



ADVANTEX

News Release

Advantex Updates Business Prospects and Announces Fiscal 2015 Results

Toronto, October 28, 2015 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for Fiscal year ended June 30, 2015.

“Advantex has overcome the structural challenges connected to its core business during Fiscal 2015. Since beginning of April 2015 we have added 80 net new merchants to our core business, the CIBC/TD program. The fourth quarter of Fiscal 2015 has outperformed corresponding period previous year. We expect to see a gradual improvement in the financial performance right through Fiscal 2016”, Kelly Ambrose, Advantex’s President and CEO, said.

During Fiscal 2015 the core program was repositioned and the revised CIBC/TD program is delivering stronger value to our 900 plus participating merchants. The working capital feature of the CIBC/TD program’s APM product was returned to a competitive position and is driving the increase in merchant population. The Company reorganized during third and fourth quarters with a focus on sales, supported by a slim management structure, with ability to gradually scale the CIBC/TD program merchant population back to 1,200 plus of Fiscal 2013.

“While we expect to report significantly improved financial results during Fiscal 2016 the goal to sustainable profitability is anticipated to be attained from Fiscal 2017 onwards”, said Mr. Ambrose.

Advantex expects to re-set the Aeroplan program, which currently provides just over 10% of the gross profit, back on a growth path. Aeroplan recently signed a long term agreement with Toyota Canada which will exclude Advantex from selling and operating in the automotive business segment. This will effect revenue and profitability during Fiscal 2016. To offset this on a going basis Advantex has been given the grocery business segment but this will require ramp up time and likely not effect revenue and profitability until Fiscal 2017. Advantex is confident it has the ability to meet this challenge.

Highlights of Fiscal 2015 and Fiscal 2015 fourth Quarter financial performance are tabulated on the following page. Additional details are available in the Consolidated Financial Statements and the Management Discussion and Analysis available under the Company’s profile on www.sedar.com.

Fiscal 2015 compared to Fiscal 2014 (i)

Fiscal 2014 is transition year reflecting the change in the Company's CIBC program consequent to change in the CIBC-Aimia relationship. The result was CIBC selling about half of its aeroplane based credit card portfolio. Company signed TD in June 2014 and spent the better part of Fiscal 2015 in building a new loyalty marketing program – CIBC/TD program.

	Fiscal 2015	Fiscal 2014
Average # of merchants in core program	952	1,126
	\$	\$
Earnings from operations before one-time costs, depreciation, amortization, interest and translation loss (Fiscal 2014)	208,000	1,851,000
Cash interest expense	1,606,000	1,884,000
Earnings from operations before one-time costs, depreciation, amortization, non-cash interest (accretion charges on debentures) and translation loss	(1,398,000)	(33,000)
Depreciation, amortization, non-cash interest and translation loss	672,000	730,000
Profit/(Loss) before one-time costs	(2,070,000)	(763,000)
One-time costs - Restructuring costs	1,001,000	-
Net Profit/(Loss) and Comprehensive Profit/(Loss) for the year	(3,071,000)	(763,000)

Fiscal 2015 fourth Quarter compared to corresponding period previous year (i)

	Q4 Fiscal 2015	Q4 Fiscal 2014
	\$	\$
Earnings from operations before one-time costs, depreciation, amortization, interest and translation loss (Fiscal 2014)	395,000	92,000
Cash interest expense	391,000	421,000
Earnings from operations before one-time costs, depreciation, amortization, non-cash interest (accretion charges on debentures) and translation loss	4,000	(329,000)
Depreciation, amortization and non-cash interest and translation loss	173,000	168,000
Profit/(Loss) before one-time costs	(169,000)	(497,000)
One-time costs - Restructuring costs	195,000	-
Net Profit/(Loss) and Comprehensive Profit/(Loss) for the quarter	(364,000)	(497,000)

(i) The two tabulations are non-GAAP presentations and are provided to assist readers in understanding the Company's financial performance. The Fiscal year information is extracted from the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) per Audited Consolidated Financial Statements for Fiscal 2015.

The Q4 Fiscal 2015 and Q4 Fiscal 2014 information is extracted from section Fourth Quarter of Fiscal 2015 (Q4 F 2015) vs. Fourth Quarter of Fiscal 2014 (Q4 F 2014) per the Management Discussion and Analysis for the Fiscal years ended June 30, 2015 and 2014.

About Advantex:

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

Through our partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, we have contractual access to millions of consumers with above-average personal and household income. We also have partnerships with about 1,600 merchants in Canada and the US.

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

Forward-Looking Information

This Press Release contains certain “forward-looking information”. All information, other than information comprised of historical fact, that addresses activities, events or developments that Advantex believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is typically identified by words such as: anticipate, believe, expect, goal, intend, plan, will, may, should, could and other similar expressions. Such forward-looking information relates to, without limitation, information regarding Advantex’s: expectations of improvements in its financial performance, achieving sustainable profitability and the timing of such improvement and profitability; belief in its ability to re-set the Aeroplan program back on a growth path; and other information regarding Advantex’s financial and business prospects and financial outlook is forward-looking information.

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

Forward-looking information is subject to a number of risks, uncertainties and assumptions that may cause the actual results of Advantex to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on Advantex. Factors that could cause actual results or events to differ materially from current expectations include those listed under “General Risks and Uncertainties” and “Economic Dependence” in Advantex’s Management’s Discussion and Analysis for the twelve months ended June 30, 2015.

