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(8,748
)

15.1
%
Interest expense

652,743

563,598

89,145

15.8
%
Other

(18
)

(413
)

395

N/A

Income (loss) before income taxes

1,567,105

(4,402,503
)

5,969,608

135.6
%
Provision (benefit) for income taxes

712,281

(1,739,810
)

2,452,091

-140.9
%
Net income (loss)

$
854,824

$
(2,662,693
)
$
3,517,517

132.1
%
Percent of revenues

0.7
%

-2.5
%

19

Total Revenues

Our revenues, by client types, are comprised of the following:

	For the Six Months Ended			
	February 29, 2008	% of Total	February 28, 2007	% of Total
Departments of the United States Government	$ 74,853,433	63.1%	$ 67,513,193	63.6%
State and Local Governments	5,980,610	5.0%	6,768,340	6.4%
Commercial Companies	24,469,810	20.6%	24,064,034	22.7%
Education and other	13,404,835	11.3%	7,747,949	7.3%
Total Revenues	$ 118,708,688	100.0%	$ 106,093,516	100.0%

Total revenues increased $12.62 million, or 11.9%, to $118.71 million for the six months ended February 29, 2008, compared to $106.09 million for the six months ended February 28, 2007. This increase is primarily attributable to an overall increase in our customers' IT spending particularly with Departments of the United States Government and education business

During the six months ended February 29, 2008 and February 28, 2007, U.S. governmental department and agency related revenues represented approximately 63.1% and 63.6% of total revenues, respectively. These clients include the Department of Defense, Department of Justice, Department of Homeland Security, Department of Health and Human Services, Department of Agriculture, Department of Commerce, and the General Service Administration. Revenues from various civilian and military U.S. governmental departments and agencies increased by approximately $7.34 million during the six months ended February 29, 2008 compared with the six months ended February 28, 2007. This is primarily attributable to a large computer hardware sale to the Department of the Air Force of approximately $15.1 million and Federal Bureau of Prisons of approximately $11.0 million during the six months ended February 29, 2008. The same customers Department of the Air Force and Federal Bureau of Prisons accounted for approximately $1.8 million and $140,000, respectively, for the six months ended February 28, 2007.

We expect that federal government business revenues will continue to represent a large portion of our total revenues as we continue to strive to penetrate wider and deeper into various civilian and military agencies. We have broadened the number of multi-year contracts in which we are participating, and in fiscal 2007 we were one of nine awardees of a U.S. Army contract that contemplates the awardees participating in government purchases that may approximate $5.0 billion in the aggregate for all of the awardees over 10 years. Additionally, in fiscal 2007, we were awarded a NASA SEWP IV contract under which we will be able to participate in possible government purchases of IT products and associated services and we continue to bid on new contracts. The federal business typically experiences increased activity during the months of August through November.

The state and local government business remains uncertain due to the tight budgetary pressures within governmental agencies in the State of New Jersey.

Revenues from various commercial customers increased by approximately $405,000 during the six months ended February 29, 2008 compared with the six months ended February 28, 2007. This increase is primarily attributable to an overall increase in our commercial customers' IT spending during this period.

During the six months ended February 29, 2008, revenues from our education business increased to approximately $13.40 million from $7.75 million for the six months ended February 28, 2007. This increase was primarily attributable to various computer roll-out projects we began to implement in May 2007 which were completed during the quarter ended November 30, 2007.

Gross Profit

Aggregate gross profit increased $3.21 million, or 30.8%, to $13.62 million for the six months ended February 29, 2008 as compared to $10.41 million for the six months ended February 28, 2007. This increase is primarily attributable to an increase in revenues as discussed in the Total Revenues section, an increase in our services gross profit attributable to higher utilization of our engineers, various computer roll-out projects in our education business, which we completed during this period and various volume incentive rebates, and other incentives offered by certain manufacturers. We received approximately $600,000 in additional various volume incentive rebates during the six months ended February 29, 2008 compared with the six months ended February 28, 2007. We also receive special pricing rebates from various manufacturers, which are reflected in gross profit but do not directly correlate to overall gross profit. The application of the special pricing rebates to gross profit is also impacted by the price to a customer, the cost to purchase the product and the size of the applicable special pricing rebate.

Measured as a percentage of revenues, our gross profit margin increased to 11.5% of total revenues for the six months ended February 29, 2008 from 9.8% for the six months ended February 28, 2007. This increase is primarily attributable to pricing strategies, volume incentive rebates received, the mix of product and services sold, the mix of client type and higher utilization of our technical engineers during this period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $426,439, or 3.8% to $10.68 million for the six months ended February 29, 2008, compared to $11.10 million for the six months ended February 28, 2007. This decrease in selling, general and administrative expenses for the six months ended February 29, 2008 is primarily attributable to following: merger and acquisition related costs expensed during the six months ended February 29, 2008 which were approximately $101,000 compared with $678,116 incurred during the six months ended February 28, 2007; stock compensation expense related to the issuance of stock options and non-vested stock which was $146,075 for the six months ended February 29, 2008 compared with $190,122 for the six months ended February 28, 2007; severance costs of approximately $210,000 which were incurred during the six months ended February 28, 2007; and office consolidation costs of approximately $125,000 which were incurred during the six months February 28, 2007.

