

ALLIANCE DISTRIBUTORS HOLDING INC. REPORTS
FOURTH QUARTER AND FULL YEAR 2009 FINANCIAL RESULTS

For Immediate Release

New York, New York – March 11, 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 fourth quarter and full year ended December 31, 2009.

Net sales for the quarter decreased 8% to \$24.6 million from \$26.8 million in the fourth quarter of 2008. Net income was \$328,000 in the fourth quarter of 2009, compared to \$532,000 in the fourth quarter of 2008. Earnings in the fourth quarter of 2008 included a tax benefit of \$110,000 resulting principally from the utilization of net operating loss carry forwards and realization of deferred tax assets. On a pre-tax basis, income before provision for income taxes increased to \$535,000 in the fourth quarter of 2009 from \$422,000 in the comparable 2008 period.

For the year ended December 31, 2009, net sales decreased 25% to \$69.1 million, compared to \$92.3 million for the same period in 2008. Net income was \$657,000 for the year ended December 31, 2009, compared to \$1,036,000 for the year ended December 31, 2008. Earnings in 2008 included a tax benefit of \$84,000 resulting principally from the utilization of net operating loss carry forwards and realization of deferred tax assets. On a pre-tax basis, income before provision for income taxes increased 13% to nearly \$1.1 million in 2009 compared to \$952,000 in 2008.

Jay Gelman, Chairman and Chief Executive Officer, said "We are pleased with our performance in spite of trying times in the overall economy coupled with significant challenges within the video game industry. Even with a 25% year over year decrease in revenue, we earned nearly \$1.1 million for the year on a pre-tax basis, a 13% increase over 2008. Our commitment to bringing value offerings to our customers while continuing to forge better relationships with our suppliers allowed us to increase our gross profit as a percent of sales in 2009 by 38% over 2008. This strategy was especially significant in the fourth quarter where we were able to narrow our year over year revenue shortfall and outperform the industry during these months."

Gelman continued, "Additionally the October 2009 acquisition of Metaversal was an important strategic step to take for the future. Although we do not anticipate revenue impact from Metaversal during the next few quarters, we see digital downloadable content becoming more and more meaningful as the consumers slowly begins to shift their dollars into these purchases."

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:

888-631-5930 (confirmation code: 1464443)

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. AND SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share amounts)

	Three Months ended December 31, (unaudited)		Year ended December 31, (audited)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
NET SALES	\$24,601	\$26,804	\$69,077	\$92,311
COST OF GOODS SOLD	<u>21,635</u>	<u>23,935</u>	<u>60,034</u>	<u>83,582</u>
GROSS PROFIT	2,966	2,869	9,043	8,729
OPERATING COSTS AND EXPENSES	<u>2,317</u>	<u>2,299</u>	<u>7,513</u>	<u>7,197</u>
INCOME FROM OPERATIONS	649	570	1,530	1,532
Interest expense	<u>114</u>	<u>148</u>	<u>453</u>	<u>580</u>
INCOME BEFORE PROVISION FOR (BENEFIT FROM) INCOME TAXES	535	422	1,077	952
Provision for (benefit from) income taxes	<u>207</u>	<u>(110)</u>	<u>420</u>	<u>(84)</u>
NET INCOME	<u>\$ 328</u>	<u>\$ 532</u>	<u>\$ 657</u>	<u>\$ 1,036</u>
Net income per share:				
Basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding:				
Basic	<u>52,883</u>	<u>53,075</u>	<u>52,883</u>	<u>52,965</u>
Diluted	<u>52,883</u>	<u>53,282</u>	<u>52,883</u>	<u>53,449</u>

**ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS**

December 31, 2009 and 2008

(audited; in thousands)

	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 1,002	\$ 924
Accounts receivable-net	7,007	5,334
Inventory	6,154	7,262
Due from vendors	366	342
Prepaid expenses and other current assets	221	215
Deferred income taxes	<u>260</u>	<u>263</u>
Total current assets	15,010	14,340
PROPERTY AND EQUIPMENT – NET	352	501
DEFERRED INCOME TAXES	181	178
OTHER ASSETS	<u>119</u>	<u>88</u>
TOTAL	<u>\$15,662</u>	<u>\$15,107</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable – bank	\$ 5,577	\$ 6,806
Accounts payable	5,364	4,630
Accrued expenses and other current liabilities	<u>761</u>	<u>425</u>
Total current liabilities	11,702	11,861
DEFERRED LEASE OBLIGATIONS	37	50
LONG TERM OBLIGATIONS	5	-
STOCKHOLDERS' EQUITY	<u>3,918</u>	<u>3,196</u>
TOTAL	<u>\$15,662</u>	<u>\$15,107</u>
COMMON SHARES OUTSTANDING	<u>52,883</u>	<u>52,883</u>

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(audited, in thousands)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Net income	\$ 657	\$ 1,036
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	220	204
Provision for doubtful accounts	190	115
Equity compensation expense	65	98
Deferred income taxes	-	(223)
Other	29	56
Changes in operating assets and liabilities-net	<u>304</u>	<u>(552)</u>
Net cash provided by operating activities	<u>1,465</u>	<u>734</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	(60)	(99)
Acquisition of assets of Metaversal Studios	(25)	-
Note Receivable in connection with acquisition	<u>(30)</u>	<u>-</u>
Net cash used in investing activities	<u>(115)</u>	<u>(99)</u>
FINANCING ACTIVITIES:		
Repayments of note payable, net of proceeds – bank	(1,229)	-
Proceeds from note payable, net of repayments – bank	-	19
Payment of deferred financing costs	(38)	(45)
Payment of long-term obligations	<u>(5)</u>	<u>(5)</u>
Net cash used in financing activities	<u>(1,272)</u>	<u>(31)</u>
INCREASE IN CASH AND EQUIVALENTS	<u>78</u>	<u>604</u>
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>924</u>	<u>320</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 1,002</u>	<u>\$ 924</u>

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