

EMERSON RADIO CORP

Form 10-K/A

July 31, 2007

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**SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-K/A

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ **to** _____

**Commission file number 001-07731
EMERSON RADIO CORP.**

(Exact name of registrant as specified in its charter)

Delaware

22-3285224

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification Number)

Nine Entin Road, Parsippany, NJ

07054

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (973) 884-5800

Securities registered pursuant to Section 12(b) of the
Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$.01 per share

American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
 YES NO.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act). YES NO.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was
required to file such reports) and (2) has been subject to such filing requirement for the past 90 days. YES NO.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO.

Aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates of the registrant at September 29, 2006 (computed by reference to the last reported sale price of the Common Stock on the American Stock Exchange on such date): \$40,622,605.

Number of Common Shares outstanding at July 27, 2007: 27,129,832.

DOCUMENTS INCORPORATED BY REFERENCE: None

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The undersigned registrant hereby amends the following items of its Annual Report on Form 10-K for the fiscal year ended March 31, 2007 (the 10-K): PART III, Items 10 14 and PART IV, Item 15 of the 10-K are amended by the inclusion of such items herein.

PART III**ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS****Executive Officers and Directors**

The following table sets forth certain information regarding the current directors of Emerson Radio Corp. (Emerson, us or the Company).

Name	Age	Year First Became Director	Principal Occupation or Employment
Christopher Ho	57	2006	Christopher Ho has served as our Chairman since July 2006. Mr. Ho is presently the Chairman of The Grande Holdings Limited (Grande Holdings), a Hong Kong based group of companies engaged in a number of businesses including the manufacture, sale and distribution of audio, video and other consumer electronics and video products. Grande Holdings is currently the holder of approximately 50.8% of our outstanding shares of common stock. Christopher Ho graduated with a Bachelor of Commerce degree from the University of Toronto in 1974. He is a member of the Canadian Institute of Chartered Accountants as well as a member of the Institute of Management Accountants of Canada. He is also a certified public accountant (Hong Kong) and a member of the Hong Kong Society of Accountants. He was a partner in international accounting firms before joining Grande Holdings and has extensive experience in corporate finance, international trade and manufacturing.
Adrian Ma	63	2006	Adrian Ma has served as our Chief Executive Officer since March 30, 2006 and served as our Chairman from March 30, 2006 through July 26, 2006. Mr. Ma continues to serve as a Director. Mr. Ma is presently a director of Grande Holdings. Mr. Ma has served as a director of Grande Holdings since January 15, 1999 and has more than 30 years experience as an Executive Chairman, Executive Director and Managing Director of various organizations focused primarily in the consumer electronics industry. Mr. Ma is also Director of Lafe Technology Ltd., Vice Chairman and Managing Director of Ross Group Inc. and Deputy Chairman of Sansui Electronics Co., Ltd.

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Name	Age	Year First Became Director	Principal Occupation or Employment
Greenfield Pitts	57	2006	Greenfield Pitts has served as our Chief Financial Officer since February 2007 and a director since March 2006. Mr. Pitts has served as our Chief Financial Officer since February 2007 and as a Director since March 2006. Mr. Pitts has a 30-year background in international banking and was associated with Wachovia Bank, our present lender, for more than 25 years, with assignments in London, Atlanta and Hong Kong. In the past nine years he was in Hong Kong managing a joint venture between Wachovia and HSBC, then in Corporate Finance for Wachovia Securities.
Michael A.B. Binney	47	2005	Michael A.B. Binney has served as our Acting Group Controller since February 2007, President-International Sales since July 2006 and as a Director since December 2005. He is a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants. He was a professional accountant for several years before joining the computer and electronics industry. He is currently also an Executive Director of Grande Holdings, a company listed on the Stock Exchange of Hong Kong as well as several other public companies in Malaysia, Japan, Singapore and the United Kingdom.
Eduard Will	65	2006	Eduard Will has served as our President-North American Operations since July 2006 and a Director since January 2006. Prior to becoming President-North American Operations, Mr. Will served as the Chairman of our Audit Committee from January 2006 through July 2006. Mr. Will has more than 37 years experience as a merchant banker, senior advisor and director of various public and private companies. Presently, Mr. Will is serving on the Board of Directors or acting as Senior Adviser to: KoolConnect Technologies Inc.; Wasatch Photonics Inc.; Ithaca Technologies, LLC; T&W Electronics Co.; Darby Overseas Investments, Ltd. and Integrated Data Corporation.
Peter G. Bünger	66	1992	Since 1990, a consultant with Savarina AG, an entity engaged in the business of portfolio management monitoring in Zurich, Switzerland; since October 1992, a Director of Savarina AG; from 2002 to September 2006, an independent consultant for Emerson's manufacturing efforts in Europe; and from December 1996 through July 2005, a Director of Sport Supply Group, Inc. (SSG), which is quoted on the over the counter bulletin board (OTC: SSPY). Following the sale of Emerson's issued and outstanding shares of common stock of SSG

