ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: TSX

Advantex Announces Fiscal 2009 Year-End Results

- Total revenues up 5.7%, as CIBC Advantex Program revenues increase 19.0%
- Gross profit increased 11.2%
- Contribution from operations (EBITDA) up 193.4% to $1.3 million, and Profit before amortization and interest increased 251.6%% to $1.3 million
- Merchants participating in CIBC Advantex programs increase 36% to just under 550
- Net loss improves from fiscal 2008, despite impact of recession on merchants
- Outlook is for further growth in fiscal 2010.
  > In first two months of 2010, company is experiencing significant increase in Contribution from operations (EBITDA)

Toronto, September 28, 2009 – Advantex Marketing International Inc. (TSX:ADX), a leading specialist in merchant funding and loyalty marketing programs, today announced its results for the fiscal fourth quarter and year ended June 30, 2009. All references to quarters or years are for the fiscal periods and all currency amounts are in Canadian dollars unless otherwise noted.

2009 Overview

"Advantex made very significant progress in 2009. Although we incurred a net loss for the year, in almost every other respect, we are proud of what we accomplished in a very challenging environment, building on the momentum that Advantex established in fiscal 2008," said Kelly Ambrose, Chief Executive Officer and President. "We believe that the progress that Advantex has made during its past two fiscal years, together with a gradually recovering economy, are reasons to be cautiously optimistic that our financial and operating performance will improve further in fiscal 2010."

Financial Performance – Highlights
(millions of $s, except per share amounts)

	Three months Ended June 30, 2009	Three months Ended June 30, 2008	Year Ended June 30, 2009	Year Ended June 30, 2008
Revenue	3.2	3.0	12.2	11.5
Gross profit	2.1	2.0	8.0	7.2
Gross margin	65.9%	65.9%	65.7%	62.4%

Financial Performance – Highlights (continued)
(millions of $s, except per share amounts)

	Three months Ended June 30, 2009	Three months Ended June 30, 2008	Year Ended June 30, 2009	Year Ended June 30, 2008
Contribution from Operations	0.5	0.4	1.3	0.5
Profit/(Loss) before Amortization And Interest	0.4	0.3	1.3	0.4
Amortization	0.1	0.2	0.3	0.4
Interest	0.5	0.4	1.8	1.4
Net (Loss)	(0.1)	(0.3)	(0.9)	(1.4)
Net (Loss) per common share	($0.00)	($0.00)	($0.01)	($0.01)

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

“We began 2009 in strong fashion, building on the progress that Advantex made in 2008 and the momentum that we had established in the final months of that year. We were able to report a modest net profit for the first six months of the year, an impressive turnaround from the net loss in the first half of 2008. However, in the third quarter ended March 31, 2009, the recession significantly deepened resulting in a sharp drop in consumer spending in North America and effected revenues of our core businesses - CIBC Advantex program, and Online Shopping Malls – and although our CIBC Advantex Program revenues were up in the third quarter compared with a year earlier, our costs also were higher and this together with the drop in Online Shopping Malls business resulted in our incurring a net loss for the third quarter. During the fourth quarter we decisively implemented a plan to increase revenues and cut cost to mitigate impact of weakening economic environment. The result was a modest fourth quarter net loss of $135,000 compared to net loss of $794,000 in 2009 third quarter, and was an improvement over net loss of $282,000 for 2008 fourth quarter,” Mr. Ambrose reported.

After taking into account interest expense, stock-based compensation, and amortization, Advantex reported a net loss for the year of $0.90 million, an improvement from the $1.4 million loss of 2008.

2009 Operational Successes and Challenges

“Our most notable achievement for 2009 concerns the CIBC Advantex Programs which, in revenue terms, grew $1.5 million (19.0%) over 2008, and accounted for 79% of 2009 Company revenues (2008 70%). Within the CIBC Advantex programs, the Advance Purchase Marketing (APM) program has become the most-important growth driver of our business with revenue growth over 2008 of $1.1 million (21.4%),” Mr. Ambrose said.

“We realized that a weaker economic environment actually offered us an opportunity to accelerate the growth of the APM program as merchants would be eager to obtain working capital. With this in mind we made it our primary strategic focus to increase the number of credit- worthy merchants participating. Our efforts were highly successful as Advantex achieved approximately a 36 percent increase in the number of merchants participating in the CIBC Advantex programs from approximately 400 at the end of 2008 to just under 550 at the end of 2009. The growth was in both product offerings in this program; APM and Marketing Only, but more so in APM," he said

Under the APM program, Advantex acquires the rights to cash flow from future designated credit card transactions at a discount from participating merchants (Transaction Credits) and thereby it allows the merchant to obtain working capital. In addition, Advantex promotes the merchant, by way of cardholder incentives through its loyalty marketing programs, and targeted marketing programs, and the provision of these services is included in the costs of acquiring transaction credits. The Company's revenue is from the designated credit card receipts at participating establishments, net of the Company's costs to acquire the transaction credits, Proceeds from the spend on designated credit cards are received by the Company and a predetermined portion is applied to reduce the transaction credit balance that the merchant owes.

