



ADVANTEX

NEWS RELEASE

ADX: TSXV

Advantex Announces Fiscal 2010 Second Quarter Results

- Advantex reports Net Profit for second consecutive quarter.
- Company achieves operational improvements, despite weak economy, in second quarter vs. corresponding period previous year:
 - Revenue up \$582,000 (17.4% +) to \$3.9 million;
 - Contribution from Operations (EBITDA) up \$222,000 to \$745,000.
- Increasing merchant participation in Canadian Loyalty programs driving operational improvements

Toronto, February 10, 2010 – Advantex Marketing International Inc. (TSXV:ADX), a leading specialist in loyalty marketing programs and merchant funding, today announced its results for the fiscal second quarter ended December 31, 2009. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

“The solid results of the second quarter are a reflection of efforts to strengthen the Company by increasing the number of merchants participating in Advantex programs, and operational improvements. We now have over 650 merchants participating in our CIBC Advantex programs, a record participation level,” said Kelly Ambrose, Chief Executive Officer and President.

“Advantex is well positioned to build on this achievement, and we expect to add significant incremental revenue streams towards the end of fiscal 2010 by expanding our existing loyalty marketing and merchant funding programs into new business segments. We are in advanced stages of finalizing arrangements, with new and existing affinity partners and existing lenders, which will enable this expansion. We will leverage our existing infrastructure and processes to implement the expansion in new business segments,” Mr. Ambrose said.

Key operational metrics are summarized in the table.

Fiscal Year	Revenues		EBITDA *		Net Profit / (Loss)	
	3 months ended December	6 months ended December	3 months ended December	6 months ended December	3 months ended December	6 months ended December
Current Fiscal 2010	\$3,925,000	\$7,406,000	\$745,000	\$1,460,000	\$166,000	\$297,000
Fiscal 2009	\$3,343,000	\$6,453,000	\$523,000	\$1,103,000	\$ 20,000	\$ 75,000
Fiscal 2008	\$3,237,000	\$6,082,000	\$ 28,000	(\$17,000)	(\$330,000)	(\$696,000)

* EDITDA is a non –GAAP measure. It demonstrates the Company’s ability to generate cash from its operations

Advantex earns revenue as customers make purchases at establishments participating in its programs. While the Company continues to be cautiously optimistic of its operational performance during the balance of Fiscal 2010, it will continue to be subjected to weakness in the economy. In addition, the Company results will reflect seasonality of consumer spend, with the January to March quarter being historically the weakest revenue quarter for the Company.

With regards to its existing agreement with CIBC that expires June 30, 2010, the Company believes its CIBC Advantex programs offer an attractive method for eligible CIBC credit cardholders to accelerate accumulation of loyalty rewards, and is working towards a multi year renewal with CIBC on mutually beneficial terms.

The Company believes its Advance Purchase Marketing (APM) model which offers loyalty, marketing, and merchant funding is a winning product. APM appeals to small businesses because it delivers marketing value and access to working capital. We expect it to be well received when it is launched in new business segments outside of the current restaurant sector.

“Renewal and/or extension of the existing CIBC agreement, and finalization of agreements that will allow the Company to launch its products, particularly APM, in new business segments are priorities for the balance of fiscal 2010,” said Mr. Ambrose.

About Advantex Marketing International Inc.

Advantex is a specialist in the marketing services industry, managing white-labeled rewards accelerator programs for major affinity groups through which their members earn bonus frequent flyer miles and/or other rewards on purchases at participating merchants. Under the umbrella of each program, Advantex provides merchants with marketing, customer incentives, and secured future sales through its Advance Purchase Marketing model. Advantex partners include more than 1000 restaurants, online retailers, golf courses, small inns and resorts, and major organizations, including CIBC, United Airlines, Alaska Airlines, and Lufthansa Airlines. Advantex is traded on the TSX Venture Exchange under the symbol "ADX". For additional information on Advantex, please visit www.advantex.com.

“Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.”

