



Company Contact:
Gary Atkinson
(954) 596 – 1000 ext. 101
www.singingmachine.com

FOR IMMEDIATE RELEASE

Singing Machine Announces 25% Increase in Sales for Fiscal Year Ending March 2015 Annual Report

Fort Lauderdale, FL, June 29, 2015 -- The Singing Machine Company, Inc. (“Singing Machine” or the “Company”) (OTCBB: SMDM) today announced financial results for its fiscal year ended March 31, 2015.

For the full 2015 fiscal year, the Company reported approximate net sales of \$39.3 million, gross profits of \$8.3 million, and EBITDA of approximately \$0.7 million.

Net sales for FYE March 2015 were \$39.3 million compared to \$31.3 million in the same period last year, an increase of \$8.0 million (25% increase). The increase in net sales is attributed to the Company gaining new distribution with a major U.S. retailer that accounted for approximately \$7.0 million of the increase in net sales. The balance of growth came from international business in such countries as Australia and Europe. Gross profit increased by \$1.2 million to \$8.3 million or 21.1% of sales compared to \$7.1 million or 22.6% in the prior fiscal year. The reduction in overall margin was primarily due to promotional pricing in acquiring and fulfilling the new channels of distribution.

Total operating expenses for FYE March 2015 were \$7.7 million an increase of approximately \$0.9 million from FYE March 2014, primarily due to a rise in selling expenses for promotional programs and in-store product displays built for some of the Company’s retail customers. As a result, the Company reported income from operations of \$0.6 million for FYE March 2015, compared to \$0.3 million in FYE March 2014. Earnings before interest, taxes, depreciation and amortization (EBITDA) for FYE March 2015 was \$0.7 million compared to \$0.4 million in FYE March 2014. Net income for FYE March 2015 was \$0.2 million compared to \$1.0 million in FYE March 2014. The decline in net income in FYE March 2015 compared to FYE March 2014 was primarily due a \$0.9 million difference in the provision for incomes taxes. The income tax expense provision in FYE March 2015 was \$0.1 million compared to an income tax benefit in FYE March 2014 of \$0.8 million. Substantially all of the income tax provision (benefit) in the FYE March 2015 and 2014 income statements had no cash effect since the offset was to the deferred tax asset account.

Gary Atkinson, Singing Machine CEO commented, “Singing Machine has now recorded profits for four consecutive years and shown the ability to continue to grow sales. SMC sold over 1,000,000 karaoke systems this year. Singing Machine products were featured on many notable ads that ran during the holiday season. Our karaoke systems were stocked in over 10,000 store-fronts in North America this year.”

“Our strategy for Fiscal March 2015 was to increase sales and grow our distribution base both domestically and internationally without injury to existing long-term customer relationships. On these fronts we have been very successful. Of note, SMC sales grew 25% this year and we added Wal-Mart stores and several international distributors as major customers. We enter Fiscal March 2016 with the industry’s best list of retailers in North America and growing demand for product from retailers around the world. Preliminary order indications for Fiscal March 2016 support our belief that the current year sales will remain strong. From a product perspective, we are continuing to evolve our products to incorporate the latest technology to improve the karaoke experience and promote access to music through karaoke downloads and streaming. We believe this will increase our products appeal to a wider

consumer demographic and create new revenue streams to the Company. We have seen strong demand from our consumers that are embracing music streaming and downloads for karaoke. As we grow our sales and market share, we intend to also incorporate strategies to improve gross profits and earnings to benefit our shareholders and other stakeholders.”

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 products incorporate the latest technology for singing practice, music listening, entertainment and social sharing. The Singing Machine provides consumers the best warranties in the industry and access to over 10,000 songs for streaming and download. Singing Machine products are sold through most major retailers in North America and also internationally. See www.singingmachine.com for more details.

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, 2015. 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
CONSOLIDATED BALANCE SHEETS

March 31, 2015 March 31, 2014

Assets

Current Assets

Cash	\$	116,286	\$	1,354,099
Restricted cash		-		138,042
Accounts receivable, net of allowances of \$174,131 and \$172,465, respectively		1,466,168		955,551
Due from Crestmark Bank		-		19,638
Due from PNC Bank		137,415		-
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		-		83,320
Inventories, net		7,448,167		5,827,613
Prepaid expenses and other current assets		92,609		91,088
Deferred financing costs		74,077		-
Deferred tax asset, net		449,274		604,284
Total Current Assets		9,783,996		9,357,835

Property and equipment, net

Other non-current assets

Deferred financing costs, net of current portion

Deferred tax asset, net of current portion

Total Assets

		466,571		561,225
		11,394		17,630
		95,683		-
		1,856,281		1,793,972
Total Assets	\$	12,213,925	\$	11,730,662

Liabilities and Shareholders' Equity

Current Liabilities

Accounts payable	\$	2,767,180	\$	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.		496,496		-
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.		554,031		194,678
Due to related party - Cosmo Communications Canada, Inc.		40,256		50,441
Due to related party - Starlight Consumer Electronics Co., Ltd.		208,672		1,051,913
Due to related parties - Other Starlight Group Companies		-		3,534
Accrued expenses		452,651		446,314
Current portion of capital lease		12,628		12,076
Obligations to customers for returns and allowances		399,419		469,838
Warranty provisions		197,873		235,172
Total Current Liabilities		5,712,453		8,007,458

Long-term capital lease, net of current portion

Note payable related party debt - Ram Light Management, Ltd.

net of current portion

Accrued expenses, net of current portion

Subordinated related party debt - Starlight Marketing Development, Ltd.

