ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(In thousands, except per share amounts)
(unaudited)

	Three Months ended December 31,		Six Months ended December 31,	
	2014	2013	2014	2013
NET SALES	$14,980	$14,450	$28,160	$33,105
COST OF GOODS SOLD	13,266	12,481	24,669	28,681
GROSS PROFIT	1,714	1,969	3,491	4,424
OPERATING COSTS AND EXPENSES	1,614	1,607	2,966	3,238
INCOME FROM OPERATIONS	100	362	525	1,186
Interest expense	74	104	151	197
INCOME BEFORE PROVISION FOR INCOME TAXES	26	258	374	989
Provision for income taxes	12	93	145	393
NET INCOME	$ 14	$ 165	$ 229	$ 596
Net income per share:				
Basic and diluted	$ -	$ -	$ 0.01	$ 0.01
Weighted average common shares outstanding:				
Basic	44,157	44,157	44,157	44,157
Diluted	44,611	44,711	44,621	44,630

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013
(unaudited, in thousands)

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 244	$ 292
Accounts receivable-net	5,034	4,279
Inventory	10,660	12,597
Advances to suppliers	160	312
Prepaid expenses and other current assets	107	256
Prepaid income taxes	183	330
Deferred income taxes	561	460
Total current assets	16,949	18,526
PROPERTY AND EQUIPMENT – NET	110	138
DEFERRED INCOME TAXES	164	91
OTHER ASSETS	63	59
TOTAL	$17,286	$18,814
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	$ 6,840	$ 9,194
Current portion of long-term debt	-	750
Accounts payable	2,514	1,806
Accrued expenses and other current liabilities	414	533
Total current liabilities	9,768	12,283
LONG-TERM OBLIGATIONS	-	-
DEFERRED RENT	29	21
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,610	3,503
Retained earnings	3,835	2,963
Total stockholders' equity	7,489	6,510
TOTAL	$17,286	$18,814

ALLIANCE DISTRIBUTORS HOLDING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED DECEMBER 31, 2014 AND 2013
(unaudited, in thousands)

	2014	2013
OPERATING ACTIVITIES:		
Net income	$ 229	$ 596
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31	37
Loss on disposition of assets	-	-
Deferred income taxes	(55)	(128)
Stock-based compensation expense	61	24
Other	11	24
Changes in operating assets and liabilities-net	868	808
Net cash provided by operating activities	1,145	1,361
INVESTING ACTIVITIES:		
Security deposit	-	-
Purchase of property and equipment	(23)	(8)
Net cash used in investing activities	(23)	(8)
FINANCING ACTIVITIES:		
Repayments of asset-based revolving loan – bank, net of proceeds	(794)	(1,127)
Payment of deferred financing costs	-	(25)
Payment of long-term debt	(239)	(250)
Net cash used in financing activities	(1,033)	(1,402)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	89	(49)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	155	341
CASH AND EQUIVALENTS, END OF PERIOD	$ 244	$ 292