

EMERSON RADIO CORP
Form 10-Q
August 14, 2017

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

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
(State or other jurisdiction of
incorporation or organization)

22-3285224
(I.R.S. Employer
Identification No.)

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3 University Plaza, Suite 405, Hackensack, NJ 07601
(Address of principal executive offices) (Zip code)

(973) 428-2000

(Registrant's telephone number, including area code)

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 requirements for the past 90 days. Yes
No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of common stock as of August 12, 2017: 26,994,244.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

EMERSON RADIO CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30, 2017 2016 (In thousands, except per share data)	
Net revenues:		
Net product sales	\$2,777	\$5,471
Licensing revenue	224	1,163
Net revenues	3,001	6,634
Costs and expenses:		
Cost of sales	2,771	5,098
Other operating costs and expenses	7	133
Selling, general and administrative expenses	1,282	1,487
	4,060	6,718
Operating (loss)	(1,059)	(84)
Other income:		
Interest income, net	104	51
(Loss) before income taxes	(955)	(33)
(Benefit) provision for income tax expense	(65)	21
Net (loss)	(890)	(54)
Basic net (loss) per share	\$(0.03)	\$(0.00)
Diluted net (loss) per share	\$(0.03)	\$(0.00)
Weighted average shares outstanding		
Basic	27,061	27,130
Diluted	27,061	27,130

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

EMERSON RADIO CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands except share data)

	June 30, 2017	March 31, 2017
	(In thousands, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$49,425	\$27,471
Short term investments	80	25,078
Accounts receivable, net	1,502	1,208
Royalty receivable	161	99
Inventory	4,416	838
Prepaid purchases	145	750
Prepaid expenses and other current assets	581	1,494
Total Current Assets	56,310	56,938
Property, plant, and equipment, net	20	18
Deferred tax assets, net	812	791
Other assets	101	101
Total Non-current Assets	933	910
Total Assets	\$57,243	\$57,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other current liabilities	1,066	756
Income tax payable	166	165
Total Current Liabilities	1,232	921
Total Non-current Liabilities	—	—
Total Liabilities	\$1,232	\$921
Shareholders' Equity:		
Series A Preferred shares — 10,000,000 shares authorized; 3,677 shares issued		
and outstanding; liquidation preference of \$3,677,000	3,310	3,310
Common shares — \$0.01 par value, 75,000,000 shares authorized; 52,965,797		
shares issued at June 30, 2017 and March 31, 2017, respectively; 27,046,719		
and 27,065,852 shares outstanding at June 30, 2017 and March 31, 2017,		
respectively	529	529
Additional paid-in capital	79,792	79,792
Accumulated deficit	(3,304)	(2,414)

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Treasury stock, at cost (25,919,078 and 25,899,945 shares at June 30, 2017

and March 31, 2017, respectively)	(24,316)	(24,290)
Total Shareholders' Equity	56,011	56,927
Total Liabilities and Shareholders' Equity	\$57,243	\$57,848

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

EMERSON RADIO CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended June 30, 2017 2016 (In thousands)	
Cash Flows from Operating Activities:		
Net (loss)	\$ (890)	\$ (54)
Adjustments to reconcile net loss to net cash (used) provided by operating		
activities:		
Depreciation and amortization	2	5
Deferred tax assets		