FORTUNE INDUSTRIES, INC.
For The Nine Months Ended March 31, 2015

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FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	March 31, 2015	June 30, 2014
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$9,898	$7,826
Restricted cash	2,228	2,150
Accounts receivable, net of allowance for doubtful accounts of $70 and $57	2,126	3,048
Deferred tax assets, net	643	793
Prepaid expenses and other current assets	421	661
Total Current Assets	15,316	14,478
OTHER ASSETS		
Property and equipment, net of accumulated depreciation of $1,968 and $1,956	98	136
Deferred tax assets, net	1,672	1,622
Goodwill	7,548	7,548
Other intangible assets, net of accumulated amortization of $440 and $251	2,075	2,264
Other long-term assets	50	60
Total Other Assets	11,443	11,630
TOTAL ASSETS	$26,759	$26,108

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(DOLLARS IN THOUSANDS)

	March 31, 2015	June 30, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$1,198	$1,092
Accounts payable	220	773
Payroll taxes and withholdings	4,106	3,037
Accrued worksite employee payroll costs	1,794	1,733
Workers' compensation reserves	476	257
Customer deposits	284	1,124
Accrued expenses	2,204	1,865
Total Current Liabilities	10,282	9,881
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	8,875	10,708
Workers' compensation reserves	738	860
Total Liabilities	19,895	21,449
SHAREHOLDERS' EQUITY		
Common stock, $0.000010 par value; 150,000,000 authorized; 55,456,734 issued and outstanding	1	1
Additional paid-in capital	3,025	3,025
Retained earnings	3,838	1,633
Total Shareholders' Equity	6,864	4,659
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$26,759	$26,108

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	For the Nine Months Ended	
	March 31, 2015	**March 31, 2014**
REVENUES	$46,263	$43,477
COST OF REVENUES	34,891	32,964
GROSS PROFIT	11,372	10,513
OPERATING EXPENSES		
Selling, general and administrative expenses	7,288	7,592
Depreciation and amortization	234	248
Total Operating Expenses	7,522	7,840
OPERATING INCOME	3,850	2,673
OTHER INCOME (EXPENSE)		
Interest income	7	20
Interest expense	(689)	(778)
Total Other Income (Expense)	(682)	(758)
INCOME BEFORE PROVISION FOR INCOME TAXES	3,168	1,915
Provision for income taxes	963	608
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$2,205	$1,307

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
BALANCE AT JUNE 30, 2014 (Audited)	**$1**	**$3,025**	**$1,633**	**$4,659**
Net income	-	-	2,205	2,205
BALANCE AT MARCH 31, 2015 (Unaudited)	**$1**	**$3,025**	**$3,838**	**$6,864**

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	For the Nine Months Ended	
	March 31, 2015	**March 31, 2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$2,205	$1,307
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	234	248
Provision for losses on accounts receivable	13	(48)
Provision for deferred income taxes	100	-
Changes in certain operating assets and liabilities:		
Restricted cash	(78)	(214)
Accounts receivable	909	340
Prepaid assets and other current assets	240	29
Other long-term assets	10	20
Accounts payable	(553)	(39)
Workers' compensation reserves	97	(121)
Customer deposits	(840)	(10)
Accrued expenses	1,465	78
Net Cash Provided by Operating Activities	3,802	1,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(3)	(35)
Net Cash Used in Investing Activities	(3)	(35)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on term debt	(1,727)	(944)
Net Cash Used in Financing Activities	(1,727)	(944)
NET INCREASE IN CASH AND EQUIVALENTS	2,072	611
CASH AND EQUIVALENTS		
Beginning of Period	7,826	7,351
End of Period	$9,898	$7,962

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	For the Nine Months Ended	
	March 31, 2015	**March 31, 2014**
SUPPLEMENTAL DISCLOSURES		
Interest paid	$689	$778
Income taxes paid	$63	$608

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

FORTUNE INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS UNLESS OTHERWISE INDICATED)
(UNAUDITED)

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Basis of Presentation: The financial data presented herein is unaudited and should be read in conjunction with the consolidated financial statements and accompanying notes included in the 2014 Annual Audit Report for Fortune Industries, Inc. (which, together with its subsidiaries unless the context requires otherwise, shall be referred to herein as the "Company"). The consolidated balance sheet at June 30, 2014 has been derived from the audited financial statements at that date, but does not include all of the information or footnotes required by accounting principles generally accepted in the United States for complete financial statements. The Company's consolidated balance sheet at March 31, 2015 and the consolidated statements of operations, cash flows and shareholders' equity for the period ended March 31, 2015 have been prepared by the Company without audit. These unaudited financial statements contain, in the opinion of management, all adjustments (consisting of normal accruals and other recurring adjustments) necessary for a fair presentation of the consolidated financial position, results of operations, and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States. The Company has evaluated subsequent events through the time these financial statements were filed with the OTCIQ. The operating results for the nine month period ended March 31, 2015 are not necessarily indicative of the operating results to be expected for the full fiscal year.