

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS

2008 SECOND QUARTER FINANCIAL RESULTS

For Immediate Release

New York, New York – July 31, 2008 – Alliance Distributors Holding Inc. (ADTR.PK), a distributor of interactive video games and gaming products, today announced its financial results for the second quarter ended June 30, 2008.

Net sales for the quarter increased 64% to \$20.5 million from \$12.5 million in the second quarter of 2007. Net income was \$253,000 in the second quarter of 2008, compared to a net loss of \$892,000 in the second quarter of 2007.

For the six months ended June 30, 2008, net sales increased 51% to \$43.4 million, compared to \$28.8 million for the same period in 2007. Net income was \$285,000 for the six months ended June 30, 2008 compared to a net loss of \$1.5 million for the comparable period in 2007.

Jay Gelman, Chairman and Chief Executive Officer, said "We are pleased with our continued growth especially during this period of general economic uncertainty. We achieved profitability in the most challenging part of the year in the video game industry, and have now delivered positive earnings in three 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 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	2,097	983	3,920	2,563
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

Contact:

Alliance Distributors Holding Inc.
Steve Gelman – VP of Marketing and Communications
718-536-2248
steve@alliancedis.com