



## CoActive Marketing Group, Inc. Reports Results for First Quarter Ended June 30, 2008

**Operating Revenue up 19% Year over Year; Operating Income and EPS Improve to \$801,000 and \$.07 Per Share from \$381,000 Loss and \$.04 Loss per Share.**

NEW YORK, Aug 13, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- CoActive Marketing Group, Inc. (Nasdaq: CMKG), which recently rebranded itself under the name 'mktg', reported financial results for its first quarter ended June 30, 2008.

Charlie Tarzian, CoActive's President and Chief Executive Officer, commented, "We continue to make progress in transforming the Company into an integrated marketing solutions provider. The quarterly results reported today give further evidence of that progress. To reinforce our changed positioning and capabilities, we have rebranded the Company 'mktg.' While we're not immune to the impact of economic difficulties affecting our clients in the short run, we believe that 'mktg' is well positioned for long term growth and improved profitability."

Fred Kaseff, CoActive's Chief Financial Officer, added, "Continued strength of our relationship with Diageo and our focus on gaining other recurring business produced a very positive first quarter of our 2009 fiscal year. However, we are starting to see some client spending delays and cutbacks in light of the current economic environment. While we believe that the measurability of our services will enable us at least maintain our share of clients' marketing spend, we will likely fall short of the strong profit reported in last year's second quarter."

### Operating Results - Three months ended June 30, 2008

#### Sales:

For the three months ended June 30, 2008, the Company reported sales of \$22.3 million, compared to sales of \$20.4 million for the three months ended June 30, 2007, an increase of 9%, or \$1.9 million. As compared to sales of \$23.1 million for the three months ended March 31, 2008, sales for the first quarter of fiscal 2009 showed a small decrease of 3.5%, or \$800,000.

#### Operating Revenue:

The Company believes that operating revenue is a key performance indicator. Operating revenue is defined as sales, less reimbursable program costs and expenses and outside production costs and other program expenses. Operating revenue is the net amount derived from sales to customers, which the Company believes is available to fund its compensation and general and administrative expenses, and capital expenditures. For the three months ended June 30, 2008, operating revenue amounted to \$9.3 million, an increase of 19%, or \$1.5 million over the \$7.8 million reported for the three months ended June 30, 2007. As compared to operating revenue of \$9.0 million for the three months ended March 31, 2008, operating revenue in the first quarter of fiscal 2009 showed a small increase of 3%, or \$300,000.

#### Operating Income:

Operating income represents operating revenue less compensation and general and administrative expenses. For the three months ended June 30, 2008, operating income amounted to \$801,000, an increase of almost \$1.2 million over the \$381,000 operating loss reported for the three months ended June 30, 2007. Compared to operating income of \$594,000 for the three months ended March 31, 2008, the first quarter of the Company's fiscal 2009 showed a \$207,000 increase.

#### Net Income and Earnings per Share:

The Company reported net income of \$477,000 and \$.07 fully diluted earnings per share for the three months ended June 30, 2008, a significant year-over-year improvement vs. the \$246,000 net loss and \$.04 fully diluted loss per share for the quarter ended June 30, 2007. Sequentially, results for this fiscal year's first quarter also improved over the \$71,000 net income and \$.01 fully diluted earnings per share from the quarter ended March 31, 2008, although the fourth quarter of fiscal 2008 was negatively impacted by a higher effective tax rate.

#### Cash and Liquidity:

On June 26, 2008, the Company entered into a credit agreement with a commercial lender providing for a \$2.5M term loan,

which was funded in connection with the June 30, 2008 closing of the Company's acquisition of mktgpartners, and a \$2.5M revolving credit facility. As of June 30, there were no borrowings outstanding under the revolving credit facility.

The Company will conduct a conference call at 4:30 p.m. Eastern Daylight Time today, Wednesday, August 13, 2008, to discuss its first quarter results. The call will be hosted by Mr. Tarzian and Mr. Kaseff.

To participate in the call, investors should dial (866) 393-7581 conference id 59829705 ten minutes prior to the scheduled start of the call. An audio-only webcast of the call may be accessed on the Internet at <http://www.videonewswire.com/event.asp?id=50872>. For investors unable to participate in the live event, an archive of the webcast will be available at <http://www.videonewswire.com/event.asp?id=50872> until the end of the month, and a taped replay of the call will be available for one week at (800) 642-1687, pass code 59829705.

#### About CoActive

CoActive Marketing Group, Inc (Nasdaq: CMKG) is an alternative marketing and media communications agency headquartered in New York with offices in San Francisco, Chicago, Cincinnati and Toronto. The Company recently rebranded itself under the name 'mktg' to reflect its repositioning as a strategic partner that measures and analyzes its programs to provide a provable return on investment. The Company's services include buzz and viral marketing, social media and consumer generated media, relationship marketing, experiential marketing, event marketing, and multi-cultural and urban marketing. For more information, please visit <http://www.mktg.com>.

This press release includes statements which constitute forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release are not promises or guarantees and are subject to risks and uncertainties that could cause our actual results to differ materially from those anticipated. These statements are based on management's current expectations and assumptions and are naturally subject to uncertainty and changes in circumstances. We caution you not to place undue reliance upon any such forward-looking statements. Actual results may vary materially from those expressed or implied by the statements herein. Factors that could cause actual results to differ materially from the Company's expectations are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 under "Risk Factors," and include the risk that projected business opportunities will fail to materialize or will be delayed. The Form 10-K may be obtained by accessing the database maintained by the Securities and Exchange Commission at <http://www.sec.gov>.

COACTIVE MARKETING GROUP, INC.  
Consolidated Statements of Operations  
Three Months Ended June 30, 2008 and 2007  
(Unaudited)

	Three Months Ended June 30, 2008	2007
Sales	\$22,331,307	\$20,408,420
Operating income (loss)	801,396	(381,398)
Income (loss) before provision (benefit) for income taxes	810,922	(366,236)
Provision (benefit) for income taxes	334,000	(120,000)
Net income (loss)	\$476,922	\$(246,236)
Basic earnings (loss) per share	\$.07	\$ (.04)
Diluted earnings (loss) per share	\$.07	\$ (.04)
Weighted average number of common shares outstanding:		
Basic	6,993,046	6,923,751
Diluted	7,284,797	6,923,751

COACTIVE MARKETING GROUP, INC  
Consolidated Balance Sheets  
June 30, 2008 and March 31, 2008

	(Unaudited) June 30, 2008	March 31, 2008
Total assets	\$37,035,162	\$37,670,075
Total liabilities	\$24,439,703	\$25,681,642
Total stockholders' equity	\$12,595,459	\$11,988,433

COACTIVE MARKETING GROUP, INC  
Operating Revenue Schedule  
Three Months Ended June 30, 2008 and 2007  
(Unaudited)

	2008	%	Three Months Ended June 30, 2007	%
Sales	\$22,331,307		\$20,408,420	
Reimbursable program costs and outside production expenses	13,054,855		12,594,516	
Operating revenue	\$9,276,452	100	\$7,813,904	100
Operating expense	8,475,056	91	8,195,302	105
Operating income (loss)	\$801,396	9	(\$381,398)	(5)

CMKG&GEN

SOURCE CoActive Marketing Group, Inc.

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