

ALLIANCE MEDIA HOLDINGS INC. REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2017

For Immediate Release

New York, New York – February 8, 2018 – 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 six months ended December 31, 2017.

Net revenues for the three months ended December 31, 2017 increased 4% to \$16.1 million from \$15.4 million in the three months ended December 31, 2016. Net income for the three months ended December 31, 2017 decreased to \$90,000 from \$196,000 for the comparable period in 2016.

For the six months ended December 31, 2017 net revenues decreased 11% to \$20.7 million from \$23.2 in the six months ended December 31, 2016. The Company lost \$399,000 for the six months ended December 31, 2017 compared to net income of \$103,000 for the comparable period in 2016.

Jay Gelman, Chairman and Chief Executive Officer, said, “Our second quarter revenue in 2017 consists of approximately \$890,000 in net revenue from digital content as well as the holiday-period revenue of our box distribution business. The box distribution industry continues to be important but is on a declining trajectory. Ultimately, the future of our company depends on our ability to finance and meaningfully develop our digital businesses.”

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

(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)	(22)
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>

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