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Name	Age	Year First Became Director	Principal Occupation or Employment
Peter G. Bünger (cont.)			(approximately 53.2% ownership) in July 2005, Mr. Bünger resigned as a Director of SSG.
W. Michael Driscoll (1)	61	2006	W. Michael Driscoll has served as a Director since March 2006. Mr. Driscoll has more than 36 years experience as a director and executive officer of various public and private companies. Presently, Mr. Driscoll is CEO of Ithaca Technologies, LLC and serves on the Boards of Directors of IPC Corporation Ltd., Singapore, and Music Gear Incorporated, USA. Mr. Driscoll has also served as the Chairman of the Board of ThinSoft (Holdings) Ltd., Hong Kong and President and Chief Executive Officer of Dazzle Multimedia Corporation, Smith Corona Corporation, Austin Computer Systems, Inc. and Technology Applications, Ltd., Thailand.
Jerome H. Farnum (1)	71	1992	Jerome H. Farnum has served as a Director since July 1992. Since July 1994, Mr. Farnum has been an independent consultant. For at least five years prior to July 1994, Mr. Farnum was a senior executive (in charge of legal and tax affairs, accounting, asset and investment management, foreign exchange relations and financial affairs) with several entities comprising the Fidenas group of companies, whose activities encompassed merchant banking, investment banking, investment management and corporate development.
Norbert R. Wirsching (1)	70	2006	Norbert R. Wirsching has served as a Director since July 2006. Mr. Wirsching is a consumer electronics industry veteran of 45 years. He has managed international public and private companies including; Director and CEO of Capetronic Group Ltd. Global, CEO of Polly Peck International PLC, Electronics Division, and Director of Polly Peck International PLC, London, Director Sansui Electric Company Ltd., Tokyo, Director of BSR International, Hong Kong/London and Chairman of BSR USA. Since retiring from the Capetronic Group Ltd. in 1994, he serves as principal of N.R. Wirsching

Enterprise, a consulting firm focussing on international public and private companies, as well as merger and acquisition services. He is involved in numerous philanthropic organizations and currently serves as Trustee of Wooster School, an independent private school in Connecticut.

- (1) Member of the
Audit
Committee

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Board of Directors and Committees

Our business is managed under the direction of our Board of Directors. The Board of Directors meets periodically during our fiscal year to review significant developments affecting Emerson and to act on matters requiring Board of Director approval. The Board of Directors held 10 formal meetings during the fiscal year ended March 31, 2007 (Fiscal 2007) and also acted by unanimous written consent. During Fiscal 2007, each member of the Board of Directors participated in at least 75% of the aggregate of all meetings of the Board of Directors and the aggregate of all meetings of committees on which such member served, that were held during the period in which such director served during Fiscal 2007.

During the period from the beginning of Fiscal 2007 until July 2006, the Board of Directors had three standing committees, the Audit Committee, the Compensation and Personnel Committee and the Nominating Committee. As of July 27, 2007, Grande Holdings beneficially owned an aggregate of 13,780,600 shares of our common stock, which represents approximately 50.8% of the shares of common stock currently outstanding. Accordingly, Emerson is a controlled company, as such term is defined in Section 801(a) of The American Stock Exchange Company Guide (the Company Guide). As a controlled company, Emerson is not required to comply with Sections 802(a), 804 or 805 of the Company Guide relating to independent directors, Board nominations and executive compensation, respectively.

Under Section 802(a) of the Company Guide, we are exempt from the requirement that at least a majority of the directors on our Board of Directors be independent directors as defined in Section 121A of the Company Guide because we are a controlled company, as such term is defined in Section 801(a) of the Company Guide, and we do not maintain a board of directors comprised of a majority of independent directors that meet the definition of independence as set forth in the American Stock Exchange and SEC rules. Four of our nine current directors meet the definition of independence as established by the American Stock Exchange and SEC rules. As a result of its status as a controlled company, since July 2006, the Board of Directors has had only one standing committee, the Audit Committee. The functions of the Compensation and Personnel Committee and the Nominating Committee during the period from the beginning of Fiscal 2007 until July 2006, and the functions of the Audit Committee during Fiscal 2007 are described below. No member of any of any of such committees was an employee of Emerson while serving on such committee.

