

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS
JUNE 30, 2010 FINANCIAL RESULTS AND CHANGE IN YEAR END
ANNOUNCES INVESTOR CONFERENCE CALL

For Immediate Release

New York, New York – August 18, 2010 – Alliance Distributors Holding Inc. (Pink Sheets: ADTR.PK), a distributor of interactive video games and gaming products, today announced its financial results for the three and six month periods ended June 30, 2010.

Net sales for the three months ended June 30, 2010 decreased 18% to \$10.4 million from \$12.7 million in the months ended June 30, 2009. Net income for the three months ended June 30, 2010 increased slightly to \$62,000, compared to \$58,000 for the comparable period in 2009.

For the six months ended June 30, 2010, net sales increased 5% to \$30.5 million, compared to \$29.1 million for the same period in 2009. Net income increased 39% to \$297,000 for the six months ended June 30, 2010 compared to \$214,000 for the comparable period in 2009.

The company also announced that it changed its financial year end from December 31 to June 30 to better align its financial reporting year end with its business cycle.

Jay Gelman, Chairman and Chief Executive Officer, said "Our reduced sales level reflects a very challenging time in our industry. NPD Group reports continued double digit year over year software sales declines in the industry; with a 15% decline in June 2010 video game sales across the board. Despite the sales decline, we maintained profitability in the quarter as our margins continued to be strong."

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 Wednesday, August 25, 2010.

The call-in number for the conference call is:

800-753-0487 (confirmation code: 5054166)

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. Alliance develops downloadable and social content video games through Metaversal Studios (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.
INCOME STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In thousands, except per share amounts)

	<u>Three Months</u>		<u>Six Months</u>	
	<u>2010</u> Unaudited	<u>2009</u> Unaudited	<u>2010</u> Derived from audited financial statements	<u>2009</u> Unaudited
NET SALES	\$10,362	\$12,702	\$ 30,514	\$ 29,120
COST OF GOODS SOLD	<u>8,605</u>	<u>10,854</u>	<u>26,236</u>	<u>25,002</u>
GROSS PROFIT	1,757	1,848	4,278	4,118
OPERATING COSTS AND EXPENSES	<u>1,568</u>	<u>1,619</u>	<u>3,569</u>	<u>3,501</u>
INCOME FROM OPERATIONS	189	229	709	617
Interest expense	<u>108</u>	<u>124</u>	<u>228</u>	<u>250</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	81	105	481	367
Provision for income taxes	<u>19</u>	<u>47</u>	<u>184</u>	<u>153</u>
NET INCOME	<u>\$ 62</u>	<u>\$ 58</u>	<u>\$ 297</u>	<u>\$ 214</u>
Net income per share – basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ -</u>
Weighted average common shares outstanding –				
Basic	<u>52,883</u>	<u>52,883</u>	<u>52,883</u>	<u>52,883</u>
Diluted	<u>52,883</u>	<u>52,938</u>	<u>52,883</u>	<u>53,026</u>

ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED BALANCE SHEETS
JUNE 30, 2010 AND 2009
(in thousands)

	JUNE 30,	
	<u>2010</u>	<u>2009</u>
	Derived from audited financial statements	Unaudited
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 906	\$ 830
Accounts receivable-net	3,909	4,656
Inventory	5,849	5,792
Due from vendors	257	-
Prepaid expenses and other current assets	236	188
Deferred income taxes	<u>277</u>	<u>433</u>
Total current assets	11,434	11,899
PROPERTY AND EQUIPMENT – NET	318	402
DEFERRED INCOME TAXES	185	200
OTHER ASSETS	<u>98</u>	<u>82</u>
TOTAL	<u>\$12,035</u>	<u>\$12,583</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable – bank	\$ 5,131	\$ 4,808
Accounts payable	2,289	3,755
Accrued expenses and other current liabilities	<u>353</u>	<u>528</u>
Total current liabilities	7,773	9,091
LONG-TERM OBLIGATIONS	28	46
STOCKHOLDERS' EQUITY	<u>4,234</u>	<u>3,446</u>
TOTAL	<u>\$12,035</u>	<u>\$12,583</u>
COMMON SHARES OUTSTANDING	<u>52,883</u>	<u>52,883</u>

**ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In thousands)**

	<u>2010</u> Derived from audited financial statements	<u>2009</u> Unaudited
OPERATING ACTIVITIES:		
Net income	\$ 297	\$ 214
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	125	109
Provision for doubtful accounts	50	100
Stock option compensation expense	19	36
Deferred income taxes	(21)	(192)
Other	10	20
Changes in operating assets and liabilities-net	<u>(9)</u>	<u>1,665</u>
Net cash provided by operating activities	<u>471</u>	<u>1,952</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(73)</u>	<u>(10)</u>
Net cash used in investing activities	<u>(73)</u>	<u>(10)</u>
FINANCING ACTIVITIES:		
Repayments of note payable, net of proceeds – bank	(446)	(1,998)
Payment of deferred financing costs	(38)	(38)
Payment of long-term obligations	<u>(10)</u>	<u>-</u>
Net cash used in financing activities	<u>(494)</u>	<u>(2,036)</u>
DECREASE IN CASH AND EQUIVALENTS	<u>(96)</u>	<u>(94)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>1,002</u>	<u>924</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 906</u>	<u>\$ 830</u>

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