

ALLIANCE DISTRIBUTORS HOLDING INC.
STATEMENTS OF OPERATIONS
THREE AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months</u>		<u>Six Months</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
NET SALES	\$20,544	\$12,499	\$ 43,361	\$ 28,772
COST OF GOODS SOLD	<u>18,447</u>	<u>11,516</u>	<u>39,441</u>	<u>26,209</u>
GROSS PROFIT	<u>2,097</u>	<u>983</u>	<u>3,920</u>	<u>2,563</u>
OPERATING COSTS AND EXPENSES:				
Selling and administrative expenses	<u>1,691</u>	<u>1,697</u>	<u>3,294</u>	<u>3,622</u>
INCOME (LOSS) FROM OPERATIONS	406	(714)	626	(1,059)
Interest expense	<u>133</u>	<u>178</u>	<u>321</u>	<u>426</u>
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	273	(892)	305	(1,485)
Provision for income taxes	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 253</u>	<u>\$ (892)</u>	<u>\$ 285</u>	<u>\$ (1,485)</u>
Net income (loss) per share – basic and diluted	<u>\$ -</u>	<u>\$(0.02)</u>	<u>\$ 0.01</u>	<u>\$(0.03)</u>
Weighted average common shares outstanding –				
Basic	<u>53,883</u>	<u>49,000</u>	<u>53,648</u>	<u>48,861</u>
Diluted	<u>54,525</u>	<u>49,000</u>	<u>54,216</u>	<u>48,861</u>

ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED BALANCE SHEET
JUNE 30, 2008
(Unaudited; in thousands)

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 358
Accounts receivable-net	4,923
Inventory	6,593
Due from vendors	264
Prepaid expenses and other current assets	122
Deferred income taxes	<u>121</u>

Total current assets 12,381

PROPERTY AND EQUIPMENT – NET 546

DEFERRED INCOME TAXES 97

OTHER ASSETS 57

TOTAL \$13,081

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable – bank	\$ 5,550
Accounts payable	4,916
Current portion of long term obligations	3
Accrued expenses and other current liabilities	<u>169</u>

Total current liabilities 10,638

DEFERRED LEASE OBLIGATIONS 52

STOCKHOLDERS' EQUITY 2,391

TOTAL \$13,081

COMMON SHARES OUTSTANDING 53,883