renewed its existing arrangement with CIBC, and signed a new agreement ("new agreement"). The initial term of the new agreement is through September 30, 2016, which may, at the option of CIBC, be renewed for up to two additional one year periods. The new agreement grants the Company conditional exclusivity rights to market its programs within certain business segments including Dining (restaurants; golf courses; independent inns, resorts and selected hotels; spas). The new agreement can be terminated by CIBC at any time by providing at least six months prior written notice to the Company.

In September 2013, CIBC, TD, and Aimia announced they had come to a tripartite arrangement effective January 2014, and under which CIBC sold a significant part of its Aero portfolio to TD. In June 2014, the Company entered into an agreement with TD. The agreement with TD has an initial term of two years and expires in June 2016. The agreement renews automatically for additional one year terms unless TD provides notice not to renew. The agreement can be terminated by TD at any time by providing at least four months prior written notice to the Company. With the consummation of the TD agreement, indications are that total credit card volumes, and hence revenue per merchant appear to be similar to levels prior to sale by CIBC of a part of its Aero portfolio to TD. The Company is now poised to reclaim and grow its merchant populations, after fiscal year ended June 30, 2014 declines.

The Company's revenue from the CIBC/TD programs is dependent on the number of merchants participating in the CIBC/TD program, dollar spending by holders of CIBC and TD aeroplan credit cards at participating merchants and the economic environment. Since the dollar spending by holders of CIBC and TD aeroplan credit cards is dependent upon the banks credit card portfolio, the Company believes that the agreements with two banks mitigate the risk of dependence on one partner.

Recognizing the risks of overdependence on an Affinity partner and/or a business segment from the perspective of business continuity, and limitation on future revenues and profitability, the Company sought out and signed an agreement with Aimia Canada Inc. (subsidiary of Aimia). The agreement was signed in March, 2010. In November 2014 the Company renewed its agreement ("renewed agreement") with Aimia for a five year term ending April 30, 2019. The renewed agreement can be extended for one additional period of five years by mutual consent. Per the renewed agreement the Company has an annual commitment to purchase minimum aeroplan miles which is tabulated in section Contractual Obligations. Under the renewed agreement, the Company will market the Aeroplan program to independent merchants throughout Canada, enabling them to offer Aeroplan Miles to their customers. The renewed agreement can be terminated by Aimia under certain conditions during the term of the renewed agreement.

Illustration of economic dependence on CIBC/TD program

	Q1 Fiscal 2015		Q1 Fiscal 2014	
	$	%	$	%
CIBC/TD program	2,992,856	85.0	4,098,582	90.1
Aeroplan program	528,882	15.0	449,585	9.9
	3,521,738	100.0	4,548,167	100.0

General Risks and Uncertainties

As indicated in the Economic Dependence section of this document a significant portion of the Company's current revenue is dependent on its value-added loyalty agreement with CIBC. The Company's relationship with CIBC has been in place for about eighteen years and has been through several multi-year renewal terms. The agreement was renewed effective September 30, 2013. The initial term of the agreement is through September 30, 2016, which may, at the option of CIBC, be renewed for up to two additional one year periods. If CIBC exercises its right to either terminate the agreement upon at least six months prior notice or retain a third party service provider to operate a competing program, the Company could be materially and adversely affected. The Company believes that it has begun to limit its economic dependence on CIBC by developing its partnership with TD and Aimia.

In September 2013, CIBC, TD, and Aimia announced they had come to a tripartite arrangement effective January 2014, and under which CIBC sold a significant part of its Aero portfolio to TD. In June 2014, the Company entered into an agreement with TD. The agreement with TD has an initial term of two years and expires in June 2016. The agreement renews automatically for additional one year terms unless TD provides notice not to renew. The agreement can be terminated by TD at any time by providing at least four months prior written notice to the Company. With the consummation of the TD agreement, indications are that total credit card volumes, and hence revenue per merchant appear to be similar to levels prior to sale by CIBC of a part of its Aero portfolio to TD.

The Company's revenue from the CIBC/TD programs is dependent on the number of merchants participating in the CIBC/TD program, dollar spending by holders of CIBC and TD aeroplan credit cards at participating merchants. The dollar spending by holders of CIBC and TD aeroplan credit cards is dependent upon the banks credit card portfolio and the economic environment.

