

## ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS

### 2008 THIRD QUARTER FINANCIAL RESULTS

For Immediate Release

New York, New York – November 4, 2008 – Alliance Distributors Holding Inc. (OTC: ADTR.PK), a distributor of interactive video games and gaming products, today announced its financial results for the third quarter ended September 30, 2008.

Net sales for the quarter increased 33% to \$22.1 million from \$16.7 million in the third quarter of 2007. Net income was \$219,000 in the third quarter of 2008, compared to a net loss of \$586,000 in the third quarter of 2007. The third quarter 2007 loss included a \$430,000 charge for separation pay to a former officer of the company.

For the nine months ended September 30, 2008, net sales increased 44% to \$65.5 million, compared to \$45.5 million for the same period in 2007. Net income was \$504,000 for the nine months ended September 30, 2008 compared to a net loss of \$2.1 million for the comparable period in 2007. The 2007 loss also included a \$430,000 charge for separation pay to a former officer of the company.

Jay Gelman, Chairman and Chief Executive Officer, said "We are pleased with our continued growth in the third quarter and have now achieved profitability in four consecutive quarters. Looking forward, the current softening of consumer spending may temper sales of video games and other consumer electronic items during the holiday season.

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.

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**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
(In thousands, except per share amounts)  
(Unaudited)

|  | <u>Three Months</u> |                 | <u>Nine Months</u> |                   |
|--|---------------------|-----------------|--------------------|-------------------|
|  | <u>2008</u>         | <u>2007</u>     | <u>2008</u>        | <u>2007</u>       |
| <b>NET SALES</b>   | \$22,146            | \$16,691        | \$ 65,507          | \$ 45,463         |
| <b>COST OF GOODS SOLD</b>                                  | <u>20,206</u>       | <u>15,091</u>   | <u>59,647</u>      | <u>41,300</u>     |
| <b>GROSS PROFIT</b>  | 1,940               | 1,600           | 5,860              | 4,163             |
| <b>OPERATING COSTS AND EXPENSES:</b>                       |                     |                 |                    |                   |
| Selling and administrative expenses                        | <u>1,604</u>        | <u>2,020</u>    | <u>4,898</u>       | <u>5,642</u>      |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                       | 336                 | (420)           | 962                | (1,479)           |
| Interest expense   | <u>111</u>          | <u>166</u>      | <u>432</u>         | <u>592</u>        |
| <b>INCOME (LOSS) BEFORE PROVISION FOR<br/>INCOME TAXES</b> | 225                 | (586)           | 530                | (2,071)           |
| Provision for income taxes                                 | <u>6</u>            | <u>-</u>        | <u>26</u>          | <u>-</u>          |
| <b>NET INCOME (LOSS)</b>                                   | <u>\$ 219</u>       | <u>\$ (586)</u> | <u>\$ 504</u>      | <u>\$ (2,071)</u> |
| <b>Net income (loss) per share – basic and diluted</b>     | <u>\$ -</u>         | <u>\$(0.01)</u> | <u>\$ 0.01</u>     | <u>\$ (0.04)</u>  |
| <b>Weighted average common shares outstanding –</b>        |                     |                 |                    |                   |
| Basic  | <u>53,883</u>       | <u>49,745</u>   | <u>53,727</u>      | <u>48,538</u>     |
| Diluted  | <u>54,602</u>       | <u>49,745</u>   | <u>54,337</u>      | <u>48,538</u>     |

**ALLIANCE DISTRIBUTORS HOLDING INC.**  
**CONDENSED BALANCE SHEET**  
**SEPTEMBER 30, 2008**  
**(Unaudited; in thousands)**

**ASSETS**

**CURRENT ASSETS:**

|   |           |
|---|-----------|
| Cash and equivalents                      | \$ 737    |
| Accounts receivable-net                   | 4,440     |
| Inventory                                 | 7,156     |
| Due from vendors                          | 406       |
| Prepaid expenses and other current assets | 147       |
| Deferred income taxes                     | <u>91</u> |

**Total current assets** 12,977

**PROPERTY AND EQUIPMENT – NET** 522

**DEFERRED INCOME TAXES** 127

**OTHER ASSETS** 57

**TOTAL** \$13,683

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES:**

|  |            |
|--|------------|
| Notes payable – bank                           | \$ 5,837   |
| Accounts payable                               | 4,924      |
| Current portion of long term obligations       | 2          |
| Accrued expenses and other current liabilities | <u>244</u> |

**Total current liabilities** 11,007

**DEFERRED LEASE OBLIGATIONS** 51

**STOCKHOLDERS' EQUITY** 2,625

**TOTAL** \$13,683

**COMMON SHARES OUTSTANDING** 53,883

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