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## FOR IMMEDIATE RELEASE

### **Singing Machine Announces 47% Increase in Net Sales to \$15.9 Million in Second Quarter Earnings Release.**

**Fort Lauderdale, FL, November 14, 2014 -- The Singing Machine Company, Inc. (“Singing Machine” or the “Company”)** (OTCQB: SMDM) announces the results for its second fiscal quarter ended September 30, 2014 (“September Quarter”).

For the September Quarter, the Company reported net sales of approximately \$16.0 million compared to \$10.8 million in the same quarter last year, an increase of approximately \$5.1 million or 47%. The increase in net sales was primarily attributable to new distribution with Wal-Mart retail stores nationwide and the expanded product assortment with two major wholesale club retailers. Gross margins decreased for the quarter from 22.2% to 19.8% as compared to the same quarter last year. The reduced gross margin for the quarter was primarily a result of shipping a higher mix of product for special November Black Friday programs. Total operating expenses increased to approximately \$2.6 million, compared to approximately \$1.8 million in the same quarter last year. The increase in operating expenses of \$0.3 million was a result of higher variable selling expenses due to the increase in net sales and also an investment into promotional fixture displays. There was also an increase of approximately \$0.3 million in the Company’s general and administrative expenses. The increase in G&A expenses was due to increase in payroll expenses and increase in warehouse supplies and temporary labor for building special December pallet displays for the holiday season.

Income from operations for the September Quarter was \$579,449 up from \$519,839 in the same quarter last year. Interest expense increased in the September Quarter compared to the prior year due to greater borrowings to finance inventory and receivables growth. Net income for the September Quarter was \$321,171 compared to \$323,951 in the prior year.

Gary Atkinson, Company CEO, commented, “These financial results reflect Management’s decision to invest in the future for long term growth. With this fiscal second quarter, Singing Machine is beginning to show the sales growth we anticipated from expanding our product assortment carried by major customers and our new relationship with Wal-Mart Stores. With Wal-Mart, the Company gains exposure to almost 3,700 Wal-Mart store-fronts and expanded Singing Machine brand awareness among their consumer base. We believe in the long-term benefit of Wal-Mart carrying our product and are optimistic that this year’s marketing program will be a hit among Wal-Mart’s consumers and that we can build and develop the relationship for the coming years.”

Atkinson added, “During this second quarter, Management also made a decision to invest in prime end-cap space display fixtures with working demos of our products on display at almost 800 Toys ‘R’ Us stores nationwide for the fall and holiday selling season. We are confident that this investment decision, which was expensed in the second quarter, will help make our karaoke products more of a top-of-mind buying decision for consumers that are looking for musically educational products that are fun, entertaining, and involve social

activities for the holiday season. Finally, our investors should note that we are experiencing continued sales growth into our current third quarter as the Company continues to fulfill demand for the holiday season. We look forward to reporting our Q3 results in February.”

### **About The Singing Machine**

Based in the US, Singing Machine® is the North American leader in consumer karaoke products. We offer the industry’s widest line of at-home karaoke entertainment products, which allow consumers to find a machine that suits their needs and skill level. As the most recognized brand in karaoke, Singing Machine has over 32 years of history offering quality products that incorporate the latest technology for singing practice, music listening, entertainment and social sharing. The Singing Machine sells its products through major retailers in North America and also internationally. For more information on Singing Machine, visit [www.singingmachine.com](http://www.singingmachine.com).

### **Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about the Company's business based, in part, on assumptions made by management and include, but are not limited to statements about our financial statements for the fiscal year ended March 31, 2013. You should review our risk factors in our SEC filings which are incorporated herein by reference. Such forward-looking statements speak only as of the date on which they are made and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.*

(Financial statements attached)

**The Singing Machine Company, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2014	March 31, 2014
	(Unaudited)	(Audited)
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash	\$ 174,314	\$ 1,354,099
Restricted cash	138,042	138,042
Accounts receivable, net of allowances of \$235,621 and \$172,465, respectively	8,952,305	955,551
Due from Crestmark Bank	-	19,638
Due from related party - Starlight Consumer Electronics USA, Inc.	-	233,004
Due from related party - Starlight Electronics USA, Inc.	-	51,196
Due from related party - Starlight Electronics Co., Ltd	43,320	83,320
Due from related party - Cosmo Communications Canada, Inc.	197,547	-
Due from related party - Winglight Pacific, Ltd	973,172	-
Inventories, net	15,057,895	5,827,613
Prepaid expenses and other current assets	158,866	91,088
Deferred financing costs	74,078	-
Deferred tax asset, net	715,541	604,284
<b>Total Current Assets</b>	<b>26,485,080</b>	<b>9,357,835</b>
<b>Property and equipment, net</b>	532,034	561,225
<b>Other non-current assets</b>	11,394	17,630
<b>Deferred financing costs, net current portion</b>	132,721	-
<b>Deferred tax asset, net current portion</b>	1,793,972	1,793,972
<b>Total Assets</b>	<b>\$ 28,955,201</b>	<b>\$ 11,730,662</b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,357,205	\$ 1,918,076
Due to related party - Starlight Marketing Development, Ltd.	-	1,107,678
Subordinated related party debt - Starlight Marketing Development, Ltd.	-	816,753
Note payable related party - Ram Light Management, Ltd.	393,039	-
Subordinated related party debt - Ram Light Management, Ltd.	-	1,683,247
Due to related party - Ram Light Management, Ltd	583,247	-
Due to related party - Starfair Electronics Company, Ltd.	-	17,738
Due to related party - Starlight R&D, Ltd.	2,489,234	194,678
Due to related party - Cosmo Communications Canada, Inc.	-	50,441
Due to related party - Starlight Consumer Electronics Co., Ltd.	399,063	1,051,913
Due to related parties - Other Starlight Group Companies	2,579	3,534
Accrued expenses	1,158,599	446,314
Revolving Line of Credit	5,350,881	-
Current portion of capital lease	12,349	12,076
Obligations to clients for returns and allowances	468,878	469,838
Warranty provisions	528,031	235,172
<b>Total Current Liabilities</b>	<b>22,743,105</b>	<b>8,007,458</b>
<b>Long-term capital lease, net of current portion</b>	7,462	13,706
<b>Note payable related party debt - Ram Light Management, Ltd. net of current portion</b>	706,961	-
<b>Subordinated related party debt - Starlight Marketing Development, Ltd.</b>	1,924,431	-
<b>Total Liabilities</b>	<b>25,381,959</b>	<b>8,021,164</b>
<b>Shareholders' Equity</b>		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, Class A, \$0.01 par value; 100,000 shares authorized; no shares issued and outstanding	-	-
Common stock, Class B, \$0.01 par value; 100,000,000 shares authorized; 38,117,517 and 38,070,642 shares issued and outstanding, respectively	381,175	380,706
Additional paid-in capital	19,303,760	19,262,127
Accumulated deficit	(16,111,693)	(15,933,335)
<b>Total Shareholders' Equity</b>	<b>3,573,242</b>	<b>3,709,498</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 28,955,201</b>	<b>\$ 11,730,662</b>