The Board of Directors is responsible for the management and direction of Emerson and for establishing broad corporate policies. It has initiated actions consistent with the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission (the SEC) and the American Stock Exchange. The Board of Directors has determined that from the beginning of Fiscal 2007 through July 26, 2006, Messrs. Bünger, Driscoll, Farnum, Pitts and Will satisfied the independence standards of the American Stock Exchange and the SEC s Rule 10A-3. The Board of Directors has determined that Messrs. Bünger, Driscoll, Farnum and Wirsching currently satisfy all such definitions of independence. The Board of Directors has also determined that during the period from the beginning of Fiscal 2007 through July 26, 2006, Eduard Will constituted our audit committee financial expert, as such term is defined by the SEC. As a

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result of the appointment of Mr. Will as our President-North American Operations in July 2006, the Board of Directors has determined that Mr. Driscoll currently constitutes our audit committee financial expert as such term is defined by the SEC. Emerson has a policy of encouraging, but not requiring, its Board members to attend annual meetings of stockholders. Last year, each of our directors, at such time, attended the annual meeting of stockholders.

Audit Committee. Our Audit Committee is presently comprised of Messrs. Driscoll (Chairman), Farnum and Wirsching. The Audit Committee is empowered by the Board of Directors to, among other things: (i) serve as an independent and objective party to monitor our financial reporting process, internal control system and disclosure control system; (ii) review and appraise the audit efforts of our independent accountants; (iii) assume direct responsibility for the appointment, compensation, retention and oversight of the work of the outside auditors and for the resolution of disputes between the outside auditors and our management regarding financial reporting issues; and (iv) provide the opportunity for direct communication among the independent accountants, financial and senior management and the Board of Directors. During Fiscal 2007, the Audit Committee performed its duties under a written charter approved by the Board of Directors and formally met ten (10) times. A copy of our Audit Committee Charter is posted on our website: www.emersonradio.com on the Investor Relations page.

Compensation and Personnel Committee. The Compensation and Personnel Committee was comprised of Messrs. Bünger and Farnum and (i) made recommendations to the Board of Directors concerning remuneration arrangements for senior executive management; (ii) administered our stock option plans and (iii) made such reports and recommendations, from time to time, to the Board of Directors upon such matters as the Compensation and Personnel Committee may deem appropriate or as may be requested by the Board of Directors. The Compensation and Personnel Committee did not formally meet during Fiscal 2007. Under Section 805 of the Company Guide, we are exempt from the requirement to have the compensation of our executives determined by a compensation committee comprised solely of independent directors or by a majority of the board's independent directors because we are a controlled company, as such term is defined in Section 801(a) of the Company Guide. As a result, in July 2006, we disbanded the Compensation and Personnel Committee.

Nominating Committee. The Nominating Committee was comprised of Messrs. Bünger and Farnum and was empowered by the Board of Directors to, among other functions: (i) recommend to the Board of Directors qualified individuals to serve on our Board of Directors and (ii) identify the manner in which the Nominating Committee evaluates nominees recommended for the Board of Directors. Our Nominating Committee did not formally meet during Fiscal 2007. Under Section 804 of the Company Guide, we are exempt from the requirement to have director nominees selected by a nominating committee comprised entirely of independent directors or by a majority of the independent directors because we are a controlled company, as such term is defined in Section 801(a) of the Company Guide. As a result, in July 2006, we disbanded the Nominating Committee and the full Board of Directors will participate in the consideration of director nominees in the future.

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We have adopted a Code of Ethics for Senior Financial Officers (Code of Ethics) that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller and Treasurer. This Code of Ethics was established with the intention of focusing Senior Financial Officers on areas of ethical risk, providing guidance to help them recognize and deal with ethical issues, providing mechanisms to report unethical conduct, fostering a culture of honesty and accountability, deterring wrongdoing and promoting fair and accurate disclosure and financial reporting.

We have also adopted a Code of Conduct for Officers, Directors and Employees of Emerson Radio Corp. and Its Subsidiaries (Code of Conduct). We prepared this Code of Conduct to help all officers, directors and employees understand and comply with our policies and procedures. Overall, the purpose of our Code of Conduct is to deter wrongdoing and promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us; (iii) compliance with applicable governmental laws, rules and regulations; (iv) prompt internal reporting of code violations to an appropriate person or persons identified in this Code of Conduct; and (v) accountability for adherence to the Code of Conduct.

The Code of Ethics and the Code of Conduct are posted on our website: www.emersonradio.com on the Investor Relations page. If we make any substantive amendments to, or grant any waiver (including any implicit waiver) from a provision of the Code of Ethics or the Code of Conduct, and that relates to any element of the Code of Ethics definition enumerated in Item 406 (b) of Regulation S-K, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

Officers

The following table sets forth certain information regarding the current executive officers of Emerson:

Name	Age	Position	Fiscal Year Became Officer
Christopher Ho	57	Chairman	2006
Adrian Ma	63	Chief Executive Officer and Director	2006
Greenfield Pitts	57	Chief Financial Officer and Director	2007
Michael A.B. Binney	47	President-International Sales, Acting Group Controller and Director	2005
Eduard Will	65	President-North American Operations and Director	2006
John J. Raab	71	Senior Executive Vice President and Chief Operating Officer	1995

Christopher Ho has served as our Chairman since July 2006. See Mr. Ho's biographical information above.

