



ADVANTEX

NEWS RELEASE

For Immediate Release
ADX: CNSX

Advantex Announces Improvement in Results for Three and Nine Months Ended March 31, 2012.

- Merchant participation which is the driver of revenues for the Company hit a record level of over 1,200 at the end of March 2012.
- Revenues. Three and nine months increase of \$618,000 and \$1,707,000 respectively vs. corresponding previous periods.
- Earnings from operations before amortization and interest (EBITDA (i)). Three and nine months increase of \$252,000 and \$595,000 respectively vs. corresponding previous periods.
- Net Profit / (Loss). Three and nine months improves \$92,000 and \$394,000 respectively vs. corresponding previous periods.
- Net Profit for nine months ended March 31, 2012 is at highest level, and is second instance of net profit at nine month stage since March 31, 2002.

Toronto, May 10, 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 nine months ended March 31, 2012.

“The January to March quarter is normally the low point in Advantex’s business cycle and it reflects a slow-down in consumer spending, at merchants participating in the Company’s programs, after the October – December high season. The Company has weathered this quarter much better compared with corresponding period previous year,” said Kelly Ambrose, Advantex President and Chief Executive Officer.

“Typically from April through December consumer spending progressively increases. Furthermore, during this period merchants explore avenues to improve their business and this is an opportunity for the Company to sell its working capital and / or loyalty marketing programs thereby increasing merchant participation. We are confident in our ability to continue to grow merchant base and ensure growth in future revenues and profitability,” said Mr. Ambrose.

Financial Highlights (ii):

				(CAD)		
	Three months ended March 31			Nine months ended March 31		
	2012	2011	Change	2012	2011	Change
Average # of participating merchants	1,184	763	55.2%	1,090	754	44.6%
Revenues	\$ 3,494,000	\$ 2,876,000	\$ 618,000	\$11,563,000	\$ 9,856,000	\$ 1,707,000
Gross Profit	\$ 2,548,000	\$ 1,887,000	\$ 661,000	\$ 8,405,000	\$ 6,811,000	\$ 1,594,000
Earnings from operations before Amortization and Interest (EBITDA (i))	\$ 387,000	\$ 135,000	\$ 252,000	\$ 2,364,000	\$ 1,769,000	\$ 595,000
Cash Interest	\$ 486,000	\$ 377,000	\$ (109,000)	\$ 1,495,000	\$ 1,162,000	\$ (333,000)
Earnings after Cash Interest (i)	\$ (99,000)	\$ (242,000)	\$ 143,000	\$ 869,000	\$ 607,000	\$ 262,000
Amortization	\$ 119,000	\$ 79,000	\$ (40,000)	\$ 313,000	\$ 350,000	\$ 37,000
Non cash interest - Accretion	\$ 136,000	\$ 136,000	\$ -	\$ 402,000	\$ 478,000	\$ 76,000
Discontinued operations	\$ -	\$ 10,000	\$ (10,000)	\$ -	\$ (19,000)	\$ 19,000
Net Profit / (Loss)	\$ (354,000)	\$ (446,000)	\$ 92,000	\$ 154,000	\$ (240,000)	\$ 394,000

(i) EBITDA, and Earnings 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 Earnings from operations before amortization and interest, and in case of Earnings after cash interest is Earnings from operations before amortization and interest less Stated interest expense and is presented to illustrate the Company's assessment of cash generated from its operating activities after reflecting stock based compensation expense but prior to changes in working capital items.

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

The increase in the Company's revenues and profitability is primarily 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 utilizes 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. Advantex partners with Canadian Imperial Bank of Commerce (CIBC), and Aeroplan Canada Inc. (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 over 1,200 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, and gift stores, many of which are leaders in their respective categories. Advantex is traded on the Canadian National Stock Exchange under the symbol "ADX". For additional information on Advantex, please visit www.advantex.com.

Forward-Looking Information

This Press Release contains certain "forward-looking information". All information, other than information comprised of historical fact, that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is typically identified by words such as: anticipate, believe, expect, goal, intend, plan, will, may, should, could and other similar expressions. Such forward-looking information relates to, without limitation, information regarding: the Company's belief that the April through December period provides an opportunity to increase merchant participation; the Company's belief in its ability to continue to grow its merchant base and ensure growth in future revenues and profitability; 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, continued affinity partner participation; continued support from providers of loan payable and non-convertible debentures; the size of the market for its programs and its ability to increase merchant participation; its ability to access future financing to expand its APM program; future business levels and the cost structure required to operate at those levels; and future interest rates.

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, those listed under “General Risks and Uncertainties” and “Economic Dependence” in the Management’s Discussion and Analysis for the three and nine month periods ended March 31, 2012 available on www.sedar.com.

