



Press Release

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ALLIANCE SEMICONDUCTOR REPORTS FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FISCAL YEAR ENDED MARCH 26, 2005

SANTA CLARA, CA – April 29, 2005- Alliance Semiconductor Corporation (Nasdaq: ALSC) today reported financial results for the fourth quarter and fiscal year ended March 26, 2005.

Fourth Quarter 2005 Highlights

- Increased overall revenue by 6 percent sequentially
- Increased revenue sequentially across all business units:
 - System Solutions product revenue by 23 percent
 - Analog and Mixed Signal revenues up 6 percent
 - SRAM revenue up 6 percent
- Increased revenue from non-memory business units by 13 percent sequentially
- Released 12 new products both in general purpose EMI reduction and high performance clocks
- Secured additional design wins with key original equipment manufactures (OEMs) such as Texas Instruments, Dell, Canon, Sharp, Sanyo, Samsung and Panasonic
- Continued penetration into target markets with design wins in both the consumer and industrial markets
- Sampled additional Low Voltage Zero Delay Buffers and Fan Out Buffers from the analog and mixed signal business unit

Fourth Quarter Results

The Company reported revenues of \$5.6 million as compared to \$5.3 million in the previous quarter and \$8.9 million in the fourth fiscal quarter of 2004. Revenue from the analog and mixed signal and system solutions business units represented approximately 59 percent of total revenue, compared to 55 percent in the previous quarter.

Net loss for the fourth quarter was \$23.2 million, or (\$0.65) per fully diluted share, compared to a net loss of \$9.9 million, or (\$0.28) per share, for the previous quarter, and net income of \$4.8 million, or \$0.13 per fully diluted share, for the fourth fiscal quarter of 2004. The fourth quarter loss includes a \$16.7 million write down in the value of Tower shares and a \$1.6 million inventory write down.

Operating expenses for the quarter were \$9.5 million, compared to \$7.7 million reported in the previous quarter and \$9.1 million reported in the fourth quarter of fiscal 2004. Operating expenses include non-cash charges related to depreciation and amortization of \$1.1 million, a one-time charge related to the write-down of goodwill of \$1.5 million and an additional \$400,000 for photomask and engineering prototypes.

- More -

Alliance Semiconductor

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Fiscal 2005 Results

For fiscal year 2005, the Company reported revenues of \$23.6 million as compared to \$26.7 million reported in fiscal 2004. The net loss for fiscal year of 2005 is \$49.8 million or, (\$1.41) per share, compared to a net loss of \$19.4 million, or (\$0.55) per share, reported in 2004.

"We are pleased with the sequential revenue increases in both our Analog and Mixed Signal and System Solutions business units," said N.D. Reddy, Alliance Chairman, President and CEO. "The increases are primarily due to our broadened relationships with key OEMs, where we have gained additional traction with our expanded product offerings. We have received several design wins during the past few quarters from companies such as Dell, Samsung, Texas Instruments and others. These design wins are expected to contribute additional revenue starting in the first quarter of fiscal year 2006."

Mr. Reddy concluded by stating, "We anticipate the positive momentum established during fiscal year 2005 will continue throughout fiscal year 2006 as we continue to expand our OEM channels, tier-one customer base and product portfolio."

Sarbanes-Oxley Update

The Company is currently testing its internal control over financial reporting, as required by the Sarbanes-Oxley (SOX) rules that went into effect in 2004. Alliance currently expects its testing to be completed by mid-June, before the Company must file its 2005 annual report with the SEC.

As a result of SOX testing to date, Alliance has concluded that certain identified control deficiencies and audit adjustments indicate a "material weakness," as defined by the Public Company Accounting Oversight Board's Auditing Standard No. 2, in the Company's internal control over financial reporting. This material weakness relates to the completeness and accuracy of the Company's accounting for inventory.

As a result of this material weakness, management has concluded that the Company's internal control over financial reporting was not effective as of March 31, 2005, and Alliance expects that the Company's auditors will issue an adverse opinion on the Company's internal control over financial reporting. Management's assessment of Alliance's internal controls will be included in the Company's annual report on Form 10-K, which is expected to be filed in June 2005.

Additionally, the Company has identified other control deficiencies and is in the process of completing certain documentation and additional testing of controls and evaluating the results, which may result in additional material weaknesses.

"We are taking appropriate actions to address the internal control deficiencies identified by the recent testing as expeditiously as possible," said Jeff Parsons, Alliance's Chief Financial Officer. "Further, I would like to underscore that we believe Alliance's consolidated financial statements fairly present the financial condition and results of the quarter and full year."

- More -

Fourth Quarter and Fiscal Year 2005 Financial Results Web Cast and Conference Call

The Alliance management team will host a live Web cast and conference call to discuss the fourth quarter and fiscal year 2005 financial results beginning at 5:00 p.m. Eastern Time on Thursday, April 29, 2005. Investors and other interested parties may participate in the call by dialing 866-800-8651 at least fifteen minutes prior to the call and enter pass code 19968913 or listen to the live Web cast by visiting the investor relations section of the Alliance Web site at www.alsc.com. A replay of the call will be available for 48 hours beginning at 7:00 p.m. Eastern Time and can be accessed by dialing 888-286-8010 with the pass code 18994050.

