FORM 27
Securities Act (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE ACT

Item 1. **Reporting Issuer**

Advantex Marketing International Inc.
491 Eglinton Avenue West, Third Floor
Toronto, Ontario M5N 1A8

Item 2. **Date of Material Change**

A material change took place on February 27, 2004.

Item 3. **Press Release**

On February 27, 2004, a news release in respect of the material change was disseminated through Canada News Wire, Canadian Disclosure Network.

Item 4. **Summary of Material Change**

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated herein.

Item 5. **Full Description of Material Change**

No information other than that provided in Item 4 above is presently available.

Item 6. **Reliance on Section 75(3) of the Act**

The report is not being filed on a confidential basis.

Item 7. **Omitted Information**

No information has been omitted.

Item 8. **Senior Officer**

Allison L. Smith, President

Item 9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, in the Province of Ontario, this 2nd day of March, 2004.

ADVANTEX MARKETING INTERNATIONAL INC.

Per: *"Allison L. Smith"*

Allison L. Smith, President

Schedule "A"

ADVANTEX

NEWS RELEASE

ADVANTEX REPORTS Q2 2004 RESULTS

For Immediate Release
ADX: TSX

Toronto, February 27, 2003 – Advantex Marketing International Inc. (TSX:ADX) announced today its second quarter results for fiscal 2004. Sales and fees for the second quarter ended December 31, 2003 were $22,865,000, a decrease of $1,455,000 or 6% from sales and fees of $24,320,000 in the same quarter last year. Merchant and cardholder uncertainties in Canadian markets surrounding Air Canada's reorganization under the Companies' Creditors Arrangement Act (CCAA) and its Aeroplan subsidiary, and delays in the delivery of new merchant terminals, were primary factors in this variance. The Company reported an operating loss before amortization, interest and income taxes of $862,000 for the second quarter, compared to an operating loss before amortization, interest and income taxes of $204,000 in the same period last year. Quarterly results reflect the investment incurred and expensed to open new U.S. markets and expand the Company's U.S. merchant base. Net income for the three-month period ended December 31, 2003 was $371,000 or $0.01 per share after realization of income tax benefits of $1,500,000, compared to a net loss of $584,000 or $0.01 per share for the same period last year.

G. Randall Munger, Chairman and Chief Executive Officer of Advantex said, "Advantex is moving forward confidently with its plans to increase its participating merchant base through the development of new U.S. markets. Increasing the number of merchants participating in our programs is a key factor in achieving future profitability."

Sales and fees for the six-month period ended December 31, 2003 were $47,445,000, a decrease of $3,111,000 or 6.1% from sales and fees of $50,556,000 during the same period last year. The Company reported an operating loss before amortization, interest and income taxes of $885,000 for the six-month period ended December 31, 2003, compared to operating income before amortization, interest and income taxes of $195,000 in the same period last year.

Net income for the six-month period ended December 31, 2003 was $82,000 or $0.00 per share, compared to a net loss of $562,000 or $0.01 per share for the same period last year. Net income this year includes a realization of income tax benefits of $1,500,000. (See note 6 to the financial statements, "Tax Assisted Financing")

Cash and cash equivalents on hand at the end of Q2 2004 was $3,848,000.

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MERCHANT GROWTH PLAN

Advantex occupies a unique position in the North American loyalty marketing sector, developing and managing loyalty programs that deliver enhanced value for airlines, credit card issuers, newspapers, and other major organizations, as well as for a wide range of local, regional and national brand merchants. The size of the participating cardholder base and the number of participating merchants are principal factors influencing the long-term growth and profitability of the Company.

Advantex has established a significant platform for growth through its agreements with CIBC, UAL Loyalty Services, US Airways and Bank of America, and most recently with Delta Airlines and Alaska Airlines. The agreements have more than quadrupled the participating cardholder base from 800,000 in fiscal 2003 to more than 3.6 million in fiscal 2004 and beyond as cardholder markets are opened.

The Company is now actively engaged in growing its merchant base into new and existing markets throughout North America and is incurring costs in connection with this growth initiative. We anticipate losses for the balance of fiscal 2004 and into fiscal 2005 at which time new markets are expected to opened and fully operational. Advantex earns income from merchants who participate in its syndicated customer loyalty marketing programs. Income increases as the number of designated credit card holders and the number of participating merchant partners increase. Management believes there is an opportunity to improve margins and expand its merchant participation base by increasing the pre-purchase amounts it pays to merchants.

