ADVANTEX

**NEWS RELEASE**

For Immediate Release
ADX: CNSX

# Advantex Announces Results for Fiscal Year ended June 30, 2011

- Merchant participation in programs up 31%. Average number of participating merchants during Fiscal 2011was 823 vs. 627 during Fiscal 2010.
- Revenues up 13%. Fiscal 2011 at $13.5 million vs. $12.0 million for Fiscal 2010.
- Gross Profit up 9%. Fiscal 2011 at $9.1 million vs. $8.3 million for Fiscal 2010.
- Contribution from Operations (EBITDA*). Fiscal 2011 at $2.2 million vs. $2.3 million for Fiscal 2010.

**Toronto, October 28, 2011** – 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, 2011. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

## Year ended June 30, 2011 (Fiscal 2011) Overview

"We had many successes in securing opportunities that will allow the Company to expand its business profitably. A multi-year renewal of our agreement with the Canadian Imperial Bank of Commerce ("CIBC"), an arrangement that accounts for about 90% of the Company's gross profit; the launch of the Company's programs into a new business segment per agreement with Aeroplan Canada Inc. ("Aeroplan"); and extension of its agreement with Accord Financial Inc. ("Accord") that gives access to a $8.5 million line of credit which the Company can access to increase merchant participation in its Advance Purchase Marketing ("APM") program are key highlights during this fiscal year. Additionally, the Company re-financed its debentures providing financial stability, and increased the average number of merchants participating in its program to 823 during current Fiscal 2011 from 627 during previous Fiscal 2010," said Kelly Ambrose, Advantex President and Chief Executive Officer.

"While the operational launch of the Aeroplan sponsored program was a success in terms of merchant recruitment and consumer usage, the financial outcome was below expectations because of higher than planned reward cost due to dramatically higher consumer uptake of the loyalty reward program. Accordingly, in conjunction with Aeroplan, we lowered reward cost per transaction. However, by the time the reward issue was rectified in March 2011, and the Company re-started the sales process, about four months of selling time was lost. Sales staff was ramped up, to take advantage of the Aeroplan and other opportunities, during the third quarter of Fiscal 2011, and the results for Fiscal 2011 reflect the cost, while its benefits in terms of increased merchant participation and higher revenues are expected to be enjoyed in the next fiscal year. The net outcome of high reward costs, lost selling time, and increased selling costs was a net loss despite a 13% increase in revenues. Our goal was to build on the net profit of $34,000 of Fiscal 2010 and from this perspective Fiscal 2011, despite a 13% increase in revenues, was a disappointment," said Mr. Ambrose.

**Financial Highlights**

| | 3 months ended June 30, 2011 | 3 months ended June 30, 2010 | 12 months ended June 30, 2011 | 12 months ended June 30, 2010 |
|---|---|---|---|---|
| Revenues | $3,667,000 | $3,195,000 | $13,523,000 | $11,961,000 |
| Gross Profit | $2,249,000 | $2,210,000 | $ 9,060,000 | $ 8,315,000 |
| Gross Margin | 61.3% | 69.2% | 67.0% | 69.5% |
| Contribution from Operations (EBITDA*) | $ 401,000 | $ 629,000 | $ 2,170,000 | $ 2,337,000 |
| Amortization | $ 89,000 | $ 137,000 | $ 439,000 | $ 459,000 |
| Stated Interest | $ 431,000 | $ 353,000 | $ 1,593,000 | $ 1,289,000 |
| Non-cash Interest | $ 134,000 | $ 171,000 | $ 612,000 | $ 670,000 |
| Profit / (Loss) Discontinued operations | $ - | $ 45,000 | $ (18,000) | $ 114,000 |
| Net Profit/(Loss) | $ (252,000) | $ 13,000 | $ (492,000) | $ 34,000 |

Some numbers in the above presentation may not add due to rounding.
* EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by the issuer's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. For the Company, the most directly comparable measure to EBITDA is Profit before Amortization and Interest.

