



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Net Profit of \$261,000 for Three Months Ended September 30, 2011.

- Net Profit surpasses corresponding period previous year; up \$111,000.
- Merchant participation in Retail programs up 33%.
- Revenues from Retail programs up \$443,000 (13 % +).
- Contribution from Operations before amortization and interest (EBITDA⁽ⁱ⁾) up \$101,000 (12 % +).

Toronto, December 20, 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 three months ended September 30, 2011 (“Q1 F 2012”). All amounts are in Canadian dollars unless otherwise noted.

“We are pleased to report a return to net profit. The strong results from Retail programs for Q1 F 2012 are a vindication of our belief that during fiscal year ended June 30, 2011 the Company had set up a solid platform to grow its merchant base, and ensure growth in its future revenues and profitability.” said Kelly Ambrose, Advantex President and Chief Executive Officer.

“In the coming quarters we expect to introduce new product offerings to the small merchant marketplace, that will enable merchants to market their goods and services in new mediums, and save money in their inputs. We expect these new product offerings to generate incremental revenues for the Company,” said Mr. Ambrose.

Financial Highlights⁽ⁱⁱ⁾

	3 months ended September 30, 2011 ("Q1 F 2012")	3 months ended September 30, 2010 ("Q1 F 2011")
Revenues: Retail programs (merchant based programs)	\$3,835,000	\$3,392,000
: Online Shopping Mall (<i>discontinued Q3 of fiscal year ended June 30, 2011</i>)	\$ -	\$ 566,000
: Total	<u>\$3,835,000</u>	<u>\$3,958,000</u>
Gross Margin	72.8 %	68.4 %
Contribution from Operations before amortization and interest (EBITDA ⁽ⁱ⁾)	\$ 976,000	\$ 875,000
Amortization	\$ 92,000	\$ 153,000
Stated Interest on loan payable and debentures	\$ 491,000	\$ 398,000
Non-cash Interest	\$ 132,000	\$ 173,000
Net Profit	\$ 261,000	\$ 150,000

(i) 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 Contribution from operations before amortization and interest.

(ii) Some numbers in the presentation under Financial Highlights may not add due to rounding.

The Company's revenues from Retail programs increased 13 % during Q1 F 2012 compared with Q1 F 2011, a reflection of increased merchant participation in the programs. The Company's premier product, Advance Purchase Marketing ("APM"), generated revenues of \$2.6 million in Q1 F 2012 compared with \$2.3 million during Q1 F 2011, and represents 68 % and 67 % of the Company's revenues for Q1 F 2012 and Q1 F 2011 respectively.

Stated interest cost (cash interest paid or payable) for Q1 F 2012 was \$0.5 million compared with \$0.4 million for Q1 F 2011. The higher dollar cost reflects both an increase in the utilization of the line of credit facility (Loan payable on the balance sheet) which the Company utilized to expand its APM program business, and increase in the coupon of the convertible debenture re-financed in May, 2011 (\$6.0 million Convertible debenture with coupon of 10% re-financed as \$6.462 million Non-convertible debenture at a coupon of 12%). The re-financing was done to stabilize the Company's access to capital.

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 1,150 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 the strong results from Retail programs for Q1 F 2012 are a vindication of its belief that during fiscal year ended June 30, 2011 the Company had set up a solid platform to grow its merchant base, and ensure growth in its future revenues and profitability; the Company's expectation to the timing of the launch of its new product offerings; the Company's expectation to the acceptance of its new product offerings by the small merchants; the Company's expectation of incremental revenue from the new product offerings; the Company's belief that the re-financing of debenture was done to stabilize its access to capital; the Company's ability to increase merchant participation in its Retail programs; 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, including certain assumptions and expectations of Management. 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 three months ended September 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 three months ended September 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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For further information please contact:
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Advantex Marketing International Inc.
Consolidated Statement of Financial Position
As at September 30, 2011, June 30, 2011 and July 1, 2010 – (Unaudited)