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Adrian Ma has served as our Chief Executive Officer since March 30, 2006 and served as our Chairman from March 30, 2006 through July 26, 2006. Mr. Ma continues to serve as a director. See Mr. Ma's biographical information above.

Greenfield Pitts has served as our Chief Financial Officer since February 2007 and a director since March 2006. See Mr. Pitts' biographical information above.

Michael A.B. Binney has served as our President-International Sales since July 2006 and as a Director since December 2005. See Mr. Binney's biographical information above.

Eduard Will has served as our President-North American Operations since July 2006 and a Director since January 2006. See Mr. Will's biographical information above.

John J. Raab has served as Chief Operating Officer and Senior Executive Vice President-International since May 2003, Executive Vice President-International from June 2000 to May 2003, Senior Vice President-International from October 1997 to June 2000 and Senior Vice President-Operations from October 1995 to October 1997.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors, officers, and stockholders who beneficially own more than 10% of any class of our equity securities registered pursuant to Section 12 of the Exchange Act, to file initial reports of ownership and reports of changes in ownership with respect to our equity securities with the Securities and Exchange Commission and the American Stock Exchange. All reporting persons are required to furnish us with copies of all reports that such reporting persons file with the SEC pursuant to Section 16(a) of the Exchange Act.

Based solely on our review of the copies of such forms received by us, the following reports were not filed on a timely basis during Fiscal 2007: Grande Holdings, Ltd., a beneficial owner or more than 10% of our outstanding shares of common stock, filed late nine Form 4's with respect to nine transactions pursuant to which Grande Holdings, Ltd. purchased shares of our common stock during the period from April 13, 2006 through August 8, 2006; and John Florian, our former Principal Accounting Officer and Principal Financial Officer, filed late a Form 3 reporting that he became a reporting person within the meaning of Section 16(a) of the Exchange Act on June 6, 2006. Mr. Florian ceased to serve as our Principal Accounting Officer and Principal Financial Officer upon Mr. Pitts' appointment as our Chief Financial Officer on February 19, 2007.

ITEM 11 EXECUTIVE COMPENSATION AND OTHER INFORMATION

Compensation Committee Report

Under the rules of the Securities and Exchange Commission, this report is not deemed to be incorporated by reference by any general statement incorporating this Annual Report on Form 10-K by reference into any filings with the Securities and Exchange Commission.

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Our entire Board of Directors performs equivalent functions of a compensation committee since we are a controlled company and do not have a compensation committee. The Board of Directors has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on such review and discussions, the Board of Directors recommends that the following Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Submitted by the Board of Directors

Christopher Ho

Adrian Ma

Greenfield Pitts

Michael A. B. Binney

Eduard Will

Peter G. Bünger

W. Michael Driscoll

Jerome H. Farnum

Norbert R. Wirsching

Compensation Discussion and Analysis

Introduction

This discussion presents the principles underlying our executive officer compensation program. Our goal in this discussion is to provide the reasons why we award compensation as we do and to place in perspective the data presented in the tables that follow this discussion. The focus is primarily on compensation of our executive compensation for the fiscal year ended March 31, 2007, but some historical and forward-looking information is also provided to put such year's compensation information in context. The information presented herein relates to Christopher Ho, our Chairman, Adrian Ma, our Chief Executive Officer, Greenfield Pitts, our Chief Financial Officer and our three other most highly compensated executive officers, who are sometimes referred to in this Annual Report on Form 10-K as our named executive officers. Mr. Ho and Mr. Ma, however, did not receive any salary or other compensation from us in Fiscal 2007.

Compensation Philosophy and Objectives

We attempt to apply a consistent philosophy to compensation for all employees, including senior management. This philosophy is based on the premises that our success is dependent upon the efforts of each employee and that a cooperative, team-oriented environment is an essential part of our culture.

Our compensation programs for our named executive officers are designed to achieve a variety of goals, including:
attracting and retaining talented and experienced executives;

motivating and rewarding executives whose knowledge, skills and performance are critical to our success;

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aligning the interests of our executives and stockholders by motivating executives to increase stockholder value in a sustained manner; and

provide a competitive compensation package which rewards achievement of our goals.

Elements of Executive Officer Compensation

Overview. Total compensation paid to our executive officers is influenced significantly by the need to attract and retain management employees with a high level of expertise and to motivate and retain key executives for our long-term success. Some of the components of compensation, such as salary, are generally fixed and do not vary based on our financial and other performance. Some components, such as bonus, stock options and stock award grants, are discretionary and are dependent upon the achievement of certain goals jointly agreed upon by our management and our Board of Directors. Furthermore, the value of certain of these components, such as stock options and stock awards, is dependent upon our future stock price. Our Board of Directors has indicated that it does not currently intend to grant new stock awards to our executive officer and employees. However, the Board of Directors does intend to grant stock awards to non-employee directors and may in the future change its current policy with respect to stock awards to executive officers and employees.

