

ALLIANCE MEDIA HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE THREE AND
TWELVE MONTHS ENDED JUNE 30, 2017

For Immediate Release

New York, New York – October 31, 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 twelve months ended June 30, 2017.

Sales for the three months ended June 30, 2017 decreased 40% to \$5.3 million from \$8.8 million in the three months ended June 30, 2016. The Company lost \$991,000 for the three months ended June 30, 2017 compared to net income of \$27,000 for the comparable period in 2016.

For the twelve months ended June 30, 2017 sales decreased 32% to \$36.7 million from were \$53.7 million, in the comparable 2016 period. The Company lost \$1.8 million for the year ended June 30, 2017 compared to net income of \$325,000 for the comparable period in 2016.

Jay Gelman, Chairman and Chief Executive Officer, said, “Our financial results reflect further movement by the video game industry towards digital and streaming alternatives. We are responding within our distribution business with innovative fulfillment initiatives and other approaches. We are also devoting considerable effort to develop proprietary video game content through our Zachtronics division and to enter into equity and publishing alliances with independent developers.”

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.

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
THREE AND TWELVE MONTHS ENDED JUNE 30, 2017 AND 2016
(In thousands, except per share amounts)

	<u>Three Months</u>		<u>Twelve Months</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
SALES	\$ 5,267	\$ 8,818	\$36,717	\$53,659
COST OF SALES	<u>4,612</u>	<u>7,484</u>	<u>32,190</u>	<u>46,722</u>
GROSS PROFIT	655	1,334	4,527	6,937
OPERATING COSTS AND EXPENSES	<u>1,387</u>	<u>1,232</u>	<u>5,955</u>	<u>6,121</u>
(LOSS) INCOME FROM OPERATIONS	(732)	102	(1,428)	816
Interest expense	<u>51</u>	<u>74</u>	<u>241</u>	<u>305</u>
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	(783)	28	(1,669)	511
Provision for income taxes	<u>208</u>	<u>1</u>	<u>158</u>	<u>186</u>
NET (LOSS) INCOME	<u>\$ (991)</u>	<u>\$ 27</u>	<u>\$ (1,827)</u>	<u>\$ 325</u>
Net (loss) income per share – basic and diluted	<u>\$ (0.02)</u>	<u>\$ -</u>	<u>(\$0.04)</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>44,157</u>	<u>46,546</u>	<u>44,157</u>	<u>45,254</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND 2016
(in thousands)

	JUNE 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 492	\$ 253
Accounts receivable-net	1,181	2,983
Inventory	8,766	11,638
Advances to suppliers and video game developers	208	636
Prepaid expenses and other current assets	661	333
Deferred income taxes	<u>83</u>	<u>537</u>
Total current assets	11,391	16,380
PROPERTY AND EQUIPMENT – NET	29	61
DEFERRED INCOME TAXES	38	201
OTHER ASSETS	<u>116</u>	<u>136</u>
TOTAL	<u>\$11,574</u>	<u>\$16,778</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset based revolving loan – bank	\$3,244	\$6,754
Accounts payable	1,089	1,153
Accrued expenses and other current liabilities	<u>727</u>	<u>640</u>
Total current liabilities	<u>5,060</u>	<u>8,547</u>
LONG TERM OBLIGATIONS	<u>-</u>	<u>75</u>
DEFERRED RENT	<u>6</u>	<u>5</u>
STOCKHOLDERS' EQUITY		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	4,034	3,850
Retained earnings	<u>2,430</u>	<u>4,257</u>
Total stockholders' equity	<u>6,508</u>	<u>8,151</u>
TOTAL	<u>\$11,574</u>	<u>\$16,778</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2017 AND 2016
(in thousands)

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (1,827)	\$ 325
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	71	59
Stock-based compensation expense	184	166
Deferred income taxes	617	(16)
Other	17	(12)
Changes in operating assets and liabilities, net	<u>4,696</u>	<u>(864)</u>
Net cash provided by (used in) operating activities	<u>3,758</u>	<u>(342)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(9)</u>	<u>(18)</u>
Net cash used in investing activities	<u>(9)</u>	<u>(18)</u>
FINANCING ACTIVITIES:		
Proceeds from asset-based revolving loan – bank, net of repayments	-	266
Payment of note payable-bank, net of proceeds	<u>(3,510)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(3,510)</u>	<u>266</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	239	(94)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>253</u>	<u>347</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 492</u>	<u>\$ 253</u>

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