



May 17, 2010

Great American Group(R)* Announces First Quarter 2010 Financial Results

WOODLAND HILLS, CA, May 17, 2010 (MARKETWIRE via COMTEX News Network) -- Great American Group, Inc. (OTCBB: GAMR) ("Great American Group" or the "Company"), a leading provider of asset disposition, valuation and appraisal services, today announced financial results for its first quarter ended March 31, 2010.

First Quarter Results

For the first quarter ended March 31, 2010, the Company reported total revenues of \$12.1 million, compared to revenues of \$41.9 million in the same quarter of 2009. Revenues from services and fees were \$10.6 million, compared to \$38.8 million the prior year. Revenues from sales of goods were \$1.4 million, compared to \$3.1 million in the first quarter a year ago. The decline in total revenues during the quarter was primarily the result of reduced revenues in the Company's auction and liquidation segment, stemming from an overall lack of retail liquidation opportunities across the industry as economic conditions for retailers and credit markets have improved. During the first quarter of 2009, the Company earned revenues of \$25.7 million, or 61.2% of total revenues, from two large consumer product retailer liquidations.

"We are disappointed with our operating results during the first quarter. Our auction and liquidations business has faced a challenging environment, as credit markets have rapidly improved and lenders have increasingly chosen a strategy to extend maturities for defaulting borrowers," said Andrew Gumaer, Chief Executive Officer of Great American Group. "The improvement in the credit markets has resulted in a slowdown in business activity, primarily for our retail liquidation services. Given the difficult business environment, we have taken steps to amend our promissory notes to the former Great American Members and Phantom Equityholders to a more favorable interest rate and terms. This should help position the Company for improved performance and resumed growth in the long term."

Direct costs of services were \$5.2 million, compared to \$3.9 million in the year-ago period. The increase in direct costs of services was the result of an increase in the number of fee and commission engagements in 2010, where the Company contractually bills fees, commissions and reimbursable expenses, and an increase in headcount in the valuation and appraisal segment compared to a year ago. Cost of goods sold was \$1.5 million, compared to \$3.2 million in the first quarter of 2009, as a result of the sale of goods with lower asset values than a year ago.

Selling, general and administrative expenses were \$8.5 million, compared to \$14.1 million in the first quarter of the prior year. The decline in selling, general and administrative expense was primarily related to a decrease in corporate expenses from the deferred compensation plan for the Phantom Equityholders, which was terminated in connection with the Company's transition to a public company in July 2009. This reduction was partially offset by an increase in payroll and operating expenses from the previously announced expansion of the Company's European operations and an increase in personnel costs due to the expansion of the business development team.

Operating loss during the quarter was \$3.2 million, compared to operating income of \$20.7 million during the first quarter of 2009.

Interest expense during the period declined to \$1.0 million from \$5.9 million the prior year, primarily as a result of a decrease in interest expense from significantly lower borrowings than utilized in the first quarter of 2009, when the Company had more retail liquidation engagements. Interest expense during the first quarter March 31, 2010 was primarily comprised of interest expense on the notes payable to the former Great American Members and Phantom Equityholders. Interest expense also reflects the interest rate reduction from 12.0% to 3.75% on \$52.4 million of the \$55.6 million of notes payable to the former Great American Members and certain Phantom Equityholders that was effective February 1, 2010. Loss from operations before a benefit for income taxes was \$4.6 million, compared to income from operations of \$14.8 million in the same quarter of 2009.

The Company recorded a benefit for income taxes of \$1.6 million. For the first quarter of 2010, the Company generated a net loss of \$3.0 million, or \$(0.11) per diluted share, compared with net income of \$14.8 million in the same period a year ago.

Financial Position

At March 31, 2010, the Company had \$28.3 million in cash and cash equivalents, compared to \$38.0 million at December 31, 2009. Working capital was \$39.0 million, and total long-term debt was \$53.9 million. During the first quarter of 2010, the Company used \$6.1 million in cash from operations.

Supplemental Information

During the quarter ended March 31, 2010, the Company generated adjusted loss before interest, taxes, depreciation and amortization of \$2.1 million.