The Company's revenues increased 13.1% in Fiscal 2011, a reflection of increased merchant participation in the programs. The Company's premier product, APM, generated revenues of $8.7 million in Fiscal 2011 compared with $7.4 million during Fiscal 2010, representing 64.6% and 61.5% of the Company's revenues for Fiscal 2011 and Fiscal 2010 respectively.

Gross Margins at 67.0% for Fiscal 2011 declined when compared with 69.5% for Fiscal 2010, due to increases in direct costs which in turn reflect higher cost of rewards associated with the participating merchants in men's and ladies fashion, footwear and accessories business segment.

SG&A in Fiscal 2011 at $6.9 million is 51.0% of revenues compared with $6.0 million, 50%, in Fiscal 2010, reflecting partially the increased sales staff to capitalize on the revenue expansion opportunities. The increase in SG&A is also partially consequent to staff salaries being restored in latter half of Fiscal 2010 to March, 2008 levels.

Stated interest cost (cash interest paid or payable) for Fiscal 2011 was $1.6 million compared with 1.3 million for Fiscal 2010. The higher dollar cost reflects both an increase in the utilization of the line of credit facility (loan payable) which the Company utilized to expand its APM program business, and increase in the interest rate on this facility effective March, 2010. The percent of cash interest to revenues in Fiscal 2011 is 11.8% compared with 10.8% in Fiscal 2010.

The Company closed down its online shopping mall business during the third quarter ended March 31, 2011 and it is now a discontinued operation. Respecting discontinued operation, Fiscal 2011 was a loss of $18,000 compared with a profit of $114,000 in Fiscal 2010.

The Company is reporting a Net Loss for Fiscal 2011 of $492,000 vs. a Net Profit for Fiscal 2010 of $34,000, an adverse decline of $526,000.

**Prospects for Fiscal 2012**

With multi-year affinity and financial partner arrangement now locked in, operational issues such as those connected to the Aeroplan program resolved, and potentially a large untapped merchant market for its programs, the Company believes it has a solid platform to grow its merchant base and ensure a sustainable high growth in its future revenues and profitability.

The ramp up in sales staff is beginning to yield results in Fiscal 2012, and the Company is confident of its ability to increase the number of merchants participating in its programs. The progress since June, 2011 has been encouraging. The Company's merchant base has grown from 923 at the end of June, 2011 to 1,034 by end of September, 2011. That being said, the uncertain economic outlook continues to be a worry; softness in the consumer spending given the recent pressures on household incomes is expected to impact their discretionary spending, and therefore put merchant margins under pressure which in turn impacts Advantex though slow-down in new sales, retention and lower fees as merchants attempt to cut costs.

**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 pre -purchase of merchants' future sales through its Advance Purchase Marketing (APM) model. Advantex partners include more than 1,000 merchants; CIBC; and Aeroplan. Advantex is traded on the Canadian National Stock 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. 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 belief that its success in securing opportunities to date will allow it to expand its business profitably; the Company's belief that the operational launch of the Aeroplan sponsored program was a success in terms of merchant recruitment and consumer usage; the Company's expectation that the benefits of ramp up in sales staff during Fiscal 2011 will be increased merchant participation and higher revenues in next fiscal year; the Company's belief that operational issues are resolved; the Company's belief that there is a large untapped merchant market for its programs; the Company's belief that it has a solid platform to grow its merchant base and ensure sustainable high growth in its future revenues and profitability; the Company's belief in its ability to increase the number of merchants participating in its programs; the Company's belief that the uncertain economic outlook may adversely impact its business; 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, the size of the market for the Company's programs; its ability to increase merchant participation in its programs; its ability to access future financing; continued affinity partner participation with the Company; continued support from its providers of Loan payable and holders of Debentures payable; 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 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.

