

ALLIANCE MEDIA HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE THREE AND  
TWELVE MONTHS ENDED JUNE 30, 2016

For Immediate Release

New York, New York – October 27 2016 – Alliance Media Holdings Inc. (OTC-Pink: ADTR), a distributor, developer and publisher of interactive video games and gaming products, today announced its financial results for the three and twelve months ended June 30, 2016.

Sales for the three months ended June 30, 2016 decreased 31% to \$8.8 million from \$12.7 million in the three months ended June 30, 2015. Net income for the three months ended June 30, 2016 decreased to \$27,000 from \$61,000 for the comparable period in 2015.

For the twelve months ended June 30, 2016 sales were \$53.7 million, essentially unchanged from \$54.1 million in the comparable 2015 period. Net income for the twelve months ended June 30, 2016 was \$325,000 compared to \$326,000 for the twelve months ended June 30, 2015.

Jay Gelman, Chairman and Chief Executive Officer, said, “Overall industry conditions remain very similar to what we have previously reported. There continues to be limited availability of compelling value product offerings for the older hardware platforms; Sony’s PS3™, Microsoft’s Xbox 360, and Nintendo’s Wii U™ and 3DS. Further, we have not yet seen a significant increase of value product offerings for the new PS4™ and Xbox One systems. Although sales have not been at previous levels we believe there will continue to be a robust retail market place for us to service as a supplier.

“Earlier this month we released Duke Grabowski: Mighty Swashbuckler – the first game in our initiative to enter into alliances with independent game developers to publish, market and own equity interests in video games. Our Zachtronics team headed by Zachary Barth is developing additional games in house.”

About Alliance

Alliance Media Holdings Inc., formerly Alliance Distributors Holding Inc., ([www.alliancemediaholdings.com](http://www.alliancemediaholdings.com)) 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 Zachtronics.

Xbox One, Xbox, Xbox 360 and Xbox LIVE are either registered trademarks or trademarks of the Microsoft group of companies. Other Company and product names may be trademarks of their respective owners.

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, ability to realize anticipated benefits of acquisitions, potential undiscovered liabilities of companies that we acquire, changes in our business or growth strategy, the emergence of new or growing competitors, 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.

**ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**THREE AND TWELVE MONTHS ENDED JUNE 30, 2016 AND 2015**  
(In thousands, except per share amounts)

	<u>Three Months</u>		<u>Twelve Months</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>SALES</b>	\$ 8,818	\$12,748	\$53,659	\$54,126
<b>COST OF SALES</b>	<u>7,484</u>	<u>11,035</u>	<u>46,722</u>	<u>47,185</u>
<b>GROSS PROFIT</b>	1,334	1,713	6,937	6,941
<b>OPERATING COSTS AND EXPENSES</b>	<u>1,232</u>	<u>1,413</u>	<u>6,121</u>	<u>5,986</u>
<b>INCOME FROM OPERATIONS</b>	102	300	816	955
Interest expense	<u>74</u>	<u>78</u>	<u>305</u>	<u>297</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	28	222	511	658
Provision for income taxes	<u>1</u>	<u>161</u>	<u>186</u>	<u>332</u>
<b>NET INCOME</b>	<u>\$ 27</u>	<u>\$ 61</u>	<u>\$ 325</u>	<u>\$ 326</u>
<b>Net income per share – basic and diluted</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$0.01</u>	<u>0.01</u>
<b>Weighted average common shares outstanding –</b>				
<b>Basic</b>	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>
<b>Diluted</b>	<u>46,546</u>	<u>44,804</u>	<u>45,254</u>	<u>45,630</u>

**ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2016 AND 2015**  
(in thousands)

	JUNE 30,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 253	\$ 347
Accounts receivable-net	2,983	4,948
Inventory	11,638	14,633
Advances to suppliers and video game developers	636	-
Prepaid expenses and other current assets	333	194
Deferred income taxes	<u>537</u>	<u>593</u>
<b>Total current assets</b>	16,380	20,715
<b>PROPERTY AND EQUIPMENT – NET</b>	61	102
<b>DEFERRED INCOME TAXES</b>	201	129
<b>OTHER ASSETS</b>	<u>136</u>	<u>63</u>
<b>TOTAL</b>	<u>\$16,778</u>	<u>\$21,009</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Asset based revolving loan – bank	\$6,754	\$6,488
Accounts payable	1,153	6,288
Accrued expenses and other current liabilities	<u>640</u>	<u>550</u>
<b>Total current liabilities</b>	<u>8,547</u>	<u>13,326</u>
<b>LONG TERM OBLIGATIONS</b>	<u>75</u>	-
<b>DEFERRED RENT</b>	<u>5</u>	<u>23</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,850	3,684
Retained earnings	<u>4,257</u>	<u>3,932</u>
<b>Total stockholders' equity</b>	<u>8,151</u>	<u>7,660</u>
<b>TOTAL</b>	<u>\$16,778</u>	<u>\$21,009</u>

**ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**TWELVE MONTHS ENDED JUNE 30, 2016 AND 2015**  
(in thousands)

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 325	\$ 326
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	59	61
Stock-based compensation expense	166	135
Deferred income taxes	(16)	(52)
Other	(12)	18
Changes in operating assets and liabilities, net	<u>(864)</u>	<u>1,164</u>
Net cash (used in) provided by operating activities	<u>(342)</u>	<u>1,652</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(18)</u>	<u>(45)</u>
Net cash used in investing activities	<u>(18)</u>	<u>(45)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from asset-based revolving loan – bank, net of repayments	266	-
Payment of note payable-bank, net of proceeds	-	(1,146)
Payment of deferred financing costs	-	(30)
Payment of long-term debt	<u>-</u>	<u>(239)</u>
Net cash provided by (used in) financing activities	<u>266</u>	<u>(1,415)</u>
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	(94)	192
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>347</u>	<u>155</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 253</u>	<u>\$ 347</u>

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