

## ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS

### 2010 FIRST QUARTER FINANCIAL RESULTS AND INVESTOR CONFERENCE CALL

For Immediate Release

New York, New York – April 22, 2010 – Alliance Distributors Holding Inc. (Pink Sheets: ADTR.PK), a distributor of interactive video games and gaming products, announced its financial results for the first quarter ended March 31, 2010.

Net sales for the quarter increased 23% to \$20.2 million in the first quarter of 2010, compared to \$16.4 million in the first quarter of 2009. Net income increased \$79,000 to \$235,000 in the first quarter of 2010, compared to \$156,000 in the first quarter of 2009.

Jay Gelman, Chairman and Chief Executive Officer, said, “We achieved a 23% increase in revenue in the first quarter of 2010 compared to the same period last year. Profit margins continued to be strong as we executed on our strategy of delivering value offerings to our customer base. Still, the video game business remained challenging in the quarter. Hardware was relatively scarce and there was no consistent release of blockbuster titles.”

#### 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 Monday, April 26, 2010.

The call-in number for the conference call is:

888-801-6497 (confirmation code: 9734014)

#### About Alliance Distributors Holding Inc.

Alliance Distributors Holding Inc. ([www.alliancedistributors.com](http://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. Alliance develops downloadable and social content video games through Metaversal Studios ([www.metaversalstudios.com](http://www.metaversalstudios.com)), which it wholly-owns.

#### 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, continued shortages of new platform systems, 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, 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 DISTRIBUTORS HOLDING INC. AND SUBSIDIARY  
INCOME STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2010 AND 2009  
(Unaudited; in thousands)

	<u>2010</u>	<u>2009</u>
<b>NET SALES</b>	\$20,152	\$16,418
<b>COST OF GOODS SOLD</b>	<u>17,631</u>	<u>14,148</u>
<b>GROSS PROFIT</b>	2,521	2,270
<b>OPERATING COSTS AND EXPENSES</b>	<u>2,001</u>	<u>1,882</u>
<b>INCOME FROM OPERATIONS</b>	520	388
Interest expense	<u>120</u>	<u>126</u>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	400	262
Provision for income taxes	<u>165</u>	<u>106</u>
<b>NET INCOME</b>	<u>\$ 235</u>	<u>\$ 156</u>
Net income per share:		
Basic and diluted	<u>\$ -</u>	<u>\$ -</u>
Weighted average common shares outstanding:		
Basic	<u>52,883</u>	<u>52,883</u>
Diluted	<u>52,883</u>	<u>53,098</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARY  
CONDENSED BALANCE SHEETS  
(in thousands)

	<b>March 31, 2010</b> Unaudited	<b>December 31, 2009</b> Derived from audited financial statements
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 732	\$ 1,002
Accounts receivable-net	7,118	7,007
Inventory	6,696	6,154
Due from vendors	128	366
Prepaid expenses and other current assets	180	221
Deferred income taxes	<u>300</u>	<u>260</u>
<b>Total current assets</b>	15,154	15,010
<b>PROPERTY AND EQUIPMENT – NET</b>	339	352
<b>DEFERRED INCOME TAXES</b>	181	181
<b>OTHER ASSETS</b>	<u>107</u>	<u>119</u>
<b>TOTAL</b>	<u>\$15,781</u>	<u>\$15,662</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Notes payable – bank	\$ 6,176	\$ 5,577
Accounts payable	4,711	5,364
Accrued expenses and other current liabilities	<u>695</u>	<u>761</u>
<b>Total current liabilities</b>	11,582	11,702
<b>LONG-TERM OBLIGATIONS</b>	34	42
<b>STOCKHOLDERS' EQUITY</b>	<u>4,165</u>	<u>3,918</u>
<b>TOTAL</b>	<u>\$15,781</u>	<u>\$15,662</u>
<b>COMMON SHARES OUTSTANDING</b>	<u>52,883</u>	<u>52,883</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARY  
CONDENSED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2010 AND 2009  
(Unaudited, in thousands)

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 235	\$ 156
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62	55
Provision for doubtful accounts	35	70
Stock option compensation expense	12	23
Deferred income taxes	(40)	(139)
Other	4	11
Changes in operating assets and liabilities-net	<u>(1,134)</u>	<u>(1,489)</u>
Net cash used in operating activities	<u>(826)</u>	<u>(1,313)</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(40)</u>	<u>(24)</u>
Net cash used in investing activities	<u>(40)</u>	<u>(24)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from note payable, net of repayments – bank	599	494
Payment of long-term obligations	<u>(3)</u>	<u>-</u>
Net cash provided by financing activities	<u>596</u>	<u>494</u>
<b>DECREASE IN CASH AND EQUIVALENTS</b>	<u>(270)</u>	<u>(843)</u>
<b>CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>1,002</u>	<u>924</u>
<b>CASH AND EQUIVALENTS, END OF PERIOD</b>	<u>\$ 732</u>	<u>\$ 81</u>

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