



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Net Profit for Three and Six Months Ended December 31, 2011.

- Net profit. Three and six months increase of \$191,000 and \$301,000 respectively vs. corresponding previous periods.
- Merchant participation. Record level, over 1,150 at the end of December, 2011.
- Revenues from Retail programs. Three and six months increase of \$646,000 and \$1,089,000 respectively vs. corresponding previous periods.
- Contribution from Operations before amortization and interest (EBITDA (i)). Three and six months increase of \$270,000 and \$372,000 respectively vs. corresponding previous periods.

Toronto, February 14, 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 and six months ended December 31, 2011.

“We are pleased to report a second successive quarter of net profit. Net profit from operations of the Company, for the three and six months, is the highest in over a decade. The strong results are driven by our Retail programs and confirm our belief that the Company has set up a solid platform from which to continue to grow its merchant base and ensure growth in its future revenues and profitability,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

Financial Highlights (ii):

(CAD)

	Three months ended December 31			Six months ended December 31		
	2011	2010	Change	2011	2010	Change
Retail programs – average # of participating merchants	1,114	765	45.6%	1,059	749	41.4%
Retail program Revenues	\$4,234,000	\$3,588,000	\$ 646,000	\$8,069,000	\$6,980,000	\$1,089,000
Retail program Gross Profit	\$3,066,000	\$2,419,000	\$ 647,000	\$5,857,000	\$4,924,000	\$ 933,000
Contribution from operations before Amortization and Interest (EBITDA (i))	\$1,000,000	\$ 730,000	\$ 270,000	\$1,977,000	\$1,605,000	\$ 372,000
Cash Interest	\$ 518,000	\$ 387,000	\$(131,000)	\$1,009,000	\$ 785,000	\$(224,000)
Contribution after Cash Interest (i)	\$ 482,000	\$ 343,000	\$ 139,000	\$ 968,000	\$ 820,000	\$ 148,000
Amortization	\$ 102,000	\$ 119,000	\$ 17,000	\$ 194,000	\$ 272,000	\$ 78,000
Non cash interest - Accretion	\$ 133,000	\$ 168,000	\$ 35,000	\$ 266,000	\$ 341,000	\$ 75,000
Net Profit	\$ 247,000	\$ 56,000	\$ 191,000	\$ 508,000	\$ 207,000	\$ 301,000

(i) EBITDA, and Contribution after cash interest, are non-GAAP financial measures which do not have any standardized meaning prescribed by the issuer's GAAP and are 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, and Contribution after cash interest is provided to illustrate the Company's assessment of cash generated from its operating activities.

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

“We are in the process of introducing a product with digital marketing capabilities that will enable merchants to market their products and services through new channels including social media. Additionally, the Company recently announced its agreement with Canadian Tire, its third affinity partner, for a pilot program. In the coming quarters we expect to introduce new product offerings to the small merchant marketplace, that will enable merchants to save money as well as generate incremental revenues for the Company,” said Mr. Ambrose.

The increase in the Company's revenues and profitability is a reflection of increase in the number of merchants participating in its programs.

The higher dollar cash interest cost is mainly a reflection of an increase in the utilization of the line of credit facility (Loan payable on the balance sheet) which the Company utilized to expand its Advance Purchase Marketing (APM) program business. The APM program is the Company's premier product and source of revenue.

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) program. Advantex partners include over 1,150 merchants; CIBC; Aeroplan; and Canadian Tire. 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 it has set up a solid platform from which to continue to grow its merchant base and ensure growth in its future revenues and profitability; the Company's expectation that it will launch new products in the coming quarters; 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 and six month periods ended December 31, 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 and six month periods ended December 31, 2011.

All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

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Advantex Marketing International Inc.
Consolidated Statement of Financial Position
As at December 31, 2011 and June 30, 2011– (Unaudited)

