

Edgar Filing: SINGING MACHINE CO INC - Form NT 10-K

SINGING MACHINE CO INC
Form NT 10-K
June 30, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 12b-25
NOTIFICATION OF LATE FILING

Commission File
Number 1-1927

(CHECK ONE)

- Form 10-K and Form 10-KSB Form 11-K
- Form 20-F Form 10-Q and Form 10-QSB Form N-SAR

For period ended March 31, 2004

- Transition Report on Form 10-K and Form 10-KSB
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q and Form 10-QSB
- Transition Report on Form N-SAR

For the transition period ended _____.

Read Attached Instruction Sheet Before Preparing Form. Please Print or Type.

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein:

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates:

=====

PART I
REGISTRANT INFORMATION

Full name of registrant The Singing Machine Company, Inc.

Former name if applicable

Address of principal executive office (Street and number) 6601 Lyons Road,
Bldg, A-7

City, state and zip code Coconut Creek, FL 33073

Edgar Filing: SINGING MACHINE CO INC - Form NT 10-K

PART II
RULE 12B-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25 (b), the following should be completed. (check box if appropriate.)

- X(a) The reasons described in reasonable detail in Part III o(pound) this form could not be eliminated without unreasonable effort or expense;
X(b) The subject annual report, semi-annual report, transition report on Form 10-K, 10-KSB, 20-F, 11-K or Form N-SAR, or portion thereof will be filed on or before the 15th calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, 10-QSB, or portion thereof will be filed on or before the fifth calendar day following the prescribed due date; and
(c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

PART III
NARRATIVE

State below in reasonable detail the reasons why Form 10-K, 10-KSB, 11-K, 20-F, 10-Q, 10-QSB, N-SAR or the transition report portion thereof could not be filed within the prescribed time period. (Attach extra sheets if needed.)

The Registrant is unable to file its Annual Report on Form 10-K within the required time period because there have been significant changes in accounting personnel at the Registrant during the last 3 months. The Registrant hired a new Chief Financial Officer, effective as of April 9, 2004 and a new controller joined effective as of April 14, 2004. The new accounting team needs additional time to review and finalize the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2004 so as to ensure completeness and accuracy.

PART IV
OTHER INFORMATION

(1) Name and telephone number of person to contact in regard to this notification.

Jeff Barocas, Chief Financial Officer 954 596-1000 ext. 16
(Name) (Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s). [X] Yes [] No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Edgar Filing: SINGING MACHINE CO INC - Form NT 10-K

[X] Yes [] No

If so: attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

The Registrant anticipates significant changes in its results of operations for the year ended March 31, 2004 ("fiscal 2004") compared to the year ended March 31, 2003 ("fiscal 2003"). The Registrant expects to incur a net loss of \$22.7 million, or \$2.65 per share, on revenues of \$70.5 million in fiscal 2004 compared to net income of \$1.2 million, or \$0.14 per diluted share on revenues of \$95 million in fiscal 2003.

The Registrant's gross profit decreased to \$1.9 million, or 2.7% of total revenues in fiscal 2004 compared to gross profit of \$23.2 million or 24.4% of total revenues in fiscal 2003. The decrease in gross profit was primarily due to a number of factors, including but not limited to (i) sales made at lower prices to generate cash for operations and (ii) write-down of inventory.

The Registrant has attached as Exhibit A preliminary and unaudited consolidated financial statements for the fiscal year ended March 31, 2004. The Registrant expects to complete the Form 10-K and to file it within the extension period allowed.

The Singing Machine Company, Inc.

