

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

For Immediate Release

New York, New York – December 1, 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 months ended September 30, 2017.

Sales for the three months ended September 30, 2017 decreased 41% to \$4.6 million from \$7.8 million in the three months ended September 30, 2016. The Company lost \$489,000 for the three months ended September 30, 2017 compared to net loss of \$299,000 for the three months ended September 30, 2016.

Jay Gelman, Chairman and Chief Executive Officer, said, “Our results for the quarter reflect further movement by the video game industry from traditional distribution to digital and streaming alternatives. Still, the distribution market is large and sometimes turbulent, and we will continue to be active in that market with nimble and innovative approaches that may result in quarters that go down as well as up. We are also making peace and joining with the digital market by increasingly going digital ourselves with our own content, as well as with content that we own and publish in alliances with independent developers.”

Mr. Gelman also noted that distribution sales are relatively strong in the holiday season to date.

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 MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited, In thousands, except per share amounts)

	<u>2017</u>	<u>2016</u>
NET SALES	\$4,611	\$7,802
COST OF SALES	<u>3,814</u>	<u>6,859</u>
GROSS PROFIT	797	943
OPERATING COSTS AND EXPENSES	<u>1,241</u>	<u>1,327</u>
LOSS FROM OPERATIONS	(444)	(384)
Interest expense	<u>45</u>	<u>60</u>
LOSS BEFORE BENEFIT FROM INCOME TAXES	(489)	(444)
Benefit from income taxes	<u>-</u>	<u>(145)</u>
NET LOSS	<u>\$ (489)</u>	<u>\$ (299)</u>
Net loss per share – basic and diluted	<u>\$ (.01)</u>	<u>\$ (.01)</u>
Weighted average common shares outstanding –		
Basic	<u>44,157</u>	<u>44,157</u>
Diluted	<u>44,157</u>	<u>44,157</u>

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

	September 30,	
	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 150	\$ 182
Accounts receivable-net	1,458	2,052
Inventory	8,553	11,235
Advances to suppliers and video game developers	391	429
Prepaid expenses, refundable taxes and other current assets	721	542
Deferred income taxes	<u>83</u>	<u>537</u>
Total current assets	11,356	14,977
PROPERTY AND EQUIPMENT – NET	24	47
DEFERRED INCOME TAXES	38	201
OTHER ASSETS	<u>264</u>	<u>216</u>
TOTAL	<u>\$11,682</u>	<u>\$15,441</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset based revolving loan – bank	\$3,403	\$5,923
Accounts payable	1,557	1,026
Accrued expenses and other current liabilities	<u>652</u>	<u>515</u>
Total current liabilities	5,612	7,464
LONG TERM LIABILITIES	<u>7</u>	<u>78</u>
STOCKHOLDERS' EQUITY		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	4,078	3,897
Retained earnings	<u>1,941</u>	<u>3,958</u>
Total stockholders' equity	6,063	7,899
TOTAL	<u>\$11,682</u>	<u>\$15,441</u>

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

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Net loss	\$ (489)	\$ (299)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	14	25
Stock-based compensation expense	44	47
Deferred income taxes		-
Other	3	(1)
Changes in operating assets and liabilities, net	<u>(71)</u>	<u>989</u>
Net cash (used in) provided by operating activities	<u>(499)</u>	<u>761</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(2)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(2)</u>	<u>(1)</u>
FINANCING ACTIVITIES:		
Proceeds from asset based revolving loan – bank, net of repayments	159	-
Repayment of asset based revolving loan – bank, net of borrowings	<u>-</u>	<u>(831)</u>
Net cash provided by (used in) financing activities	<u>159</u>	<u>(831)</u>
DECREASE IN CASH AND EQUIVALENTS	<u>(342)</u>	<u>(71)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>492</u>	<u>253</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 150</u>	<u>\$ 182</u>

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