



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Record Net Income for Fiscal Year ended June 30, 2012

- Merchant participation up 33.8%. Average number of participating merchants during Fiscal 2012 was 1,101 vs. 823 during Fiscal 2011.
- Revenues up \$2.4 million. \$15.9 million in Fiscal 2012 vs. \$13.5 million in Fiscal 2011.
- Earnings from operations before amortization and interest (EBITDA (i)) up \$1.0 million. \$3.2 million in Fiscal 2012 vs. \$2.2 million in Fiscal 2011.
- Net Income up \$719,000. Net income of \$227,000 in Fiscal 2012 vs. net loss of \$492,000 in Fiscal 2011.

Toronto, October 23, 2012 – 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, 2012. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

“It is encouraging to report an increase in revenues and net income. The Company increased merchant participation because it satisfies a need in the small merchant space for cost effective loyalty marketing and business intelligence which enables merchants to retain their existing business and target new business - critical tools in today’s economy – and provides merchants access to unsecured working capital. For its partners, Canadian Imperial Bank of Commerce (“CIBC”), and Aeroplan Canada Inc. (“Aeroplan”), Advantex is their entry into the small merchant world and enables them to deliver extra value to their customers and members. The partners continue to give Advantex access to new business segments which allows Advantex to expand merchant participation. Advantex is uniquely placed to be a valuable partner to other service providers who wish to sell their services to small merchants,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

Financial Highlights:

	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
Revenues	\$15,896,000	\$13,523,000	\$11,961,000
Earnings from operations before amortization and interest (EBITDA (i))	\$ 3,214,000	\$ 2,152,000	\$ 2,451,000
Net Income/(Loss)	\$ 227,000	\$ (492,000)	\$ 34,000

(i) 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. In case of the Company, for Fiscal 2012 and Fiscal 2011, per consolidated financial statements for year ended June 30, 2012, earnings from operations before amortization and interest from continuing operations plus net income/(loss) from discontinued operations is the nearest equivalent to EBITDA. For Fiscal 2010, per consolidated financial statements for year ended June 30, 2011, contribution from operations and profit before amortization and interest from continuing operations plus profit/(loss) from discontinued operations is the nearest equivalent to EBITDA.

“The Company expects to increase merchant participation and is confident of its future financial performance. Agreements with CIBC, Aeroplan, providers of debt - debentures and line of credit facility – expire ten to fourteen months from now and we expect to successfully negotiate renewals,” said Mr. Ambrose.

About Advantex Marketing International Inc.

Advantex is a specialist in the marketing services industry. Advantex partners with CIBC, and Aeroplan. On a combined basis, Advantex has contractual marketing access to more than five million Canadian consumers with above-average personal and household income. The Company's merchant partner base currently consists of more than 1,350 merchants operating restaurants; golf courses; independent inns, resorts and selected hotels; spas; retailers of men's and ladies fashion, footwear and accessories; retailers of sporting goods; florists and garden centres; book and newspaper stores; health and beauty centres; dry cleaners; and gift stores; many of which are leaders in their respective categories. 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: expectation regarding merchant participation and its future financial performance; expectation with regards to renewal, and the terms of such renewal, of its agreements with CIBC, Aeroplan, providers of debt; 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.

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 those listed under "General Risks and Uncertainties" and "Economic Dependence" in Management's Discussion and Analysis for the fiscal year ended June 30, 2012.

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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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 Statements of Financial Position
(expressed in Canadian dollars)

	June 30, 2012	June 30, 2011	July 1, 2010
Assets			
Current assets			
Cash and cash equivalents	1,084,773	5,000	505,941
Accounts receivable (note 17)	966,437	842,249	700,927
Transaction credits	14,095,373	12,408,060	9,538,364
Inventory (note 5)	204,355	66,451	381,309
Prepaid expenses and sundry assets	315,454	248,541	249,510
	\$16,666,392	\$13,570,301	\$11,376,051
Non-current assets			
Investment (note 6)	100,000	100,000	-
Property, plant and equipment (note 7a)	222,132	264,477	191,895
Intangibles (note 7b)	330,018	496,700	615,420
	652,150	861,177	807,315
Total assets	\$17,318,542	\$14,431,478	\$12,183,366
Liabilities			
Current liabilities			
Bank indebtedness	-	83,262	-
Loan payable (note 8)	6,715,691	4,917,446	3,030,549
Accounts payable and accrued liabilities	4,128,264	3,751,803	3,093,652
14% Non-convertible debentures payable (note 9)	-	-	2,620,705
Convertible debentures payable (note 10)	-	-	5,217,578
	\$10,843,955	\$8,752,511	\$13,962,484
Non-current liabilities			
14% Non-convertible debentures payable (note 9)	1,770,606	1,747,497	-
12% Non-convertible debentures payable (note 10)	5,779,957	5,300,492	-
	\$7,550,563	\$7,047,989	\$ -
Total Liabilities	\$18,394,518	\$15,800,500	\$13,962,484
Shareholders' deficiency			
Share capital (note 11)	24,110,096	24,110,096	24,110,096
Contributed surplus (note 12)	793,198	726,795	645,879
Equity portion of debentures (note 10)	2,114,341	2,114,341	2,114,341
Warrants (note 9/10)	1,196,013	1,196,013	374,554
Deficit	(29,289,624)	(29,516,267)	(29,023,988)
Total deficiency	\$(1,075,976)	\$(1,369,022)	\$(1,779,118)
Total liabilities and deficiency	\$17,318,542	\$14,431,478	\$12,183,366
Commitments and Contingencies (note 17)			

