

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

For Immediate Release

New York, New York – December 8, 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 months ended September 30, 2016.

Sales for the three months ended September 30, 2016 decreased 38% to \$7.8 million from \$12.7 million in the three months ended September 30, 2015. The Company lost \$299,000 for the three months ended September 30, 2016 compared to net income of \$6,000 for the three months ended September 30, 2015.

Jay Gelman, Chairman and Chief Executive Officer, said, “There were relatively few new game software offerings in the quarter and virtually no attractive value software opportunities. It is too early to predict if and when these markets will improve, or whether the conditions in the quarter are an early sign of an acceleration of the movement away from boxed games to digital games that are downloaded on line. We are preparing for both eventualities. We are expanding our fulfillment capabilities and our customer networks for boxed games. At the same time, we continue to work on our indie developer digital initiative.”

About Alliance

Alliance Media Holdings 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 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 MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands, except per share amounts)

	<u>2016</u>	<u>2015</u>
NET SALES	\$7,802	\$12,648
COST OF SALES	<u>6,859</u>	<u>11,192</u>
GROSS PROFIT	943	1,456
OPERATING COSTS AND EXPENSES	<u>1,327</u>	<u>1,380</u>
(LOSS) INCOME FROM OPERATIONS	(384)	76
Interest expense	<u>60</u>	<u>70</u>
(LOSS) INCOME BEFORE (BENEFIT FROM) PROVISION FOR INCOME TAXES	(444)	6
(Benefit from) provision for income taxes	<u>(145)</u>	<u>-</u>
NET (LOSS) INCOME	<u>\$ (299)</u>	<u>\$ 6</u>
Net loss per share – basic and diluted	<u>\$ (.01)</u>	<u>\$ -</u>
Weighted average common shares outstanding –		
Basic	<u>44,157</u>	<u>44,157</u>
Diluted	<u>46,982</u>	<u>45,184</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016 AND 2015
(Unaudited, in thousands)

	September 30,	
	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 182	\$ 117
Accounts receivable-net	2,052	3,837
Inventory	11,235	15,192
Advances to suppliers and video game developers	429	289
Prepaid expenses and other current assets	542	487
Deferred income taxes	<u>537</u>	<u>601</u>
Total current assets	14,977	20,523
PROPERTY AND EQUIPMENT – NET	47	88
DEFERRED INCOME TAXES	201	141
OTHER ASSETS	<u>216</u>	<u>64</u>
TOTAL	<u>\$15,441</u>	<u>\$20,816</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset based revolving loan – bank	\$5,923	\$9,674
Accounts payable	1,026	3,006
Accrued expenses and other current liabilities	<u>515</u>	<u>414</u>
Total current liabilities	<u>7,464</u>	<u>13,094</u>
LONG TERM LIABILITIES	<u>78</u>	<u>19</u>
STOCKHOLDERS' EQUITY		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,897	3,721
Retained earnings	<u>3,958</u>	<u>3,938</u>
Total stockholders' equity	<u>7,899</u>	<u>7,703</u>
TOTAL	<u>\$15,441</u>	<u>\$20,816</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Unaudited, in thousands)

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (299)	\$ 6
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	25	15
Stock-based compensation expense	47	37
Deferred income taxes	-	(20)
Other	(1)	(2)
Changes in operating assets and liabilities, net	<u>989</u>	<u>(3,451)</u>
Net cash provided by (used in) operating activities	<u>761</u>	<u>(3,415)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(1)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(1)</u>	<u>(1)</u>
FINANCING ACTIVITIES:		
Proceeds from asset based revolving loan – bank, net of repayments	-	3,186
Repayment of asset based revolving loan – bank, net of borrowings	<u>(831)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(831)</u>	<u>3,186</u>
DECREASE IN CASH AND EQUIVALENTS	<u>(71)</u>	<u>(230)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>253</u>	<u>347</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 182</u>	<u>\$ 117</u>

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