"The improvements made in the past couple of years in our support infrastructure, particularly business systems, helped us to carryout a 20% reduction in the number of people on staff with no negative impact on the service levels to our customers. That reduction together with salary cuts enabled us to achieve annualized cost savings of about $500,000. We expect many of these savings to continue into 2010, although as our business continues to grow we will need to add some staff, and as our performance continues to strengthen we will need to restore salaries judiciously," Mr. Ambrose said

"On the Online Shopping Mall side of the business, during 2009 we experienced a 24.4% decline in revenues. The actual decline in U.S. dollars, the currency used for the online malls transactions was 29%. The decline was due to the loss in August, 2008 of one customer, Delta Airlines, as well as the affect of the global recession on online shopping. The good news for this area of our business is that in August 2008 we signed an extension for our online agreement with United Airlines, our busiest mall, and we are continuing to develop increased online mall business with Lufthansa under an agreement to host its European online malls," Mr. Ambrose said

Working Capital and Liquidity Management

As at June 30, 2009, the Company had cash and cash equivalents of $0.3 million compared to $0.1 million as at June 30, 2008.

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

The company expects that it will have sufficient cash to fund operations at its current scale, however, it will require additional capital in the form of debt and/or equity to fund the continued expansion of its APM programs.

Movement in cash and cash equivalent during the year was a positive $0.2 million compared with a negative of $(0.8) million during 2008. For additional details refer to consolidated statements of cash flows which form a part of the audited financial statements for year ended June 30, 2009.

Expect Further Growth in 2010

“The Company expects the consumer spend trends prevalent since late fall of calendar 2008 to continue during Fiscal 2010. That being said the Company is cautiously optimistic for 2010. The goal for 2010 is to improve on the results of 2009 by building on fourth quarter of 2009, and during the first two months of 2010 we have firm indications that the Company’s operational performance is moving in the right direction. Our goal is to sustain this throughout 2010. I will be able to share further details with you when the Company announces its 2010 first quarter results,” said Mr. Ambrose.

Supporting our expectation for growth in 2010, at the end of 2009, we showed $8.2 million of transaction credits as an asset on our balance sheet, an 11.6% increase from the $7.3 million recorded at the end of 2008.

“We expect to be able to continue growing the number of merchants participating in the CIBC Advantex programs. We also recognize the desirability of broadening our partnerships and have been negotiating with a number of other affinity partners to launch APM product offerings in new business sectors in 2010. If Advantex is successful in this effort, it also will mean further growth in the number of merchants participating, with the consequent benefit to our revenues. We are negotiating for potential additional capital to support this expansion,” he said.

We have enjoyed a lengthy, and mutually beneficial relationship with CIBC. Our current agreement with CIBC was set to expire on December 31, 2009. Both parties have reached an understanding that the agreement will be extended six months, through June 2010, while they evaluate and work on a longer renewal. The Company expects that the six month extension to the existing agreement will be executed shortly,” he continued.

In 1998, the Canada Revenue Agency (CRA) conducted an audit and determined that the Company’s core business was providing marketing services. Since 1998, the Company has continued in the same business. After completion of a recent audit, the CRA reversed its 1998 position. In April 2009, the Company received a notice of reassessment from the CRA for Goods and Services Tax owed related to the Company’s CIBC Advantex program and the ability to claim certain Input Tax Credits during Fiscal years 2005-2007. The re-assessment is in the amount of $755,000. The Company has contested the CRA position, and has filed a notice of objection. Since this is a GST re-assessment, the amount of the re-assessment has to be paid in full, and is independent of the appeals process. The Company has worked out a 24 month payment plan with the CRA, and will record amounts paid under the payment plan as a recoverable asset. The amounts payable under the payment plan are $366,000 payable by June 30, 2010 and $416,000 payable by June 20, 2011.

On August 12, 2009, the Toronto Stock Exchange (TSX) announced that it will delist Advantex’s common shares following the close of trading on September 11, 2009. As announced by Advantex on January 15, 2009, the TSX had then initiated a review of the company’s listing. In citing its reasons for delisting Advantex, the TSX indicated that the common shares no longer met the continued listing requirements of the TSX, particularly with respect to the threshold of minimum market value of listed common shares. The TSX has extended the date for the delisting of the Company’s common shares to close of trading on September 30, 2009. The extension period is to allow the TSX Venture Exchange (TSXV) to complete its review of the Company’s application to list its common shares on the TSXV prior to the delisting on the Toronto Stock Exchange. While the Company expects its application to list its common shares on the alternate exchange to be successful, there can be no assurance that such a listing will be obtained. If the TSXV grants the listing, common shares will then be tradable on the TSXV.

