

## Emergent Group Inc. Reports Record Second Quarter Revenue and Net Income

Revenue and Net Income Rise 59% and 22%, Respectively, with EBITDA Up 70%

**SUN VALLEY, Calif., Aug. 5, 2009** (GLOBE NEWSWIRE) -- Emergent Group Inc. (NYSE Amex Equities: LZR), a leading provider of mobile medical lasers and surgical equipment, today announced record second quarter 2009 sales and net income as the company's financial performance and sound growth strategies continued to stand out in a challenging economic environment.

Following are highlights of the second quarter 2009 results:

- \* Revenue increased 59% to a record \$7,788,765 for the second quarter ended June 30, 2009 versus \$4,901,549 in the prior year period ended June 30, 2008. This was the company's eighth consecutive quarter of revenue growth.
- \* EBITDA (earnings before interest, taxes, depreciation and amortization) rose 70% to \$2,126,000 versus \$1,251,000 in the prior year period.
- \* Income before income taxes and minority interest was up 52% to \$1,606,451 versus the \$1,056,830 reported in the prior year period.
- \* Net income increased 22% to a record \$869,064, or \$0.12 per diluted share, compared with \$711,368, or \$0.12 per diluted share, reported in the prior year period. There were 7,089,544 diluted weighted average shares outstanding for the second quarter of 2009 versus 5,981,569 in the prior year period.
- \* The quarter included a provision for income taxes of \$573,500 compared with \$75,000 a year earlier.
- \* Emergent has federal net operating loss carryforwards totaling \$7,600,000 as of December 31, 2008, which are available to offset taxable income for 2009 and subsequent periods.

"Emergent Group continued to benefit in the second quarter from sound management and growth strategies that have made it a standout in the midst of a difficult economic landscape," said Chairman and CEO Bruce J. Haber. "As we've said in prior quarterly earnings reports, we continue to look for growth opportunities in fiscal 2009. On May 27, for example, we announced the acquisition of New York Cryosurgery Equipment LLC, a physician partnership specializing in rentals of mobile cryosurgery equipment and technicians to hospitals for treatment of prostate and renal cancer. This transaction, although not material to our results, strengthened our presence in the New York market and capitalized on upcoming federal rules limiting physician ownership of equipment."

Haber noted that the company is also continuing to:

- \* expand rentals of per-procedure medical equipment and sales of accompanying consumable items,
- \* capitalize on the growing number of medical procedures,
- \* assist hospitals and physician groups to maximize cost-effective medical technology through rentals rather than purchases, and

\* present equipment manufacturers with new revenue streams by partnering with them on rental opportunities.

"In late June," Haber added, "we were pleased to see that Emergent Group was selected by Russell Investments for inclusion in its Russell Microcap<sup>®</sup> Index, which measures the performance of the U.S. equity market's microcap segment and makes up less than 3% of that market. This was yet another sign of the recognition Emergent Group is receiving for its success in navigating the current business environment and capitalizing on positive healthcare trends."

#### About Emergent Group Inc.

Emergent Group Inc., through its wholly owned subsidiary, PRI Medical Technologies, Inc. ("PRI Medical"), provides mobile medical laser and surgical equipment in 16 states on a per-procedure basis to hospitals, outpatient surgery centers and physicians' offices. Surgical equipment is provided to customers along with technical support personnel to ensure that such equipment is operating correctly. PRI Medical currently offers its services in five states in the western United States and 11 states along the eastern seaboard. Emergent Group, Inc. is a member of the Russell Microcap<sup>®</sup> Index. For investor and product information, visit Emergent Group's website, [www.emergentgroupinc.com](http://www.emergentgroupinc.com).

#### Forward-Looking Statements

Statements in this news release may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1993 and Section 21E of the Securities Exchange Act of 1934. Such statements may involve various risks and uncertainties, some of which may be discussed in the Company's most recent report on Form 10-K and subsequently filed SEC reports. There is no assurance any forward-looking statements will prove accurate, as actual results and future events could differ materially from those presently anticipated.

