ADVANTEX

**NEWS RELEASE**

For Immediate Release
ADX: TSXV

# Advantex Reports Net Profit for Fiscal 2010

- Total revenues up 17% to $14.3 million; CIBC Advantex programs revenue up 24% to $12.0 million
- Contribution from operations (EBITDA) up 90% to $2.5 million
- Profit before non-cash expenses up 504% to $1.2 million
- Net Profit of $34,000, a turnaround of $888,000
- Merchants participating in CIBC Advantex programs increase 34% to 720

**Toronto, October 27, 2010** – Advantex Marketing International Inc. ("Advantex" or the "Company"), a leading specialist in merchant funding and loyalty marketing programs, today announced its results for the fiscal fourth quarter and year ended June 30, 2010. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

## Fiscal 2010 Overview

"The restructuring efforts of the past four fiscal years connected to improving the value proposition of our programs, increasing merchant participation, improving internal processes, strengthening relationships with affinity and financial partners, and finally a thorough review of costs have paid off and the Company is reporting a Net Profit this Fiscal year after 14 consecutive years of losses," said Kelly Ambrose, Advantex President and Chief Executive Officer. "We have completed several key initiatives - in September, 2010 renewal of agreements with Canadian Imperial Bank of Commerce ("CIBC"), and Accord Financial Inc. ("Accord"), and in March, 2010 signing of a new agreement with Aeroplan Canada Inc. ("Aeroplan") - that should continue to grow the number of merchants participating in Advantex's programs, and consequently increase its revenues, and profitability during Fiscal 2011".

Financial Highlights

| | 3 months ended June 30, 2010 | 3 months ended June 30, 2009 | 12 months ended June 30, 2010 | 12 months ended June 30, 2009 |
|---|---|---|---|---|
| Revenues | $3,715,000 | $3,130,000 | $14,276,000 | $12,192,000 |
| Gross Profit | $2,434,000 | $2,064,000 | $ 9,215,000 | $ 8,004,000 |
| Gross Margin | 65.5% | 65.9% | 64.6% | 65.7% |
| Contribution from Operations (EBITDA) | $ 693,000 | $ 457,000 | $ 2,519,000 | $ 1,323,000 |
| Profit before Amortization and Interest | $ 673,000 | $ 439,000 | $ 2,451,000 | $ 1,252,000 |
| Amortization | $ 136,000 | $ 106,000 | $ 459,000 | $ 349,000 |
| Interest | $ 524,000 | $ 469,000 | $ 1,958,000 | $ 1,757,000 |
| Net Profit/(Loss) | $ 13,000 | $(135,000) | $ 34,000 | $ (854,000) |

Some numbers in the above presentation may not add due to rounding.

The Company’s core source of revenues, its CIBC Advantex programs increased 23.9% in Fiscal 2010, a reflection of increased merchant participation in the programs. Within the CIBC Advantex programs, the dominant product was the Company’s Advance Purchase Marketing (“APM”) program with revenues of $7.4 million in Fiscal 2010 vs. $6.1 million in Fiscal 2009. The Marketing Only programs maintained a steady growth and contributed revenues of $4.6 million in Fiscal 2010 vs. $3.6 million in Fiscal 2009.

With respect to the secondary source of revenues, the Fiscal 2010 Online Shopping Mall revenue declined 8.3% ($0.2 million), consequent to weak consumer spending and strengthening of the Canadian Dollar (reporting currency) vs. US Dollar (the currency in which the Company earns its revenues).

The Gross Margin, and SG&A for Fiscal 2010 were flat vs. Fiscal 2009, reflecting the Company’s ability to protect its margin, implement improvements in internal processes, and capitalization of internal costs expended on software development connected to ensuring operability of the Company’s loyalty marketing programs sponsored by its affinity partners.