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, 2012 and 2011
(expressed in Canadian dollars)

	2012	2011
	\$	\$
Revenues	15,895,402	13,522,952
Direct expenses	4,427,082	4,462,678
Operating Expenses		
Selling and marketing	3,758,766	2,906,372
General and administrative	4,496,048	3,983,714
Earnings from operations before amortization and interest from continuing operations	3,213,506	2,170,188
Depreciation of property, plant and equipment, and intangibles	434,881	439,469
Interest expense:		
Stated interest expense – loan payable, and debentures	2,012,320	1,592,580
Non-cash interest expense on loan payable, and debentures	539,662	612,023
Net income / (loss) from continuing operations	226,643	(473,884)
Net income / (loss) from discontinued operations	-	(18,395)
Net income / (loss) and Comprehensive income / (loss)	226,643	(492,279)
Earnings / (Loss) per share:		
Basic and Diluted (note 19)	0.00	(0.00)

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Deficiency
For the years ended June 30, 2012 and June 30, 2011
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Equity portion of debentures	Warrants	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
Balance – July 1, 2010	3,815	24,106,281	645,879	2,114,341	374,554	(29,023,988)	(1,779,118)
Net (loss) and comprehensive (loss) for the year						(492,279)	(492,279)
Employee share options:							
Value of services recognized			80,916				80,916
Issue of new warrants					821,459		821,459
Balance – June 30, 2011	3,815	24,106,281	726,795	2,114,341	1,196,013	(29,516,267)	(1,369,022)
Balance – July 1, 2011	3,815	24,106,281	726,795	2,114,341	1,196,013	(29,516,267)	(1,369,022)
Net income and comprehensive income for the year						226,643	226,643
Employee share options:							
Value of services recognized			66,403				66,403
Balance – June 30, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,289,624)	(1,075,976)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the year ended June 30, 2012 and 2011
(expressed in Canadian dollars)

	2012	2011
Cash flow provided by (used in)		
Operating activities		
Net income / (loss) for the period	\$226,643	\$(492,279)
Adjustments for:		
Depreciation of property, plant and equipment, and intangibles	434,881	439,469
Stock-based compensation	66,403	80,916
Accretion charge for debentures	<u>539,662</u>	<u>612,023</u>
	1,267,589	640,129
Changes in items of working capital		
Accounts receivable	(124,188)	(141,322)
Transaction credits	(1,687,313)	(2,869,696)
Inventory	(137,904)	314,858
Prepaid expenses and sundry assets	(66,913)	969
Accounts payable and accrued liabilities	<u>376,461</u>	<u>658,151</u>
	(1,639,857)	(2,037,040)
Net cash used in operating activities	(372,268)	(1,396,911)
Investing activities		
Purchase of property, plant and equipment, and intangibles	(225,854)	(393,331)
Investment	=	<u>(100,000)</u>
Net cash used in investing activities	(225,854)	(493,331)
Financing activities		
Proceeds from loan payable	1,798,245	1,854,728
Payments for maturity/retirement of debentures	=	(8,665,000)
Proceeds from renewal of debentures	=	8,272,000
Debenture renewal – additional transaction costs	<u>(37,088)</u>	<u>(155,689)</u>
Net cash generated from financing activities	1,761,157	1,306,039
Increase (decrease) in cash and cash equivalents during the year	\$1,163,035	\$(584,203)
- From continuing operations	1,264,207	(844,127)
- From discontinued operations (note 16)	(101,172)	259,924
Increase (decrease) in cash and cash equivalents	\$1,163,035	\$(584,203)
Cash and cash equivalents, including bank indebtedness – Beginning of period	(78,262)	505,941
Cash and cash equivalents, including bank indebtedness – End of period	1,084,773	(78,262)
Additional Information		
Interest paid	\$1,896,320	\$1,541,817
For purposes of the cash flow statement, cash comprises:		
Cash	\$1,079,773	\$ -
Term deposits	\$ 5,000	\$ 5,000
Bank indebtedness	<u>\$ -</u>	<u>\$ (83,262)</u>
	\$1,084,773	\$ (78,262)

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