We compensate our executive officers in these different ways in order to achieve different goals. Cash compensation, for example, provides executive officers a minimum base salary. Incentive bonus compensation is generally linked to the achievement of financial and business goals, and is intended to reward executive officers for our overall performance in reaching annual goals that are agreed to in advance by management and our Board of Directors. Although we may utilize, stock options and grants of restricted stock in the future, we did not grant any stock options or restricted stock during Fiscal 2007 to any of our executive officers; provided, however, that Messrs. Pitts and Will did receive stock options during Fiscal 2007 in their capacities as non-employee directors prior to being named as executive officers. See Cash and Other Compensation.

We view the three components of our executive officer compensation as related but distinct. Although the Board of Directors does review total compensation, it does not believe that compensation derived from one component of compensation necessarily should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on its historical practices with the individual and our view of individual performance and other information we deem relevant. Our Board of Directors has not engaged an outside consultant to assist the Board in the compensation process. The Board of Directors does review publicly available data with respect to executive compensation at peer group companies. The Board of Directors realizes that benchmarking our compensation against the compensation earned at comparable companies may not always be appropriate, but believes that engaging in a comparative analysis of compensation practices is useful. The Board of Directors has not adopted any formal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation, or among different forms of compensation. We have not reviewed wealth

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and retirement accumulation as a result of employment with us, and have only focused on fair compensation for the year in question.

Base Salary. We pay our executive officers other than Mr. Ho and Mr. Ma, a base salary, which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program. We believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are established in part based on the individual position, responsibility, experience, skills and expected contributions during the coming year of the executive and their performance during the prior year. We also have sought to align base compensation levels comparable to our competitors and other companies in similar stages of development. We do not view base salaries as primarily serving our objective of paying for performance, but in attracting and retaining the most qualified executives necessary to run our business.

Cash Incentive Bonuses. Consistent with our emphasis on pay-for-performance incentive compensation programs, our executives are eligible to receive annual performance bonuses or discretionary bonuses that must be approved by our Board of Directors; provided, however, that the bonus paid to our President - North American Operations in Fiscal 2007 was approved by our Chairman of the Board. The primary objective of our annual cash incentive bonuses is to motivate and reward our employees, including our named executive officers, for meeting our short-term objectives using a pay-for-performance program with objectively determinable performance goals. For the fiscal year ended March 31, 2007, none of our named executive officers, except for Mr. Will, our President-North American Operations, received a cash bonus. We do not have a formal policy on the effect on bonuses of a subsequent restatement or other adjustment to the financial statements, other than the penalties provided by law.

Equity Compensation. We review our equity compensation plans annually. Under our plans, employees are eligible for annual stock option and restricted stock award grants based on targeted levels and we have in the past granted stock options to our executive officers and employees. These options and grants are intended to produce value for each executive officer if (i) our stockholders derive significant sustained value; and (ii) the executive officer remains with us. We do not have any program, plan or obligation that requires us to grant equity compensation to any executive officer on specified dates. The authority to make equity grants to executive officers rests with the Board of Directors, although, as noted above, the Board of Directors does not currently intend to grant any new stock awards to our executive officers or employees. We did not grant any stock options or restricted stock awards during our fiscal year ended March 31, 2007; provided, however, that Messrs. Pitts and Will did receive stock options during Fiscal 2007 in their capacities as non-employee directors prior to being named as executive officers. See Cash and Other Compensation.

Severance and Change-in-Control Benefits.

We do not provide to any of our executive officers any severance or change in control benefits in the event of termination or retirement, whether following a change-in-control or otherwise.

Employment Agreements.

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We have employment agreements with certain of our executive officers, each of which is described below.

Effective September 1, 2001, John J. Raab, Chief Operating Officer and Senior Executive Vice President, entered into a three-year employment agreement (the Raab Employment Agreement) with us, providing for an annual compensation of \$250,000, which was increased to \$257,500, effective April 1, 2002, and \$275,000, effective April 1, 2003. By letter agreement dated effective as of September 1, 2004, the term of the Raab Employment Agreement was extended through and including August 31, 2007 and his annual compensation was increased to \$286,000, effective April 1, 2005. In addition to his base salary, Mr. Raab may also receive an additional annual performance bonus, subject to the final approval of our Board of Directors. In the event that Mr. Raab were to be terminated due to permanent disability, without cause or as a result of constructive discharge, the estimated dollar amount to be paid after March 31, 2007, to such individual, based on the terms of his contract, would be \$119,117. Mr. Raab's contract has not been extended and will expire on August 31, 2007, at which time Mr. Raab will resign as our Chief Operating Officer and Senior Executive Vice President.