The cash interest expense [disclosed as “Stated interest expense” in the Consolidated Financial Statements] for Fiscal 2010 was $1.3 million vs. $1.1 million for Fiscal 2009. The Company deploys the funds accessed from its lenders with merchants activated under its APM program. The funds deployed are reflected as Transaction credits on the Consolidated Balance Sheet. The increase in cash interest expense reflects partially higher utilization of Loan Payable (as at June 30, 2010 $3.1 million vs. $1.1 million as at June 30, 2009) and partially the increase in interest rate with respect to the Loan Payable. The higher Loan Payable utilization has been used exclusively to increase merchant participation in Company’s APM program as reflected in higher Transaction credit balances carried by the Company (as at June 30, 2010 $9.5 million vs. $8.2 as at June 30, 2009), and the consequent increase in APM revenues during Fiscal 2010 vs. Fiscal 2009. The second component of the total interest cost is non-cash expense and represents amortization of deferred financing costs and accretion charges on debentures (Fiscal 2010 $0.7 million vs. Fiscal 2009 $0.6 million)

The Company is reporting a Net Profit for Fiscal 2010 of $34,000 vs. a Net Loss for Fiscal 2009 of $854,000, and the turnaround is $888,000.

Transaction credits are a likely indicator of future revenues from the APM program. The Company, therefore, attempts to maximize Transaction credits, and deploys cash, surplus to its operating needs, with participating merchants.

In July, 2010 United Airlines advised that it would not be continuing its relationship with the Company beyond October, 2010. United Airlines accounted for a significant portion of online shopping mall revenues. In October, 2010 the Company gave notice of termination to its remaining online shopping mall clients and will shut down its online business in January, 2011. This secondary activity accounted for about 10% of the gross profit for Fiscal 2010. The Company has implemented appropriate steps to mitigate the impact on its Fiscal 2011 profitability from the shutdown of its online business. The first quarter of Fiscal 2011 will be affected by severance payments to staff laid off as a part of such steps.

The Company also expects to renew its Non-convertible debentures prior to their maturity in December, 2010.

While the Company met its financial covenants with respect to its Convertible Debentures, and in the past has been successful in negotiating waivers, the Company may not meet its financial covenants subsequent to year end and consequently the Convertible debentures maturing December, 2011 have been classified as a current liability in the Consolidated Financial Statements.

The Company continues to make payments to Canada Revenue Agency under a 24 month payment plan pending the outcome to its notice of objection filed in response to CRA notice of re-assessment issued in April, 2009.

**Prospects for Fiscal 2011**

In September, 2010, the Company renewed its existing arrangement with CIBC, and signed a new multi-year agreement which enables the Company to continue to grow its base of participating merchants under the CIBC Advantex programs in the existing Dining segment (mainly Canadian restaurant space). With the signing in March, 2010 of a multi-year agreement with Aeroplan, the Company is able to market its programs – APM, and Marketing Only - outside of its existing merchant base in Dining and expand into Retail segment (men’s and ladies fashion, footwear and accessories), and consequently accelerate growth of merchant participation in its programs. The Company launched its programs, sponsored by Aeroplan, in the Retail segment on September 1, 2010.

Within its program offerings, the Company expects APM to continue to be the driver for increasing merchant participation. In September, 2010, the Company and Accord signed an agreement extending the term of the existing line of credit facility (Loan Payable per Consolidated Financial Statements) for an additional three year period ending in December, 2013. The facility has been increased to $8.5 million, and access to such capital will enable the Company to support the growth of its APM program.

The Company expects the historical seasonality trends to continue during Fiscal 2011. Furthermore, the Company expects the weak consumer spending prevalent since the fall of calendar 2008 to continue during Fiscal 2011.

Merchant participation is the main driver that determines the profitability of the Company. Market acceptance of the Company’s programs and its ability to achieve merchant growth has now been demonstrated. With program expansion opportunities in a new Retail segment and potential in the existing Dining segment, the Company expects continued improvement over its Fiscal 2010 financial performance in Fiscal 2011.