The Company's working capital needs are currently entirely provided by debt in the form of new 12% debentures, and loan payable. While the Company utilizes the funds generated from its operations to expand its APM model - under which it acquires the rights to future designated credit card transactions at a discount from the face value from merchants participating in the CIBC/TD program, in addition to providing the merchants with loyalty marketing services – to be able to advance its business the Company needs to be able to access the room available under the loan payable facility. The Company's relationship with the new 12% debentures holders, and providers of loan payable facility span about 10+ and 7 years respectively. The new 12% debentures carry financial covenants and the new 12% debentures are secured by a general security interest over the assets of the Company and its subsidiaries. If the Company were to breach a financial covenant or were unable to pay its debts as they came due, it would be in default under the new 12% debentures agreement and, as a result, the new 12% debentures holders would have the right to waive the event of default, demand immediate payment of the new 12% debentures in full or modify the terms and conditions of the new 12% debentures including key terms such as repayment terms, interest rates and security. If the Company is unable to secure alternative financing to repay the new 12% debentures, the new 12% debentures holders would have the right to realize upon a part or all of the security held by them. The loan payable is a demand facility, and the term of the loan payable per the announcement on October 2, 2014, expires in December 2015. Consequently, general market conditions or the financial status of the Company in terms of its profitability, cash flows and strength of its consolidated balance sheet may eliminate or limit access to existing sources of debt, and / or may limit access to additional financing and / or alternative funding to replace existing debt, or the terms of accessible debt may be uneconomic and this could materially and adversely affect the Company.

The Company believes that increasing the amount of the transaction credits deployed with merchants under its CIBC/TD program's APM model will result in higher revenue and, consequently, improve the Company's

financial results and cash flows. The Company requires additional debt financing to scale its ability in this area. If the Company is not successful in raising additional debt financing, its ability to expand its merchant base and increase revenue may be impeded, resulting in reduced growth in cash flows from operations. This could affect the Company's liquidity and working capital position. Any debt structure would need to recognize the general security interest over the Company's assets held by the new 12% debentures holders.

The Company has certain business risks linked to the collection of its transaction credits. Under the CIBC/TD program's APM model the Company acquires the rights to cash flow from future designated credit card transactions ("future sales") at a discount from participating merchants ("transaction credits" on consolidated statement of financial position). These transaction credits are generally estimated to be fully extinguishable within 30 – 210 days of the funds being deployed with the merchant. Management has implemented review and monitoring procedures to assess the creditworthiness and ongoing eligibility of merchants if they wish to benefit from larger purchases of their future sales. Until these transaction credits have been extinguished through designated cardholder spend at participating merchants there is a credit risk, and an increase in credit risk associated with the longer time frame approaching and/or exceeding 210 days. In the event of default, the Company has set up escalating collection measures, and an allowance is determined on specifically identified transaction credit balances that are delinquent and amount of the specific provision is determined based on whether the account has been referred for legal collection, whether the Company's attempt to debit the merchant's bank account for payments due to the Company has been rejected, the underlying reason for the rejections, and the Company's historical experience on recoveries. Deterioration in either the credit environment or the Company's monitoring processes and a resulting increase in bad debts would adversely impact the financial status of the Company thereby affecting its attractiveness as a borrower and its ability to access existing or additional or alternative debt or debt at economic terms and this could materially and adversely affect the Company.

The Company's activities are funded by two sources of debt. The new 12% debentures has a fixed interest rate, and loan payable which carries a floating interest rate. While the Company is not exposed to interest rate risk on account of new 12% debentures, its future cash flows are exposed to interest risk from the floating interest rate payable, calculated as prime rate of a certain Canadian bank plus 11.5%, on loan payable. While the Company does not use derivative instruments to reduce its exposure to interest rate risk, it believes it can pass on, to merchants participating in its programs, a portion of a significant adverse interest rate movement on its loan payable. As disclosed under the section Interest Expense in this document, for the three months ended September 30, 2014, the Company incurred interest expense of $249,420 on utilization of loan payable. Had the interest rate, for the three months ended September 30, 2014, been 10% higher the interest expense on loan payable would have been $274,362, an increase of $24,942.

During the past seven years, the Company has added additional sources of debt, and continues to explore avenues to secure debt at better terms.

The Company's operations are dependent on the abilities, experience and efforts of its management and highly skilled workforce. While the Company has entered into employment agreements with key management personnel and other employees, and each of these agreements includes confidentiality and non-competition clauses, the business prospects of the Company could be adversely affected if any of these people were unable or unwilling to continue their employment with the Company.