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 Toronto 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. 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 Advance Purchase Marketing (APM) product offering in new business segments/sectors during Fiscal 2010 and beyond; the size of the market for the Company's APM program in the new business segments; the Company's ability to renew and or extend its current agreement with CIBC beyond December, 2009; the Company's ability to expand its APM product 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/sectors during Fiscal 2010 and beyond; the impact of current market conditions on the Company's ability to access additional financing; the Company's ability to build on improvements in the existing support infrastructure, particularly systems, and its ability to achieve continuation of many of the cost savings, from measures implemented in Fiscal 2009, into Fiscal 2010; expectations that a weaker economic environment offers an opportunity to accelerate the growth of the APM program; expectations relating to consumer spending and trends; Company's belief that transaction credits are likely indicators of future revenue; the Company's expectation with regards to developing increased online business by hosting European online malls; the Company's anticipated increase in the number of merchants / establishments with which it will do business; the anticipated strong demand for the APM program offered by the Company; 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 ability of the Company to satisfy payments under the 24 month payment plan agreed with CRA; the Company's expectations that it will be successful in its application to list its common shares on an alternate stock exchange; the Company's belief that first two months of Fiscal 2010 provide firm indications that the Company's operational performance is moving in the right direction; 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; current and future economic and market conditions and the impact of same on the Company's business; ongoing revenue sources and future business levels; interest and currency rates; the impact of an extension of the agreement with CIBC on future business; the Company's ability to offer same rewards as CIBC; 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, 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, the inability of the Company to transition listing of the Company's common shares from the TSX to an alternate exchange, 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 fiscal year ended June 30, 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.

- 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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To our Shareholders:

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 Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies which management believes are appropriate for the Company are described in notes 1 and 2 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee, the majority of whose members are non-management Directors, is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy and internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, audited the consolidated financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on the following page.

(Signed) – "Kelly E. Ambrose" (Signed) – "Mukesh Sabharwal"

Kelly E. Ambrose
President and Chief Executive Officer

Mukesh Sabharwal
V.P. and Chief Financial Officer

ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2009 AND 2008

	NOTE	June 30, 2009	June 30, 2008
ASSETS			
Current:			
Cash and cash equivalents		$344,180	$144,794
Accounts receivable		506,380	804,673
Transaction credits	1(f)	8,151,185	7,300,912
Prepaid expenses and sundry assets		223,066	114,978
		9,224,811	8,365,357
Long-term:			
Property, plant and equipment	3	652,639	745,456
TOTAL ASSETS		**$9,877,450**	**$9,110,813**
LIABILITIES			
Current:			
Loan payable	4	$980,988	$663,448
Accounts payable and accrued liabilities		3,544,327	2,664,079
		4,525,315	3,327,527
Long-term:			
Other liability	13	-	205,955
Non-convertible debentures payable	6	2,519,661	2,422,097
Convertible debentures payable	5	4,713,408	4,443,115
		7,233,069	7,071,167
		11,758,384	10,398,694
SHAREHOLDERS' DEFICIENCY			
Capital Stock	7		
Class A preference shares		3,815	3,815
Common shares		24,106,281	24,106,281
		24,110,096	24,110,096
Contributed surplus		578,090	507,023
Equity portion of debentures	5	2,114,341	2,114,341
Warrants	5/6	374,554	184,744
Deficit		(29,058,015)	(28,204,085)
		(1,880,934)	(1,287,881)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**$9,877,450**	**$9,110,813**

Economic Dependence and Going Concern (note 1b)
Commitments and contingencies (note 11)

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 (LOSS) AND COMPREHENSIVE (LOSS)
YEARS ENDED JUNE 30, 2009 AND 2008

	NOTE	2009	2008
REVENUE		$12,192,321	$11,536,746
Direct expenses		4,188,024	4,335,461
GROSS PROFIT		8,004,297	7,201,285
OPERATING EXPENSES			
Selling and marketing		3,042,593	2,933,025
General and administrative		3,638,816	3,817,399
		6,681,409	6,750,424
CONTRIBUTION FROM OPERATIONS		1,322,888	450,861
Stock-based compensation		71,067	94,800
PROFIT BEFORE AMORTIZATION AND INTEREST		1,251,821	356,061
Amortization of property, plant and equipment		349,132	361,725
Interest expense			
Stated interest expense – loan payable, non-convertible debentures, and other		521,773	283,207
Stated interest expense - convertible debentures		597,389	601,645
Accretion charge on debentures and amortization of deferred financing charges	5/6	637,457	477,055
NET (LOSS) AND COMPREHENSIVE (LOSS) FOR THE YEAR		**$(853,930)**	**$(1,367,571)**
NET (LOSS) PER COMMON SHARE	9	**$(0.01)**	**$(0.01)**

ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF DEFICIT
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	**2008**
BALANCE AT THE START OF THE YEAR	**$(28,204,085)**	**$(26,836,514)**
Net (loss) for the year	(853,930)	(1,367,571)
BALANCE AT THE END OF THE YEAR	**$(29,058,015)**	**$(28,204,085)**

ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 and 2008

	NOTE	2009	2008
OPERATING ACTIVITIES			
Net (loss) for the year		$(853,930)	$(1,367,571)
Items not affecting cash			
Amortization of property, plant and equipment		349,132	361,725
Accretion charge on debentures	5/6	437,703	346,266
Amortization of deferred financing charges		199,754	130,789
Stock-based compensation		71,067	94,800
		203,726	(433,991)
Changes in non-cash working capital items			
Accounts receivable		298,293	(67,188)
Transaction credits		(850,273)	(1,910,500)
Prepaid expenses and sundry assets		(108,088)	70,977
Accounts payable and accrued liabilities		880,248	(1,043,164)
		220,180	(2,949,875)
Decrease in Long-term other liabilities		(205,955)	(244,901)
Cash provided by/(utilized in) operating activities		217,951	(3,628,767)
FINANCING ACTIVITIES			
Proceeds from non-convertible debenture, net		-	2,665,000
Proceeds from draw of credit facility		253,208	824,281
Credit facility costs		(15,458)	(295,267)
		237,750	3,194,014
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(256,315)	(331,448)
MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**199,386**	**(766,201)**
Cash and cash equivalents at the beginning of the year		144,794	910,995
CASH AND CASH EQUIVALENTS AT END OF YEAR		$344,180	$144,794
ADDITIONAL INFORMATION			
Interest paid		$1,221,371	$759,192

1. SIGNIFICANT ACCOUNTING POLICIES

a. Nature of business

Advantex Marketing International Inc. (Advantex or the Company) is a public company with common shares listed on the Toronto Stock Exchange (trading symbol ADX.TO). Advantex operates in the marketing services industry. The Company develops and manages loyalty programs for financial institutions, airlines and other major organizations through which their customers earn frequent flyer miles or points on purchases at a wide selection of 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.

b. Economic dependence and going concern

A significant portion of the Company's current revenue is dependent upon its offline value-added loyalty program agreement with Canadian Imperial Bank of Commerce (CIBC) under which Aeroplan Miles are awarded to holders of certain CIBC Visa credit cards. The Company purchases Aeroplan Miles from CIBC, which in turn purchases Aeroplan Miles from Aeroplan LP.

The agreement with CIBC was renewed in July 2005, for an additional term ending on December 31, 2009.The agreement may be renewed upon mutual agreement. If CIBC either terminates or does not renew its offline value-added loyalty program agreement with the Company, this could materially and adversely affect the Company. In the event that the agreement expires or is terminated by the Company as a result of a breach by CIBC, CIBC is not entitled to offer a similar offline program to its Visa cardholders for a period of six months and the Company will be entitled to offer such cardholders a similar replacement program on the Company's behalf.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations.

Advantex and CIBC have reached an understanding that the agreement will be extended six months, through June 2010, while they evaluate and work on a longer renewal. However, at present, the Company has no written commitment or agreement with CIBC with respect to the extension and or renewal of the agreement.

As renewal of the agreement or any other funding initiatives management may pursue as required for the Company to meet its obligations as they come due beyond December 31, 2009 cannot be assured, the uncertainty related to the renewal of the CIBC agreement described above, may cast significant doubt on the appropriateness of the use of accounting principles relating to a going concern. These consolidated financial statements do not include any

1. SIGNIFICANT ACCOUNTING POLICIES continued

adjustments or disclosures that may result from the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments may be necessary in the carrying values of assets and liabilities and the reported expenses and balance sheet classifications; such adjustments could be material.

c. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Advantex Dining Corporation, Advantex Marketing Corporation, Advantex Marketing International Inc. (US), Advantex Marketing (Maryland) Inc., 1600011 Ontario Limited, Advantex Systems Limited Partnership and Advantex GP Inc.

d. Revenue recognition

Advantex provides marketing services to participating establishments and provides awards to customers who make purchases at participating establishments. There are two types of agreements with participating establishments:

(i) The Company acquires the rights to future designated credit card transactions at a discount from the face value from participating establishments. The Company records as revenue the spread between the future credit card transactions and its costs to acquire the rights (cost of transaction credits).

(ii) The Company provides marketing and loyalty services to participating establishments and records as revenue the fee charged for services. The fee is a percentage of customer purchases made at participating establishments.

Under each agreement, the revenue is recognized at the time that a consumer makes a designated credit card purchase from participating establishments enrolled in these programs.

e. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments redeemable at any time and are stated at cost, which approximates fair value.

f. Transaction credits

The Company purchases the rights to receive future cash flows associated with designated credit card purchases at a discount from participating establishments. The Company continuously reviews its transaction credits and records an estimated allowance for amounts deemed uncollectible.

1. SIGNIFICANT ACCOUNTING POLICIES continued

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is provided for at the following annual rates and methods:

Computer equipment	-	30% using the declining balance method
Furniture and equipment	-	20% using the declining balance method
Computer software	-	3 to 5 years straight-line

Property, plant and equipment are tested for impairment when evidence of a decline in value exists. If it is determined that the carrying value of the property, plant and equipment is not recoverable, a write-down to fair value is charged to earnings in the year that such a determination is made.

h. Deferred financing charges

Deferred financing charges are amortized over the term of the convertible, non-convertible debentures, and loans payable using the effective interest rate method.

i. Income taxes

The Company provides for income taxes using the liability method of income tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and the corresponding income tax values of assets and liabilities using substantively enacted income tax rates to be in effect for the year in which the differences are expected to reverse. The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

j. Stock option plan

The Company has a stock option plan which is described in note 7(d). The Company uses the Black-Scholes option pricing model to determine the fair value of stock options.

k. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at rates of exchange at each transaction date. Revenue and expenses are translated at the average rate of exchange for the year. Gains or losses on foreign currency translation are included in net loss for the year.

