

## **MKTG INC Reports Operating Results for Its Fourth Quarter and Its 2010 Fiscal Year Ended March 31, 2010**

NEW YORK, June 28, 2010 /PRNewswire via COMTEX News Network/ -- MKTG INC, a full service marketing agency, today announced its operating results for its fourth quarter and fiscal year ended March 31, 2010.

### **Operating Results - Fourth Quarter, Fiscal 2010**

For its fourth quarter ended March 31, 2010, the Company reported sales of \$16.2 million, compared to sales of \$21.7 million for the fourth quarter of its prior fiscal year, a decline of \$5.5 million. Operating Revenue for the quarter amounted to \$7.4 million compared to \$8.1 million for the fourth quarter in the previous fiscal year. Compensation and general and administrative expenses were \$7.5 million for the quarter, a decrease of \$3.1 million from the same period of the previous year. Net loss and loss per share for the quarter amounted to (\$316,000) and (\$.04) per share, respectively, compared to net loss of (\$2.5 million) and (\$.36) per share, respectively, for the same period of the previous year. The net loss for the fourth quarter of fiscal 2010 also included charges to interest expense and other income of \$153,000, resulting from a non-cash adjustment to the carrying value of financial instruments issued in the December 2009 financing. No provision for income taxes was recorded for the fourth quarter of fiscal 2010 or 2009 because any such provision would be fully offset by a change in the Company's deferred tax asset valuation allowance.

"Our fourth quarter is historically our weakest, as clients pull back from heavy spending following the December holidays and often delay finalizing marketing budgets well into the new calendar year," said Jim Haughton, Senior Vice President - Controller. Mr. Haughton continued, "As we have mentioned previously, management has taken substantial steps over the past several quarters to reduce expenses and align costs with current and projected revenue."

### **Operating Results - Fiscal 2010**

For its fiscal year ended March 31, 2010, the Company reported sales of \$78.0 million compared to sales of \$96.2 million for fiscal 2009. Operating revenue for the year amounted to \$31.2 million compared to \$35.0 million for the previous fiscal year. Compensation and general and administrative expenses decreased \$5.7 million to \$32.0 million compared to \$37.7 million for fiscal 2009. Net loss and loss per share for fiscal 2010 amounted to (\$843,000) and (\$0.11), respectively, compared to (\$2.8 million) and (\$0.40) loss per share for fiscal 2009. Results for the full year reflect onetime costs aggregating approximately \$1.0 million incurred in connection with the financing and staff reductions. No provision for income taxes was recorded for fiscal 2010 or 2009 because any such provision would be fully offset by a change in the Company's deferred tax asset valuation allowance.

"Fiscal 2010 was a year of major challenges and transition in the midst of difficult economic conditions," said Charlie Horsey, President and Chief Executive Officer. "Throughout this trying period our work remained of the highest quality, which allowed us to retain all of our major clients. With the efforts of our valued employees, the support of our clients and the infusion of new working capital, we have successfully navigated through this transition period and emerged with our business well positioned for profitable growth."

### **Operating Revenues**

The Company believes Operating Revenue is a key performance indicator. The Company defines Operating Revenue as sales less reimbursable program costs and expenses, and outside production and other program expenses. Operating Revenue is the net amount derived from sales to customers that management believes is available to fund compensation, general and administrative expenses, and capital expenditures. Operating Revenue is a Non-GAAP financial measure disclosed by management to provide additional information to investors in order to provide them with an alternative method for assessing the Company's financial condition and operating results. This measure is not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with Non-GAAP financial measures used by other companies. A reconciliation of Operating Revenues to sales is provided at the end of this press release.

### **About MKTG INC**

MKTG INC is a full service marketing agency headquartered in New York with full service offices in San Francisco, Los Angeles, Chicago and Cincinnati. The Company currently serves a variety of the world's most recognizable brands. Its services include experiential marketing, digital marketing, retail promotions and strategic research and planning. The firm's programs help its clients profitably connect with consumers and create networks of brand advocates to generate brand awareness and higher

sales for its customers. For more information, please visit [www.mktg.com](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, 2010 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 visiting the Company's website or by accessing the database maintained by the Securities and Exchange Commission at <http://www.sec.gov>.

MKTG INC  
Consolidated Statements of Operations  
For The Year and Three Months Ended March 31, 2010 and 2009

	FY 2010	FY 2009	3/31/10	3/31/09
	-----	-----	-----	-----
Sales	\$78,025,400	\$96,234,446	\$16,236,620	\$21,663,277
Operating revenue	\$31,232,210	\$34,973,778	\$7,442,353	\$8,090,186
Operating loss	\$(817,335)	\$(2,720,891)	\$(84,528)	\$(2,521,400)
Loss before benefit for income taxes	\$(842,500)	\$(2,787,693)	\$(315,845)	\$(2,545,795)
Benefit for income taxes	-	-	-	-
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Net loss	\$(842,500)	\$(2,787,693)	\$(315,845)	\$(2,545,795)
	=====	=====	=====	=====
Loss per share:				
Basic	\$(.11)	\$(.40)	\$(.04)	\$(.36)
	=====	=====	=====	=====
Diluted	\$(.11)	\$(.40)	\$(.04)	\$(.36)
	=====	=====	=====	=====
Weighted average number of common shares outstanding:				
Basic	7,724,603	7,049,317	7,546,030	7,167,789
Diluted	7,724,603	7,049,317	7,546,030	7,167,789

MKTG INC  
Consolidated Balance Sheets  
March 31, 2010 and 2009

	March 31, 2010	March 31, 2009
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Total assets	\$26,194,031	\$30,204,968
	=====	=====
Total liabilities	\$20,246,361	\$25,964,133

Preferred Stock	=====	=====
	\$1,503,589	\$ --
	=====	=====
Total stockholder's equity	\$4,444,081	\$4,240,835
	=====	=====

MKTG INC  
Operating Revenue Schedule  
For The Year and Three Months Ended March 31, 2010 and 2009

	FY 2010	FY 2009	3/31/10	3/31/09
	-----	-----	-----	-----
Sales	\$78,025,400	\$96,234,446	\$16,236,620	\$21,663,277
Reimbursable program costs and expenses	15,899,887	17,246,902	3,988,148	3,434,967
Outside production and other program expenses	30,893,303	44,013,766	4,806,119	10,138,124
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Operating revenue	\$31,232,210	\$34,973,778	\$7,442,353	\$8,090,186
	=====	=====	=====	=====

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