(Name of Registrant as Specified in Charter)

Has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 30, 2004

By: /s/Jeff Barocas

Jeff Barocas
Chief Financial Officer

EXHIBIT A

THE SINGING MACHINE COMPANY, INC. AND SUBSIDIARY
PRELIMINARY AND UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	March 31, 2004	March 31, 2003	March 31, 2002
	----- (unaudited)	----- (audited)	----- (as restated)
Net sales	\$ 70,541,128	\$ 95,613,766	\$ 62,475,753
Cost of sales:			
Cost of goods sold	68,279,589	72,329,035	40,852,840
Impairment of tooling	442,989	--	--
	-----	-----	-----
Gross profit	1,818,550	23,284,731	21,622,913
Operating expenses:			
Advertising	2,340,439	5,032,367	2,377,638
Commissions	1,024,883	997,529	1,294,543
Compensation	5,048,831	3,637,559	2,486,547
Freight & handling	1,423,082	2,112,435	1,242,910
Royalty expense	2,294,727	2,257,653	1,862,116
Selling, general & administrative expenses	9,881,887	7,632,957	4,123,779

Edgar Filing: SINGING MACHINE CO INC - Form NT 10-K

Total operating expenses	22,013,849	21,670,501	13,387,533
(Loss) income from operations	(20,195,299)	1,614,230	8,235,380
Other income (expenses):			
Other income	22,116	196,537	44,368
Interest expense	(1,752,952)	(406,126)	(112,123)
Interest income	1,216	11,943	16,934
Net other expenses	(1,729,620)	(197,646)	(50,821)
(Loss) income before provision for income taxes	(21,924,919)	1,416,584	8,184,559
Provision for income taxes	758,505	198,772	1,895,494
Net (loss) income	\$ (22,683,424)	\$ 1,217,812	\$ 6,289,065
(Loss) earnings per common share:			
Basic	\$ (2.65)	\$ 0.15	\$ 0.88
Diluted	\$ (2.65)	\$ 0.14	\$ 0.79
Weighted average common and common equivalent shares:			
Basic	8,566,116	8,114,330	7,159,142
Diluted	8,566,116	8,931,385	7,943,473

THE SINGING MACHINE COMPANY, INC. AND SUBSIDIARY
PRELIMINARY AND UNAUDITED CONSOLIDATED BALANCE SHEETS

	March 31, 2004	March 31, 2003
	(unaudited)	(audited)
ASSETS		

Current assets:		
Cash and cash equivalents	\$ 356,342	\$ 268,264
Restricted cash	874,283	838,411
Accounts receivable, less allowances of \$98,000 and \$406,000, respectively	3,806,166	5,762,944
Due from manufacturers	134,964	1,091,871
Inventories, net	5,228,060	25,194,346
Prepaid expense and other current assets	783,492	1,449,505
Insurance receivable	800,000	--
Refundable tax	1,178,512	--
Deferred tax asset	--	1,925,612
Total current assets	13,161,819	36,530,953
Property and equipment, at cost less accumulated depreciation of \$2,567,000 and \$1,473,000, respectively	983,980	1,096,424
Other non-current assets	615,773	1,307,917
Total assets	\$ 14,761,572	\$38,935,294
=====		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	\$ 62,282	\$ 316,646
Accounts payable	3,995,851	7,553,007
Accrued expenses	3,481,905	1,443,406
Customer credits on account	2,111,485	933,002
Subordinated debt-related parties	1,000,000	400,000

Edgar Filing: SINGING MACHINE CO INC - Form NT 10-K

Revolving credit facilities	--	6,782,824
Income taxes payable	2,447,746	3,821,045
	-----	-----
Total current liabilities	13,099,269	21,249,930
Convertible debentures, net of unamortized discount of \$2,554,511	1,445,489	--
	-----	-----
Total liabilities	14,544,758	21,249,930
Shareholders' equity		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, Class A, \$.01 par value; 100,000 shares authorized; no shares issued and outstanding	--	--
Common stock, \$.01 par value; 18,900,000 shares authorized; 8,752,318 and 8,171,678 shares issued and outstanding	87,523	81,717
Additional paid-in capital	10,052,498	4,843,430
Accumulated (deficit) / retained earnings	(9,923,207)	12,760,217
	-----	-----
Total shareholders' equity	216,814	17,685,364
	-----	-----
Total liabilities and shareholders' equity	\$ 14,761,572	\$38,935,294
	=====	=====