

ALLIANCE MEDIA HOLDINGS REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2017

For Immediate Release

New York, New York – June 8, 2017 – 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 nine months ended March 31, 2017.

Net revenues for the three months ended March 31, 2017 decreased 41% to \$8.2 million from \$14 million in the three months ended March 31, 2016. The Company lost \$733,000 for the three months ended March 31, 2017 compared to net income of \$10,000 for the comparable period in 2016.

For the nine months ended March 31, 2017 net revenues decreased 30% to \$31.5 million from \$44.8 in the nine months ended March 31, 2016. The Company lost \$836,000 for the nine months ended March 31, 2017 compared to net income of \$298,000 for the comparable period in 2016.

Jay Gelman, Chairman and Chief Executive Officer, said, “We were disappointed with our financial results in the quarter ended March 31, 2017. The results principally reflect the same factors as in recent quarters – there continue to be too few new products and value opportunities. This was coupled with weak overall video game sales at retail and a developing trend to delay new product releases to the holiday season.”

Gelman continued, “We continue to look for ways to enhance our box distribution business through various initiatives, including shifting resources to accommodate fulfillment work for major retailers. At the same time, we are convinced that the industry as a whole is moving towards digital and streaming alternatives, and that this change will impact our financial performance sooner rather than later. The shift will accelerate with evolving technology. There is also the possibility that a large player might enter the market to further disrupt the box business.

“In the past several years we have taken a number of steps in anticipation of these changes. We began by obtaining Sony, Microsoft and Nintendo publisher licenses to publish games developed by others. Games such as Pinball Arcade, Brunswick Bowling, Giana Sisters, and Stern Pinball are part of this portfolio. We continue to seek new publishing opportunities although our revenue share to date has not been significant.

“In 2016, we announced our initiative to enter into alliances with independent game developers to publish, market and own equity interests in multi-platform video games. Our two initial game launches did not succeed financially but they allowed us to execute the entire process and both were met with critical praise.

“These efforts positioned us in May 2016 to acquire Zachtronics and its team headed by Zach Barth. Zachtronics was an independent developer that had a reputation as a quality operator and had launched several successful games. Zachtronics games contributed roughly \$1,000,000 in revenues for the current fiscal year to date.”

Mr. Gelman concluded, “We expect our traditional distribution business to continue to be quite impactful in the near term despite its shrinking footprint. Ultimately, the future of our company will depend on the success of our digital and content initiative, and our ability to fund its growth and further development.”

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 STATEMENTS OF OPERATIONS

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

	Three Months ended March 31,		Nine Months ended March 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
NET REVENUES	\$8,224	\$13,997	\$31,450	\$44,841
COST OF SALES	<u>7,342</u>	<u>12,268</u>	<u>27,578</u>	<u>39,238</u>
GROSS PROFIT	882	1,729	3,872	5,603
OPERATING COSTS AND EXPENSES	<u>1,556</u>	<u>1,639</u>	<u>4,568</u>	<u>4,889</u>
INCOME (LOSS) FROM OPERATIONS	(674)	90	(696)	714
Interest expense	<u>59</u>	<u>72</u>	<u>190</u>	<u>231</u>
INCOME (LOSS) BEFORE PROVISION FOR (BENEFIT FROM) INCOME TAXES	(733)	18	(886)	483
Provision for (benefit from) income taxes	<u>-</u>	<u>8</u>	<u>(50)</u>	<u>185</u>
NET INCOME (LOSS)	<u>\$ (733)</u>	<u>\$ 10</u>	<u>\$ (836)</u>	<u>\$ 298</u>
Net income (loss) per share:				
Basic and diluted	<u>\$ (002)</u>	<u>\$ -</u>	<u>\$ (002)</u>	<u>\$ 001</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>46,931</u>	<u>45,156</u>	<u>46,919</u>	<u>44,830</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2017 and 2016
(unaudited, in thousands)

	<u>March 31,</u>	
	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 87	\$ 36
Accounts receivable-net	3,652	6,175
Inventory	8,792	13,079
Advances to suppliers and video game developers	577	663
Prepaid expenses and other current assets	677	406
Deferred income taxes	<u>247</u>	<u>601</u>
Total current assets	14,032	20,960
PROPERTY AND EQUIPMENT – NET	31	63
DEFERRED INCOME TAXES	201	141
OTHER ASSETS	<u>140</u>	<u>60</u>
TOTAL	<u>\$14,404</u>	<u>\$21,224</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	\$ 4,166	\$ 8,411
Accounts payable	1,940	3,843
Accrued expenses and other current liabilities	<u>840</u>	<u>879</u>
Total current liabilities	<u>6,946</u>	<u>13,133</u>
LONG TERM LIABILITIES	<u>5</u>	<u>12</u>
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,988	3,805
Retained earnings	<u>3,421</u>	<u>4,230</u>
Total stockholders' equity	<u>7,453</u>	<u>8,079</u>
TOTAL	<u>\$14,404</u>	<u>\$21,224</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2017 AND 2016
(unaudited, in thousands)

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (836)	\$ 298
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	79	45
Deferred income taxes	-	121
Stock-based compensation expense	138	(20)
Other	5	(6)
Changes in operating assets and liabilities-net	<u>3,039</u>	<u>(2,666)</u>
Net cash provided by (used in) operating activities	<u>2,425</u>	<u>(2,228)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(3)</u>	<u>(6)</u>
Net cash used in investing activities	<u>(3)</u>	<u>(6)</u>
FINANCING ACTIVITIES:		
Repayments of asset-based revolving loan – bank, net of proceeds	(2,588)	-
Proceeds from asset-based revolving loan – bank, net of repayments	<u>-</u>	<u>1,923</u>
Net cash (used in) provided by financing activities	<u>(2,588)</u>	<u>1,923</u>
DECREASE IN CASH AND EQUIVALENTS	<u>(166)</u>	<u>(311)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>253</u>	<u>347</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 87</u>	<u>\$ 36</u>

Contact:

Alliance Media Holdings Inc.
Steve Gelman – VP of Marketing and Communications
212-894-4750
steve@alliancedis.com
##