

ALLIANCE MEDIA HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2015

For Immediate Release

New York, New York – February 4, 2016 – Alliance Media Holdings 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 six months ended December 31, 2015.

Net sales for the three months ended December 31, 2015 increased 21% to \$18.2 million from \$15.0 million in the three months ended December 31, 2014. Net income for the three months ended December 31, 2015 increased to \$282,000 from \$14,000 for the comparable period in 2014.

For the six months ended December 31, 2015 net sales increased 10% to \$30.8 million from \$28.2 million in the six months ended December 31, 2014. Net income for the six months ended December 31, 2015 increased to \$288,000 from \$229,000 for the comparable period in 2014.

Jay Gelman, Chairman and Chief Executive Officer, said, “The upswing in the past quarter reflects ordinary business fluctuations – underlying industry conditions remain the same as reported previously. The availability of value products for the older hardware platforms; Sony’s PS3, and Microsoft’s Xbox 360, and Nintendo’s WiiU, DS, and 3DS current platforms, continues at reduced levels. Further, we have not yet seen significant quantities of value product offerings for the new PS4 and Xbox One systems.”

About Alliance

Alliance Media Holdings Inc., formerly Alliance Distributors Holding Inc., (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 Alliance Game Studios (formerly Metaversal Studios).

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

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

	Three Months ended December 31,		Six Months ended December 31,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
NET SALES	\$18,196	\$14,980	\$30,844	\$28,160
COST OF GOODS SOLD	<u>15,778</u>	<u>13,266</u>	<u>26,970</u>	<u>24,669</u>
GROSS PROFIT	2,418	1,714	3,874	3,491
OPERATING COSTS AND EXPENSES	<u>1,870</u>	<u>1,614</u>	<u>3,250</u>	<u>2,966</u>
INCOME FROM OPERATIONS	548	100	624	525
Interest expense	<u>89</u>	<u>74</u>	<u>159</u>	<u>151</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	459	26	465	374
Provision for income taxes	<u>177</u>	<u>12</u>	<u>177</u>	<u>145</u>
NET INCOME	<u>\$ 282</u>	<u>\$ 14</u>	<u>\$ 288</u>	<u>\$ 229</u>
Net income per share:				
Basic and diluted	<u>\$ 0.01</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.01</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>44,608</u>	<u>44,611</u>	<u>44,655</u>	<u>44,621</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014
(unaudited, in thousands)

	December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 1,413	\$ 244
Accounts receivable-net	6,472	5,034
Inventory	11,721	10,660
Advances to suppliers	-	160
Prepaid expenses and other current assets	281	107
Prepaid income taxes	125	183
Deferred income taxes	<u>601</u>	<u>561</u>
Total current assets	20,613	16,949
PROPERTY AND EQUIPMENT – NET	76	110
DEFERRED INCOME TAXES	141	164
OTHER ASSETS	<u>61</u>	<u>63</u>
TOTAL	<u>\$20,891</u>	<u>\$17,286</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	\$ 9,338	\$ 6,840
Accounts payable	2,701	2,514
Accrued expenses and other current liabilities	<u>816</u>	<u>414</u>
Total current liabilities	<u>12,855</u>	<u>9,768</u>
DEFERRED RENT	<u>14</u>	<u>29</u>
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,758	3,610
Retained earnings	<u>4,220</u>	<u>3,835</u>
Total stockholders' equity	<u>8,022</u>	<u>7,489</u>
TOTAL	<u>\$20,891</u>	<u>\$17,286</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014
(unaudited, in thousands)

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Net income	\$ 288	\$ 229
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	30	31
Loss on disposition of assets	-	-
Deferred income taxes	(20)	(55)
Stock-based compensation expense	74	61
Other	(5)	11
Changes in operating assets and liabilities-net	<u>(2,147)</u>	<u>868</u>
Net cash (used in) provided by operating activities	<u>(1,780)</u>	<u>1,145</u>
INVESTING ACTIVITIES:		
Security deposit	-	-
Purchase of property and equipment	<u>(4)</u>	<u>(23)</u>
Net cash used in investing activities	<u>(4)</u>	<u>(23)</u>
FINANCING ACTIVITIES:		
Repayments of asset-based revolving loan – bank, net of proceeds	-	(794)
Proceeds from asset-based revolving loan – bank, net of repayments	2,850	-
Payment of long-term debt	<u>-</u>	<u>(239)</u>
Net cash provided by (used) in financing activities	<u>2,850</u>	<u>(1,033)</u>
INCREASE IN CASH AND EQUIVALENTS	<u>1,066</u>	<u>89</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>347</u>	<u>155</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 1,413</u>	<u>\$ 244</u>

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