**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 additionally secured future sales through its Advance Purchase Marketing model. Advantex partners include more than 1,000 restaurants, golf courses, small inns and resorts, hotels, retailers, CIBC, and Aeroplan. Advantex is traded on the TSX Venture Exchange under the symbol "ADX". For additional information on Advantex, please visit 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 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 the completion of several key initiatives – agreements with CIBC, Accord, and Aeroplan - should enable the Company to continue to grow the number of merchants participating in

Advantex's programs, and consequently increase its revenues, and profitability during Fiscal 2011; the Company's belief that Transaction credits are a likely indicator of future revenues from the APM program; the Company's expectation that the steps implemented to mitigate the impact on its Fiscal 2011 profitability from shutdown of its online business are appropriate; the Company's expectation with respect to renewing the Non-convertible debentures maturing in December, 2010; the Company's ability to obtain waivers or renegotiate the covenants of the Company's Convertible debentures if a default in respect of the same arises; the Company's belief that its tax filing positions are appropriate and supportable; the ability of the Company to satisfy payments under the 24 month payment plan agreed with CRA; the size of the market for the Company's products in the Dining and Retail segments; the Company's anticipated increase in the number of merchants with which it will do business; the Company's expectation with respect to consumer spending and seasonality trends in Fiscal 2011; the Company's expectation with respect to using the access to line of credit facility to support the growth of the APM program; the Company's expectation that APM program will be the driver for increasing merchant participation; the Company's belief that merchant participation is the main driver that determines the profitability of the Company; the Company's expectation with respect to continued improvement over its Fiscal 2010 financial performance in Fiscal 2011; 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 future financing; continued affinity partner participation with the Company; its ability to renew Non-convertible debentures on substantially existing terms and conditions; continued support from its providers of Loan Payable and Convertible debentures; 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 the agreements with CIBC and Aeroplan on future business; the appropriateness of the Company's tax filing position; ongoing consumer interest in accumulating frequent flyer miles; and the Company's ability to manage risks connected to collection of transaction credits; sufficiency of the mitigation efforts consequent to shutdown of the Online business.

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 including those connected to renewal of Non-convertible debentures agreement and the continued support of Convertible debenture holders in the event the Company is in breach of a financial covenant; the termination of the CIBC agreement; termination of the Aeroplan agreement; any adverse change to the currently agreed payment plan with the CRA; 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 Fiscal year ended June 30, 2010.

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.

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.

- 30 -

For further information please contact:
Mukesh Sabharwal
Vice-President and Chief Financial Officer
Tel: 905-470-9558 ext. 249
E-mail: Mukesh.sabharwal@advantex.com

## ADVANTEX MARKETING INTERNATIONAL INC.
## CONSOLIDATED BALANCE SHEETS
## AS AT JUNE 30, 2010 AND 2009

| | NOTE | June 30, 2010 | June 30, 2009 |
|---|---|---|---|
| **ASSETS** | | | |
| Current: | | | |
| Cash and cash equivalents | | $505,941 | $344,180 |
| Accounts receivable | | 700,927 | 506,380 |
| Transaction credits | 1(e) | 9,538,364 | 8,151,185 |
| Aeronotes | 3 | 381,309 | - |
| Prepaid expenses and sundry assets | | 249,510 | 223,066 |
| | | 11,376,051 | 9,224,811 |
| Long-term: | | | |
| Property, plant and equipment | 4 | 807,315 | 652,639 |
| **TOTAL ASSETS** | | **$12,183,366** | **$9,877,450** |
| **LIABILITIES** | | | |
| Current*:* | | | |
| Loan payable | 5 | $3,030,549 | $980,988 |
| Accounts payable and accrued liabilities | | 3,093,652 | 3,544,327 |
| Non-convertible debentures payable | 6 | 2,620,705 | - |
| Convertible debentures payable | 7 | 5,217,578 | - |
| | | 13,962,484 | 4,525,315 |
| Long-term: | | | |
| Non-convertible debentures payable | 6 | - | 2,519,661 |
| Convertible debentures payable | 7 | - | 4,713,408 |
| | | - | 7,233,069 |
| | | 13,962,484 | 11,758,384 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Capital Stock | 8 | | |
| Class A preference shares | | 3,815 | 3,815 |
| Common shares | | 24,106,281 | 24,106,281 |
| | | 24,110,096 | 24,110,096 |
| Contributed surplus | | 645,879 | 578,090 |
| Equity portion of debentures | 7 | 2,114,341 | 2,114,341 |
| Warrants | 6/7 | 374,554 | 374,554 |
| Deficit | | (29,023,988) | (29,058,015) |
| | | (1,779,118) | (1,880,934) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | **$12,183,366** | **$9,877,450** |

**Nature of Business and Going Concern (note 1a)**
**Commitments and contingencies (note 12)**

Approved by the Board:

