



ADVANTEX

News Release

Advantex Announces Fiscal 2016 Third Quarter Results

EBITDA ⁽¹⁾ of \$1.1 million after restructuring of Fiscal year 2015

Toronto, May 30, 2016 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three and nine months ended March 31, 2016.

The financial performance is in line with the Company's expectation of a gradual recovery after overcoming the structural and competitive challenges of the previous Fiscal year. The Company is reporting an improvement in its financial performance for the three and nine months ended March 31, 2016.

Highlights of Fiscal 2016 Third Quarter results are tabulated ⁽²⁾ below. Additional details are available in the Fiscal 2016 Third Quarter Consolidated Financial Statements and the Management Discussion and Analysis available under the Company's profile on www.sedar.com.

	<u>Q3 Fiscal 2016</u>	<u>Q3 Fiscal 2015</u>	<u>YTD Fiscal 2016</u>	<u>YTD Fiscal 2015</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue	\$ 2,435,120	\$ 2,718,764	\$ 8,526,797	\$ 10,048,351
Direct Expenses - Cost of cardholder rewards and marketing merchants to cardholders	650,440	805,284	2,251,596	2,738,918
Direct Expenses - Expense for provision against delinquent accounts	<u>102,577</u>	<u>1,156,219</u>	<u>411,071</u>	<u>1,381,147</u>
Gross profit	\$ 1,682,103	\$ 757,261	\$ 5,864,130	\$ 5,928,286
Selling and General & Administrative	1,536,776	1,979,153	4,726,477	6,114,672
Restructuring cost	-	805,892	-	805,892
Earnings from operations before depreciation, amortization and interest	\$ 145,327	\$ (2,027,784)	\$ 1,137,653	\$ (992,278)
Cash interest on loan payable and debentures	<u>480,596</u>	<u>373,051</u>	<u>1,260,932</u>	<u>1,215,125</u>
Earnings from operations before depreciation, amortization and non-cash interest on debentures (accretion charges)	\$ (335,269)	\$ (2,400,835)	\$ (123,279)	\$ (2,207,403)
Depreciation and amortization	117,069	125,187	351,221	328,646
Non cash interest expense on debentures	<u>58,832</u>	<u>56,133</u>	<u>174,444</u>	<u>170,379</u>
Net (loss) and Comprehensive (loss)	\$ (511,170)	\$ (2,582,155)	\$ (648,944)	\$ (2,706,428)

⁽¹⁾ EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by the issuer's GAAP and is unlikely to be comparable to similar measures presented by other issuers. It is provided as additional information to assist readers in understanding a component of the Company's financial performance. In case of the Company, nine months ended March 31, 2016, the EBITDA of \$1,137,653 is equivalent to Earnings from operations before depreciation, amortization and interest per the statements of (loss) and comprehensive (loss) which is a part of the interim consolidated financial statements for the three and nine months ended March 31, 2016.

⁽²⁾ The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The information is extracted from consolidated financial statements for the three and nine months ended March 31, 2016.

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.

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

	Note	March 31, 2016	June 30, 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 648,325	\$ 1,162,609
Accounts receivable		396,430	460,446
Transaction credits	5	8,483,704	7,819,647
Inventory	6	37,100	144,874
Prepaid expenses and sundry assets		181,524	173,777
		<u>\$ 9,747,083</u>	<u>\$ 9,761,353</u>
Non-current assets			
Property, plant and equipment		\$ 120,847	\$ 165,735
Intangible assets		227,374	477,992
		<u>\$ 348,221</u>	<u>\$ 643,727</u>
Total assets		\$ 10,095,304	\$ 10,405,080
Liabilities			
Current liabilities			
Loan payable	7	\$ 6,221,134	\$ 5,711,525
Accounts payable and accrued liabilities		3,949,533	4,294,418
12% Non-convertible debentures payable	8	5,039,246	-
		<u>\$ 15,209,913</u>	<u>\$ 10,005,943</u>
Non-current liabilities			
12% Non-convertible debentures payable	8	\$ -	\$ 4,864,802
Total liabilities		\$ 15,209,913	\$ 14,870,745
Shareholders' deficiency			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(33,688,163)	(33,039,219)
Total deficiency		\$ (5,114,609)	\$ (4,465,665)
Total liabilities and deficiency		\$ 10,095,304	\$ 10,405,080