	September 30, 2011	June 30, 2011	July 1, 2010
Assets			
Current assets			
Cash and cash equivalents	393,667	5,000	505,941
Accounts receivable	856,444	842,249	700,927
Transaction credits (note 3)	13,316,325	12,408,060	9,538,364
Aeronotes (note 6)	-	66,451	381,309
Prepaid expenses and sundry assets	320,821	248,541	249,510
	\$14,887,257	\$13,570,301	\$11,376,051
Non-current assets			
Other asset (note 6)	100,000	100,000	-
Property, plant and equipment (note 7)	736,430	761,177	807,315
	836,430	861,177	807,315
Total assets	\$15,723,687	\$14,431,478	\$12,183,366
Liabilities			
Current liabilities			
Bank Indebtedness	-	83,262	-
Loan payable (note 8)	6,022,774	4,917,446	3,030,549
Accounts payable and accrued liabilities	3,243,899	3,319,363	3,093,652
Liabilities of discontinued operations (note 17)	407,363	432,440	-
14% non-convertible debentures payable (note 9)	-	-	2,620,705
Convertible debentures payable (note 10)	-	-	5,217,578
	\$9,674,036	\$8,752,511	\$13,962,484
Non-current liabilities			
14% Non-convertible debentures payable (note 9)	1,748,599	1,747,497	-
12% Non-convertible debentures payable (note 10)	5,402,821	5,300,492	-
	\$7,151,420	\$7,047,989	\$-
Total Liabilities	\$16,825,456	\$15,800,500	\$13,962,484
Shareholders' equity			
Share capital (note 11)	24,110,096	24,110,096	24,110,096
Contributed surplus (note 12)	732,795	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	(29,255,014)	(29,516,267)	(29,023,988)
Total equity	\$(1,101,769)	\$(1,369,022)	\$(1,779,118)
Total liabilities and equity	\$15,723,687	\$14,431,478	\$12,183,366
Commitments (note 18)			

Approved by the Board:

Director: "William Polley"

Director: "Kelly E. Ambrose"

William Polley

Kelly E. Ambrose

Advantex Marketing International Inc.
Consolidated Statement of Profit/ (Loss)
For the three months ended September 30, 2011 and 2010 – (Unaudited)

	2011	2010
Revenues	3,835,107	3,957,698
Direct expenses	1,044,193	1,252,409
Gross profit	2,790,914	2,705,289
Operating Expenses		
Selling and marketing	776,330	831,033
General and administrative	1,038,091	999,719
Contribution from operations before amortization and interest	976,493	874,537
Depreciation of property, plant and equipment	92,402	153,152
Interest expense:		
Stated interest expense – loan payable, debentures	490,834	397,968
Non-cash interest expense on loan payable, and debentures	132,004	173,084
Net income (loss)	261,253	150,333
Comprehensive income (loss)	261,253	150,333
Earnings per share:		
Basic	0.00	0.00
Diluted	0.00	0.00

Advantex Marketing International Inc.
Consolidated Statements of Changes in Equity
(Unaudited)

	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 income (loss) for the period						150,333	150,333
Other comprehensive income (net of tax):						-	-
Comprehensive income (loss) for the period						150,333	150,333
Employee share options:							
Value of services recognized			6,000				6,000
Balance – September 30, 2010	3,815	24,106,281	651,879	2,114,341	374,554	(28,873,655)	(1,622,785)
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 (loss) for the period						261,253	261,253
Other comprehensive income (net of tax):						-	-
Comprehensive income (loss) 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)

Advantex Marketing International Inc.
Consolidated Statement of Cash Flow
For the three months ended September 30, 2011 and 2010 – (Unaudited)

	2011	2010
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income (loss) for the period	261,253	150,333
Adjustments for:		
Depreciation of property, plant and equipment, and intangibles	92,402	153,152
Stock-based compensation	6,000	6,000
Accretion charge for debentures	132,004	173,084
	491,659	482,569
Changes in items of working capital		
Accounts receivable	(14,195)	(100,493)
Transaction credits	(908,265)	(694,249)
Aeronotes	66,451	30,058
Prepaid expenses and sundry assets	(72,280)	(22,239)
Accounts payable and accrued liabilities	(100,541)	88,097
	(1,028,830)	(698,826)
Net cash generated from operating activities	(537,171)	(216,257)
Investing activities		
Purchase of property, plant and equipment	(67,655)	(83,189)
Net cash generated from investing activities	(67,655)	(83,189)
Financing activities		
Loan Payable	1,105,328	765,020
Debenture renewal Costs	(28,573)	-
Net cash generated in financing activities	1,076,755	765,020
Movement in cash and cash equivalents during the period		
- From continuing operations	497,006	465,574
- From discontinued operations (note 17)	(25,077)	-
	<u>471,929</u>	<u>465,574</u>
Increase (decrease) in cash and cash equivalents	471,929	465,574
Cash and cash equivalents – Beginning of period	(78,262)	505,941
Cash and cash equivalents – End of period	393,667	971,515