1. SIGNIFICANT ACCOUNTING POLICIES continued

l. Use of estimates

The preparation of these consolidated financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Tax reserves are established for uncertain income tax positions based on management's best estimates.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Change in accounting policies

General Standards of Financial Statement Preparation
In June 2007, the Canadian Institute of Chartered Accountants ("CICA") amended Handbook Section 1400 "General Standards of Financial Statement Presentation" to include requirements to assess an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Company adopted the amendment to this standard on July 1, 2008. The adoption of this amendment did not have an impact on the Company's consolidated financial results, position, or disclosure.

Capital Disclosures, Financial Instruments – Disclosures, and Financial Instruments - Presentation
Effective July 1, 2008, the Company adopted the new CICA Handbook Sections 1535 "Capital Disclosures", 3862 "Financial Instruments – Disclosures", and 3863 "Financial Instruments – Presentation".

Capital disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section, in note 14 to these consolidated financial statements.

Financial instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861 "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section, in note 8 to these consolidated financial statements.

The Company has classified each of its significant categories of financial instruments as follows:

- *Cash and cash equivalents* are classified as held-for-trading. Changes in fair value for the period are recorded in earnings as interest income.

- *Accounts receivable and other receivables* are classified as loans and receivables.

- *Borrowings under accounts payable and accrued liabilities* are classified as other financial liabilities.

- *Convertible debentures, non-convertible debentures, and loan payable* are classified as other financial liabilities and recorded at amortized cost using the effective interest method.

- *Debt issuance and transaction costs related to other financial liabilities* are netted against the carrying value of the debt and amortized over the term of the debt using the effective interest method.

Future change in accounting policies

Financial Statement Concepts
In February 2008, the CICA amended Handbook Section 1000 "Financial Statement Concepts" to clarify the criteria for recognition of assets and liabilities, the relationship between incurring expenditures and creating assets, the future economic benefit criterion necessary for recognition of an asset, and the timing of expense recognition. This amendment is effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company will apply the amendments beginning July 1, 2009, and is currently evaluating the impact that the adoption of this new standard will have on its consolidated financial statements.

Goodwill and Intangible Assets
In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets". Handbook Section 3064 replaces Handbook Section 3062 "Goodwill and Other Intangible Assets" and Handbook Section 3450 "Research and Development Costs". This new section provides additional guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company will apply this new standard beginning July 1, 2009. The Company is evaluating the impact that the adoption of this new standard will have on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")
On February 13, 2008, the CICA's Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required for interim and annual financial statements for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises in Canada. Companies will be required to provide comparative information under IFRS for the previous fiscal year. The implementation of IFRS will be applicable for the Company for the July 1, 2011 to September 30, 2011 quarter, for which the current and comparative financial information will be presented under IFRS. The Company is currently evaluating the impact that the adoption of IFRS will have on its consolidated financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
June 30, 2009			
Computer equipment	$ 2,325,887	$ 2,114,154	$ 211,733
Furniture and equipment	195,277	142,556	52,721
Computer software	2,340,086	1,951,901	388,185
	$ 4,861,250	$ 4,208,611	$ 652,639
June 30, 2008			
Computer equipment	$ 2,223,012	$ 2,022,899	$ 200,113
Furniture and equipment	195,316	125,553	69,763
Computer software	2,209,325	1,733,745	475,580
	$4,627,653	$ 3,882,197	$ 745,456

During the year the Company commenced and completed development of data warehousing capability. The cost of the project was $89,800, and the Company has commenced amortization on the system. The costs are included in Computer software.

4. LOAN PAYABLE

In December, 2007 Advantex Dining Corporation, a 100% subsidiary of the Company concluded an agreement with Accord Financial Inc.(formerly Montcap Financial Corp) for a $ 5.0 million credit facility. Under the agreement, the facility is to be used exclusively to acquire transaction credits. Transaction credits can only be acquired from those establishments that are in industries available to the Company under its agreement with CIBC. The Company had immediate access to $1.5 million of the facility. The remaining balance of $3.5 million would be available once the Company reached an agreement with CIBC that would allow the Company to expand its program to retail fashion establishments.

In February, 2009 the agreement was revised and while it capped the total credit facility to $3.0 million it allowed the Company to increase access from the prior limit of $1.5 million.

Interest is calculated daily on the amount outstanding and charged monthly at the per annum rate of 10 per cent above a certain major Canadian bank’s prime rate. First charge on all amounts due from participating establishments which are funded from this facility are provided as security. The agreement is for three years. The interest paid during the year was $121,655 (2008 $54,026)

The financing fees related to this credit facility were $191,376. The fees are being amortized over the term of the facility. The carrying amount outstanding under this facility at June 30, 2009 was $1,077,489 (2008 $824,281). The loan payable amount disclosed on the Balance Sheet is net of the unamortized financing fees of $96,501 (2008 $160,833).

5. CONVERTIBLE DEBENTURES PAYABLE

In prior periods, the Company issued $6,000,000 of senior convertible debentures (the convertible debentures). The convertible debentures bear interest at 10%, mature on December 9, 2011, are convertible into common shares at $0.10 per common share and are secured by a general security interest over the assets of the Company and its subsidiaries.