Excluding the above listed decreases, our selling, general and administrative expenses would have increased by approximately $529,000 for the six month ended February 29, 2008 compared with the six months ended February 28, 2007. This increase is mainly due to an increase in sales commission expense by approximately $370,000, which is directly related to the increase in gross profit as discussed in the Gross Profit section. The reminder of the increase is mainly due various marketing initiatives launched during this period.

Management Fee-Related Party

The Management Services Agreement was terminated on February 5, 2007. Under the terms of the agreement, DARR Global Holdings, Inc. ("DARR Global"), a related party, charged the Company a monthly management fee of $29,167.

Rent Expense-Related Party

We occupy approximately 42,000 square feet of office and warehouse space in Springfield, New Jersey. This space is leased from a limited liability company owned by certain directors and officers and related family members of the Company. The lease term is through April 2009 with monthly base rent of $15,000. During the six months ended February 29, 2008 and February 28, 2007, we recorded $90,000 in expense under this lease.

We also occupy approximately 21,000 square feet of office and warehouse space in a 70,000 square foot building in Suwannee, GA. This space is leased from a limited liability company in which certain officers of our company are passive investors, owning approximately a 20% equity interest. The lease term is for 5 years with monthly base rent of $12,500. During the six months ended February 29, 2008 and February 28, 2007, we recorded $88,650 in expense under this lease.

Management believes the leases noted above are being leased at a rate consistent with the market rate.

Depreciation and Amortization

Depreciation and Amortization expense increased by 10.4%, or $57,278, to $608,014 for the six months ended February 29, 2008, compared to $550,736 for the six months ended February 28, 2007. This increase in depreciation expense is mainly due to a change in the estimated life of the computer equipment purchased during the fiscal year ended August 31, 2007.

Intangible assets at February 29, 2008 and August 31, 2007 consisted of the value ascribed to customer relationships of $8,661,712 less accumulated amortization of $1,519,111 and $1,228,936, respectively. The assets ascribed to customer relationships are being amortized on a straight-line basis over 13 to 15 years. Amortization expense was $290,175 for each of the six months ended February 29, 2008 and February 28, 2007.

Operating Income

Operating income increased $6.06 million, to $2.15 million for the six months ended February 29, 2008, compared to operating loss of $3.90 million for the six months ended February 28, 2007. This increase in operating income is primarily attributable to reasons discussed in the sections above including increased revenues; increased gross profit; decreased selling, general and administrative expenses; and the non-recurrence of charges incurred as a result of the amended employment agreements and management agreement entered into during the three months ended February 28, 2007.

Interest expense

Interest expense increased by 15.8%, or $89,145, to $652,743 for the six months ended February 29, 2008, compared to $563,598 for the six months ended February 28, 2007. This is mainly due to a higher average balance on our line of credit as a result of increased business activity during six months ended February 29, 2008 as compared to the six months ended February 28, 2007.

Provision for Income Taxes

We recorded an income tax expense of $712,281 during the six months ended February 29, 2008 as compared to income tax benefit of $1.74 million for the six months ended February 28, 2007. The effective tax rate was 46% for the six months ended February 29, 2008 versus an effective tax benefit rate of 40% for the six months ended February 28, 2007. The higher current tax rate was primarily the result of FIN 48 interest expense recorded in the current period classified as income taxes, a tax benefit shortfall from stock compensation grants in the current period that increased income tax expense and the effect of permanent differences between our financial statements and income tax returns.

Recently Issued Accounting Standards

Fair Value Measurements

In September 2006, the Financial Accounting Standard Board ("FASB') issued Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. The standard is effective for the Company as of the beginning of its first fiscal year beginning after November 15, 2007, or September 1, 2008. On November 14, 2007, the FASB voted for a proposed deferral of a portion of SFAS No. 157. The Company does not expect adoption of SFAS No. 157 to have a material impact on its financial statements.

Fair Value Option for Financial Assets and Liabilities

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 provides all entities with an option to report selected financial assets and liabilities at fair value. The objective of SFAS No. 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in earnings caused by measuring related assets and liabilities differently without having to apply the complex provisions of hedge accounting. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 does not eliminate disclosure requirements included in other accounting standards. The standard is effective for the Company as of the beginning of its first fiscal year beginning after November 15, 2007, or September 1, 2008. The Company is currently reviewing the impact of SFAS No. 159 on our financial statements.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued Statement of Financial Accounting Standard No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB 51, ("SFAS 160")." This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest (minority interest) in a subsidiary and for the deconsolidation of a subsidiary. Upon its adoption, effective as of the beginning of the Company's fiscal 2010, noncontrolling interests will be classified as equity in the Company's financial statements and income and comprehensive income attributed to the noncontrolling interest will be included in the Company's income and comprehensive income. The provisions of this standard must be applied retrospectively upon adoption. The Company does not expect that the adoption of this pronouncement will have any effect on its financial statements since all of its current subsidiaries are wholly owned.