	December 31, 2011	June 30, 2011
Assets		
Current assets		
Cash and cash equivalents	1,311,807	5,000
Accounts receivable	1,063,966	842,249
Transaction credits	13,100,514	12,408,060
Aeronotes (note 4)	-	66,451
Prepaid expenses and sundry assets	276,265	248,541
	\$15,752,552	\$13,570,301
Non-current assets		
Other asset (note 4)	100,000	100,000
Property, plant and equipment, and intangibles	702,943	761,177
	802,943	861,177
Total assets	\$16,555,495	\$14,431,478
Liabilities		
Current liabilities		
Bank Indebtedness	-	83,262
Loan payable (note 5)	5,912,234	4,917,446
Accounts payable and accrued liabilities	3,829,866	3,319,363
Liabilities of discontinued operations (note 11)	395,186	432,440
	\$10,137,286	\$8,752,511
Non-current liabilities		
14% Non-convertible debentures payable (note 6)	1,754,891	1,747,497
12% Non-convertible debentures payable (note 7)	5,521,672	5,300,492
	\$7,276,563	\$7,047,989
Total Liabilities	\$17,413,849	\$15,800,500
Shareholders' equity		
Share capital (note 8)	24,110,096	24,110,096
Contributed surplus (note 9)	729,350	726,795
Equity portion of debentures (note 7)	2,114,341	2,114,341
Warrants (note 6/7)	1,196,013	1,196,013
Deficit	(29,008,154)	(29,516,267)
Total equity	\$(858,354)	\$(1,369,022)
Total liabilities and equity	\$16,555,495	\$14,431,478
Commitments (note 12)		

Approved by the Board:

Director: "William Polley"

William Polley

Director: "Kelly Ambrose"

Kelly E. Ambrose

Advantex Marketing International Inc.
Consolidated Statement of Profit/ (Loss)
For the three and six months ended December 31, 2011 and 2010 – (Unaudited)

	For the three months ended		For the six months ended	
	December 31		December 31	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenues	4,234,322	3,682,261	8,069,429	7,639,959
Direct expenses	1,168,283	1,228,630	2,212,476	2,481,039
Gross profit	3,066,039	2,453,631	5,856,953	5,158,920
Operating Expenses				
Selling and marketing	925,084	746,699	1,701,413	1,577,732
General and administrative	1,140,546	976,533	2,178,638	1,976,252
Contribution from operations before amortization and interest	1,000,409	730,399	1,976,902	1,604,936
Depreciation of property, plant and equipment, and intangibles	102,001	118,611	194,403	271,764
Interest expense:				
Stated interest expense – loan payable, debentures	517,890	386,905	1,008,724	784,872
Non-cash interest expense on loan payable, and debentures	133,658	168,624	265,662	341,708
Net income	246,860	56,259	508,113	206,592
Comprehensive income	246,860	56,259	508,113	206,592
Earnings per share:				
Basic	0.00	0.00	0.01	0.00
Diluted	0.00	0.00	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 for the period						206,592	206,592
Other comprehensive income (net of tax):						=	=
Comprehensive income for the period						206,592	206,592
Employee share options:							
Value of services recognized			12,000				12,000
Balance – December 31, 2010	3,815	24,106,281	657,879	2,114,341	374,554	(28,817,396)	(1,560,526)
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 for the period						508,113	508,113
Other comprehensive income (net of tax):						=	=
Comprehensive income for the period						508,113	508,113
Employee share options:							
Value of services recognized			2,555				2,555
Balance – December 31, 2011	3,815	24,106,281	729,350	2,114,341	1,196,013	(29,008,154)	(858,354)

Advantex Marketing International Inc.
Consolidated Statement of Cash Flow
For the six months ended December 31, 2011 and 2010 – (Unaudited)

	2011	2010
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income for the period	508,113	206,592
Adjustments for:		
Depreciation of property, plant and equipment, and intangibles	194,403	271,764
Stock-based compensation	2,555	12,000
Accretion charge for debentures	<u>265,662</u>	<u>341,708</u>
	970,733	832,064
Changes in items of working capital		
Accounts receivable	(221,717)	(18,407)
Transaction credits	(692,454)	(153,075)
Aeronotes	66,451	115,671
Prepaid expenses and sundry assets	(27,724)	(116,060)
Accounts payable and accrued liabilities	<u>510,503</u>	<u>437,356</u>
	(364,941)	265,485
Net cash generated from operating activities	605,792	1,097,549
Investing activities		
Purchase of property, plant and equipment, and intangibles	(136,169)	(132,831)
Net cash generated from investing activities	(136,169)	(132,831)
Financing activities		
Loan Payable	994,788	18,407
Debenture renewal – additional transaction costs	<u>(37,088)</u>	-
Net cash generated in financing activities	957,700	18,407
Movement in cash and cash equivalents during the period		
- From continuing operations	1,427,323	983,125
- From discontinued operations (note 11)	<u>(37,254)</u>	-
	<u>1,390,069</u>	<u>983,125</u>
Increase (decrease) in cash and cash equivalents	1,390,069	983,125
Cash and cash equivalents – Beginning of period	(78,262)	505,941
Cash and cash equivalents – End of period	1,311,807	1,489,066