

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS SEPTEMBER 30, 2014 FINANCIAL RESULTS

For Immediate Release

New York, New York – November 10, 2014 – Alliance Distributors Holding Inc. (Pink Sheets: ADTR), a distributor, developer and publisher of interactive video games and gaming products, today announced its financial results for the first quarter ended September 30, 2014.

Net sales for the quarter ended September 30, 2014 decreased 29% to \$13.2 million from \$18.7 million for the quarter ended September 30, 2013. Net income for the 2014 quarter decreased to \$215,000 from \$431,000 in the corresponding period in 2013.

Jay Gelman, Chairman and Chief Executive Officer, said "The decline in revenue and net income from the first fiscal quarter of 2013 reflects an unusually large number of compelling value and closeout opportunities in the 2013 period."

About Alliance Distributors Holding Inc.

Alliance Distributors Holding Inc. (www.alliancedistributors.com) is a full-service wholesale videogame distributor, specializing in gaming products and accessories for all key manufacturers and 3rd party publishers. Through its wholly-owned subsidiary, Alliance develops downloadable and social content video games as Metaversal Studios (www.metaversalstudios.com) and publishes videogames as Alliance Digital Media™ (www.alliancedigitalmedia.com).

Safe Harbor

Certain statements contained in this press release contain forward-looking statements including without limitation, statements concerning our operations, economic performance, and financial condition. The words "estimate," "believe," "expect," "should" and "anticipate" and other similar expressions generally identify forward-looking statements, which speak only as of their dates.

Investors are cautioned that all forward-looking statements, which are based largely on our current expectations, involve risks and uncertainty. Actual results, events and circumstances (including future performance, results and trends) could differ materially from those set forth in such statements due to various factors, risks and uncertainties, including without limitation, risks associated with technological change, competitive factors and general economic conditions, including the related impact on discretionary consumer spending, changes in marketing and distribution strategies by manufacturers, timely development and release of video game products we produce, potential cost overruns in our development of video games, ability to protect our intellectual property rights, potential claims that we have infringed the intellectual property rights of others, market acceptance of games we develop and / or publish, the emergence of new or growing competitors and various other competitive and technological factors. There can be no assurance that the results referred to in the forward-looking statements contained in this release will occur. The Company has no duty and undertakes no obligation to update any forward-looking information, whether as a result of new information, future developments or otherwise.

Xbox One, Xbox, Xbox 360 and Xbox LIVE are either registered trademarks or trademarks of the Microsoft group of companies.

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(In thousands, except per share amounts)

	<u>2014</u>	<u>2013</u>
NET SALES	\$13,180	\$18,655
COST OF SALES	<u>11,403</u>	<u>16,200</u>
GROSS PROFIT	1,777	2,455
OPERATING COSTS AND EXPENSES	<u>1,352</u>	<u>1,631</u>
INCOME FROM OPERATIONS	425	824
Interest expense	<u>77</u>	<u>93</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	348	731
Provision for income taxes	<u>133</u>	<u>300</u>
NET INCOME	<u>\$ 215</u>	<u>\$ 431</u>
Net income per share – basic and diluted	<u>\$ -</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding –		
Basic	<u>44,157</u>	<u>44,157</u>
Diluted	<u>44,620</u>	<u>44,519</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013
(Unaudited, in thousands)

	September 30,	
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 218	\$ 115
Accounts receivable-net	5,869	6,197
Inventory	12,160	16,375
Advances to suppliers	724	280
Prepaid expenses and other current assets	257	435
Deferred income taxes	<u>580</u>	<u>409</u>
Total current assets	19,808	23,811
PROPERTY AND EQUIPMENT – NET	123	153
DEFERRED INCOME TAXES	144	80
OTHER ASSETS	<u>62</u>	<u>60</u>
TOTAL	<u>\$20,137</u>	<u>\$24,104</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset based revolving loan – bank	\$7,881	\$10,428
Current portion of long-term debt	-	761
Accounts payable	4,385	5,958
Accrued expenses and other current liabilities	<u>404</u>	<u>496</u>
Total current liabilities	12,670	17,643
LONG-TERM DEBT	<u>-</u>	<u>114</u>
DEFERRED RENT	<u>32</u>	<u>22</u>
STOCKHOLDERS' EQUITY		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,570	3,483
Retained earnings	<u>3,821</u>	<u>2,798</u>
Total stockholders' equity	<u>7,435</u>	<u>6,325</u>
TOTAL	<u>\$20,137</u>	<u>\$24,104</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited, in thousands)

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES:		
Net income	\$ 215	\$ 431
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	15	19
Stock-based compensation expense	21	4
Deferred income taxes	(54)	(66)
Other	7	17
Changes in operating assets and liabilities, net	<u>(129)</u>	<u>(583)</u>
Net cash provided by (used in) operating activities	<u>75</u>	<u>(178)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(20)</u>	<u>(5)</u>
Net cash used in investing activities	<u>(20)</u>	<u>(5)</u>
FINANCING ACTIVITIES:		
Proceeds from asset based revolving loan – bank, net of repayments	247	107
Payment of deferred financing costs	-	(25)
Payment of long-term debt	<u>(239)</u>	<u>(125)</u>
Net cash provided by (used in) financing activities	<u>8</u>	<u>(43)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>63</u>	<u>(226)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>155</u>	<u>341</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 218</u>	<u>\$ 115</u>

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