

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS

2009 THIRD QUARTER FINANCIAL RESULTS

For Immediate Release

New York, New York – November 2, 2009 – 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 and nine months ended September 30, 2009.

Net sales for the quarter decreased 31% to \$15.4 million from \$22.1 million in the third quarter of 2008. Net income was \$115,000 in the third quarter of 2009, compared to \$219,000 in the third quarter of 2008.

For the nine months ended September 30, 2009, net sales decreased 32% to \$44.5 million, compared to \$65.5 million for the same period in 2008. Net income was \$329,000 for the nine months ended September 30, 2009 compared to \$504,000 for the comparable period in 2008.

Jay Gelman, Chairman and Chief Executive Officer, said "The revenue declines reflect the challenging times within our industry and the economy in general. A higher margin mix of products made the three months ended September 30, 2009 our eighth consecutive profitable quarter.

"As we previously reported, in October we purchased the video game assets of Metaversal Studios, our first step into the world of creating dedicated content. We are currently developing Bad Apples and Alien Shore, two of the partially developed video games that we acquired as part of the assets of Metaversal Studio, for release as downloadable iPhone games. We are also looking at other downloadable video game development opportunities."

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 today.

The call-in number for the conference call is:

800-967-7140 (confirmation code: 4089462)

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 produces video game content through its new Metaversal subsidiary.

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 NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
NET SALES	\$15,356	\$22,146	\$ 44,476	\$ 65,507
COST OF GOODS SOLD	<u>13,397</u>	<u>20,206</u>	<u>38,399</u>	<u>59,647</u>
GROSS PROFIT	1,959	1,940	6,077	5,860
OPERATING COSTS AND EXPENSES	<u>1,695</u>	<u>1,604</u>	<u>5,196</u>	<u>4,898</u>
INCOME FROM OPERATIONS	264	336	881	962
Interest expense	<u>89</u>	<u>111</u>	<u>339</u>	<u>432</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	175	225	542	530
Provision for income taxes	<u>60</u>	<u>6</u>	<u>213</u>	<u>26</u>
NET INCOME	<u>\$ 115</u>	<u>\$ 219</u>	<u>\$ 329</u>	<u>\$ 504</u>
Net income per share – basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding –				
Basic	<u>52,883</u>	<u>53,883</u>	<u>52,883</u>	<u>53,727</u>
Diluted	<u>52,884</u>	<u>54,602</u>	<u>52,938</u>	<u>54,337</u>

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

	September 30, <u>2009</u> Unaudited	December 31, <u>2008</u> Derived from audited financial statements
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 971	\$ 924
Accounts receivable-net	4,574	5,334
Inventory	5,963	7,262
Due from vendors	284	342
Prepaid expenses and other current assets	183	215
Deferred income taxes	<u>429</u>	<u>263</u>
Total current assets	12,404	14,340
PROPERTY AND EQUIPMENT – NET	348	501
DEFERRED INCOME TAXES	187	178
OTHER ASSETS	<u>61</u>	<u>88</u>
TOTAL	<u>\$13,000</u>	<u>\$15,107</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable – bank	\$ 5,516	\$ 6,806
Accounts payable	3,248	4,630
Accrued expenses and other current liabilities	<u>620</u>	<u>425</u>
Total current liabilities	9,384	11,861
DEFERRED LEASE OBLIGATIONS	41	50
STOCKHOLDERS' EQUITY	<u>3,575</u>	<u>3,196</u>
TOTAL	<u>\$13,000</u>	<u>\$15,107</u>
COMMON SHARES OUTSTANDING	<u>52,883</u>	<u>52,883</u>

**ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands, Unaudited)**

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Net income	\$ 329	\$ 504
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	165	154
Provision for doubtful accounts	145	70
Stock option compensation expense	50	60
Deferred income taxes	(175)	-
Other	21	46
Changes in operating assets and liabilities-net	<u>852</u>	<u>652</u>
Net cash provided by operating activities	<u>1,387</u>	<u>1,486</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(12)</u>	<u>(70)</u>
Net cash used in investing activities	<u>(12)</u>	<u>(70)</u>
FINANCING ACTIVITIES:		
Repayments of note payable, net of proceeds – bank	(1,290)	(950)
Payment of deferred financing costs	(38)	(45)
Payment of long-term obligations	<u>-</u>	<u>(4)</u>
Net cash used in financing activities	<u>(1,328)</u>	<u>(999)</u>
INCREASE IN CASH AND EQUIVALENTS	<u>47</u>	<u>417</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>924</u>	<u>320</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 971</u>	<u>\$ 737</u>

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