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; level of merchant participation in the Company's programs; uncertainties relating to the availability and costs of financing needed in the future; termination of the CIBC agreement; termination of the Aeroplan agreement; currency risks; the financial impact from failure to meet its obligations noted under Contractual Obligations section of the Management Discussion and Analysis ("MD&A") for the fiscal year ended June 30, 2011; 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 MD&A for the fiscal year ended June 30, 2011.

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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## ADVANTEX MARKETING INTERNATIONAL INC.
## CONSOLIDATED BALANCE SHEETS
## AS AT JUNE 30, 2011 AND 2010

| | NOTE | June 30, 2011 | June 30, 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| Current: | | | |
| Cash and cash equivalents | | $5,000 | $505,941 |
| Accounts receivable | | 842,249 | 379,366 |
| Assets of discontinued operations | 17 | - | 321,561 |
| Transaction credits | 1(e) | 12,408,060 | 9,538,364 |
| Aeronotes | 4 | 66,451 | 381,309 |
| Prepaid expenses and sundry assets | | 248,541 | 249,510 |
| | | 13,570,301 | 11,376,051 |
| Long-term: | | | |
| Other asset | 5 | 100,000 | - |
| Property, plant and equipment | 6 | 761,177 | 807,315 |
| | | 861,177 | 807,315 |
| **TOTAL ASSETS** | | **$14,431,478** | **$12,183,366** |
| **LIABILITIES** | | | |
| Current: | | | |
| Bank Indebtedness | | $ 83,262 | $ - |
| Loan payable | 7 | 4,917,446 | 3,030,549 |
| Accounts payable and accrued liabilities | | 3,319,363 | 2,617,970 |
| Liabilities of discontinued operations | 17 | 432,440 | 475,682 |
| 14% Non-convertible debentures payable | 3/8 | - | 2,620,705 |
| Convertible debentures payable | 3/9 | - | 5,217,578 |
| | | 8,752,511 | 13,962,484 |
| Long-term: | | | |
| 14% Non-convertible debentures payable | 3/8 | 1,747,497 | - |
| 12% Non-convertible debentures payable | 3/9 | 5,300,492 | - |
| | | 7,047,989 | - |
| | | 15,800,500 | 13,962,484 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Capital Stock | 10 | | |
| Class A preference shares | | 3,815 | 3,815 |
| Common shares | | 24,106,281 | 24,106,281 |
| | | 24,110,096 | 24,110,096 |
| Contributed surplus | | 726,795 | 645,879 |
| Equity portion of debentures | 9 | 2,114,341 | 2,114,341 |
| Warrants | 8/9 | 1,196,013 | 374,554 |
| Deficit | | (29,516,267) | (29,023,988) |
| | | (1,369,022) | (1,779,118) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | **$14,431,478** | **$12,183,366** |

**Commitments and contingencies (note 14)**

Approved by the Board:

(Signed): "William Polley" (Signed): "Kelly E. Ambrose"

Director:________________________ Director:____________________________

William Polley Kelly E. Ambrose

## ADVANTEX MARKETING INTERNATIONAL INC.
## CONSOLIDATED STATEMENTS OF PROFIT/(LOSS) AND COMPREHENSIVE PROFIT/(LOSS)
## YEARS ENDED JUNE 30, 2011 AND 2010

