

STARLIGHT INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 485)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

The board of directors currently comprises Mr. Lau Sak Hong Philip as Chairman; Mr. Lau Sak Kai Anthony and Mr. Lau Sak Yuk Andy as executive directors; Mr. Hon Sheung Tin Peter as non-executive director and Mr. Ho Hau Chong Norman, Mr. Chan Chak Chung and Mr. Chuck Winston Calptor as independent non-executive directors.



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FOR IMMEDIATE RELEASE

The Singing Machine Company Reports 2nd Quarter Results

Coconut Creek, FL, November 14, 2008 -- The Singing Machine Company ("Singing Machine" or the "Company")(AMEX: SMD) announced today its results for its second quarter fiscal ended September 30, 2008.

Second quarter net sales were down approximately \$3.5 million (21.7%) as compared with the same quarter last year. The primary reason for the decline in net sales was due to late shipments of product from China. Despite the late shipments, the Company anticipates delivering those second quarter sales in the third quarter. To illustrate, as of September 30, 2008 the Company had an open sales order backlog of approximately \$3 million in direct import sales which the Company hopes to fill in the third quarter.

Operating expenses decreased by approximately \$226,000 from the same quarter last year. This reduction in operating expenses is primarily due to expense reimbursement from the Starlight Group for warehousing services performed for them at our California logistics operation.

During the second quarter, the Company has also responded to The American Stock Exchange's ("AMEX") request for a Plan to satisfy continued listing qualifications and the Company hopes that AMEX will respond favorably to such plan.

"Despite the sagging economy, this quarter our domestic sales were in-line with our performance last year at this time. Due to late production and delivery from our suppliers however, our direct import business has been late. We are confident those sales will be picked up in the third quarter," commented Tony Handal, C.E.O. of Singing Machine. Handal continued, "Looking ahead, the third quarter has historically been an important one for us as the Holiday season drives sales. This year the Singing Machine is on the shelves of almost every major retailer and we anticipate an exciting upcoming third quarter."

About The Singing Machine

Incorporated in 1982, The Singing Machine Company develops and distributes a full line of consumer-oriented karaoke machines and music under The Singing Machine™, Bratz, SoundX and other brand names. The first to provide karaoke systems for home entertainment in the United States, The Singing Machine sells its products in North America, Europe and Australia.

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 30, 2006. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including the risks that

our vendors in China may not ship our products on the scheduled basis and that we will have sufficient cash flow to finance our working capital needs in the remaining periods of this fiscal year. In addition, 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.

(tables attached)

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

	<u>September 30, 2008</u>	<u>March 31, 2008</u>
	(Unaudited)	(Audited)
<u>Assets</u>		
Current Assets		
Cash	\$ 980,067	\$ 447,816
Accounts receivable, net of allowances of \$80,811 and \$120,899, respectively	7,951,755	1,961,721
Due from factor	128,669	131,451
Inventories, net	9,901,213	3,514,984
Prepaid expenses and other current assets	512,725	412,552
Total Current Assets	19,474,429	6,468,524
Property and Equipment, net	794,913	598,280
Other Non-Current Assets	178,320	169,362
Total Assets	\$ 20,447,662	\$ 7,236,166
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities		
Accounts payable	\$ 9,090,702	\$ 1,145,150
Due to related parties - net	6,345,516	616,732
Accrued expenses	590,557	409,415
Short-term loan - bank	153,845	-
Current portion of long-term financing obligation	18,186	-
Customer credits on account	673,292	778,993
Deferred gross profit on estimated returns	216,269	217,812
Total Current Liabilities	17,088,367	3,168,102
Long-term Financing Obligation, less current portion	33,342	-
Total Liabilities	17,121,709	3,168,102
Shareholders' Equity		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized, 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; 100,000,000 shares 32,698,876 and 31,758,400 shares issued and outstanding	326,989	317,584
Additional paid-in capital	18,625,987	18,430,612
Accumulated deficit	(15,627,023)	(14,680,132)
Total Shareholders' Equity	3,325,953	4,068,064
Total Liabilities and Shareholders' Equity	\$ 20,447,662	\$ 7,236,166

The accompanying notes are an integral part of these consolidated financial statements.

