

'mktg, inc.' Becomes Current in SEC Filings

NEW YORK, Jan 20, 2010 /PRNewswire via COMTEX News Network/ -- 'mktg, inc.' (Nasdaq: CMKG) announced today that it has become current in its reporting obligations with the SEC by filing its past due Annual Report on Form 10-K for its fiscal year ended March 31, 2009, and Quarterly Reports on Form 10-Q for its first and second fiscal quarters ended June 30, 2009 and September 30, 2009. Operating results reported are consistent with results indicated in past filings and public announcements.

Operating Results -- Fiscal 2009

For its fiscal year ended March 31, 2009, the Company reported sales of \$96.2 million, compared to sales of \$80.8 million for the twelve months ended March 30, 2008, an increase of \$15.4 million. Operating Revenue for the year amounted to \$35.0 million compared to \$31.7 million for the prior fiscal year. Compensation and general and administrative expenses increased \$5.8 million to \$37.7 million for fiscal 2009 compared to \$31.9 million for fiscal 2008. Net loss and diluted loss per share for the year amounted to (\$2.8 million) and (\$0.40), respectively, compared to a net loss of (\$4.9 million) and (\$0.71) loss per diluted share for fiscal 2008. The net loss for fiscal 2008 included a \$4.5 million non-cash charge as a result of a valuation allowance established against the Company's deferred tax asset. No provision for income taxes was recorded in fiscal 2009 due to this valuation allowance.

In light of the Company's recent performance, management has taken substantial steps at the end of fiscal 2009 and thereafter to reduce expenses, including reducing the Company's workforce by approximately 60 full-time persons in the aggregate. These efforts are expected to reduce compensation, general and administrative expenses by approximately \$8.6 million in the aggregate on an annual basis, and by \$6.2 million in fiscal 2010.

"The Company added people and costs during fiscal 2008 in anticipation of growth in new areas of business," commented Charlie Horsey, president of the Company. "Most of those investments failed to deliver revenue growth and achieve expected results. As a consequence, new management eliminated unproductive costs and reset the direction of the business into areas and markets consistent with our core capabilities, setting the stage for profitable growth."

Operating Results - First and Second Quarters of Fiscal 2010

For the three months ended June 30, 2009, the Company reported sales of \$19.8 million, compared to sales of \$22.2 million for the three months ended June 30, 2008, a decrease of \$2.4 million. Operating Revenue for the quarter amounted to \$8.2 million compared to \$7.8 million for the same quarter in the prior fiscal year. Compensation and general and administrative expenses decreased \$500,000 to \$8.1 million for the quarter compared to \$8.6 million for the same quarter in the prior fiscal year. Net income and diluted earnings per share for the quarter amounted to \$52,000 and \$0.01, respectively, compared to a net loss of (\$835,000) and (\$0.12) loss per diluted share for the first quarter of fiscal 2009. No provision for income taxes was recorded for the first quarter of fiscal 2010 or 2009 due to the valuation allowance against the Company's deferred tax asset.

For the three months ended September 30, 2009, the Company reported sales of \$17.9 million, compared to sales of \$26.6 million for the three months ended September 30, 2008, a decrease of \$8.7 million. Operating Revenue for the quarter amounted to \$7.5 million compared to \$9.8 million for the same quarter in the prior fiscal year. Compensation and general and administrative expenses decreased \$600,000 to \$8.6 million for the quarter compared to \$9.2 million for the same quarter in the prior fiscal year. Net loss and diluted loss per share for the quarter amounted to (\$1.1 million) and (\$0.14), respectively, compared to net income of \$530,000 and \$0.07 earnings per diluted share for the second quarter of fiscal 2009. No provision for income taxes was recorded for the second quarter of fiscal 2010 or 2009 due to the valuation allowance against the Company's deferred tax asset.

"We continued to cut spending in the second quarter with run-rate costs declining \$2.6 million on an annual basis over the fourth quarter of fiscal 2009," said Jim Haughton, Senior Vice President - Controller. "Revenue in the second quarter declined sharply from the same period in the prior year as the pull back in market spending among some clients began to affect the company, particularly in our promotion business, and the uncertainty surrounding our financial viability caused some hesitation to engage new activities."

Prospects

"With the completion of the \$5 million financing and the cost reduction actions, our operations, costs and capital structure are sound," said Charlie Horsey. "Our clients have remained steadfast because we deliver great work. Our revenue for the third quarter should show an increase from the second quarter, with our run rate operating costs substantially lower. The costs and

distraction of resolving our past accounting issues, reducing our cost structure and completing the financing have placed substantial strain on the company and added substantial one-time costs to the third quarter of over \$900,000. Excluding these one-time costs, the third quarter would have delivered attractive operating profitability reflecting the cost actions taken. We enter our fourth quarter and our next fiscal year with stabilized revenue sources and costs under control."

Operating Revenues

'mktg, inc.' 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.' (Nasdaq: CMKG) is an alternative media and marketing services company headquartered in New York with full service offices in San Francisco, Chicago and Cincinnati. The company currently serves a variety of the world's most recognizable brands, including CBS, Diageo, P&G, Nintendo, Pepsi, Nike and Google/YouTube. The company's 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.

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.

'mktg, inc.'
Consolidated Statements of Operations
For The Year Ended March 31, 2009, and Three Months Ended June 30 and
September 30, 2009

	FY 2009 -----	6/30/09 -----	9/30/09 -----
Sales	\$96,234,446	\$19,819,104	\$17,867,383
Operating revenue	\$34,973,778	\$8,178,777	\$7,481,413
Operating (loss) income	\$(2,720,891)	\$69,564	\$(1,076,608)
(Loss) income before provision for income taxes	\$(2,787,693)	\$52,287	\$(1,082,167)
Provision for income taxes	-	-	-
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Net (loss) income	\$(2,787,693)	\$52,287	\$(1,082,167)
	=====	=====	=====
(Loss) earnings per share:			
Basic	\$(.40)	\$.01	\$(.14)
	=====	=====	=====
Diluted	\$(.40)	\$.01	\$(.14)
	=====	=====	=====

Weighted average number

of common shares
outstanding:

Basic	7,049,317	7,559,870	7,606,145
Diluted	7,049,317	7,570,100	7,606,145

'mktg, inc.'
Consolidated Balance Sheets
March 31, 2009, June 30, 2009 and September 30, 2009

	March 31, 2009	June 30, 2009	September 30, 2009
Total assets	\$30,204,968	\$24,258,802	\$27,445,185
Total liabilities	\$25,964,133	\$19,832,080	\$24,013,779
Total stockholder's equity	\$4,240,835	\$4,426,722	\$3,431,406

'mktg, inc.'
Operating Revenue Schedule
For The Year Ended March 31, 2009, and Three Months Ended June 30 and
September 30, 2009

	FY 2009	6/30/09	9/30/09
Sales	\$96,234,446	\$19,819,104	\$17,867,383
Reimbursable program costs and expenses	17,246,902	4,094,924	3,666,976
Outside production and other program expenses	44,013,766	7,545,403	6,718,994
Operating revenue	\$34,973,778	\$8,178,777	\$7,481,413

SOURCE 'mktg, inc.'

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