The significant financial covenants of the convertible debentures require the Company to meet a defined level of current assets and interest coverage commencing on a quarterly basis.

As at June 30, 2008, the Company was in breach of its financial covenant related to current assets, and interest coverage. In September, 2008, the convertible debenture agreement was amended and the covenants from June 30, 2008 through maturity were revised. The Company met the revised financial covenants as at June 30, 2008. In consideration for the amendments to the convertible debenture agreement, the Company agreed to issue 9,990,000 warrants to the holders of the convertible debentures on a pro rata basis based on the outstanding principal amounts of the convertible debentures. Each warrant entitled the holder to purchase one common share of the Company at an exercise price of $0.045 at any time prior to December, 2011. The issuance of 9.86 million warrants was completed in two tranches, January, 2009 and February, 2009.

In accordance with CICA Handbook section 3862, the debt and equity portions of the convertible debentures were re-computed based on estimated relative fair value of the debt and equity components. The fair value of the warrants was determined as $189,810.

The Black-Scholes pricing model was used to determine the fair value of the warrants. The following assumptions were used in the Black-Scholes option pricing model.

Common share price	$0.035
Exercise price of warrants	$0.045
Expected life of the warrant	3 years
Expected volatility	87%
Risk-free interest rate	3%

During Fiscal 2009, the Company met its financial covenants at quarters ended September 30, 2008, December 31, 2008, and March 31, 2009.

As at June 30, 2009, the Company met its financial covenants.

A summary of the debt and equity portions of the convertible debentures and the related balance of unamortized financing charges is as follows. The debt portion is shown on the balance sheet net of financing costs.

	Debt portion	Equity Portion	Warrants	Deferred financing costs
Balance June 30, 2007	$4,426,929	$2,114,341	$ -	$384,594
Accretion charge	315,316	-	-	-
Amortization of issuance costs	-	-	-	(85,464)
Balance June 30, 2008	$4,742,245	$2,114,341	$ -	$ 299,130
Accretion charge	374,639	-	-	-
Amortization of issuance costs	-	-	-	(85,464)
Issuance of warrants	(189,810)	-	189,810	-
Balance June 30, 2009	$4,927,074	$2,114,341	$189,810	$213,666

6. NON-CONVERTIBLE DEBENTURES PAYABLE

In December, 2007, the Company issued 2,000 units of non-convertible debentures for gross proceeds of $2,000,000. The Company issued an additional 665 units in January 2008, for gross proceeds of $665,000. Certain directors and officers of the Company participated in the second tranche, purchasing 110 units. Financing fees of $103,891 related to these debentures will be amortized over the term of the debentures.

Each unit consists of a $1,000 secured non –convertible debenture and 1,975 share purchase warrants. The debentures bear interest at 14% per annum, payable quarterly, and mature on December 31, 2010. Each share purchase warrant allows the holder to acquire one share of the Company at $0.06 per share during the three year term of the debenture.

Under the agreement, the proceeds of the non-convertible debentures are to be used to acquire transaction credits. In addition, the proceeds of the non-convertible debentures are to be held in a separate bank account, set up by the Company**.** As security, the debenture holders have first charge to the balances in the separate bank accounts as well as all amounts due from establishments funded by the proceeds of the non-convertible debentures. The balance in the separate bank account at June 30, 2009 was $60,000 (2008 $60,000).

The non-convertible debentures include a financial covenant that requires the Company to meet a defined level of assets at each quarter end commencing the quarter ending on March 31, 2008. The Company met its financial covenant during the year ended June 30, 2009.

In accordance with CICA Handbook Section 3855, the fair value of the non-convertible debentures was bifurcated into debt and equity portions based on the estimated relative fair value of the debt and equity components. Accordingly, $184,744 was allocated to the equity portion of the share purchase warrants.

The Black-Scholes option pricing model was used to determine the fair value of the share purchase warrants. The following assumptions were used in the Black-Scholes option pricing model:

Common share price	$0.06
Exercise price of share purchase warrant	$0.06
Expected life of the share warrant	3 years
Expected volatility	89%
Risk-free interest rate	3.9%

The amount of non-convertible debentures is disclosed under long-term liabilities:

Gross proceeds of debentures	$2,665,000
Allocated to share purchase warrants	(184,744)
Unamortized financing fees	(54,609)
Accretion charges to date	94,014
Non – convertible debenture payable	$2,519,661

7. CAPITAL STOCK

(a) Authorized

Class A preference – 500,000 shares non-voting, non-participating, redeemable (at stated capital amount), 8% (of stated capital amount) non-cumulative dividend rate

Class B preference – Unlimited number of shares, issuable in series with rights, privileges, restrictions and conditions determined by the Board of Directors at time of issue