About Alliance

Alliance Semiconductor Corporation (Nasdaq: ALSC) is powering applications with high performance solutions for the communications, computing and consumer electronics markets. Utilizing advanced process technologies and design expertise, Alliance provides leading OEMs with a broad portfolio of complementary technologies including analog and mixed-signal products, chip-to-chip connectivity products, networking controllers and high-performance memories. Alliance addresses the complete needs of system developers by leveraging its proprietary advances in Electromagnetic Interference (EMI) reduction, power management and timing technology, HyperTransport(TM) I/O connectivity and specialized memory solutions for next-generation applications. Founded in 1985, Alliance is headquartered in Santa Clara, California with design centers in Bangalore and Hyderabad, India. The company is publicly traded and included in the S&P 600 Index. Additional information is available on the Alliance Web site at www.alsc.com.

Forward Looking Statements

Except for historical information, the above statements of this press release are forward-looking statements, including, for example, statements relating to Alliance's revenue outlook and the performance of its business units and products. Forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in the forward looking statements. These risks and uncertainties include such factors, among others, as further significant price erosion of the Company's products; continued significantly decreased demand and increased competitive environment for the Company's products; the possibility of additional deficiencies in the Company's internal controls over financial reporting; the Company's potential status as an Investment Act of 1940 reporting company; obsolescence of the Company's products; further accumulation of excess inventory or price erosion or obsolescence of existing inventory, any of which may result in charges against the Company's earnings; inability to timely ramp up production of and deliver new or enhanced products; inability to successfully recruit and retain qualified technical and other personnel; adverse developments in current or future litigation or administrative proceedings; further diminution in value of investments made by Alliance or by Alliance Venture Management, LLC; cancellation of orders in the Company's backlog and the risk factors listed in the Company's Form 10-K filed on June 10, 2004 and Form 10-Q filed on February 03, 2005, which have been filed with the Securities and Exchange Commission, and which are available through the Company's home page at www.alsc.com. These forward-looking statements speak only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statement is based.

(Financial Statements to Follow)

- More -

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	(unaudited)		(unaudited)	
	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Net revenues	\$5,628	\$8,934	\$23,599	\$26,671
Cost of revenues	5,840	8,677	26,174	20,840
Gross profit (loss)	(212)	257	(2,575)	5,831
Operating expenses:				
Research and development	5,037	5,494	19,571	24,653
Selling, general and administrative	4,452	3,582	13,991	15,621
Total operating expenses	9,489	9,076	33,562	40,274
Loss from operations	(9,701)	(8,819)	(36,137)	(34,443)
Gain (loss) on investments	1,076	11,274	7,713	29,287
Writedown of marketable securities and venture investments	(16,652)	(574)	(19,811)	(5,787)
Loss in investees accounted for under the equity method	(5,191)	(1,550)	(16,935)	(15,355)
Other expense, net	(157)	(2,338)	(1,632)	(7,893)
Loss before income taxes and minority interest in consolidated subsidiaries	(30,624)	(2,007)	(66,802)	(34,191)
Provision (benefit) for income taxes	(7,407)	(6,748)	(16,707)	(14,083)
Income (loss) before minority interest in consolidated subsidiaries	(23,217)	4,741	(50,095)	(20,108)
Minority interest in consolidated subsidiaries	63	51	284	697
Net income (loss)	(\$23,154)	\$4,792	(\$49,811)	(\$19,411)
Net income (loss) per share:				
Basic	(\$0.65)	\$0.14	(\$1.41)	(\$0.55)
Diluted	(\$0.65)	\$0.13	(\$1.41)	(\$0.55)
Weighted average number of common shares:				
Basic	35,515	35,208	35,401	35,093
Diluted	35,515	35,897	35,401	35,093

- More -

ALLIANCE SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)
(unaudited)

	March 2005	March 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,397	\$6,107
Short term investments	82,444	159,778
Accounts receivable, net	1,677	4,081
Inventory	7,319	11,609
Related Party receivable	344	264
Other current assets	5,829	2,847
Total current assets	100,011	184,686
Property and equipment, net	4,316	6,161
Investment in Tower Semiconductor Corporation (excluding short term portion)	8,780	21,208
Alliance Ventures LP and other investments	24,865	36,082
Other non-current assets	19,185	12,665
Total assets	\$157,157	260,802
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$6,920	\$12,287
Income taxes payable	34,854	33,766
Deferred income taxes	17,352	38,921
Short term borrowings and current portion of long term obligations	4	33
Total current liabilities	59,131	85,007
Long term liabilities:		
Long term obligations	164	241
Total liabilities	59,295	85,248
Minority interest in consolidated subsidiaries	441	832
Stockholders' equity:		
Common stock	438	435
Additional paid-in capital	133,027	132,146
Retained earnings	(43,712)	6,099
Accumulated other comprehensive income	7,668	36,042
Total stockholders' equity	97,421	174,722
	\$157,157	\$260,802