



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Net Income for Three Months ended September 30, 2012

- Revenues up \$568,000, to \$4,403,000, compared with corresponding period previous year
 - Net Income up \$13,000, to \$274,000, compared with corresponding period previous year
-

Toronto, November 26, 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 three months ended September 30, 2012. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

“We are pleased to report continuing improvement in the Company’s financial performance. The growth of the Company’s small merchant centric business model is reflected in the better revenues, earnings from operations before amortization and interest, and net income,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

“The Company continues to seek new business partners where we can sell our proprietary programs, as well as work with existing affinity partners on new business opportunities. Recently, we received Canadian Imperial Bank of Commerce (“CIBC”) approval to expand our existing programs into home décor, and from January, 2013 we expect to expand our new relationship with Canadian Tire Group (“CTG”). Finally, we are attempting to improve the retention of participating merchants in our programs by introducing new services that deliver additional value to merchants such as digital marketing platforms,” said Mr. Ambrose.

Financial Highlights:

	Three months ended September 30, 2012	Three months ended September 30, 2011
Revenues	\$4,403,000	\$3,835,000
Earnings from operations before amortization and interest (EBITDA (i))	\$1,040,000	\$ 976,000
Net Income	\$ 274,000	\$ 261,000

(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. It is provided as additional information to assist readers in understanding a component of the Company’s financial performance. In case of the Company, for three months ended September 30, 2012 and 2011, per consolidated financial statements for three months ended September 30, 2012, earnings from operations before amortization and interest is the nearest equivalent to EBITDA.

“The Company’s agreements with its affinity partners - CIBC, and Aeroplan Canada Inc. (“Aeroplan”) - and its financial partners - 14% and 12% debenture holders, and provider of loan payable - come up for renewal between August and December, 2013. The Company expects to successfully negotiate renewal of the agreements,” 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; gift stores; and home decor; 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 respecting enrolling new merchants; belief in its ability to influence the retention of participating merchants; expectation with regards to the renewal, including the timing and the terms of such renewal, of its agreements with its affinity and financial partners; expectation with respect to expanding relationship with CTG; 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 three months ended September 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.

- 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 Statements of Financial Position – (unaudited)
(expressed in Canadian dollars)

	September 30, 2012	June 30, 2012
Assets		
Current assets		
Cash and cash equivalents	617,532	1,084,773
Accounts receivable	1,044,566	966,437
Transaction credits	14,014,562	14,095,373
Inventory (note 5)	165,317	204,355
Prepaid expenses and sundry assets	421,412	315,454
	\$16,263,389	\$16,666,392
Non-current assets		
Investment (note 6)	100,000	100,000
Property, plant and equipment (note 7a)	222,015	222,132
Intangibles (note 7b)	273,524	330,018
	595,539	652,150
Total assets	\$16,858,928	\$17,318,542
Liabilities		
Current liabilities		
Loan payable (note 8)	6,540,205	6,715,691
Accounts payable and accrued liabilities	3,813,676	4,128,264
	\$10,353,881	\$10,843,955
Non-current liabilities		
14% Non-convertible debentures payable (note 9)	1,711,428	1,770,606
12% Non-convertible debentures payable (note 10)	5,623,830	5,779,957
	\$7,335,258	\$7,550,563
Total Liabilities	\$17,689,139	\$18,394,518
Shareholders' deficiency		
Share capital (note 11)	24,110,096	24,110,096
Contributed surplus (note 12)	793,198	793,198
Equity portion of debentures (note 10)	2,114,341	2,114,341
Warrants (note 9/10)	1,167,874	1,196,013
Deficit	(29,015,720)	(29,289,624)
Total deficiency	\$ (830,211)	\$(1,075,976)
Total liabilities and deficiency	\$16,858,928	\$17,318,542

Economic and Financial dependence (note 2)
Commitments and Contingencies (note 14)

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 and Comprehensive Income
For the three months ended September 30, 2012 and September 30, 2011 – (unaudited)
(expressed in Canadian dollars)

	September 30, 2012	September 30, 2011
	\$	\$
Revenues	4,403,417	3,835,107
Direct expenses	1,376,029	1,044,193
Operating Expenses		
Selling and marketing	909,837	776,330
General and administrative	1,077,848	1,038,091
Earnings from operations before amortization and interest	1,039,703	976,493
Depreciation of property, plant and equipment, and intangibles	107,914	92,402
Interest expense:		
Stated interest expense – loan payable, and debentures	516,596	490,834
Non-cash interest expense on loan payable, and debentures	141,289	132,004
Net income and Comprehensive income	273,904	261,253
Earnings per share		
Basic and Diluted (note 15)	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 three months ended September 30, 2012 and September 30, 2011 – (unaudited)
 (expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Equity portion of debentures	Warrants	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
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 period						261,253	261,253
Employee share options:							
Value of services recognized			6,000				6,000
Balance – September 30, 2011	3,815	24,106,281	732,795	2,114,341	1,196,013	(29,255,014)	(1,101,769)
Balance – July 1, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,289,624)	(1,075,976)
Net income and comprehensive income for the period						273,904	273,904
Employee share options:							
Value of services recognized			-				-
Partial early prepayment of debentures (notes 9 and 10)					(28,139)		(28,139)
Balance – September 30, 2012	3,815	24,106,281	793,198	2,114,341	1,167,874	(29,015,720)	(830,211)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the three months ended September 30, 2012 and September 30, 2011 – (unaudited)
(expressed in Canadian dollars)

	30-09-2012	30-09-2011
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income for the period	\$273,904	\$261,253
Adjustments for:		
Depreciation of property, plant and equipment, and intangibles	107,914	92,402
Stock-based compensation	-	6,000
Accretion charge for debentures	<u>141,289</u>	<u>132,004</u>
	523,107	491,659
Changes in items of working capital		
Accounts receivable	(78,129)	(14,195)
Transaction credits	80,811	(908,265)
Inventory	39,038	66,451
Prepaid expenses and sundry assets	(105,958)	(72,280)
Accounts payable and accrued liabilities	<u>(314,588)</u>	<u>(100,541)</u>
	(378,826)	(1,028,830)
Net cash provided by (used in) operating activities	144,281	(537,171)
Investing activities		
Purchase of property, plant and equipment, and intangibles	<u>(51,303)</u>	<u>(67,655)</u>
Net cash used in investing activities	(51,303)	(67,655)
Financing activities		
Proceeds from loan payable	(175,486)	1,105,328
Partial early prepayment of debentures	(376,033)	-
Debenture early prepayment / renewal – additional transaction costs	<u>(8,700)</u>	<u>(28,573)</u>
Net cash (used in) generated from financing activities	(560,219)	1,076,755
Increase (decrease) in cash and cash equivalents during the period	\$(467,241)	\$471,929
- From continuing operations	(435,135)	497,006
- From discontinued operations (note 17)	(32,106)	(25,077)
Increase (decrease) in cash and cash equivalents during the period	\$(467,241)	\$471,929
Cash and cash equivalents, including bank indebtedness – Beginning of period	1,084,773	(78,262)
Cash and cash equivalents, including bank indebtedness – End of period	617,532	393,667
Additional Information		
Interest paid	\$ 713,073	\$ 569,666
For purposes of the cash flow statement, cash comprises:		
Cash	\$ 612,532	\$ 388,667
Term deposits	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	<u>\$ 617,532</u>	<u>\$ 393,667</u>

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