Conference Call

The Company will host a conference call at 4:30 p.m. EDT on Monday, May 17, 2010, to discuss results for the first quarter ended March 31, 2010. To participate in the event by telephone, please dial (877) 941-8602 five to 10 minutes prior to the start time (to allow time for registration) and use conference ID 4294956. International callers should dial (480) 629-9811. A digital replay will be available beginning May 17, 2010, at 7:30 p.m. EDT, through May 24, 2010, at 11:59 p.m. EDT. To access the replay, dial (800) 406-7325 (U.S.), and use passcode 4294956. International callers should dial (303) 590-3030 and enter the same passcode. The call will also be broadcast live over the Internet and can be accessed on the Investor Relations section of the Company's Web site at www.greatamerican.com. To listen to the live webcast, please visit the site at least 15 minutes prior to the start of the call in order to register, download and install any necessary audio software. A replay of the call will also be available for 90 days on the Web site.

About Great American Group, Inc.

Great American Group, Inc. is a leading provider of asset disposition solutions and valuation and appraisal services to a wide range of retail, wholesale and industrial clients, as well as lenders, capital providers, private equity investors and professional service firms. Great American Group has offices in Atlanta, Boston, Chicago, Dallas, London, Los Angeles, New York and San Francisco. For more information, please visit www.greatamerican.com.

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Forward-Looking Statements

This press release may contain forward-looking statements by Great American Group that are not based on historical fact, including, without limitation, statements containing the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions and statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements. Such factors include those risks described from time to time in Great American Group's filings with the SEC, including, without limitation, the risks described in Great American Group's proxy statement/prospectus dated July 17, 2010 and filed with the SEC on July 20, 2010, and its Annual Report on Form 10-K for the year ended December 31, 2009. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. All information is current as of the date this press release is issued, and Great American Group undertakes no duty to update this information.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including Adjusted EBITDA, may be considered non-GAAP financial measures. Great American Group believes this information is useful to investors because it provides a basis for measuring Great American Group's performance against the contingent share earnout provisions in the AAMAC transaction. In addition, Great American Group's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating Great American Group's operating performance, capital resources and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-financial measures as reported by Great American Group may not be comparable to similarly titled amounts reported by other companies.

(FINANCIAL TABLES FOLLOW)

GREAT AMERICAN GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

(Dollars in thousands)

	March 31, 2010	December 31, 2009
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(Unaudited)

Assets

Current assets:		
Cash and cash equivalents	\$ 28,297	\$ 37,989
Restricted cash	--	459
Accounts receivable, net	2,377	2,628
Advances against customer contracts	211	58
Income taxes receivable	1,100	1,100
Goods held for sale or auction	14,929	15,014
Note receivable - related party	2,706	--
Deferred income taxes	10,047	8,475
Prepaid expenses and other current assets	1,768	981
	-----	-----
Total current assets	61,435	66,704
Property and equipment, net	1,385	1,411
Goodwill	5,688	5,688
Other intangible assets, net	342	382
Deferred income taxes	3,238	3,238
Other assets	743	1,250
	-----	-----
Total assets	\$ 72,831	\$ 78,673
	=====	=====
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,229	\$ 9,192
Auction and liquidation proceeds payable	1,135	446
Mandatorily redeemable noncontrolling interests	2,667	2,619
Current portion of long-term debt	1,724	11,123
Note payable	11,705	11,705
Current portion of capital lease obligation	25	25
	-----	-----
Total current liabilities	22,485	35,110
Capital lease obligation, net of current portion	63	69
Long-term debt, net of current portion	53,893	44,494
	-----	-----
Total liabilities	76,441	79,673
	-----	-----
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, \$0.0001 par value; 135,000,000 shares authorized; 30,318,705 and 30,022,478 issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	3	3
Additional paid-in capital	121	(249)
Retained earnings (deficit)	(3,734)	(754)
	-----	-----
Total stockholders' equity (deficit)	(3,610)	(1,000)
	-----	-----
Total liabilities and stockholders' equity (deficit)	\$ 72,831	\$ 78,673
	=====	=====

GREAT AMERICAN GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands)

