

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months ended December 31,		Six Months ended December 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
NET REVENUES	\$16,060	\$15,424	\$20,671	\$23,226
COST OF SALES	<u>14,176</u>	<u>13,377</u>	<u>17,990</u>	<u>20,236</u>
GROSS PROFIT	1,884	2,047	2,681	2,990
OPERATING COSTS AND EXPENSES	<u>1,734</u>	<u>1,685</u>	<u>2,975</u>	<u>3,012</u>
INCOME (LOSS) FROM OPERATIONS	150	362	(294)	(2)
Interest expense	<u>60</u>	<u>71</u>	<u>105</u>	<u>131</u>
INCOME (LOSS) BEFORE PROVISION FOR (BENEFIT FROM) INCOME TAXES	90	291	(399)	(153)
Provision for (benefit from) income taxes	<u>-</u>	<u>95</u>	<u>-</u>	<u>(50)</u>
NET INCOME (LOSS)	<u>\$ 90</u>	<u>\$ 196</u>	<u>\$ (399)</u>	<u>\$ (103)</u>
Net loss per share:				
Basic and diluted	<u>-</u>	<u>-</u>	<u>\$ (01)</u>	<u>-</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>46,972</u>	<u>46,982</u>	<u>44,157</u>	<u>44,157</u>

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

	December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 243	\$ 287
Accounts receivable-net	4,557	4,720
Inventory	6,838	9,742
Advances to suppliers and video game developers	11	308
Prepaid expenses, refundable taxes and other current assets	701	467
Deferred income taxes	<u>83</u>	<u>537</u>
Total current assets	12,433	16,061
PROPERTY AND EQUIPMENT – NET	21	38
DEFERRED INCOME TAXES	38	201
OTHER ASSETS	<u>243</u>	<u>163</u>
TOTAL	<u>\$12,735</u>	<u>\$16,463</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	\$ 3,498	\$ 6,380
Accounts payable	1,944	1,394
Accrued expenses and other current liabilities	<u>1,085</u>	<u>498</u>
Total current liabilities	<u>6,527</u>	<u>8,272</u>
LONG TERM LIABILITIES	<u>8</u>	<u>51</u>
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	4,125	3,942
Retained earnings	<u>2,031</u>	<u>4,154</u>
Total stockholders' equity	<u>6,200</u>	<u>8,140</u>
TOTAL	<u>\$12,735</u>	<u>\$16,463</u>

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

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Net loss	\$ (399)	\$ (103)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	25	40
Stock-based compensation expense	91	92
Other	6	1
Changes in operating assets and liabilities-net	<u>(224)</u>	<u>380</u>
Net cash (used in) provided by operating activities	<u>(501)</u>	<u>410</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(2)</u>	<u>(2)</u>
Net cash used in investing activities	<u>(2)</u>	<u>(2)</u>
FINANCING ACTIVITIES:		
Repayments of asset-based revolving loan – bank, net of proceeds	-	(374)
Proceeds from asset-based revolving loan – bank, net of repayments	<u>254</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>254</u>	<u>(374)</u>
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	<u>(249)</u>	<u>34</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>492</u>	<u>253</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 243</u>	<u>\$ 287</u>