

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS FINANCIAL RESULTS FOR THE THREE
AND NINE MONTHS ENDED MARCH 31, 2015

For Immediate Release

New York, New York – May 18, 2015 – 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 three and nine months ended March 31, 2015.

Net sales for the three months ended March 31, 2015 decreased 11% to \$13.2 million from \$14.9 million in the three months ended March 31, 2014. Net income for the three months ended March 31, 2015 declined to \$37,000 from \$392,000 for the comparable period in 2014.

For the nine months ended March 31, 2015 net sales decreased 14% to \$41.4 million from \$48.0 million in the nine months ended March 31, 2014. Net income for the nine months ended March 31, 2015 decreased to \$265,000 from \$988,000 for the comparable period in 2014.

Jay Gelman, Chairman and Chief Executive Officer, said, “We had fewer sources for value product during the March 2015 periods than in the corresponding 2014 periods. The decline in availability reflects residual turmoil from last year’s new platform introductions of Sony’s Playstaton®4 and Microsoft’s Xbox One, vendors who are out of business, licensing lapses, and a reduction in distress closeout opportunities. I expect that vendors who are now concentrating on new platform products will in due course accelerate their value product offerings.

“BlazBlue: Battle Cards™ is our first licensed mobile game for Apple’s iPad and is available for download in the App store. The reduction in net income from the 2014 periods reflects our costs for the development of BlazeBlue as well as the decline in our value revenues.”

About Alliance

Alliance Distributors Holding Inc. (www.alliancedistributors.com), along with its wholly-owned subsidiary, Alliance Metaversal Studio LLC, is a vertically integrated video game company. Its Alliance Distributors operating division is a full-service wholesale distributor of video games, hardware and accessories, with a special concentration in value video games. Alliance is a licensed publisher for Sony Computer Entertainment of America, Microsoft and Nintendo, and as Alliance Digital Media® publishes both originally created and third party licensed games in console, mobile, and PC/Mac formats.. Alliance develops both original and third-party video games as Alliance Game Studios (formerly Metaversal Studios).

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

(In thousands, except per share amounts)
(unaudited)

	Three Months ended March 31,		Nine Months ended March 31,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
NET SALES	\$13,218	\$14,921	\$41,378	\$48,026
COST OF GOODS SOLD	<u>11,480</u>	<u>12,793</u>	<u>36,150</u>	<u>41,474</u>
GROSS PROFIT	1,738	2,128	5,228	6,552
OPERATING COSTS AND EXPENSES	<u>1,607</u>	<u>1,454</u>	<u>4,573</u>	<u>4,692</u>
INCOME FROM OPERATIONS	131	674	655	1,860
Interest expense	<u>68</u>	<u>80</u>	<u>219</u>	<u>277</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	63	594	436	1,583
Provision for income taxes	<u>26</u>	<u>202</u>	<u>171</u>	<u>595</u>
NET INCOME	<u>\$ 37</u>	<u>\$ 392</u>	<u>\$ 265</u>	<u>\$ 988</u>
Net income per share:				
Basic and diluted	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding:				
Basic	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>
Diluted	<u>44,557</u>	<u>44,414</u>	<u>44,589</u>	<u>44,677</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2015 and 2014
(unaudited, in thousands)

	2015	<u>March 31,</u> 2014
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 334	\$ 173
Accounts receivable-net	6,425	8,067
Inventory	12,505	13,062
Advances to suppliers	618	962
Prepaid expenses and other current assets	61	107
Prepaid income taxes	119	130
Deferred income taxes	<u>591</u>	<u>459</u>
Total current assets	20,653	22,960
PROPERTY AND EQUIPMENT – NET	107	130
DEFERRED INCOME TAXES	179	115
OTHER ASSETS	<u>62</u>	<u>56</u>
TOTAL	<u>\$21,001</u>	<u>\$23,261</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	\$ 6,955	\$ 8,894
Current portion of long-term debt	-	364
Accounts payable	6,060	6,632
Accrued expenses and other current liabilities	<u>395</u>	<u>430</u>
Total current liabilities	<u>13,410</u>	<u>16,320</u>
LONG-TERM OBLIGATIONS	<u>-</u>	<u>-</u>
DEFERRED RENT	<u>25</u>	<u>20</u>
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,651	3,522
Retained earnings	<u>3,871</u>	<u>3,355</u>
Total stockholders' equity	<u>7,566</u>	<u>6,921</u>
TOTAL	<u>\$21,001</u>	<u>\$23,261</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2015 AND 2014
(unaudited, in thousands)

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Net income	\$ 265	\$ 988
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46	55
Stock-based compensation expense	102	43
Deferred income taxes	(100)	(151)
Other	15	31
Changes in operating assets and liabilities-net	<u>804</u>	<u>972</u>
Net cash provided by operating activities	<u>1,132</u>	<u>1,938</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(35)</u>	<u>(18)</u>
Net cash used in investing activities	<u>(35)</u>	<u>(18)</u>
FINANCING ACTIVITIES:		
Payments of asset-based revolving loan – net of proceeds	(679)	(1,427)
Payment of deferred financing costs	-	(25)
Payment of long-term debt	<u>(239)</u>	<u>(636)</u>
Net cash used in financing activities	<u>(918)</u>	<u>(2,088)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>179</u>	<u>(168)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>155</u>	<u>341</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 334</u>	<u>\$ 173</u>

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