Three Months Ended
March 31,

2010 2009

Revenues		
Services and fees	\$ 10,630	\$ 38,813
Sale of goods	1,437	3,075
Total revenues	12,067	41,888
Operating expenses:		
Direct cost of services	5,204	3,900
Cost of goods sold	1,544	3,189
Selling, general and administrative	8,516	14,105
Total operating expenses	15,264	21,194
Operating income (loss)	(3,197)	20,694
Other income (expense):		
Other income (expense)	(412)	18
Interest income	90	4
Interest expense	(1,033)	(5,930)
Income (loss) from operations before benefit for income taxes	(4,552)	14,786
Benefit for income taxes	1,572	--
Net income (loss)	\$ (2,980)	\$ 14,786
Weighted average basic shares outstanding	27,899,963	10,560,000
Weighted average diluted shares outstanding	27,899,963	10,560,000
Basic earnings (loss) per share	\$ (0.11)	\$ 1.40
Diluted earnings (loss) per share	\$ (0.11)	\$ 1.40
PRO FORMA COMPUTATION RELATED TO CONVERSION TO C CORPORATION FOR INCOME TAX PURPOSES (unaudited):		
Historical income from operations before income taxes		\$ 14,786
Pro forma provision for income taxes		(5,826)
Pro forma net income		\$ 8,960
Weighted average basic shares outstanding		10,560,000
Weighted average diluted shares outstanding		10,560,000
Pro forma basic earnings per share		\$ 0.85
Pro forma diluted earnings per share		\$ 0.85

GREAT AMERICAN GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)

	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ (2,980)	\$ 14,786
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	180	142
Provision for doubtful accounts	19	-
Share-based payments	1,358	100
Guaranteed payment distributions	-	266
Non-cash interest	-	5
Loss on disposal of assets	2	-
Deferred income taxes	(1,572)	-

Income allocated to mandatorily redeemable noncontrolling interests	295	507
Change in operating assets and liabilities:		
Accounts receivable and advances against customer contracts	79	(5,887)
Goods held for sale or auction	85	1,919
Prepaid expenses and other assets	(280)	(101)
Accounts payable and accrued expenses	(3,963)	(2,941)
Amounts payable under collaborative arrangements	-	38,500
Auction and liquidation proceeds payable	689	(358)
Accrued compensation plans	-	6,853
	-----	-----
Net cash provided by (used in) operating activities	(6,088)	53,791
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(116)	(69)
Increase in note receivable - related party	(2,706)	-
Decrease (increase) in restricted cash	459	(19,568)
	-----	-----
Net cash used in investing activities	(2,363)	(19,637)
	-----	-----
Cash flows from financing activities:		
Proceeds from revolving lines of credit, net	-	7,555
Repayments of capital lease obligation	(6)	(40)
Payment of employment taxes on vesting of restricted stock	(948)	-
Distribution to noncontrolling interests	(287)	(235)
	-----	-----
Net cash provided by (used in) financing activities	(1,241)	7,280
	-----	-----
Net increase (decrease) in cash and cash equivalents	(9,692)	41,434
Cash and cash equivalents, beginning of period	37,989	16,965
	-----	-----
Cash and cash equivalents, end of period	\$ 28,297	\$ 58,399
	=====	=====
Supplemental disclosures:		
Interest paid	\$ 1,670	\$ 4,493
GREAT AMERICAN GROUP, INC. AND SUBSIDIARIES		
ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION		
(ADJUSTED EBITDA)		
(Dollars in thousands)		
	Three Months Ended	
	March 31,	

	2010	2009

Adjusted EBITDA Reconciliation:		
Net income (loss) as reported	\$ (2,980)	\$ 14,786
Adjustments:		
Benefit for income taxes	(1,572)	--
Interest expense	1,033	5,930
Interest income	(90)	(4)
Depreciation and amortization	180	142
Share based compensation	1,358	100
Deferred compensation - Phantom stock plan	-	7,119
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Total EBITDA Adjustments	909	13,287
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Adjusted EBITDA

\$ (2,071) \$ 28,073
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Investor Contacts:

Great American Group
Phil Ahn
SVP, Strategy & Corporate Development
818-884-3737

Addo Communications
Andrew Blazier
310-829-5400
Email Contact

or

Press Contact:
Great American Group
Laura Wayman
847-444-1400 ext. 312
Email Contact

SOURCE: Great American Group, Inc.

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