Eduard Will, our President-North American Operations, entered into an employment agreement (the Will Employment Agreement) with us on July 27, 2006 that provides that Mr. Will shall serve as our President North American Operations through June 30, 2007. Following the initial term of the agreement (June 30, 2007), we have the right to terminate the agreement upon 90 days prior written notice and Mr. Will has the right to terminate the agreement upon 30 days prior written notice. In addition, during the initial term, Mr. Will has the right to terminate the agreement upon 90 days prior written notice. The agreement provides for annual compensation of \$250,000. In addition to his base salary, Mr. Will may also receive an additional annual performance bonus to be recommended by the Board of Directors.

Greenfield Pitts, our Chief Financial Officer, entered into an employment agreement (the Pitts Employment Agreement) with us on April 3, 2007, that provides that Mr. Pitts shall serve as our Chief Financial Officer through March 31, 2008. Following the initial term of the agreement (March 31, 2008), we have the right to terminate the agreement upon 90 days prior written notice and Mr. Will has the right to terminate the agreement upon 30 days prior written notice. In addition, during the initial term, Mr. Pitts has the right to terminate the agreement upon 90 days prior written notice. The agreement provides for annual compensation of \$250,000. In addition to his base salary, Mr. Pitts may also receive a discretionary bonus at the end of our fiscal year recommended by the Board of Directors.

Benefits. The executive officers participate in all of our employee benefit plans, such as medical and 401(k) plan, on the same basis as our other employees.

Perquisites. Our use of perquisites as an element of compensation is very limited. We do not view perquisites as a significant element of our comprehensive compensation structure.

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The Board of Directors meetings regarding compensation typically involve a preliminary discussion with our Chairman and our Chief Executive Officer prior to the Board of Directors deliberating without any members of management present. For compensation decisions, including decisions regarding the grant of bonuses relating to executive officers (other than our Chairman and our Chief Executive Officer), the Board of Directors considers the recommendations of our Chairman and our Chief Executive Officer and includes them in their discussions; provided, however, that the bonus paid to our President-North American Operations in Fiscal 2007 was approved by our Chairman of the Board.

Regulatory Considerations

We account for the equity compensation expense for our employees under the rules of SFAS 123R, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

Cash and Other Compensation

The following table, which should be read in conjunction with the explanations provided above, provides certain compensation information concerning our named executive officers for the fiscal year ended March 31, 2007.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary(\$)	Option Awards(\$)⁽¹⁾	Non-equity Incentive Plan Compensation (\$)⁽²⁾	All Other Compensation (\$)⁽³⁾	Total (\$)
Christopher Ho (4) Chairman of the Board	2007					
Adrian Ma (5) Chairman of the Board and Chief Executive Officer	2007					
Greenfield Pitts (6) Chief Financial Officer	2007	19,231	3,430			22,661
John D. Florian (7) Deputy Chief Financial Officer	2007	146,492			15,020	161,512
Guy Paglinco (8) Vice President and Chief Financial Officer	2007	33,250	58,669		1,647	93,566
Michael A. B. Binney (9) President,-International Operations, Acting Group Controller	2007		12,996			12,996
Eduard Will (10) President -North American Operations	2007	182,692	16,944	43,500	4,704	247,840

John J. Raab Senior Executive Vice President and Chief Operating Officer	2007	291,500	59,328	20,141	370,969
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(1) Represents the expense to us pursuant to FAS 123(R) for the respective year for stock options granted as long-term incentives pursuant to our 2004 Non-Employee Outside Director Stock Option Plan or our 2004 Employee Stock Option Plan. All options received by each of Messrs. Binney, Pitts and Will in the table above were received by such person as a non-employee director and prior to being named as an executive officer. The amount of option expense shown in the Summary Compensation Table for these three individuals is also included in Directors Compensation on page 17. Immediately following the adoption by our

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stockholders of an amendment to our 2004 Non-Employee Outside Director Stock Option Plan to increase the number of shares available for issuance thereunder from 250,000 to 500,000 shares in November 2006, each of Messrs. Pitts and Will received an option to purchase up to 25,000 shares of our common stock, each of whom began to serve as a director at a time when he was not an employee of ours and no additional shares were available under such plan. See notes to our financial statements for the fiscal years ended March 31, 2007, 2006 and 2005 for the assumptions used for valuing the expense under FAS 123(R).

- (2) Represents bonus paid for such fiscal year.
- (3) The dollar amounts shown under the heading "All other compensation" represent the incremental cost of all perquisites and other personal benefits to our named executive officers.
- (4) Mr. Ho was appointed as our Chairman in July 2006. Mr. Ho did not receive any salary

or other compensation from us in Fiscal 2007.