During the quarter, the Company announced the beginning of new relationships with Delta Air Lines and Alaska Airlines/ Horizon Air, with the launch of SkyMiles Shopping at www.skymilesshopping.com and Mileage Plan Shopping at www.mileageplanshoppingmall.com. Advantex now manages online shopping mall programs for three out of the top six U.S. airlines.

Air Canada advised the Company that effective December 31, 2003 it was repudiating its online and retail reward program agreements with Advantex and its agreement to permit Advantex to award Aeroplan Miles under the CIBC Aerogold ADVANTEX Benefit program for purchases at participating retail outlets. At this time, these business arrangements have not been successfully renegotiated, and these related programs have been terminated. During the six month period, revenue from this business unit was not significant relative to the total revenue of the Company.

Few companies in North America provide the depth of Advantex's marketing expertise in combination with its breadth of products and services.

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ADVANTEX BOARD OF DIRECTORS

Advantex is pleased to announce the appointment to the Company's Board of Directors of Stephen Burns and Peter Charlton.

Stephen Burns is the vice-chairman of Avenue Financial Corporation, a public listed corporation that creates, distributes and manages sophisticated investments for high net worth investors. Prior to assuming this role in 2002, Mr. Burns had more than 30 years experience as a financial advisor to entrepreneurial businesses and their owners, with particular strengths in the areas of taxation, financing, investment evaluation and the issues associated with growth and succession. He was a senior partner in Shimmerman Penn Burns Becker LLP, Chartered Accountants, from 1995 to 2002 and a senior partner in Beallor Beallor & Burns, Chartered Accountants from 1972 to 1995. Mr. Burns is a co-founder, director and senior officer of 180 Capital Corporation, a Toronto-based private merchant bank which specializes in restructuring and turn-around management transactions. He is a founding director of the International Group of Accounting Firms, one of the world's largest accounting organizations. Mr. Burns holds a B.A., C.A. and M.B.A.

Peter Charlton is President of Madison Grant Fund Inc., a venture capital firm, and President of a company operating in the medial electronics field. He brings over 20 years of marketing and investment management experience to the Advantex Board, particularly in the areas of marketing new ventures, asset management, accounting, financial reporting, profitability analysis and financial modeling. Mr. Charlton is a Chartered Accountant and holds a Bachelor of Commerce.

The Company would like to thank departing directors Rupert Duschesne and Cheryl Longo for their service.

"We are delighted to welcome Mr. Burns and Mr. Charlton to the Advantex Board of Directors," said Mr. Munger. "I believe Advantex will benefit from their wealth of business and financial acumen and we look forward to their contribution to our future."

About Advantex Marketing International Inc.

Advantex Marketing International Inc. is a leading marketing services firm, specializing in knowledge-based customer loyalty and rewards programs. Advantex programs build new and repeat business for participating merchants and product marketers from the most desirable customers of leading North American companies. Advantex loyalty partners include Air Canada's Aeroplan, Alaska Airlines, Bank of America, CIBC, Delta Air Lines, The New York Times, United Mileage Plus, US Airways, and other major North American corporations, and a growing list of restaurants, retailers, golf courses, small inns and resorts. Advantex is a public company, traded on the Toronto Stock Exchange under the symbol "ADX". For additional information on Advantex, please visit www.advantex.com.

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ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS (unaudited)

As at (in thousands)	December 31, 2003 ($)	June 30, 2003 ($)
ASSETS		
Current:		
Cash and cash equivalents	3,848	3,258
Promissory note receivable (note 3)	1,200	0
Accounts receivable	2,781	2,090
Purchased receivables	1,935	2,612
Inventory	868	1,676
Prepaid expenses and sundry assets	328	251
	10,960	9,887
Long term:		
Capital	1,266	1,468
Deferred financing charges (note 8)	292	366
	1,558	1,834
Total Assets	**12,518**	**11,721**
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	5,841	5,816
Long term:		
Convertible debentures payable (note 8)	3,074	3,398
Total Liabilities	**8,915**	**9,214**
SHAREHOLDERS' EQUITY		
Capital stock:		
Class A preference shares	4	4
Common shares	20,815	20,815
	20,819	20,819
Contributed surplus	60	60
Equity portion of convertible debenture (note 8)	880	546
Obligation to issue shares (note 6)	680	0
Deficit	(18,836)	(18,918)
	3,603	2,507
Total Liabilities and Shareholders' Equity	**12,518**	**11,721**

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF LOSS (unaudited)

