

## FFI REPORTS THIRD QUARTER EARNINGS

INDIANAPOLIS, INDIANA – May 17, 2010 - Fortune Industries, Inc. (NYSE AMEX:FFI) (the “Company”) announced today third quarter earnings of \$(0.01) per diluted share for the three months ended March 31, 2010.

### Highlights

Net income available to common stock shareholders for the three months ended March 31, 2010 was \$(0.176) million or \$(0.01) per share fully diluted versus earnings of \$0.101 million or \$0.01 per share fully diluted for the same three-month period in 2009, representing a decrease in net income available to common stock shareholders of \$(0.277) million or \$(0.02) per share fully diluted.

Net income available to common stock shareholders for the nine months ended March 31, 2010 was \$0.670 million or \$0.05 per share fully diluted versus pro forma earnings of \$(4.671) million or \$(0.39) per share fully diluted for the same nine-month period in 2009, representing an increase in net income available to common stock shareholders of \$5.34 million or \$0.44 per share fully diluted.

“This quarter was difficult due to some unexpected workers’ compensation claims, which directly affected our bottom line,” stated Tena Mayberry, CEO. “A material portion of our business is managing risk, and while we have a proven track record in our ability to manage our workers’ compensation programs profitably over the long term, an isolated quarter may have claims that exceed premiums. This quarter we saw several new claims occur and negative development of existing claims in a very short period which created a loss. However, we also had claims with positive development this quarter which we expect to have a positive impact in future quarters.”

“Further, we have successfully renegotiated one of our largest workers’ compensation insurance policies, which will significantly increase our working capital in Q4 and throughout fiscal year 2011 by the release of collateral that was previously classified as restricted cash.”

“In January, we experienced a decrease in revenue, as our existing clients continued to downsize through layoffs and our overall worksite employee counts significantly decreased. However, in February our worksite employee counts began to trend up, and that positive trend has continued and gained momentum all the way through March. Field indicators predict that this trend will continue in the fourth quarter.”

“Despite an economy that continues to recover, we have had significant improvement during this nine-month period versus the same nine-month period last year. All things considered, we are pleased with our performance year-to-date. We are adapting our service model to create new revenue growth opportunities, especially in technology-based online training and assessments, which we anticipate will have a positive impact in the fourth quarter and continuing through the fiscal year 2011. At the same time, we

continue to implement and evaluate cost-reduction programs across all areas of the Company to improve overall efficiency.”

The Company reported EBITDA of \$0.165 million for the three months ended March 31, 2010, as compared to EBITDA of \$0.718 million for the same three-month period in 2009, representing a \$0.553 million decrease in EBITDA for the current period.

The Company reported EBITDA of \$1.416 million for the nine months ended March 31, 2010, as compared to pro forma EBITDA of \$(0.965) million for the same nine-month period in 2009, representing a \$2.381 million increase EBITDA for the current period.

Revenue for the three months ended March 31, 2010 was \$15.3 million as compared to revenue of \$15.4 million for the same three-month period in 2009, representing a \$0.1 million decrease in revenue for the current period.

Revenue for the nine months ended March 31, 2010 was \$45.1 million as compared to pro forma revenue of \$49.1 million for the same nine-month period in 2008/2009, representing a \$4.0 million decrease in revenue for the current period.

### **About Fortune Industries, Inc.**

Fortune Industries, Inc. is a professional employer organization (PEO) to small and medium-sized businesses in 47 states, providing human resource management & consulting, training & compliance, risk management, and benefits administration.

Fortune Industries, Inc. is based in Indianapolis, Indiana and is publicly traded on the NYSE Amex exchange under the symbol FFI. Additional information about Fortune Industries, Inc. can be found at [www.ffi.net](http://www.ffi.net).

*This press release and other statements by Fortune Industries, Inc. may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "estimate," "potential," or future/conditional verbs such as "will," "should," and "could" or the negative of those terms or other variations of them or by comparable terminology. The absence of such terms, however, does not mean that the statement is not forward-looking. Any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences, include, but are not limited to, the risks and uncertainties that are discussed under the heading "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" within the Company's Form 10-K for the year ended June 30, 2009. The Company undertakes no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise. Readers should carefully review the risk factors disclosed within the*

*Company's Form 10-K and other documents filed by the Company with the Securities and Exchange Commission.*

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## Consolidated Financial Information

	Three-Month Period Ended		Nine-Month Period Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	Pro-Forma March 31, 2009
	(Dollars in thousands, except per share data)			
Revenue	\$ 15,319	\$ 15,442	\$ 45,133	\$ 49,067
Cost of Revenue	12,684	12,026	35,911	40,217
Gross Profit	2,635	3,416	9,222	8,850
Operating Expenses:				
Selling, general and administrative expenses	2,744	2,754	8,127	9,871
Impairment of intangibles	-	-	-	2,296
Depreciation and amortization	176	217	559	526
Total Operating Expenses	2,920	2,971	8,686	12,693
Operating Income	(285)	445	536	(3,843)
Other Income (Expense)	275	56	323	56
Income Before Provision for Income Tax	(10)	501	859	(3,787)
Provision for Income Taxes	14	30	(278)	(226)
Net Income from Continuing Operations	(24)	471	1,137	(3,561)
Loss from Discontinued Operations	(4)	-	(23)	-
Net Income	(28)	471	1,114	(3,561)
Preferred Stock Dividends	148	370	444	1,110
Net Income Available to Common Shareholders	\$ (176)	\$ 101	\$ 670	\$ (4,671)
Net Income per Share:				
Basic	\$ (0.01)	\$ 0.01	\$ 0.06	\$ (0.39)
Diluted	\$ (0.01)	\$ 0.01	\$ 0.05	\$ (0.39)