Common – Unlimited number of shares

(b) Issued Class A preference shares

	2009	2008
459,781 shares	$ 3,815	$ 3,815

(c) Issued common shares

	2009	2008
97,030,868 shares	$ 24,106,281	$ 24,106,281

(d) Stock options

The Company has a stock option plan for directors, officers, employees and consultants. The stock options are non-assignable; the stock option price is to be fixed by the Board of Directors (but may not be less than the closing price on the day immediately preceding the date of the grant of the stock option); the term of the stock options may not exceed five years, and payment for the optioned shares is required to be made in full on the exercise of the stock options. The stock options are subject to various vesting provisions, determined by the Board of Directors, ranging from immediately to four years. On January 26, 2006, the Company received approval from the shareholders to amend its stock option plan from a fixed maximum number of common shares issuable to a rolling maximum number of common shares issued and outstanding (calculated on a non-diluted basis). At the Annual and Special Meetings of the Shareholders held on December 6, 2007, the Company's stock option plan was amended to increase the maximum number of common shares issuable under the plan from 10% of the number of common shares outstanding at any particular time, to 12.5% of the number of common shares outstanding at any particular time. The rolling maximum plan was re-approved for a further three year period by the shareholders at the Special and Annual General Meeting of the Shareholders held on December 30, 2008.

A summary of the status of the Company’s stock option plan as at June 30, 2009 and 2008, and changes during the years then ended is presented below:

	2009		2008	
	Share options	Weighted Average Exercise Price	Share options	Weighted Average Exercise Price
Outstanding at the beginning of the year	11,896,606	$0.06	7,980,000	$0.08
Granted	303,672	0.01	4,721,606	0.05
Forfeited and expired	(791,076)	0.06	(805,000)	0.14
Outstanding at the end of the year	11,409,202	$0.06	11,896,606	$0.06
Options exercisable at the end of the year	10,048,198		7,239,333	

The following table summarizes information about stock options outstanding as at June 30, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
0.01 – 0.045	4.049,202	3.4	$0.046	3,212,198	$0.045
0.05 – 0.095	6,725,000	1.9	$0.062	6,525,000	$0.065
0.10 - 0.15	635,000	1.6	$0.133	311,000	$0.132
	11,409,202			10,048,198	

The number of stock options available for future issuance as at June 30 is as follows:

	2009	2008
Maximum number reserved for issuance	12,128,858	12,128,858
Less: Outstanding at end of year	(11,409,202)	(11,896,606)
Number of options available for future issuance	719,656	232,252

The Company calculated the fair value of the stock options issued during Fiscal 2009 using the Black-Scholes option pricing model and determined their fair value was $2,000 (2008 - $110,000); $71,067 of stock option expense for the year ended June 30, 2009 was recorded in these consolidated financial statements (2008 - $94,800), and was recorded as an increase in contributed surplus. The assumptions used in the model were:

	2009	2008
Expected life of stock option	5 years	4 to 5 years
Expected volatility of common share price	83%	85%
Risk-free rate of return	1.40%	2.45%

(e) Shareholders' rights plan

At the Annual and Special Meeting of the Shareholders held on December 6, 2007 the Company received approval to renew the Shareholders' rights plan. The Plan expires the earliest of the (i) termination time as defined in the plan; and (ii) the termination of the Annual General Meeting of the Company in the year 2010. Under the shareholders' rights plan, certain rights become exercisable and permit shareholders to purchase common shares from the Company at 50% of the then current market price if any entity or person acquires or announces an intention to acquire 20% or more of the common shares, other than with the approval of the Board of Directors or pursuant to the "permitted bid" procedures, as defined by the shareholders' rights plan.

8. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company, in the normal course of business, is exposed to credit risk on its accounts receivable and transaction credits from customers. The Company generally acquires transaction credits that are estimated to be fully extinguishable within 30-120 days. Accounts receivable and transaction credits are net of applicable allowance for doubtful accounts, which is established based on the specific credit risk associated with the customer and other relevant information.

The ageing of accounts receivable and transaction credits at the reporting date was:

	June 30, 2009	June 30, 2008
Current	$7,934,945	$7,694,911
Over 120 days	722,620	410,674
	$8,657,565	$8,105,585

Currency risk

The Company is exposed to foreign exchange risk as a portion of its revenue is earned in US dollars and it has assets and liabilities that will be settled in US dollars. Foreign exchange risk arises due to fluctuations in foreign currency rates, which could affect the Company's financial results.

Included in the undernoted accounts are the following amounts (in USD):

	June 30, 2009	June 30, 2008
Cash and cash equivalents	$ 82,929	$112,253
Accounts receivable	$ 360,815	$656,849
Accounts payable and accrued liabilities	$ 728,770	$153,300

As at June 30, 2009, the Company had nominal amounts (equivalent to under CAD 3,000) of assets and liabilities in Euro and Pound Sterling (2008 nil).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity when obligations are due.

The Company deploys available funds to merchants under its Advance Purchase Marketing (APM) program, which are disclosed as transactions credits on the balance sheet. The Company generally acquires transaction credits that are estimated to be fully extinguishable within 30-120 days. The Company maintains adequate cash balances to meet liabilities when due.

Fair value

The carrying value of accounts receivable, transaction credits, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments.

The stated value of the loans payable, convertible debentures payable and non-convertible debentures payable approximate their fair values, as the interest rates are representative of current market rates for loans with similar terms, conditions and maturities.

Interest rate risk

The Company is exposed to price risk on both the convertible and non-convertible debentures payable, as these amounts are subject to fixed interest rates.