| | NOTE | 2011 | 2010 |
|---|---|---|---|
| **REVENUE** | | $13,522,952 | $11,961,059 |
| Direct expenses | | 4,462,678 | 3,646,323 |
| **GROSS PROFIT** | | 9,060,274 | 8,314,736 |
| **OPERATING EXPENSES** | | | |
| Selling and marketing | | 2,906,372 | 2,574,062 |
| General and administrative | | 3,902,798 | 3,335,522 |
| Stock-based compensation | | 80,916 | 67,789 |
| | | 6,890,086 | 5,977,373 |
| **CONTRIBUTION FROM OPERATIONS AND PROFIT BEFORE AMORTIZATION AND INTEREST FROM CONTINUING OPERATIONS** | | 2,170,188 | 2,337,363 |
| Amortization of property, plant and equipment | | 439,469 | 458,522 |
| Interest expense | | | |
| Stated interest expense – loan payable, debentures, and other | 7/8/9 | 1,592,580 | 1,288,894 |
| Non-cash interest expense on loan payable, and debentures | 7/ 8/9 | 612,023 | 669,546 |
| | | 2,204,603 | 1,958,440 |
| **(LOSS) AND COMPREHENSIVE (LOSS) - CONTINUING OPERATIONS** | | **$ (473,884)** | **$(79,599)** |
| PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS | 18 | (18,395) | 113,626 |
| **NET PROFIT/(LOSS) AND COMPEHENSIVE PROFIT/(LOSS) FOR THE YEAR** | | **$(492,279)** | **$34,027** |
| **BASIC AND DILUTED EARNINGS PER SHARE** | 12 | **$0.00** | **$0.00** |

**ADVANTEX MARKETING INTERNATIONAL INC.**
**CONSOLIDATED STATEMENTS OF DEFICIT**
**YEARS ENDED JUNE 30, 2011 AND 2010**

| | 2011 | 2010 |
|---|---|---|
| **BALANCE AT THE START OF THE YEAR** | **$(29,023,988)** | **$(29,058,015)** |
| Net profit/(loss) for the year | (492,279) | 34,027 |
| **BALANCE AT THE END OF THE YEAR** | **$(29,516,267)** | **$(29,023,988)** |

**ADVANTEX MARKETING INTERNATIONAL INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2011 and 2010**

| | NOTE | 2011 | 2010 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| (Loss) for the year – from continuing operations | | $(473,884) | $(79,599) |
| **Items not affecting cash** | | | |
| Amortization of property, plant and equipment | | 439,469 | 458,522 |
| Accretion charge on debentures | 8/9 | 475,958 | 483,354 |
| Amortization of deferred financing charges | 7/8/9 | 136,065 | 186,192 |
| Stock-based compensation | | 80,916 | 67,789 |
| | | 658,524 | 1,116,258 |
| **Changes in non-cash working capital items** | | | |
| Accounts receivable | | (462,883) | (295,300) |
| Transaction credits | | (2,869,696) | (1,387,179) |
| Aeronotes | | 314,858 | (381,309) |
| Prepaid expenses and sundry assets | | 969 | (26,444) |
| Accounts payable and accrued liabilities | | 701,393 | (271,190) |
| | | (2,315,359) | (2,361,422) |
| **Cash provided by/(utilized in) operating activities** | | (1,656,835) | (1,245,164) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from draw of credit facility | | 1,854,728 | 1,985,229 |
| Payments for maturity/retirement of debentures | 8/9 | (8,665,000) | - |
| Proceeds from renewal of debentures | 8/9 | 8,272,000 | - |
| Debenture renewal costs | 8/9 | (155,689) | - |
| | | 1,306,039 | 1,985,229 |
| **INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (393,331) | (613,198) |
| Investment in other asset | | (100,000) | - |
| | | (493,331) | (613,198) |
| **MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE YEAR – FROM CONTINUING OPERATIONS** | | **(844,127)** | **126,867** |
| **FROM DISCONTINUED OPERATIONS** | 17 | 259,924 | 34,894 |
| Cash and cash equivalents, including bank indebtedness -beginning of year | | 505,941 | 344,180 |
| **CASH AND CASH EQUIVALENTS, including Bank Indebtedness-end of year** | | **$(78,262)** | **$505,941** |
| **ADDITIONAL INFORMATION** | | | |
| Interest paid | | $1,541,817 | $1,288,894 |
| ***Cash and Cash Equivalents, including Bank Indebtedness*** | | | |
| Cash | | $ - | $ 500,941 |
| Term deposits | | $ 5,000 | $ 5,000 |
| Bank indebtedness | | $(83,262) | $ - |
| Total | | $(78,262) | $505,941 |