- (5) Mr. Ma was appointed as our Chairman and Chief Executive Officer on March 30, 2006 upon the resignation of Geoffrey Jurick. Mr. Ma was replaced as our Chairman upon the appointment of Mr. Ho in July 2006. Mr. Ma did not receive any salary or other compensation from us in Fiscal 2007.
- (6) Mr. Pitts was appointed as our Chief Financial Officer in February 2007.
- (7) Mr. Florian was appointed as our Deputy Chief Financial Officer upon the resignation of Mr. Paglinco from his position as Vice President and Chief Financial Officer in April 2006, and was appointed as our Principal Financial Officer and Principal Accounting Officer in June 2006. Mr. Florian ceased to serve as our Deputy Financial Officer, Principal Financial Officer and Principal Accounting Officer upon the appointment of Mr. Pitts as our Chief Financial Officer in February 2007, at which time Mr. Florian became our Chief

Financial Officer,
Emerson North
American Operations.

- (8) Mr. Paglinco resigned as our Vice President and Chief Financial Officer effective April 14, 2006.
- (9) Mr. Binney was appointed to serve as our Acting Group Controller in February 2007, and as our President-International Operations in July 2006 upon Mr. Jurick's resignation from his position as our President. Mr. Binney did not receive any salary or other compensation from us in Fiscal 2007.
- (10) Mr. Will was appointed to serve as our President-North American Operations in July 2006 upon Mr. Jurick's resignation from his position as our President.

Plan-Based Awards

Option and Stock Award Grants in Fiscal 2007

We did not grant any awards under any plan to any named executive officers during the fiscal year ended March 31, 2007, other than our grant to each of Messrs. Pitts and Will of an option to purchase 25,000 shares of our common stock under our 2004 Non-Employee Outside Director Stock Option Plan in his capacity as a non-employee director and prior to being named an executive officer. See Cash and Other Compensation.

Stock Option Exercises and Stock Vested

The following table provides certain information with respect to option exercises for each of the our named executive officers during the fiscal year ended March 31, 2007. We do not have any outstanding stock appreciation rights.

Table of Contents**Option Exercises and Stock Vested**

Name	Option Awards	
	Number of Shares	Value Realized on Exercise(\$) ⁽¹⁾
Christopher Ho (2)		
Adrian Ma (3)		
Greenfield Pitts (4)		
John Florian (5)		
Guy A Paglinco (6)	30,000	\$ 97,650
Michael A.B. Binney (7)		
Eduard Will (8)		
John J. Raab		

(1) Represents the difference between the market price of the underlying securities at exercise of the option and the exercise price of the option.

(2) Mr. Ho was appointed as our Chairman in July 2006.

(3) Mr. Ma was appointed as our Chairman and Chief Executive Officer on March 30, 2006 upon the resignation of Mr. Jurick. Mr. Ma was replaced as our Chairman upon the appointment of Mr. Ho in July 2006.

- (4) Mr. Pitts was appointed as our Chief Financial Officer in February 2007.
- (5) Mr. Florian was appointed as our Deputy Chief Financial Officer upon the resignation of Mr. Paglinco from his position as Vice President and Chief Financial Officer in April 2006 and as our Principal Financial Officer and Principal Accounting Officer in June 2006. Mr. Florian ceased to serve as our Deputy Financial Officer, Principal Financial Officer and Principal Accounting Officer upon the appointment of Mr. Pitts as our Chief Financial Officer in February 2007, at which time Mr. Florian became our Chief Financial Officer, Emerson North American Operations.

- (6) Mr. Paglinco resigned as our Vice President and Chief Financial Officer effective April 14, 2006.

- (7) Mr. Binney was appointed to serve as our Acting Group Controller in February 2007, and as our President -International Operations in July 2006 upon Mr. Jurick's resignation from his position as our President.

- (8) Mr. Will was appointed to serve as our President-North American Operations in July 2006 upon Mr. Jurick's resignation from his position as our President.

Outstanding Equity Awards at Fiscal Year End

The following table provides certain information concerning outstanding equity awards held by each of our named executive officers at March 31, 2007.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Christopher Ho (1)	0	0		
Adrian Ma (2)	0	0		
Greenfield Pitts (3)	0	25,000	3.19	11/21/16
John Florian (4)	0	0		
Guy A Paglinco (5)	20,000	0	2.62	6/13/07
Michael A.B. Binney (6)	8,333	16,667	3.23	12/9/15
Eduard Will (7)	8,333	16,667	3.07	1/31/16
	0	25,000	3.19	11/21/16
John J. Raab	66,667	33,333	2.96	10/19/14

(1) Mr. Ho was appointed as our Chairman in July 2006.