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 the Company believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Such forward-looking information relates to, without limitation, information regarding: the Company’s belief that it will be able to reach agreement with existing and or new affinity groups to launch its product offering, in particular the APM program, in new business segments during Fiscal 2010 and beyond; the size of the market for the Company’s products, in particular the APM program, in the new business segments; the Company’s ability to extend its current agreement with CIBC beyond June 30, 2010; the Company’s ability to expand its product offering in existing business segments (dining, golf, small inns and spas) allowed under the current CIBC agreement during Fiscal 2010 and beyond; the Company’s ability to continue to access financing under its existing line of credit facility, and or its ability to access additional debt with respect to expanding the APM program within the existing business segments and launching and or expanding into new business segments during Fiscal 2010 and beyond; expectations relating to consumer spending and trends; the Company’s anticipated increase in the number of establishments with which it will do business; the Company’s expectations with respect to its operational performance during the balance of Fiscal 2010; the impact on the Company’s revenues, results and cash flows that increased merchant participation would have; the continued impact of economic conditions on the Company’s performance; the Company’s ability to leverage existing infrastructure and processes to scale its business; the Company’s ability to renew the agreement with United Airlines beyond August, 2010; the ability of

management to obtain waivers or renegotiate the covenants of the Company's convertible debt if a default in respect of the same arises; Company's expectation with respect to renewal or replacement of the non convertible debentures on their maturity in December, 2010; 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. With respect to the forward-looking information contained in this Press Release, the Company has made assumptions regarding, among other things, its ability to access current and future financing; current and future economic and market conditions and the impact of same on the Company's business; ongoing and future revenue sources; future business levels; interest and currency rates; the impact of an extension of the agreement with CIBC on future business; ongoing consumer interest in accumulating frequent flyer miles; and the Company's ability to manage risks connected to collection of transaction credits. 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, changes in general economic and market conditions, changes to regulations affecting the Company's activities, uncertainties relating to the availability and costs of financing needed in the future, delays in finalizing agreements that allow the Company to launch its products in new business segments, the termination or expiration of the CIBC agreement, expiration of the United Airlines agreement, any adverse change to the currently agreed payment plan with the CRA, currency risks, the inability of the Company to collect under its APM program, the Company's financial status, and other factors, including without limitation, those listed under "General Risks and Uncertainties" and "Economic Dependence" in the Company's Management Discussion and Analysis for the six months ended December 31, 2009. 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.

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ADVANTECH MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three month and six month periods
Ended December 31, 2009

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 financial statements.

ADVANTECH MARKETING INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(unaudited – note 1)

	Note	<u>December 31, 2009</u>	<u>June 30, 2009</u>
		\$	\$
ASSETS			
Current:			
Cash and cash equivalents		415,058	344,180
Accounts receivable		965,809	506,380
Transaction credits		9,171,451	8,151,185
Aeronotes	8	502,799	-
Prepaid expenses and sundry assets		<u>350,598</u>	<u>223,066</u>
		<u>11,405,715</u>	<u>9,224,811</u>
Long-term:			
Property, plant and equipment		625,122	652,639
TOTAL ASSETS		<u>\$12,030,837</u>	<u>\$9,877,450</u>
LIABILITIES			
Current:			
Loan payable	5	1,887,804	980,988
Accounts payable and accrued liabilities		4,165,965	3,544,327
Non-convertible debentures payable	6	<u>2,569,982</u>	-
		<u>8,623,751</u>	<u>4,525,315</u>
Long-term:			
Non-convertible debentures payable	6	-	2,519,661
Convertible debentures payable	7	<u>4,961,226</u>	<u>4,713,408</u>
		<u>4,961,226</u>	<u>7,233,069</u>
		<u>13,584,977</u>	<u>11,758,384</u>
SHAREHOLDERS' DEFICIENCY			
Capital Stock			
Class A preference shares		3,815	3,815
Common shares		<u>24,106,281</u>	<u>24,106,281</u>
		24,110,096	24,110,096
Contributed surplus	4	608,379	578,090
Equity portion of debentures	7	2,114,341	2,114,341
Warrants	6/7	374,554	374,554
Deficit		<u>(28,761,510)</u>	<u>(29,058,015)</u>
		<u>(1,554,140)</u>	<u>(1,880,934)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		<u>\$12,030,837</u>	<u>\$9,877,450</u>

(see accompanying notes)

Economic Dependence and Going Concern (note 1b)
Taxation (note 11)

ADVANTECH MARKETING INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF PROFIT AND COMPREHENSIVE PROFIT
(unaudited – note 1)

