

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS
FOURTH QUARTER AND FULL YEAR 2008 FINANCIAL RESULTS

For Immediate Release

New York, New York – March 18, 2009 – Alliance Distributors Holding Inc. (OTC: ADTR.PK), a distributor of interactive video games and gaming products, today announced its financial results for the fourth quarter and full year ended December 31, 2008.

Net sales for the quarter decreased 35% to \$26.8 million from \$36.1 million in the fourth quarter of 2007. Net income was \$532,000 in the fourth quarter of 2008, compared to \$750,000 in the fourth quarter of 2007. Earnings in the fourth quarter of 2008 included a tax benefit of \$110,000 resulting principally from the utilization of net operating loss carry forwards and realization of deferred tax assets.

For the year ended December 31, 2008, net sales increased 13% to \$92.3 million, compared to \$81.6 million for the same period in 2007. Net income was \$1,036,000 for the year ended December 31, 2008 compared to a net loss of \$1.3 million for the comparable period in 2007. The 2007 loss included a \$430,000 charge for separation pay to a former officer of the company.

Jay Gelman, Chairman and Chief Executive Officer, said "Despite the challenging economic environment which had a detrimental impact on our fourth quarter results, for the full year we achieved 13% annual revenue growth and more than \$1 million in net income. We were profitable in each quarter of 2008, and we continue to operate profitably in the first quarter of 2009."

Gelman continued, "We are increasingly focusing on selling a higher margin mix of products. Primarily as a result, our gross profit was 10.7 percent of sales in the fourth quarter of 2008, compared to 9 percent in the same quarter of 2007."

Timing of Conference Call with Q&A

Alliance Distributors will conduct an earnings conference call, including a question and answer period, at 3:00 PM ET on March 19, 2009.

The call-in number for the conference call is:

1-877-719-9810 (confirmation code: 4461479)

About Alliance Distributors Holding Inc.

Alliance Distributors Holding Inc. (www.alliancedistributors.com), which does business as Alliance Distributors, is a full-service wholesale videogame distributor, specializing in gaming products and accessories for all key manufacturers and 3rd party publishers. Alliance Distributors

offers support on: PS3, PSP, PS2, X-Box 360, Wii, DS and GBA SP, peripherals and software titles.

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,” 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, changes in marketing and distribution strategies by manufacturers, shortages of new platform systems, difficulty in integrating and deriving synergies from acquisitions, potential undiscovered liabilities of companies that we acquire, changes in our business or growth strategy, the emergence of new or growing competitors, and 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 DISTRIBUTORS HOLDING INC.
STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months ended December 31, (unaudited)		Year ended December 31, (audited)	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
NET SALES	\$26,804	\$36,119	\$92,311	\$ 81,582
COST OF GOODS SOLD	<u>23,935</u>	<u>32,886</u>	<u>83,582</u>	<u>74,431</u>
GROSS PROFIT	2,869	3,233	8,729	7,151
OPERATING COSTS AND EXPENSES	<u>2,299</u>	<u>2,221</u>	<u>7,197</u>	<u>7,618</u>
INCOME (LOSS) FROM OPERATIONS	570	1,012	1,532	(467)
Interest expense	<u>148</u>	<u>262</u>	<u>580</u>	<u>854</u>
INCOME (LOSS) BEFORE BENEFIT FROM INCOME TAXES	422	750	952	(1,321)
Benefit from income taxes	<u>(110)</u>	<u>-</u>	<u>(84)</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 532</u>	<u>\$ 750</u>	<u>\$ 1,036</u>	<u>\$(1,321)</u>
Net income (loss) per share:				
Basic and diluted	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ (0.03)</u>
Weighted average common shares outstanding:				
Basic	<u>53,075</u>	<u>50,968</u>	<u>52,965</u>	<u>49,615</u>
Diluted	<u>53,282</u>	<u>51,208</u>	<u>53,449</u>	<u>49,615</u>

ALLIANCE DISTRIBUTORS HOLDING INC.
BALANCE SHEET
December 31, 2008
(audited; in thousands)

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 924
Accounts receivable-net	5,334
Inventory	7,262
Due from vendors	342
Prepaid expenses and other current assets	215
Deferred income taxes	<u>263</u>

Total current assets 14,340

PROPERTY AND EQUIPMENT – NET 501

DEFERRED INCOME TAXES 178

OTHER ASSETS 88

TOTAL \$15,107

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable – bank	\$ 6,806
Accounts payable	4,630
Accrued expenses and other current liabilities	<u>425</u>

Total current liabilities 11,861

DEFERRED LEASE OBLIGATIONS 50

STOCKHOLDERS' EQUITY 3,196

TOTAL \$15,107

COMMON SHARES OUTSTANDING 52,883

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