Economic and Financial dependence (note 2a), Going concern (note 2b), Commitments and contingencies (note 12)

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

Approved by the Board

Director: Signed "William Polley"

William Polley

Director: Signed "Kelly Ambrose"

Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of (loss) and Comprehensive (loss) (unaudited)
For the three and nine months ended March 31, 2016 and 2015
(expressed in Canadian dollars)

	Note	<u>Three months ended March 31</u>		<u>Nine months ended March 31</u>	
		2016	2015	2016	2015
		\$	\$	\$	\$
<u>Consolidated Statements of (loss)</u>					
Revenues	15	\$ 2,435,120	\$ 2,718,764	\$ 8,526,797	\$ 10,048,351
Direct expenses	14/15	<u>753,017</u>	<u>1,961,503</u>	<u>2,662,667</u>	<u>4,120,065</u>
		1,682,103	757,261	5,864,130	5,928,286
Operating expenses					
Selling and marketing	14/15	594,977	841,932	2,026,725	2,664,869
General and administrative	14/15	941,799	1,137,221	2,699,752	3,449,803
Restructuring cost		<u>-</u>	<u>805,892</u>	<u>-</u>	<u>805,892</u>
Earnings from operations before depreciation, amortization and interest		145,327	(2,027,784)	1,137,653	(992,278)
Interest expense:					
Stated interest expense - loan payable, and debentures	7, 8	480,596	373,051	1,260,932	1,215,125
Non-cash interest expense on debentures	8	<u>58,832</u>	<u>56,133</u>	<u>174,444</u>	<u>170,379</u>
		(394,101)	(2,456,968)	(297,723)	(2,377,782)
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>117,069</u>	<u>125,187</u>	<u>351,221</u>	<u>328,646</u>
Net (loss) and comprehensive (loss)		\$ (511,170)	\$ (2,582,155)	\$ (648,944)	\$ (2,706,428)
Earnings per share					
Basic and Diluted	13	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.02)

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the three and nine months ended March 31, 2016 and 2015
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₹	₹	₹	₹	₹	₹
Balance - July 1, 2014	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (29,968,616)	\$ (1,395,062)
Net (loss) and comprehensive (loss)	-	-	-	-	(2,706,428)	(2,706,428)
Balance - March 31, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (32,675,044)	\$ (4,101,490)
Balance - July 1, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Net (loss) and comprehensive (loss)	-	-	-	-	(648,944)	(648,944)
Balance - March 31, 2016	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,688,163)	\$ (5,114,609)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the nine months ended March 31, 2016 and 2015
(expressed in Canadian dollars)

	Note	March 31, 2016	March 31, 2015
		\$	\$
Operational activities			
Net (loss) for the period		\$ (648,944)	\$ (2,706,428)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		351,221	328,646
Accretion charge for debentures	8	<u>174,444</u>	<u>170,379</u>
		(123,279)	(2,207,403)
Changes in items of working capital			
Accounts receivable		64,016	378,145
Transaction credits		(664,057)	2,084,164
Inventory		107,774	(84,451)
Prepaid expenses and sundry assets		(7,747)	(76,756)
Accounts payable and accrued liabilities		<u>(344,885)</u>	<u>16,518</u>
		(844,899)	2,317,620
Net cash provided by operating activities		\$ (968,178)	\$ 110,217
Investing activities			
Purchase of property, plant and equipment, and intangible assets		<u>\$ (55,715)</u>	<u>\$ (305,750)</u>
Net cash (used in) investing activities		\$ (55,715)	\$ (305,750)
Financing activities			
Proceeds from loan payable	7	\$ 509,609	\$ (470,115)
Transaction costs respecting debentures financing		<u>-</u>	<u>(24,206)</u>
Net cash generated from / (used in) financing activities		\$ 509,609	\$ (494,321)
Increase / (decrease) in cash and cash equivalents during the period		\$ (514,284)	\$ (689,854)
Cash and cash equivalents at beginning of period		<u>1,162,609</u>	<u>1,815,805</u>
Cash and cash equivalents at end of period		\$ 648,325	\$ 1,125,951
Additional information			
Interest paid		\$ 1,002,132	\$ 1,352,224
For purposes of the cash flow statement, cash comprises			
Cash		\$ 643,325	\$ 1,120,951
Term deposits		<u>5,000</u>	<u>5,000</u>
		<u>\$ 648,325</u>	<u>\$ 1,125,951</u>

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