	Three Months Ended		Six Months Ended	
	December 31		December 31	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
REVENUE	3,924,877	3,342,760	7,405,877	6,452,946
Direct expenses	<u>1,534,188</u>	<u>1,130,878</u>	<u>2,651,320</u>	<u>2,114,329</u>
GROSS PROFIT	<u>2,390,689</u>	<u>2,211,882</u>	<u>4,754,557</u>	<u>4,338,617</u>
OPERATING EXPENSES				
Selling and marketing	825,564	806,806	1,651,718	1,489,562
General and administrative	<u>819,730</u>	<u>881,725</u>	<u>1,642,707</u>	<u>1,745,914</u>
	1,645,294	1,688,531	3,294,425	3,235,476
CONTRIBUTION FROM OPERATIONS	745,395	523,351	1,460,132	1,103,141
Stock-based compensation	<u>8,289</u>	<u>18,000</u>	<u>30,289</u>	<u>35,067</u>
PROFIT BEFORE AMORTIZATION AND INTEREST	737,106	505,351	1,429,843	1,068,074
Amortization of property, plant and equipment	99,271	68,628	188,753	139,972
Interest expense				
Stated interest expense – loan payable, non-convertible debentures, and other	154,748	107,485	311,814	248,174
Stated interest expense - convertible debentures	151,233	151,233	302,466	302,466
Accretion charge on debentures, and amortization of deferred financing charges	<u>166,248</u>	<u>157,741</u>	<u>330,305</u>	<u>302,121</u>
NET PROFIT AND COMPREHENSIVE PROFIT FOR THE PERIOD	<u>\$165,606</u>	<u>\$20,264</u>	<u>\$296,505</u>	<u>\$75,341</u>
NET PROFIT PER COMMON SHARE	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

(see accompanying notes)

ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF DEFICIT
(unaudited – note 1)

	Three Months Ended		Six Months Ended	
	<u>December 31</u>		<u>December 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
BALANCE AT THE START OF PERIOD	(28,927,116)	(28,149,008)	(29,058,015)	(28,204,085)
Net profit for the period	<u>165,606</u>	<u>20,264</u>	<u>296,505</u>	<u>75,341</u>
BALANCE AT THE END OF PERIOD	<u>(28,761,510)</u>	<u>(28,128,744)</u>	<u>(28,761,510)</u>	<u>(28,128,744)</u>

(see accompanying notes)

ADVANTECH MARKETING INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited – note 1)

	Three Months Ended <u>December 31</u>		Six Months Ended <u>December 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net profit for the period	\$165,606	\$20,264	\$296,505	\$75,341
Items not affecting cash				
Amortization of property, plant and equipment	99,271	68,628	188,753	139,972
Accretion charge on debentures	119,700	111,193	237,209	209,088
Amortization of deferred financing charges	46,548	46,548	93,096	93,033
Stock-based compensation	<u>8,289</u>	<u>18,000</u>	<u>30,289</u>	<u>35,067</u>
	439,414	264,633	845,852	552,501
Changes in non-cash working capital items				
Accounts receivable	(527,729)	211,066	(459,429)	(426,559)
Transaction credits	(719,761)	(885,903)	(1,020,266)	(17,057)
Prepaid expenses and sundry assets	(69,305)	(108,960)	(127,532)	(115,271)
Aeronotes	(502,799)	-	(502,799)	-
Accounts payable and accrued liabilities	<u>710,818</u>	<u>185,352</u>	<u>621,638</u>	<u>678,107</u>
	(1,108,776)	(598,445)	(1,488,388)	119,220
Movement in Long-term other liabilities	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>(120,000)</u>
Cash provided by/(utilized in) operating activities	(669,362)	(373,812)	(642,536)	551,721
FINANCING ACTIVITIES				
Financing charges – non convertible debenture	-	-	-	(1,833)
Loan payable	<u>464,112</u>	<u>46,767</u>	<u>874,650</u>	<u>(530,830)</u>
	464,112	46,767	874,650	(532,663)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(108,745)	(86,569)	(161,236)	(156,257)
MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(313,995)	(413,614)	70,878	(137,199)
Cash and cash equivalents at the start of period	729,053	421,209	344,180	144,794
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$415,058	\$7,595	\$415,058	\$7,595
ADDITIONAL INFORMATION				
Interest paid	\$454,748	\$453,000	\$611,814	\$558,000

(see accompanying notes)