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

	For Three Months Ended		For Six Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Net Sales	\$ 12,616,396	\$ 16,107,967	\$ 14,386,742	\$ 18,554,067
Cost of Goods Sold	10,595,445	12,915,137	12,163,142	15,021,885
Gross Profit	<u>2,020,951</u>	<u>3,192,830</u>	<u>2,223,600</u>	<u>3,532,182</u>
Operating Expenses				
Selling expenses	792,542	924,763	1,014,076	1,088,668
General and administrative expenses	996,556	1,132,294	1,918,755	2,092,571
Depreciation and amortization	103,499	61,989	204,660	124,186
Total Operating Expenses	<u>1,892,597</u>	<u>2,119,046</u>	<u>3,137,491</u>	<u>3,305,425</u>
Income (Loss) from Operations	128,354	1,073,784	(913,891)	226,757
Other Expenses				
Interest expense	<u>(25,684)</u>	<u>(19,661)</u>	<u>(33,000)</u>	<u>(24,950)</u>
Net Income (Loss)	<u>\$ 102,670</u>	<u>\$ 1,054,123</u>	<u>\$ (946,891)</u>	<u>\$ 201,807</u>
Income (Loss) per Common Share				
Basic	\$ 0.00	\$ 0.04	\$ (0.03)	\$ 0.01
Diluted	\$ 0.00	\$ 0.03	\$ (0.03)	\$ 0.01
Weighted Average Common and Common Equivalent Shares:				
Basic	32,698,876	29,937,618	32,227,250	29,677,218
Diluted	32,698,876	30,290,381	32,227,250	30,029,981

The accompanying notes are an integral part of these consolidated financial statements.

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

	For Six Months Ended	
	September 30, 2008	September 30, 2007
Cash flows from operating activities		
Net (Loss) Income	\$ (946,891)	\$ 201,807
Adjustments to reconcile net (loss) income to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	204,660	124,186
Change in inventory reserve	(15,745)	(19,748)
Change in allowance for bad debts	(40,088)	60,607
Stock compensation	7,280	20,891
Deferred gross profit on estimated sales returns	(1,543)	14,960
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(5,949,946)	(11,728,247)
Inventories	(6,370,484)	(3,097,409)
Prepaid expenses and other current assets	(100,173)	88,575
Other non-current assets	(8,958)	(1,411)
Increase (Decrease) in:		
Accounts payable	7,945,552	8,646,427
Accounts payable - related party	5,473,963	3,728,294
Accrued expenses	181,142	81,377
Customer credits on account	(105,701)	(98,250)
Net cash provided by (used in) operating activities	<u>273,068</u>	<u>(1,977,941)</u>
Cash flows from investing activities		
Purchase of property and equipment	(401,293)	(170,308)
Net cash used in investing activities	<u>(401,293)</u>	<u>(170,308)</u>
Cash flows from financing activities		
Borrowings from (retention by) factor, net	2,782	(239,669)
Proceeds from issuance of stock	-	937,671
Net loan proceeds from short-term bank obligation	153,845	-
Net proceeds from long-term financing obligation	51,528	-
Net advances from related parties	452,321	1,929,779
Net cash provided by financing activities	<u>660,476</u>	<u>2,627,781</u>
Change in cash and cash equivalents	<u>532,251</u>	<u>479,532</u>
Cash and cash equivalents at beginning of period	447,816	1,188,900
Cash and cash equivalents at end of period	<u>\$ 980,067</u>	<u>\$ 1,668,432</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 33,000	\$ 24,950
Non-Cash Financing Activities:		
Conversion of trade payable to equity	\$ 197,500	\$ 300,000

The accompanying notes are an integral part of these consolidated financial statements.