Total Liabilities

		1,078		13,706
		603,504		-
		46,495		-
		1,924,431		-
Total Liabilities		8,287,961		8,021,164

Shareholders' Equity

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		19,307,966		19,262,127
Accumulated deficit		(15,763,177)		(15,933,335)
Total Shareholders' Equity		3,925,964		3,709,498
Total Liabilities and Shareholders' Equity	\$	12,213,925	\$	11,730,662

See notes to the consolidated financial statements.

The Singing Machine Company, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Years Ended		
	March 31, 2015	March 31, 2014	March 31, 2013
Net Sales	\$ 39,308,281	\$ 31,379,629	\$ 34,437,774
Cost of Goods Sold	<u>30,997,211</u>	<u>24,273,038</u>	<u>26,368,945</u>
Gross Profit	8,311,070	7,106,591	8,068,829
Operating Expenses			
Selling expenses	3,104,598	2,402,153	3,078,340
General and administrative expenses	4,507,606	4,257,335	3,310,325
Depreciation	<u>130,254</u>	<u>168,138</u>	<u>110,267</u>
Total Operating Expenses	<u>7,742,458</u>	<u>6,827,626</u>	<u>6,498,932</u>
Income from Operations	568,612	278,965	1,569,897
Other Expenses			
Interest expense	(253,282)	(53,446)	(48,421)
Financing costs	<u>(52,471)</u>	<u>-</u>	<u>-</u>
Net Other Expenses	<u>(305,753)</u>	<u>(53,446)</u>	<u>(48,421)</u>
Income before income tax (provision) benefit	262,859	225,519	1,521,476
Income tax (provision) benefit	<u>(92,701)</u>	<u>778,797</u>	<u>1,619,459</u>
Net Income	<u>\$ 170,158</u>	<u>\$ 1,004,316</u>	<u>\$ 3,140,935</u>
Income per Common Share			
Basic	\$ 0.00	\$ 0.03	\$ 0.08
Diluted	\$ 0.00	\$ 0.03	\$ 0.08
Weighted Average Common and Common Equivalent Shares:			
Basic	38,097,226	38,057,628	37,973,309
Diluted	38,602,577	38,647,290	38,360,324

See Notes to the consolidated financial statements.

The Singing Machine Company, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended		
	March 31, 2015	March 31, 2014	March 31, 2013
Cash flows from operating activities:			
Net Income	\$ 170,158	\$ 1,004,316	\$ 3,140,935
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation	130,254	168,138	110,267
Amortization of deferred financing costs	52,471	-	-
Change in inventory reserve	(217,000)	135,000	(160,000)
Change in allowance for bad debts	1,666	(7,841)	11,752
Loss from disposal of property and equipment	-	4,479	-
Stock based compensation	46,308	107,351	14,777
Warranty provisions	(37,299)	19,701	(4,289)
Change in net deferred tax assets	92,701	(778,797)	(1,619,459)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(512,283)	152,765	(326,737)
Due from Crestmark Bank	19,638	(19,638)	-
Due from PNC Bank	(137,415)	-	-
Inventories	(1,403,554)	(1,839,206)	44,985
Prepaid expenses and other current assets	(1,521)	(6,647)	(31,208)
Other non-current assets	6,236	142,326	(282)
Increase (decrease) in:			
Accounts payable	849,104	782,951	(168,270)
Net due to related parties	(147,825)	345,679	18,116
Accrued expenses	52,832	(239,698)	517,856
Obligations to customers for returns and allowances	(70,419)	93,549	133,910
Net cash (used in) provided by operating activities	(1,105,948)	64,428	1,682,353
Cash flows from investing activities:			
Purchase of property and equipment	(35,600)	(214,677)	(296,822)
Refund (deposit) of restricted cash	138,042	(138,042)	-
Net cash provided by (used in) investing activities	102,442	(352,719)	(296,822)
Cash flows from financing activities:			
Payment of deferred financing costs	(222,231)	-	-
Payments on long-term capital lease	(12,076)	(10,606)	-
Net cash used in financing activities	(234,307)	(10,606)	-
Net change in cash	(1,237,813)	(298,897)	1,385,531
Cash at beginning of year	1,354,099	1,652,996	267,465
Cash at end of year	\$ 116,286	\$ 1,354,099	\$ 1,652,996
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	\$ 180,371	\$ 53,446	\$ 48,421
Cash paid for income taxes	\$ -	\$ 13,348	\$ 3,988
Supplemental Disclosures of Non-cash Investing and Financing Activities:			
Conversion of related party payables to note payable	\$ 1,100,000	\$ -	\$ -
Property and equipment purchased under capital lease	\$ -	\$ 36,388	\$ -
<i>See notes to the consolidated financial statements.</i>			