

'mktg, inc.' Reports Net Profit of \$500,000 for Its Third Quarter Ended December 31, 2009

NEW YORK, Feb 16, 2010 /PRNewswire via COMTEX News Network/ -- 'mktg, inc.' (Nasdaq: CMKG), an alternative marketing and media communications agency, today announced its operating results for its third quarter ended December 31, 2009.

Operating Results - Third Quarter of Fiscal 2010

For its third quarter ended December 31, 2009, the Company reported sales of \$24.1 million, compared to sales of \$25.7 million for the third quarter of its prior fiscal year, a decline of \$1.6 million. Operating Revenue for the quarter amounted to \$8.1 million compared to \$9.4 million for the third quarter in the previous fiscal year. Compensation and general and administrative expenses were \$7.9 million for the quarter, a decrease of \$1.4 million from the same period of the previous year. Net profit and diluted earnings per share for the quarter amounted to \$503,000 and \$0.06 per share, respectively, compared to net profit of \$64,000 and \$0.01 per share respectively for the same period of the previous year. Results for the third quarter ended December 31, 2009 were adversely affected by onetime costs of approximately \$600,000 associated with the \$5 million financing completed during the period, and a real estate broker commission. Net income for the third quarter of fiscal 2010 includes other income of \$269,000, 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 third 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.

As has been previously reported, management has taken substantial steps over the past several quarters to reduce expenses and align costs with current and projected revenue. In addition, during the third quarter ending December 31, 2009, the Company completed a \$5 million financing by issuing senior secured notes, convertible preferred stock and warrants, to support a shortage in working capital.

"We continued to cut spending in the third quarter to reflect the current strategy and operating conditions of the business. Our operating costs for base compensation and selling, general and administrative expense are now at a sustainable run rate of \$7.1 to \$7.3 million per quarter" said Jim Haughton, Senior Vice President - Controller. "Operating revenue of \$8.1 million during the third quarter of fiscal 2010 declined by almost 14% from the same period last year and reflected the continued weakness of the marketing services market. However our operating revenue in the quarter was 9% higher than in the prior quarter ended September 30, 2009, demonstrating our clients' renewed commitment to marketing spending."

Prospects

"With our base operating costs now in control and with the completion of the \$5 million financing, our operations, costs and capital structure are sound," said Charlie Horsey. "Our job now is to continue to deliver great work and grow revenue with our current clients and add new clients. The uncertainty about our financial viability has been addressed and activity among new prospects we are seeing renewed activity from our current clients and increased. As we approach the end of our Fourth Quarter and keeping in mind it is historically our weakest, we anticipate being close to break even. We will enter 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, and 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.

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.'
Condensed Consolidated Statements of Operations
Three Months Ended December 31, 2009 and 2008
(Unaudited)

	Three Months Ended December 31,	
	2009	2008
Sales	\$24,102,293	\$25,720,210
Operating expenses:		
Reimbursable program costs and expenses	4,149,839	4,657,160
Outside production and other program expenses	11,822,787	11,709,745
Compensation expense	5,967,035	6,894,396
General and administrative expenses	1,888,395	2,377,569
Total operating expenses	23,828,056	25,638,870
Operating income	274,237	81,340
Interest expense, net	(40,505)	(17,752)
Other income	269,493	-
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Income before provision for income taxes	503,225	63,588
Provision for income taxes	-	-
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Net income	\$503,225	\$63,588
	=====	=====
Basic earnings per share	\$.07	\$.01
	====	====
Diluted earnings per share	\$.06	\$.01
	====	====
Weighted average number of common shares outstanding:		
Basic	7,589,551	7,166,416
Diluted	8,951,461	7,245,649

'mktg, inc.'
Condensed Consolidated Balance Sheets
December 31, 2009 (unaudited) and March 31, 2009

	December 31, 2009 -----	March 31, 2009 -----
Total assets	\$24,209,833 =====	\$30,204,968 =====
Total liabilities	\$18,026,951 =====	\$25,964,133 =====
Total preferred stock *	\$1,382,221 =====	\$ - =====
Total stockholder's equity	\$4,800,661 =====	\$4,240,835 =====

* Preferred stock shown in the mezzanine section of the Balance Sheet.

'mktg, inc.'
Operating Revenue Schedule
Three Months Ended December 31, 2009 and 2008
(Unaudited)

	Three Months Ended December 31, -----	
	2009 -----	2008 -----
Sales	\$24,102,293	\$25,720,210
Operating expenses:		
Reimbursable program costs and expenses	4,149,839	4,657,160
Outside production and other program expenses	11,822,787 -----	11,709,745 -----
Operating revenue	\$8,129,667 =====	\$9,353,305 =====

SOURCE 'mktg, inc.'

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