All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, Advantex disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although Advantex believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

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

	June 30, 2015	June 30, 2014
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,162,609	1,815,805
Accounts receivable (note 13)	460,446	809,189
Transaction credits (note 13)	7,819,647	10,278,706
Inventory (note 5)	144,874	90,425
Prepaid expenses and sundry assets	173,777	179,412
	\$9,761,353	\$13,173,537
Non-current assets		
Property, plant and equipment (note 6a)	165,735	237,420
Intangible assets (note 6b)	477,992	529,892
	643,727	767,312
Total assets	\$10,405,080	\$13,940,849
Liabilities		
Current liabilities		
Loan payable (note 7)	5,711,525	6,454,174
Accounts payable and accrued liabilities	4,294,418	4,219,904
	\$10,005,943	\$10,674,078
Non-current liabilities		
12% Non-convertible debentures payable (note 9)	4,864,802	4,661,833
	\$ 4,864,802	\$ 4,661,833
Total Liabilities	\$14,870,745	\$15,335,911
Shareholders' deficiency		
Share capital (note 10)	24,530,555	24,530,555
Contributed surplus (note 11)	4,090,382	4,090,382
Accumulated other comprehensive income	(47,383)	(47,383)
Deficit	(33,039,219)	(29,968,616)
Total deficiency	\$(4,465,665)	\$(1,395,062)
Total liabilities and deficiency	\$10,405,080	\$13,940,849

Economic and Financial dependence (note 2a), Going concern (note 2b), Commitments and contingencies (note 15)

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 (loss) and Comprehensive Income (loss)
For the years ended June 30, 2015 and 2014
(expressed in Canadian dollars)

	2015	2014
	\$	\$
<u>Consolidated Statements of Income</u>		
<u>(Loss)</u>		
Revenues	13,297,892	16,535,124
Direct expenses	<u>5,166,327</u>	<u>6,325,467</u>
	8,131,565	10,209,657
Operating Expenses		
Selling and marketing	3,430,430	3,803,278
General and administrative	<u>4,492,476</u>	<u>4,555,426</u>
	208,659	1,850,953
Restructuring cost (note 20)	1,001,321	-
Earnings (loss) from operations before depreciation, amortization and interest	(792,662)	1,850,953
Interest expense:		
Stated interest expense – loan payable, debentures, and other	1,605,981	1,884,080
Non-cash interest expense on debentures	<u>227,175</u>	<u>208,139</u>
	(2,625,818)	(241,266)
Depreciation of property, plant and equipment, and amortization of intangible assets	444,785	473,979
Net loss for the year	(3,070,603)	(715,245)
Earnings (loss) per share:		
Basic and Diluted (note 17)	(0.02)	0.00
<u>Consolidated Statements of Comprehensive Income</u>		
Net loss for the year	(3,070,603)	(715,245)
Other comprehensive (loss)		
Translation adjustment	-	(47,383)
Comprehensive loss for the year	(3,070,603)	(762,628)

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended June 30, 2015 and June 30, 2014
(expressed in Canadian dollars)

	Class A preferenc e shares	Common shares	Contribut ed surplus	Equity portion of debentures	Warrants	Deficit	Accumulated Other comprehensive 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 loss and comprehensive loss for the year						(715,245)	(47,383)	(762,628)
Transfer to contributed surplus (notes 8,9, and 11)			3,282,215	(2,114,341)	(1,167,874)			
Issue of common shares as part of refinancing of debentures		420,459						420,459
Balance – June 30, 2014	3,815	24,526,740	4,090,382	-	-	(29,968,616)	(47,383)	(1,395,062)
Balance – July 1, 2014	3,815	24,526,740	4,090,382	-	-	(29,968,616)	(47,383)	(1,395,062)
Net loss and comprehensive loss for the year						(3,070,603)		(3,070,603)
Balance – June 30, 2015	3,815	24,526,740	4,090,382	-	-	(33,039,219)	(47,383)	(4,465,665)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the years ended June 30, 2015 and 2014
(expressed in Canadian dollars)

	2015	2014
	\$	\$
Cash flow provided by / (used in) Operating activities		
Net loss for the year	\$(3,070,603)	\$(715,245)
Adjustments for:		
Depreciation of property, plant and equipment, and amortization of intangible assets	444,785	473,979
Unrealized foreign exchange gain	-	(47,701)
Accretion charge for debentures	227,175	208,139
	(2,398,643)	(80,828)
Changes in items of working capital		
Accounts receivable	348,743	(209,529)
Transaction credits	2,459,059	3,353,948
Inventory	(54,449)	49,560
Prepaid expenses and sundry assets	5,635	94,107
Accounts payable and accrued liabilities	74,514	799,635
	2,833,502	4,087,721
Net cash provided by operating activities	434,859	4,006,893
Investing activities		
Purchase of property, plant and equipment, and intangible assets	(321,200)	(402,218.)
Net cash used in investing activities	(321,200)	(402,218)
Financing activities		
Repayment of loan payable	(742,649)	(645,197)
Payments on maturity / retirement of debentures (notes 8 and 9)	-	(7,895,967)
Proceeds from refinancing debentures (note 9)	-	5,159,000
Transaction costs, debenture: refinancing (note 9), partial early repayment	(24,206)	(180,514)
Net cash (used in) financing activities	(766,855)	(3,562,678)
Effect of exchange rate changes on cash and cash equivalents		
	-	136
Increase (decrease) in cash and cash equivalents during the year	\$(653,196)	\$42,133
- From continuing operations	(653,196)	184,787
- From discontinued operations	-	(142,654)
Increase (decrease) in cash and cash equivalents	\$(653,196)	\$42,133
Cash and cash equivalents – Beginning of year	1,815,805	1,773,672
Cash and cash equivalents – End of year	1,162,609	1,815,805
Additional Information		
Interest paid	\$1,897,427	\$1,781,502
For purposes of the cash flow statement, cash comprises:		
Cash	\$1,157,609	\$1,810,805
Term deposits	\$ 5,000	\$ 5,000
	\$1,162,609	\$1,815,805

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