

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)
(unaudited)

	Three Months ended March 31,		Nine Months ended March 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
NET REVENUES	\$8,224	\$13,997	\$31,450	\$44,841
COST OF SALES	<u>7,342</u>	<u>12,268</u>	<u>27,578</u>	<u>39,238</u>
GROSS PROFIT	882	1,729	3,872	5,603
OPERATING COSTS AND EXPENSES	<u>1,556</u>	<u>1,639</u>	<u>4,568</u>	<u>4,889</u>
INCOME (LOSS) FROM OPERATIONS	(674)	90	(696)	714
Interest expense	<u>59</u>	<u>72</u>	<u>190</u>	<u>231</u>
INCOME (LOSS) BEFORE PROVISION FOR (BENEFIT FROM) INCOME TAXES	(733)	18	(886)	483
Provision for (benefit from) income taxes	<u>-</u>	<u>8</u>	<u>(50)</u>	<u>185</u>
NET INCOME (LOSS)	<u>\$ (733)</u>	<u>\$ 10</u>	<u>\$ (836)</u>	<u>\$ 298</u>
Net income (loss) per share:				
Basic and diluted	<u>\$ (002)</u>	<u>\$ -</u>	<u>\$ (002)</u>	<u>\$001</u>
Weighted average common shares outstanding:				
Basic	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>
Diluted	<u>46,931</u>	<u>45,156</u>	<u>46,919</u>	<u>44,830</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2017 and 2016
(unaudited, in thousands)

	2017	<u>March 31,</u> 2016
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 87	\$ 36
Accounts receivable-net	3,652	6,175
Inventory	8,792	13,079
Advances to suppliers and video game developers	577	663
Prepaid expenses and other current assets	677	406
Deferred income taxes	<u>247</u>	<u>601</u>
Total current assets	14,032	20,960
PROPERTY AND EQUIPMENT – NET	31	63
DEFERRED INCOME TAXES	201	141
OTHER ASSETS	<u>140</u>	<u>60</u>
TOTAL	<u>\$14,404</u>	<u>\$21,224</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Asset-based revolving loan – bank	\$ 4,166	\$ 8,411
Accounts payable	1,940	3,843
Accrued expenses and other current liabilities	<u>840</u>	<u>879</u>
Total current liabilities	<u>6,946</u>	<u>13,133</u>
LONG TERM LIABILITIES	<u>5</u>	<u>12</u>
STOCKHOLDERS' EQUITY:		
Common Stock, 44,157 shares issued and outstanding	44	44
Additional paid in capital	3,988	3,805
Retained earnings	<u>3,421</u>	<u>4,230</u>
Total stockholders' equity	<u>7,453</u>	<u>8,079</u>
TOTAL	<u>\$14,404</u>	<u>\$21,224</u>

ALLIANCE MEDIA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2017 AND 2016
(unaudited, in thousands)

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (836)	\$ 298
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	79	45
Deferred income taxes	-	121
Stock-based compensation expense	138	(20)
Other	5	(6)
Changes in operating assets and liabilities-net	<u>3,039</u>	<u>(2,666)</u>
Net cash provided by (used in) operating activities	<u>2,425</u>	<u>(2,228)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(3)</u>	<u>(6)</u>
Net cash used in investing activities	<u>(3)</u>	<u>(6)</u>
FINANCING ACTIVITIES:		
Repayments of asset-based revolving loan – bank, net of proceeds	(2,588)	-
Proceeds from asset-based revolving loan – bank, net of repayments	<u>-</u>	<u>1,923</u>
Net cash (used in) provided by financing activities	<u>(2,588)</u>	<u>1,923</u>
DECREASE IN CASH AND EQUIVALENTS	<u>(166)</u>	<u>(311)</u>
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>253</u>	<u>347</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 87</u>	<u>\$ 36</u>