(Signed): "William Polley"
Director:_______________________
William Polley

(Signed): "Kelly E. Ambrose"
Director:_________________________
Kelly E. Ambrose

## ADVANTEX MARKETING INTERNATIONAL INC.
## CONSOLIDATED STATEMENTS OF PROFIT/(LOSS) AND COMPREHENSIVE PROFIT/(LOSS)
## YEARS ENDED JUNE 30, 2010 AND 2009

| | NOTE | 2010 | 2009 |
|---|---|---|---|
| **REVENUE** | | $14,276,009 | $12,192,321 |
| Direct expenses | | 5,060,672 | 4,188,024 |
| **GROSS PROFIT** | | 9,215,337 | 8,004,297 |
| **OPERATING EXPENSES** | | | |
| Selling and marketing | | 3,361,037 | 3,042,593 |
| General and administrative | | 3,335,522 | 3,638,816 |
| | | 6,696,559 | 6,681,409 |
| **CONTRIBUTION FROM OPERATIONS** | | 2,518,778 | 1,322,888 |
| Stock-based compensation | | 67,789 | 71,067 |
| **PROFIT BEFORE AMORTIZATION AND INTEREST** | | 2,450,989 | 1,251,821 |
| Amortization of property, plant and equipment | | 458,522 | 349,132 |
| Interest expense | | | |
| Stated interest expense – loan payable, non-convertible debentures, and other | | 688,894 | 521,773 |
| Stated interest expense - convertible debentures | | 600,000 | 597,389 |
| Accretion charge on debentures and amortization of deferred financing charges | 6/7 | 669,546 | 637,457 |
| | | 2,416,962 | 2,105,751 |
| **NET PROFIT/(LOSS) AND COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR** | | **$34,027** | **$(853,930)** |
| **BASIC EARNINGS PER SHARE** | 10 | **$0.00** | **$(0.01)** |
| **DILUTED REANINGS PER SHARE** | 10 | **$0.00** | **$0.00** |

**ADVANTEX MARKETING INTERNATIONAL INC.**
**CONSOLIDATED STATEMENTS OF DEFICIT**
**YEARS ENDED JUNE 30, 2010 AND 2009**

| | 2010 | 2009 |
|---|---|---|
| **BALANCE AT THE START OF THE YEAR** | **$(29,058,015)** | **$(28,204,085)** |
| Net profit/(loss) for the year | 34,027 | (853,930) |
| **BALANCE AT THE END OF THE YEAR** | **$(29,023,988)** | **$(29,058,015)** |

**ADVANTEX MARKETING INTERNATIONAL INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2010 and 2009**

| | NOTE | 2010 | 2009 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net profit/(loss) for the year | | $34,027 | $(853,930) |
| **Items not affecting cash** | | | |
| Amortization of property, plant and equipment | | 458,522 | 349,132 |
| Accretion charge on debentures | 6/7 | 483,354 | 437,703 |
| Amortization of deferred financing charges | | 186,192 | 199,754 |
| Stock-based compensation | | 67,789 | 71,067 |
| | | 1,229,884 | 203,726 |
| Changes in non-cash working capital items | | | |
| Accounts receivable | | (194,547) | 298,293 |
| Transaction credits | | (1,387,179) | (850,273) |
| Aeronotes | | (381,309) | - |
| Prepaid expenses and sundry assets | | (26,444) | (108,088) |
| Accounts payable and accrued liabilities | | (450,675) | 880,248 |
| | | (2,440,154) | 220,180 |
| Decrease in Long-term other liabilities | | - | (205,955) |
| **Cash provided by/(utilized in) operating activities** | | (1,210,270) | 217,951 |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from draw of credit facility | | 1,985,229 | 253,208 |
| Credit facility costs | | - | (15,458) |
| | | 1,985,229 | 237,750 |
| **INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (613,198) | (256,315) |
| **MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE YEAR** | | **161,761** | **199,386** |
| Cash and cash equivalents at the beginning of the year | | 344,180 | 144,794 |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR** | | **$505,941** | **$344,180** |
| **ADDITIONAL INFORMATION** | | | |
| Interest paid | | $1,288,894 | $1,221,371 |