	Three Months Ended December 31		Six Months Ended December 31	
	2003	2002	2003	2002
(in thousands except income (loss) per common share)	($)	($)	($)	($)
REVENUE				
Sales and fees	22,865	24,320	47,445	50,556
Direct costs	20,601	21,843	42,581	45,079
	2,264	2,477	4,864	5,477
OPERATING EXPENSES				
Selling	1,684	1,576	3,194	3,064
General and administrative	1,442	1,105	2,555	2,218
	3,126	2,681	5,749	5,282
OPERATING INCOME (LOSS)	(862)	(204)	(885)	195
Amortization	125	114	249	222
Interest	142	266	284	535
	267	380	533	757
NET INCOME (LOSS) BEFORE INCOME TAXES	(1,129)	(584)	(1,418)	(562)
Realization of income tax benefits (note 6)	1,500	0	1,500	0
NET INCOME (LOSS)	**371**	**(584)**	**82**	**(562)**
NET INCOME (LOSS) PER COMMON SHARE	**0.01**	**(0.01)**	**0.00**	**(0.01)**
NET INCOME (LOSS) PER COMMON SHARE – Fully diluted	**0.00**	**n/a**	**0.00**	**n/a**

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF DEFICIT (unaudited)

Six Months Ended December 31	2003	2002
(in thousands)	($)	($)
BALANCE AT THE BEGINNING OF THE PERIOD	(18,918)	(16,701)
Net Income (Loss)	82	(562)
BALANCE AT THE END OF THE PERIOD	**(18,836)**	**(17,263)**

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Three Months Ended December 31		Six Months Ended December 31	
(in thousands)	2003 ($)	2002 ($)	2003 ($)	2002 ($)
CASH WAS PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss)	371	(584)	82	(562)
Item not affecting cash:				
Amortization of capital assets	125	114	249	222
Accretion charge	24	0	46	
Amortization of deferred financing charges	20	100	39	201
	540	(370)	416	(139)
Changes in non-cash working capital items	(178)	(1,035)	(458)	632
Cash provided by (used in) operating activities	362	(1,405)	(42)	493
FINANCING ACTIVITIES				
Debenture payable	0	(1,800)	0	(1,800)
Obligation to issue shares (note 6)	680	0	680	-
Cash provided by (used in) financing activities	680	(1,800)	680	(1,800)
INVESTING ACTIVITIES				
Capital and other assets	(40)	(52)	(48)	(207)
Cash used in investing activities	(40)	(52)	(48)	(207)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,002	(3,257)	590	(1,514)
Cash and cash equivalents, beginning of period	2,846	7,630	3,258	5,887
CASH AND CASH EQUIVALENTS, END OF PERIOD	**3,848**	**4,373**	**3,848**	**4,373**
ADDITIONAL INFORMATION				
Interest paid	0	170	202	335

Notes to Financial Statements
For the six month period ended December 31, 2003 (unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements for the period ended December 31, 2003 have been prepared on a consistent basis with the Company's annual consolidated financial statements for the year ended June 30, 2003 and should be read in conjunction with the accounting policies and other disclosures in those consolidated financial statements. The enclosed consolidated financial statements do not include all the disclosures required by general accepted accounting principles applicable to annual financial statements.

2. 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. (U.S.), Advantex Marketing Maryland Inc. (formerly Samplex Inc. (U.S.), 1600011 Ontario Limited, Advantex GP Inc., and Advantex Systems Limited Partnership.

3. PROMISSORY NOTE RECEIVABLE

The note receivable is the balance due from the tax assisted financing described in note 6, bears interest at 3% per annum and is due March 31, 2004.

4. STOCK OPTIONS

During the period, the Company issued stock options to its employees and consultants as described below. The Company has calculated the fair value of the options issued using the Black-Scholes formula and has determined the value to be nominal. Accordingly, no adjustment has been made to the financial statements and pro forma information is not disclosed.

	3 months ended December 31, 2003	**6 months ended December 31, 2003**
Employee Options	650,000	1,080,000
Consultant Options	75,000	162,500
Average exercise price	$0.15	$0.15
Years to expiry	5	3 to 5

5. SEGMENTED INFORMATION

(A) By geographical distribution (in thousands)

	Three months ended December 31			Six months ended December 31		
	Canada	U.S.	Consolidated	Canada	U.S.	Consolidated
Sales and Fees						
2003	22,621	244	22,865	46,991	454	47,445
2002	23,997	323	24,320	50,064	492	50,556

(B) By operating group (in thousands)