(tables and notes follow)

#### Emergent Group Inc. and Subsidiaries Condensed Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
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ASSETS	(Unaudited)	
Current assets		
Cash	\$ 3,890,331	\$ 4,586,107
Accounts receivable, net of allowance for doubtful accounts of \$73,434 and \$58,984	4,329,541	3,759,834
Inventory, net	833,863	837,143
Prepaid expenses	358,835	231,763
Deferred tax assets	986,000	986,000
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Total current assets	10,398,570	10,400,847
Property and equipment, net of accumulated depreciation and amortization of \$8,213,809 and \$7,247,482	6,237,069	6,070,228
Goodwill	1,120,058	1,120,058
Deferred income taxes	478,881	1,261,000

Other intangible assets, net of accumulated amortization of \$260,065 and \$226,997	377,584	403,152
Deposits and other assets	81,886	84,934
	-----	-----
Total assets	\$18,694,048	\$19,340,219
	=====	=====
Deferred income taxes	478,881	1,261,000
Other intangible assets, net of accumulated amortization of \$260,065 and \$226,997	377,584	403,152
Deposits and other assets	81,886	84,934
	-----	-----
Total assets	\$18,694,048	\$19,340,219
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Current portion of capital lease obligations	\$ 1,933,566	\$ 1,909,057
Dividends payable	--	1,989,750
Accounts payable	1,973,129	1,538,797
Accrued expenses and other liabilities	1,564,934	1,997,312
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Total current liabilities	5,471,629	7,434,916
Capital lease obligations, net of current portion	3,017,385	3,344,820
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Total liabilities	8,489,014	10,779,736
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Shareholders' equity		
Preferred stock, \$0.001 par value, non-voting 10,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, \$0.04 par value, 100,000,000 shares authorized 6,741,054 and 6,631,576 shares issued and outstanding	269,639	265,260
Additional paid-in capital	16,339,098	16,235,368
Accumulated deficit	(7,068,311)	(8,636,575)
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Total Emergent Group equity	9,540,426	7,864,053
Minority Interest	664,608	696,430
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Total shareholders' equity	10,205,034	8,560,483
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Total liabilities and shareholders' equity	\$18,694,048	\$19,340,219
	=====	=====

Emergent Group Inc. and Subsidiaries  
Condensed Consolidated Statements of Income  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
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	2009	2008	2009	2008

Revenue	\$ 7,788,765	\$ 4,901,549	\$15,123,808	\$ 9,405,838
Cost of goods sold	4,625,102	2,690,183	9,036,560	5,316,017
Gross profit	3,163,663	2,211,366	6,087,248	4,089,821
Selling, general, and administrative expenses	1,496,742	1,131,241	2,952,164	2,255,094
Income from operations	1,666,921	1,080,125	3,135,084	1,834,727
Other income (expense)				
Interest expense, net	(87,503)	(63,704)	(175,989)	(126,136)
Gain on disposal of property and equipment	1,950	28,937	2,550	28,937
Other income, net	25,083	11,472	30,260	24,124
Total other income (expense)	(60,470)	(23,295)	(143,179)	(73,075)
Income before provision for income taxes and minority interest	1,606,451	1,056,830	2,991,905	1,761,652
Provision for income taxes	(573,500)	(75,000)	(1,051,634)	(135,500)
Income before minority interest	1,032,951	981,830	1,940,271	1,626,152
Minority interest in income of consolidated limited liability companies	(163,887)	(270,462)	(372,007)	(482,884)
Net income	\$ 869,064	\$ 711,368	\$ 1,568,264	\$ 1,143,268
Basic earnings per share	\$ 0.13	\$ 0.12	\$ 0.23	\$ 0.20
Diluted earnings per share	\$ 0.12	\$ 0.12	\$ 0.22	\$ 0.19
Basic weighted				

average shares outstanding	6,725,579 =====	5,725,802 =====	6,692,057 =====	5,688,150 =====
Diluted weighted- average shares outstanding	7,089,544 =====	5,981,569 =====	7,048,247 =====	5,947,420 =====

CONTACT: Emergent Group Inc.  
Bruce J. Haber  
914) 235-5550, x. 12  
**bhaber@primedical.net**