9. LOSS PER COMMON SHARE

Loss per share is calculated on the basis of net loss divided by the weighted average number of common shares outstanding for the year. Diluted loss per share is calculated using the treasury stock method, giving effect to the exercise of all dilutive instruments. Diluted loss per share information has not been presented, as the effect of potential exercise of the convertible debenture, stock options and warrants would be anti-dilutive.

10. INCOME TAXES

The Company has $13,864,000 (2008 - $16,224,000) of non-capital losses available to be applied against future taxable income. The losses expire as follows:

Year ending June 30,	2010	-	$2,133,000
	2014	-	$1,069,000
	2015	-	$1,448,000
	2016 and thereafter	-	$9,214,000
			$13,864,000

The income tax effect of these losses and other temporary differences give rise to future income tax assets against which a valuation allowance has been applied as follows:

	2009	2008
Income tax effect of:		
Non-capital losses carried forward	$4,966,000	$ 5,860,000
Property, plant and equipment amortization	18,000	(14,000)
Deferred financing charges	6,000	(36,000)
Research and development	65,000	65,000
Other	110,000	27,000
	5,165,000	5,902,000
Valuation allowance	(5,165,000)	(5,902,000)
Future income taxes	$ -	$ -

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Company is committed to minimum rental payments under existing leases for equipment and premises for the next five years as follows.

Year ending June 30,	2010	$228,503
	2011	173,241
	2012	45,853
	2013	27,838
	2014 & beyond	9,812

Taxation

After an audit in 1998, the Canada Revenue Agency (CRA) determined that the Company was providing marketing services. Since 1998, the Company has continued in the same business activities.

After completion of a recent audit, the CRA reversed its 1998 position. In April 2009, the Company received a notice of reassessment for Goods and Services Tax owed related to the Company's CIBC Advantex program and the ability to claim certain input tax credits during Fiscal years 2005-2007. The re-assessment is in the amount of $755,000.

The Company has contested the CRA position, and has filed a notice of objection.

The balance owed under the re-assessment is required to be paid during the objection process. The Company has agreed a 24 month payment plan with the CRA. The amounts payable under the payment plan, including an estimate for interest are:

Due within 12 months from June 30, 2009 - $366,000
Due within 12 months from June 20, 2010 - $416,000

12. RELATED PARTY TRANSACTIONS

The following transactions are in the normal course of business and are measured at the exchange amount of consideration established and agreed to by the related parties:

(i). On January 17, 2006, the Company entered into an agreement appointing Notre-Dame to act as its exclusive agent in connection with a series of financing transactions. In addition, Notre-Dame was appointed as the Company's exclusive financial adviser for a period of two years from January 17, 2006. The agreement was terminated by the Company effective February 5, 2007. The agreement allowed the agent to earn a commission on the issuance of common shares and debentures plus, in the case of common shares, options corresponding to 10% of the common shares sold. On March 14, 2006, the Company issued 37,037,037 common shares by way of a private placement and, in its capacity as agent for the private placement, Notre-Dame earned and was paid commission of $287,770 and received 3,552,716 stock options, exercisable at the offering price of $0.081 for a period of 24 months from the closing date of the private placement; the stock options were not exercised and expired March 15, 2008. In its capacity of financial adviser Notre-Dame was paid a monthly fee of $3,000. The president and managing partner of Notre-Dame was appointed a director of the Company on January 26, 2006, and resigned March 30, 2009

(ii). As at June 30, 2009, the following related parties are holders of the debentures described in notes 5 and 6:

Title	**Principal Amount (Convertible debenture)**	**Principal Amount (Non-convertible debenture)**
Chief Executive Officer	$ 50,000	$ 30,000
Director	$ nil	$ 25,000
Chief Financial Officer	$ nil	$ 15,000

13. RESTRUCTURING COSTS

Other liabilities disclosed under Long-term liabilities (Fiscal 2007 restructuring costs of $1,088,657 which were primarily severance payments due to former employees) are payable as follows:

	June 30, 2009	June 30, 2008
Included in current liabilities	$225,955	$260,000
Included in long term other liabilities	$nil	$205,955

14. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages Loan Payable, Non-Convertible debentures, Convertible debentures, and Capital Stock which is explained in detail in these financial statements. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable growth.

The Company is subject to financial covenants which are measured on a quarterly basis. The Company is in compliance with all financial covenants.

15. LISTING OF COMMON SHARES

On August 12, 2009, the TSX announced that it will delist Advantex's common shares following the close of trading on September 11, 2009. As announced by Advantex on January 15, 2009, the TSX had then initiated a review of the company's listing as it appeared that the shares no longer met the TSX's continued listing requirements. In citing its reasons for delisting Advantex, the TSX indicated that the common shares no longer met the continued listing requirements of the TSX, particularly with respect to the threshold of minimum market value of listed common shares.

The Toronto Stock Exchange has extended the date for the delisting of the Company's common shares to close of trading on September 30, 2009.

The extension period is to allow the TSX Venture Exchange (the "TSXV") to complete its review of the Company's application to list its common shares on the TSXV prior to the delisting on the Toronto Stock Exchange.

16. COMPARATIVES

Certain of the comparative figures have been reclassified to conform to consolidated financial statement presentation adopted in the current year.