	Three months ended December 31			Six months ended December 31		
	Advantex	Samplex	Consolidated	Advantex	Samplex	Consolidated
Sales and Fees						
2003	21,237	1,628	22,865	43,643	3,802	47,445
2002	23,168	1,152	24,320	45,677	4,879	50,556
Amortization of Capital Assets						
2003	101	24	125	200	49	249
2002	91	23	114	180	42	222
Interest and Financing charges						
2003	93	49	142	188	96	284
2002	211	55	266	422	113	535
Net Income (Loss) Before Income Taxes						
2003	(1,011)	(118)	(1,129)	(1,482)	64	(1,418)
2002	(271)	(313)	(584)	(602)	40	(562)
Capital Asset Expenditures						
2003	29	11	40	34	14	48
2002	15	37	52	47	160	207
Total Assets						
2003				7,604	4,914	12,518

The Company allocates expenses between divisions based on use of resources and funding requirements. As such management fees are charged and interest/financing costs are allocated to the divisions on that basis for internal reporting purposes. Senior management relies on the same segmented information to evaluate operations.

6. TAX ASSISTED FINANCING

On December 31, 2003 the Company completed a tax assisted financing which raised gross cash proceeds of $2,400,000, half of which was received on closing and the balance which is due March 31, 2004. (see note 3) Pursuant to a series of transactions, certain assets (computer hardware and software) of the Information Technology Support Division (the “Support Division”) of the Company's wholly owned subsidiary, Advantex Dining Corporation ("Advantex Dining"), were acquired by a limited partnership, Advantex Systems Limited Partnership (the "Operating Partnership"). The aggregate acquisition price was $12,000,000 in exchange for cash of $1,200,000, a short term promissory note of $1,200,000 (see note 3), the assignment of long term promissory notes from investors of $8,760,000 (the “Investor Notes” as described below) and $840,000 of limited partnership units of the Operating Partnership. The Support Division will continue to provide its services to Advantex Dining and will be managed by the general partner of the Operating Partnership, Advantex GP Inc., which is a wholly-owned subsidiary of the Company.

Pursuant to an offering by way of private placement of Class A units ("Class A Units") of the Madison Grant Limited Partnership III (the "Offering Partnership") which closed on December 31, 2003, investors subscribed for Class A Units for an aggregate subscription price of $12,000,000 (comprised of $3,240,000 in cash and $8,760,000 in Investor Notes). The Offering Partnership then subscribed for $11,160,000 of Operating Partnership Units of the Operating Partnership. The Offering Partnership satisfied its obligations under the acquisition above by paying $1,200,000 in cash and $1,200,000 in a promissory note receivable (note 3) and assigning the Investor Notes of $8,760,000. The balance of $840,000 in cash was used by the Offering Partnership to pay the fees and expenses of the offering.

Anytime between January 15, 2005 and June 30, 2005, the Company will have the right, under a Call Option Agreement to, and it intends to, purchase all of the issued and outstanding Operating Partnership units held by the Offering Partnership for a purchase price equal to the greater of $8,760,000 and the fair market value of the Operating Partnership Units on the date of exercise of the Call Option. If the Call Option is exercised, the Company will pay the purchase price first, by assigning the Investor Notes to the Offering Partnership and second, to the extent the purchase price exceeds the amount owing under the Investor Notes, by issuing up to 8 million common shares of the Company. For purposes of determining the number of common shares to be issued by the Company in partial satisfaction of the purchase price, if any, the price per common share shall be an amount equal to the greater of $0.30 and the amount equal to the weighted average of the trading prices of the common shares on the Toronto Stock Exchange for each of the business days on which there was a closing price falling not more than 10 business days before the date on which the Call Option is exercised.

In order to facilitate the above transactions, the consent of the holder of the Company’s convertible debenture was required (see note 8).

In order to effect the above transactions, the Company and Advantex Dining were party to a number of agreements including the following.

6. TAX ASSISTED FINANCING (continued)

Under the terms of the Support Agreement between the Operating Partnership and Advantex Dining, the Operating Partnership will provide computer-processing support to Advantex Dining in connection with the processing of the transactions effected under Advantex Dining's loyalty marketing programs. As compensation for such services, during the initial three-year term the Operating Partnership will be paid a processing fee for each transaction completed. During the last year of the term of the Support Agreement, the Operating Partnership will have the right to extend the term of the Support Agreement for a further three years, and the processing fee for the renewal term will be determined by negotiation between the Operating Partnership and Advantex Dining, on such terms as may be mutually agreeable to the parties. This agreement will be terminated if the Call Option is exercised.

The Marketing Agreement between the Offering Partnership, the Company and the Operating Partnership provides that the Company will commit a minimum of $14 million to marketing and promotion of Advantex Dining's loyalty marketing programs by December 31, 2007. This agreement will be terminated and no expenditure will be required if the Call Option is exercised.