*See notes to the condensed consolidated financial statements.*

**The Singing Machine Company, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	For Three Months Ended		For Six Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<b>Net Sales</b>	\$ 15,952,059	\$ 10,834,570	\$ 18,497,018	\$ 12,248,137
<b>Cost of Goods Sold</b>	12,790,291	8,431,835	14,819,359	9,543,978
<b>Gross Profit</b>	3,161,768	2,402,735	3,677,659	2,704,159
<b>Operating Expenses</b>				
Selling expenses	1,266,767	902,066	1,612,034	1,182,840
General and administrative expenses	1,267,246	950,171	2,196,118	1,809,942
Depreciation and amortization	48,306	30,659	77,637	57,977
<b>Total Operating Expenses</b>	2,582,319	1,882,896	3,885,789	3,050,759
<b>Income (Loss) from Operations</b>	579,449	519,839	(208,130)	(346,600)
<b>Other Expenses</b>				
Interest expense	(79,644)	(8,741)	(81,485)	(9,709)
<b>Income (Loss) before income tax (provision) benefit</b>	499,805	511,098	(289,615)	(356,309)
<b>Income tax (provision) benefit</b>	(178,634)	(187,147)	111,257	139,194
<b>Net Income (Loss)</b>	\$ 321,171	\$ 323,951	\$ (178,358)	\$ (217,115)
<b>Income (Loss) per Common Share</b>				
Basic	\$ 0.01	\$ 0.01	\$ -	\$ (0.01)
Diluted	\$ 0.01	\$ 0.01	\$ -	\$ (0.01)
<b>Weighted Average Common and Common Equivalent Shares:</b>				
Basic	38,083,663	38,060,569	38,077,116	38,044,772
Diluted	38,538,510	38,590,502	38,077,116	38,044,772

*See notes to the condensed consolidated financial statements.*

**The Singing Machine Company, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

For Six Months Ended  
September 30, 2014      September 30, 2013

**Cash flows from operating activities:**

Net Loss	\$ (178,358)	\$ (217,115)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	62,204	57,977
Amortization of deferred financing costs	15,433	-
Change in inventory reserve	50,000	150,000
Change in allowance for bad debts	63,156	42,552
Loss from disposal of property and equipment	-	4,479
Stock based compensation	42,103	22,275
Warranty provisions	292,859	149,996
Change in net deferred tax assets	(111,257)	(139,194)
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(8,059,910)	(6,855,720)
Inventories	(9,280,282)	(5,498,065)
Prepaid expenses and other current assets	(67,778)	(103,143)
Other non-current assets	6,236	142,326
Increase (Decrease) in:		
Accounts payable	9,439,129	6,238,600
Net due to related parties	726,052	3,608,279
Accrued expenses	712,285	471,094
Obligations to clients for returns and allowances	(960)	12,178
Net cash used in operating activities	<u>(6,289,088)</u>	<u>(1,913,481)</u>

**Cash flows from investing activities:**

Purchase of property and equipment	(33,013)	(154,179)
Deposit of restricted cash	-	(137,967)
Net cash used in investing activities	<u>(33,013)</u>	<u>(292,146)</u>

**Cash flows from financing activities:**

Net proceeds from revolving line of credit	5,350,881	-
Net proceeds from Crestmark Bank credit facility	19,638	1,566,278
Payment of deferred financing costs	(222,232)	-
Payments on long-term capital lease	(5,971)	(4,767)
Net cash provided by financing activities	<u>5,142,316</u>	<u>1,561,511</u>

**Net decrease in cash**

(1,179,785)      (644,116)

**Cash at beginning of year**

1,354,099      1,652,996

**Cash at end of period**

\$ 174,314      \$ 1,008,880

**Supplemental Disclosures of Cash Flow Information:**

Cash paid for interest	\$ 63,205	\$ 9,709
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**Supplemental Disclosures of Non-cash Investing Activities:**

Property and equipment purchased under capital lease	\$ -	\$ 36,388
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*See notes to the condensed consolidated financial statements.*