

ALLIANCE DISTRIBUTORS HOLDING INC.
CONDENSED BALANCE SHEET
MARCH 31, 2008
(Unaudited; in thousands)

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 425
Accounts receivable-net	5,059
Inventory	8,349
Due from vendors	51
Prepaid expenses and other current assets	195
Deferred income taxes	<u>141</u>

Total current assets 14,220

PROPERTY AND EQUIPMENT – NET 560

DEFERRED INCOME TAXES 77

OTHER ASSETS 59

TOTAL \$14,916

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable – bank	\$ 4,653
Accounts payable	7,771
Current portion of long term obligations	4
Accrued expenses and other current liabilities	<u>319</u>

Total current liabilities 12,747

DEFERRED LEASE OBLIGATIONS 52

STOCKHOLDERS' EQUITY 2,117

TOTAL \$14,916

COMMON SHARES OUTSTANDING 53,883

ALLIANCE DISTRIBUTORS HOLDING INC.
 STATEMENTS OF OPERATIONS
 THREE MONTHS ENDED MARCH 31, 2008 AND 2007
 (Unaudited)
 (In thousands, except per share amounts)

	<u>2008</u>	<u>2007</u>
NET SALES	\$22,817	\$16,273
COST OF GOODS SOLD	<u>20,994</u>	<u>14,693</u>
GROSS PROFIT	1,823	1,580
OPERATING COSTS AND EXPENSES:		
Selling and administrative expenses	<u>1,603</u>	<u>1,925</u>
INCOME (LOSS) FROM OPERATIONS	220	(345)
Interest expense	<u>188</u>	<u>248</u>
NET INCOME (LOSS)	<u>\$ 32</u>	<u>\$ (593)</u>
Net income (loss) per share:		
Basic and diluted	<u>\$ -</u>	<u>\$ (0.01)</u>
Weighted average common shares outstanding:		
Basic	<u>53,410</u>	<u>48,721</u>
Diluted	<u>53,790</u>	<u>48,721</u>