The Accelerated Call Option Agreement between the Offering Partnership and the Company gives the Company the right to purchase all of the Operating Partnership Units held by the Offering Partnership at any time for a purchase price to be mutually agreed upon. The purchase price will be satisfied by the assignment of all of the Investor Notes to the Offering Partnership and by the issuance of 8 million common shares of the Company. The Company shall not be entitled to exercise such option unless and until one of the following events occurs: i) a take over bid respecting the common shares of the Company is initiated pursuant to which the offeror is offering at least $0.60 per common share in cash and/or marketable securities; or ii) an amalgamation, merger, plan of arrangement or other business combination involving the Company is proposed, under which the common shares of the Company are valued at least $0.60 per common share.

The Liquidity Agreement between the Offering Partnership, Advantex Dining and the Operating Partnership provides the Offering Partnership with the right to exercise certain liquidity rights by giving notice to the Operating Partnership on June 30, 2006 that it intends to initiate either: (i) the sale of the Support Division at fair market value, with a right for Advantex Dining to match or exceed any third party offers; or (ii) the refinancing of the Operating Partnership Units held by the Offering Partnership which is intended to provide Class A Unitholders in the Offering Partnership with the same economic result as a sale at fair market value as described in (i) above.

Accounting Treatment for the Transaction

The sale of the assets by Advantex Dining has not been accounted for as a divestiture since the transactions are between related parties and it is intended that, through a series of transactions, the Operating Partnership units and therefore the Support Division will be reacquired under the Call Option Agreement. Accordingly, neither the gain on sale of the assets nor the Investor Notes of $8,760,000 have been recognized in these consolidated financial statements and the above transactions have been accounted for on the basis of their substance rather than their legal form. The financial position and results of operations of the Operating Partnership have been consolidated with those of the Company.

6. TAX ASSISTED FINANCING (continued)

The net proceeds of $2,180,000 ($2,400,000 net of estimated financing costs of $220,000) consist of two components: i) a deposit against the future issuance of up to 8 million common shares of the Company pursuant to the Call Option Agreement and ii) proceeds related to the realization of previously unrecognized income tax losses. Management anticipates that the Call Option will be exercised and that up to 8 million shares will be issued at that time. Management has estimated the fair value of the common shares reserved for issuance at $680,000. This amount has been computed using a weighted average market price for the shares at the date of the transaction, discounted by 25% to reflect the time value of money from the date of the transaction to the date that the call option is expected to be exercised, the inherent volatility of the share price during that period and the risk that the shares may not be fully issued. The balance of $1,500,000 has been recorded as a realization of income tax benefits (see note 7).

Upon exercise of the Call Option and issue of common shares, the amount recorded as an obligation to issue shares in the future will be transferred to capital stock.

7. INCOME TAXES

The sale of assets described in note 6 gives rise to income for income tax purposes. This income will be absorbed by non-capital losses that have not previously been recognized for accounting purposes. The Company has determined that the portion of proceeds received relating to the transfer of income tax losses to the Investors, described in note 6, is $1,500,000 and accordingly, this amount has been recorded as a realization of income tax benefits.

After considering the impact of the tax assisted financing and the operations of the Company for the six months ended December 31, 2003, the Company has approximately $15,000,000 of non-capital losses available to be applied against future taxable income. A valuation allowance has been applied to the tax effect of the losses and they have not been recognized in the financial statements. The losses expire as follows:

2004	$630,000
2005	490,000
2006	300,000
2007	1,910,000
2008	3,870,000
2009	1,960,000
2010	2,345,000
2011 – 2018	3,495,000

8. CONVERTIBLE DEBENTURE PAYABLE

In order to facilitate the tax assisted financing described in note 6, the consent of the holder of the Company's convertible debenture was required. In consideration for giving such consent, the conversion price per common share of the Company under the debenture was reduced from $0.17 to $0.15 and, as a consequence, the number of common shares issuable upon conversion of the debenture was increased from 23,529,411 to 26,666,666 shares.

The Company calculated the fair value of this modification to the conversion option to be $369,000. Accordingly, the equity portion of the convertible option was increased by this amount and the convertible debenture payable was decreased by this amount. In addition, $35,000 of deferred financing charges were reclassified to the equity portion of convertible debenture. The amortization of deferred financing charges and accretion of the debt portion of the convertible debenture will be adjusted on a prospective basis.

9. COMMITMENTS

As part of the tax assisted financing, the Company entered into the Support and Marketing Agreements described in note 6.

10. COMPARATIVE FIGURES

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