The merchant based loyalty programs that the Company develops and manages for CIBC, TD and Aimia, are dependent upon ongoing consumer interest in accumulating frequent flyer miles for the purpose of obtaining reward air travel on designated airlines. Due to the financial and security difficulties being experienced by the airline industry overall, there is a risk that the underlying frequent flyer currencies used in these programs could become unavailable to the Company, or that consumer interest in accumulating these awards could decline. This, in turn, may result in difficulties in acquiring and retaining merchants and may adversely affect the Company's revenue and direct costs.

The Company provides marketing services to retail organizations and, in more general terms, the Company could be considered competitive with other advertising and promotional programs for a portion of a client's total marketing budget. If client promotional spending levels decrease, this could have a material adverse effect on Advantex's revenue. In addition, there are additional loyalty program operators in Canada, targeting the same merchant base as Advantex. In the past, other companies have attempted to develop similar merchant-based coalitions on their own and failed, making Advantex, with its established merchant

coalition and proven loyalty systems, a reputable outsourced partner in the Canadian marketplace. Advantex believes its substantial client equity, proprietary systems, breadth of in-house services and significant Affinity partner contracts provide a strong platform for the Company to compete effectively in the North American marketplace and respond to new competition in Canada.

In addition to economic factors, and those factors noted above, the profitability of the Company is also subject to a number of additional risk factors including: continuation of partnership with Affinity partners CIBC, TD and Aimia; competition; changes in regulations - including taxation - affecting the Company's activities; consumer spending behavior; continued demand for the Company's programs by merchants; and the ability to meet the commitments (described in detail under section Contractual Obligations in this document).

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The Company regularly reviews the potential for adverse outcomes in respect of tax matters and believes that any ultimate disposition of a reassessment will not have a material adverse impact on its liquidity, consolidated financial position or results of operations due to adequate provisioning for these tax matters. Should an outcome materially differ from existing provisions, the Company's effective tax rate, its earnings, and its liquidity and working capital position could be affected positively or negatively in the period in which matters are resolved.

Forward-Looking Information

This Management's Discussion and Analysis 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 of the launch timing of the Caesars program and belief in its ability to meet the launch timeline; expectation of future delinquencies and its ability to reduce its exposure to future delinquencies; expectations of growth in merchant participation in the CIBC/TD program's APM model; expectation from increase in transaction credits deployed with merchants on revenues, financial results and cash flows; expectation that its current working capital needs are provided by loan payable and new 12% debentures; belief that additional capital in the form of debt and /or equity is required to fund business expansion goals; expectations of capital expenditures and the nature of expenditures during fiscal year ending June 30, 2015; expectations of its long-term prospects; expectation of improving its financial performance; expectation of the size of the loyalty marketing space; belief in its ability to gain a wider share of the market for loyalty marketing; belief that agreements with two banks mitigates the risk of dependence on one partner; belief that it is limiting its economic dependence on CIBC by developing partnerships with TD and Aimia; ability to access new sources of debt; belief in its ability to pass on a significant portion of any interest rate increase to participating merchants; belief in its ability to compete effectively and respond to new competition; 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, including certain assumptions and expectations of Management. With respect to the forward-looking information contained in this Management Discussion and Analysis, the Company has made assumptions regarding, among other things, continued Affinity partner participation; continued support from its provider of loan payable and holders of new 12% debentures; its ability to manage risks connected to collection of transaction credits; current and future economic and market conditions and the impact of same on its business; ongoing consumer interest in accumulating frequent flyer miles; the size of the market for its programs; its ability to increase merchant participation in its programs; its ability to access future financing to expand the CIBC/TD program's APM model, and for general working capital needs; ongoing and future Affinity partnerships and revenue sources; future business levels and the cost structure required to operate at those levels; future interest rates; and the appropriateness of its tax filing position.

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, among other things, those listed under "General Risks and Uncertainties" and "Economic Dependence" in this Management Discussion and Analysis.

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.

Disclosure Controls and Procedures, and Internal Controls Over Financial Reporting

Management is responsible for external reporting. The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced.

Additional Information

Additional information relating to the Company is available at www.sedar.com, and may also be obtained by request by telephone or facsimile or at the Company's website at www.advantex.com.

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