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 March 31, 2012 and June 30, 2011– (Unaudited)

	March 31, 2012	June 30, 2011
Assets		
Current assets		
Cash and cash equivalents	539,879	5,000
Accounts receivable	835,094	842,249
Transaction credits	13,939,071	12,408,060
Inventory (note 4)	218,000	66,451
Prepaid expenses and sundry assets	243,798	248,541
	\$15,775,842	\$13,570,301
Non-current assets		
Other asset (note 5)	100,000	100,000
Property, plant and equipment, and intangibles	618,079	761,177
	718,079	861,177
Total assets	\$16,493,921	\$14,431,478
Liabilities		
Current liabilities		
Bank Indebtedness	-	83,262
Loan payable (note 6)	6,455,218	4,917,446
Accounts payable and accrued liabilities	3,449,652	3,319,363
Liabilities of discontinued operations (note 12)	324,647	432,440
	\$10,229,517	\$8,752,511
Non-current liabilities		
14% Non-convertible debentures payable (note 7)	1,762,745	1,747,497
12% Non-convertible debentures payable (note 8)	5,649,815	5,300,492
	\$7,412,560	\$7,047,989
Total Liabilities	\$17,642,077	\$15,800,500
Shareholders' equity		
Share capital (note 9)	24,110,096	24,110,096
Contributed surplus (note 10)	793,198	726,795
Equity portion of debentures (note 8)	2,114,341	2,114,341
Warrants (note 7/8)	1,196,013	1,196,013
Deficit	(29,361,804)	(29,516,267)
Total equity	\$(1,148,156)	\$(1,369,022)
Total liabilities and equity	\$16,493,921	\$14,431,478
Commitments (note 13)		

Approved by the Board:

Director: "William Polley"

Director: "Kelly Ambrose"

William Polley

Kelly E. Ambrose

Advantex Marketing International Inc.
Consolidated Statement of Profit/ (Loss)
For the three and nine months ended March 31, 2012 and 2011 – (Unaudited)

	For the Three months ended		For the nine months ended	
	March 31		March 31	
	2012	2011	2012	2011
	\$	\$	\$	\$
Revenues	3,493,635	2,875,626	11,563,064	9,855,889
Direct expenses	945,919	988,195	3,158,395	3,044,483
Gross profit	2,547,716	1,887,431	8,404,669	6,811,406
Operating Expenses				
Selling and marketing	1,015,805	731,756	2,717,218	2,045,588
General and administrative	1,145,110	1,020,361	3,323,748	2,996,613
Earnings from operations before amortization and interest from continuing operations	386,801	135,314	2,363,703	1,769,205
Depreciation of property, plant and equipment, and intangibles	118,706	78,672	313,109	350,436
Interest expense:				
Stated interest expense – loan payable, debentures	485,748	377,083	1,494,472	1,161,955
Non-cash interest expense on loan payable, and debentures	135,997	136,073	401,659	477,781
Net income / (Loss) from continuing operations	(353,650)	(456,514)	154,463	(220,967)
Net income / (Loss) from discontinued operations	-	10,069	-	(18,886)
Net income / (loss) and Comprehensive income / (loss)	(353,650)	(446,445)	154,463	(239,853)
Earnings per share:				
Basic and 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	Contribut ed surplus	Equity portion of debentures	Warrants	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
Balance – July 1, 2010	3,815	24,106,281	645,879	2,114,341	374,554	(29,023,988)	(1,779,118)
Net (loss) for the period						(239,853)	(239,853)
Other comprehensive income (net of tax):						=	=
Net (loss) and Comprehensive (loss) for the period						(239,853)	(239,853)
Employee share options:							
Value of services recognized			88,880				88,880
Balance – March 31, 2011	3,815	24,106,281	734,759	2,114,341	374,554	(29,263,841)	(1,930,091)
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						154,463	154,463
Other comprehensive income (net of tax):						=	=
Net income and Comprehensive income for the period						154,463	154,463
Employee share options:							
Value of services recognized			66,403				66,403
Balance – March 31, 2012	3,815	24,106,281	793,198	2,114,341	1,196,013	(29,361,804)	(1,148,156)

Advantex Marketing International Inc.
Consolidated Statement of Cash Flow
For the nine months ended March 31, 2012 and 2011 – (Unaudited)

	2012	2011
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income / (loss) for the period – continuing operations	154,463	(220,967)
Adjustments for:		
Depreciation of property, plant and equipment, and intangibles	313,109	350,436
Stock-based compensation	66,403	88,880
Accretion charge for debentures	<u>401,659</u>	<u>477,781</u>
	935,634	696,130
Changes in items of working capital		
Accounts receivable	7,155	(420,941)
Transaction credits	(1,531,011)	(1,917,406)
Inventory	(151,549)	133,024
Prepaid expenses and sundry assets	4,743	(40,507)
Accounts payable and accrued liabilities	<u>130,289</u>	<u>484,404</u>
	(1,540,373)	(1,761,426)
Net cash generated from operating activities	(604,739)	(1,065,296)
Investing activities		
Purchase of property, plant and equipment, and intangibles	(170,011)	(218,842)
Investment in other asset	-	(100,000)
Net cash generated from investing activities	(170,011)	(318,842)
Financing activities		
Loan Payable	1,537,772	651,125
Debenture renewal – additional transaction costs	<u>(37,088)</u>	-
Net cash generated in financing activities	1,500,684	651,125
Movement in cash and cash equivalents during the period		
- From continuing operations	725,934	(733,013)
- From discontinued operations (note 12)	<u>(107,793)</u>	<u>276,384</u>
	<u>618,141</u>	<u>(456,629)</u>
Increase (decrease) in cash and cash equivalents	618,141	(456,629)
Cash and cash equivalents – Beginning of period	(78,262)	505,941
Cash and cash equivalents – End of period	539,879	49,312