(2) Mr. Ma was appointed as our Chairman and Chief Executive Officer on March 30, 2006 upon the resignation of Mr. Jurick. Mr. Ma was replaced as our Chairman upon the appointment of Mr. Ho in July 2006.

(3) Mr. Pitts was appointed as our Chief Financial Officer in February 2007.

(4)

Mr. Florian was appointed as our Deputy Chief Financial Officer upon the resignation of Mr. Paglinco from his position as Vice President and Chief Financial Officer in April 2006 and as our Principal Financial Officer and Principal Accounting Officer in June 2006. Mr. Florian ceased to serve as our Deputy Financial Officer, Principal Financial Officer and Principal Accounting Officer upon the appointment of Mr. Pitts as our Chief Financial Officer in February 2007, at which time Mr. Florian became our Chief Financial Officer, Emerson North American Operations.

- (5) Mr. Paglinco resigned as our Vice President and Chief Financial Officer effective

April 14, 2006.

- (6) Mr. Binney was appointed to serve as our Acting Group Controller in February 2007, and as our President -International Operations in July 2006 upon Mr. Jurick's resignation from his position as our President.
- (7) Mr. Will was appointed to serve as our President-North American Operations in July 2006 upon Mr. Jurick's resignation from his position as our President.

Compensation of Directors

During Fiscal 2007, our directors who were not employees (Outside Directors), specifically Messrs. Binney, Pitts and Will (until their employment with us in July 2006, February 2007 and July 2006, respectively) and Messrs. Bünger, Farnum, Driscoll and Wirsching were paid \$45,000, \$42,500, \$18,333, \$45,000, \$50,000, \$53,334 and \$32,083 respectively, for serving on the Board of Directors and on our various committees during the period. Outside Directors are each paid an annual director's fee of \$45,000; members of the Audit Committee are each paid an additional fee of \$5,000 per annum; and the Chairman of the Audit Committee is paid an additional fee of \$5,000 per annum. All directors' fees are paid in four equal quarterly installments per annum. Directors who are our employees were not paid for

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their services as a director while an employee of ours during Fiscal 2007. Additionally, each director, who is not an employee, is eligible to participate in our 2004 Non-Employee Outside Director Stock Option Plan. Directors of Emerson are reimbursed their expenses for attendance at meetings. Further, we offer to provide health care insurance to each of our directors who is not an employee.

In Fiscal 2007, Messrs. Driscoll, Farnum, Pitts, Will and Wirsching were granted stock options, pursuant to the 2004 Non-Employee Outside Director Stock Option Plan, to purchase 50,000, 25,000, 25,000, 25,000 and 25,000 shares of our common stock, respectively, at an exercise price of \$3.19 per share. These options vest in equal installments over three years, commencing one year from the date of grant, and their exercise is contingent upon continued service as a member of our Board of Directors.

In addition, during Fiscal 2007, Messrs. Driscoll, Farnum and Wirsching earned fees of \$42,350, \$16,100 and \$19,600 respectively, for their services as members of a special committee of independent directors formed in November 2006 to evaluate a proposal by The Grande (Nominees) Limited, a subsidiary of Grande Holdings, to sell to us a 51% interest in Capetronic Group, Ltd., a consumer electronics manufacturer. Such fees are included in the Director Compensation table below. The special committee was disbanded in January 2007 after we were advised by The Grande (Nominees) Limited that it determined not to pursue, at such time, its proposal.

The following table provides certain information with respect to the compensation paid to our Outside Directors during the fiscal year ended March 31, 2007.

Directors Compensation

Name	Fees earned or paid in	Option Awards	Total (\$)
	cash (\$)	(\$) ⁽¹⁾	
Michael A.B. Binney	\$45,000	\$12,996	\$57,996
Eduard Will	\$42,500	\$16,944	\$59,444
Greenfield Pitts	\$18,333	\$ 3,430	\$21,763
Peter Bunger	\$45,000	\$15,250	\$60,250
Jerome Farnum	\$66,100	\$ 30,798	\$ 96,898
Mike Driscoll	\$95,684	\$ 5,985	\$101,669
Norbert Wirsching	\$51,683	\$ 3,430	\$ 55,113

(1) Represents the expense to us pursuant to FAS 123(R) for the respective year for stock options granted as long-term incentives pursuant to our 2004 Non-Employee

Outside Director
Stock Option
Plan. See notes
to our financial
statements for
the fiscal years
ended March 31,
2007, 2006 and
2005 for the
assumptions
used for valuing
the expense
under FAS
123(R)

- (2) At March 31,
2007,
Messrs. Binney,
Will, Pitts,
Bünger, Farnum,
Driscoll and
Wirsching had
options to
purchase 25,000,
50,000, 25,000,
25,000, 75,000,
50,000 and
25,000, shares
of our common
stock,
respectively.

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