

ALLIANCE MEDIA HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016

For Immediate Release

New York, New York – May 16, 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 nine months ended March 31, 2016.

Net sales for the three months ended March 31, 2016 increased 6% to \$14.0 million from \$13.2 million in the three months ended March 31, 2015. Net income for the three months ended March 31, 2016 decreased to \$10,000 from \$37,000 for the comparable period in 2015.

For the nine months ended March 31, 2016 net sales increased 8% to \$44.8 million from \$41.4 million in the nine months ended March 31, 2015. Net income for the nine months ended March 31, 2016 increased to \$298,000 from \$265,000 for the comparable period in 2015.

Jay Gelman, Chairman and Chief Executive Officer, said, “Overall industry conditions remain very similar to what we have previously reported. Principally, 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.”

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 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 March 31,		Nine Months ended March 31,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>NET SALES</b>	\$13,997	\$13,218	\$44,841	\$41,378
<b>COST OF GOODS SOLD</b>	<u>12,268</u>	<u>11,480</u>	<u>39,238</u>	<u>36,150</u>
<b>GROSS PROFIT</b>	1,729	1,738	5,603	5,228
<b>OPERATING COSTS AND EXPENSES</b>	<u>1,639</u>	<u>1,607</u>	<u>4,889</u>	<u>4,573</u>
<b>INCOME FROM OPERATIONS</b>	90	131	714	655
Interest expense	<u>72</u>	<u>68</u>	<u>231</u>	<u>219</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	18	63	483	436
Provision for income taxes	<u>8</u>	<u>26</u>	<u>185</u>	<u>171</u>
<b>NET INCOME</b>	<u>\$ 10</u>	<u>\$ 37</u>	<u>\$ 298</u>	<u>\$ 265</u>
Net income per share:				
Basic and diluted	<u>\$ -</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>45,156</u>	<u>44,557</u>	<u>44,830</u>	<u>44,589</u>

**ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**March 31, 2016 and 2015**  
(unaudited, in thousands)

	<b>2016</b>	<b>March 31, 2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 36	\$ 334
Accounts receivable-net	6,175	6,425
Inventory	13,079	12,505
Advances to suppliers	663	618
Prepaid expenses and other current assets	243	61
Prepaid income taxes	163	119
Deferred income taxes	<u>601</u>	<u>591</u>
<b>Total current assets</b>	20,960	20,653
<b>PROPERTY AND EQUIPMENT – NET</b>	63	107
<b>DEFERRED INCOME TAXES</b>	141	179
<b>OTHER ASSETS</b>	<u>60</u>	<u>62</u>
<b>TOTAL</b>	<u>\$21,224</u>	<u>\$21,001</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Asset-based revolving loan – bank	\$ 8,411	\$ 6,955
Accounts payable	3,843	6,060
Accrued expenses and other current liabilities	<u>879</u>	<u>395</u>
<b>Total current liabilities</b>	<u>13,133</u>	<u>13,410</u>
<b>DEFERRED RENT</b>	<u>12</u>	<u>25</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,805	3,651
Retained earnings	<u>4,230</u>	<u>3,871</u>
<b>Total stockholders' equity</b>	<u>8,079</u>	<u>7,566</u>
<b>TOTAL</b>	<u>\$21,224</u>	<u>\$21,001</u>

**ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED MARCH 31, 2016 AND 2015**  
(unaudited, in thousands)

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 298	\$ 265
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	45	46
Stock-based compensation expense	121	102
Deferred income taxes	(20)	(100)
Other	(6)	15
Changes in operating assets and liabilities-net	<u>(2,666)</u>	<u>804</u>
Net cash (used in) provided by operating activities	<u>(2,228)</u>	<u>1,132</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(6)</u>	<u>(35)</u>
Net cash used in investing activities	<u>(6)</u>	<u>(35)</u>
<b>FINANCING ACTIVITIES:</b>		
Payments of asset-based revolving loan – net of proceeds	-	(679)
Proceeds from asset-based revolving loan – net of payments	1,923	-
Payment of long-term debt	<u>-</u>	<u>(239)</u>
Net cash provided by (used in) financing activities	<u>1,923</u>	<u>(918)</u>
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	<u>(311)</u>	<u>179</u>
<b>CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>347</u>	<u>155</u>
<b>CASH AND EQUIVALENTS, END OF PERIOD</b>	<u>\$ 36</u>	<u>\$ 334</u>

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