

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS

2008 FIRST QUARTER FINANCIAL RESULTS

For Immediate Release

New York, New York – May 12, 2008 – Alliance Distributors Holding Inc. (ADTR.PK), a distributor of interactive video games and gaming products, announced its financial results for the first quarter ended March 31, 2008.

Net sales for the quarter increased 40% to \$22.8 million in the first quarter of 2008 from \$16.3 million in the first quarter of 2007. Net income was \$32,000 in the first quarter of 2008, compared to a net loss of \$593,000 in the first quarter of 2007.

Jay Gelman, Chairman and Chief Executive Officer, said "We are pleased with our continued growth especially during this period of economic uncertainty. We achieved profitability in the first quarter, a challenging quarter historically, and have now delivered positive net income in two consecutive quarters."

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, continued 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, 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
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Unaudited; in thousands)

	<u>2008</u>	<u>2007</u>
NET SALES	\$22,817	\$16,273
COST OF GOODS SOLD	<u>20,994</u>	<u>14,693</u>
GROSS PROFIT	1,823	1,580
OPERATING COSTS AND EXPENSES:		
Selling and administrative expenses	<u>1,603</u>	<u>1,925</u>
INCOME (LOSS) FROM OPERATIONS	220	(345)
Interest expense	<u>188</u>	<u>248</u>
NET INCOME (LOSS)	<u>\$ 32</u>	<u>\$ (593)</u>
Net income (loss) per share:		
Basic and diluted	<u>\$ -</u>	<u>\$(0.01)</u>
Weighted average common shares outstanding:		
Basic	<u>53,410</u>	<u>48,721</u>
Diluted	<u>53,790</u>	<u>48,721</u>

ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED BALANCE SHEET
MARCH 31, 2008
(Unaudited; in thousands)

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 425
Accounts receivable-net	5,059
Inventory	8,349
Due from vendors	51
Prepaid expenses and other current assets	195
Deferred income taxes	<u>141</u>

Total current assets 14,220

PROPERTY AND EQUIPMENT – NET 560

DEFERRED INCOME TAXES 77

OTHER ASSETS 59

TOTAL \$14,916

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable – bank	\$ 4,653
Accounts payable	7,771
Current portion of long term obligations	4
Accrued expenses and other current liabilities	<u>319</u>

Total current liabilities 12,747

DEFERRED LEASE OBLIGATIONS 52

STOCKHOLDERS' EQUITY 2,117

TOTAL \$14,916

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