Business Combinations

In December 2007, the FASB issued Statement of Financial Accounting Standard No. 141 (revised 2007), "*Business Combinations*" ("SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interest in the acquire. The provisions of SFAS 141(R) are effective for our business combinations occurring on or after June 1, 2009.

Liquidity and Capital Resources

Cash at February 29, 2008 of $863,830 represented a decrease of $1.39 million from $2.25 million at August 31, 2007. We are a net borrower; consequently, we believe our cash balance must be viewed along with the available balance on our line of credit. Borrowings under our line of credit at February 29, 2008 decreased to approximately $1.00 million from $5.85 million at August 31, 2007. As of February 29, 2008, our net working capital (defined as the excess of our current assets over our current liabilities) was approximately $1.52 million higher than it was at August 31, 2007. The increase in working capital is primarily attributable to our positive operating income for the six months ended February 29, 2008.

In December 2006, the Company and its subsidiaries, Emtec NJ, Emtec LLC, and Emtec Federal (the Company, Emtec NJ, Emtec LLC and Emtec Federal, collectively, the "Borrower"), entered into a Loan and Security Agreement with De Lage Landen Financial Services, Inc. (the "Lender") pursuant to which the Lender have been providing the Borrower a revolving credit loan and floor plan loan (the "Credit Facility"). The Credit Facility provides for aggregate borrowings of the lesser of $32.0 million or 85% of Borrower's eligible accounts receivable, plus 100% of unsold inventory financed by the Lender, minus a $5.0 million reserve. The floor plan loan portion of the Credit Facility is for the purchase of inventory from approved vendors and for other business purposes. The Credit Facility subjects the Borrower to mandatory repayments upon the occurrence of certain events as set forth in the Credit Facility.

Borrowings under the Credit Facility bear interest at an annual rate equal to the rate of interest published in the "Money Rates" section of the Wall Street Journal minus 0.5% (6.75% as of February 29, 2008) for revolving credit loans. Floor plan loans will not bear interest until the Borrower is in default unless a floor plan loan is unsubsidized; then such floor plan loan will accrue interest once made at the rate agreed to by the parties. Interest on outstanding floor plan loans accrues per annum at the rate of 2.5% in excess of the interest rate published in the "Money Rates" section of the Wall Street Journal (9.75% as of February 29, 2008).

To secure the payment of the obligations under the Credit Facility, the Borrower granted to the Lender a security interest in all of Borrower's interests in certain of its assets, including inventory, equipment, fixtures, accounts, chattel paper, instruments, deposit accounts, documents, general intangibles, letters of credit rights, and all judgments, claims and insurance policies.

In addition, the Lender and Avnet, Inc., one of our trade creditors, entered into an intercreditor agreement in which the Lender agreed to give Avnet a first lien position on all future unbilled service maintenance billings and which provides that, as regards to Avnet, all debt obligations to the Lender are accorded priority.

On November 15, 2007, the Lender increased the Credit Facility from $32.0 million to $44.0 million. This temporary increase was available to us through January 2008.

As of February 29, 2008, we had an outstanding balance of $1.00 million under the revolving portion of the Credit Facility and $11.88 million of outstanding (included in the Company's accounts payable) balances plus $524,400 in open approvals under the floor plan portion of the Credit Facility with Lender. As of February 29, 2008, we had net availability of $2.56 million under the revolving portion of the Credit Facility and net availability of $16.04 million under the floor plan portion of the Credit Facility.

As of February 29, 2008, the Company determined that it was in compliance with its financial covenants with the Lender.

As of February 29, 2008, we had open term credit facilities with our primary trade vendors, including aggregators and manufacturers, of approximately $27.2 million with outstanding principal of approximately $9.30 million. Under these lines, we are typically obligated to pay each invoice within 30-45 days from the date of such invoice. These credit lines could be reduced or eliminated without notice and this action could have a material adverse affect on our business, result of operations, and financial condition.

Capital expenditures of $57,373 during the six months ended February 29, 2008 related primarily to the purchase of computer equipment for internal use. We anticipate our capital expenditures for our fiscal year ending August 31, 2008 will be approximately $600,000, of which approximately $350,000 will be for the upgrade of our organizational computer system and the remaining $250,000 will primarily be for the purchase of computer equipment for internal use and leasehold improvement.

On March 20, 2008, EGS, a wholly-owned subsidiary of the Company, Luceo and Mr. Natarajan entered into a Stock Purchase Agreement, pursuant to which EGS agreed to acquire all of the outstanding stock of Luceo from Mr. Natarajan for approximately $3.7 million plus the assumption of certain liabilities. The purchase price consists of (i) cash at closing in an aggregate amount equal to $1,795,000; (ii) a subordinated promissory note in a principal amount of $820,000 which is payable in two equal installments of $410,000 each on the 12 month and 18 month anniversaries of the closing and (iii) contingent payments of additional cash consideration each year for the next three years on the anniversary of the closing if certain performance goals are met. The purchase price may be reduced pursuant to a post-closing working capital adjustment. The acquisition was funded through borrowings under the Credit Facility with the Lender.

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We anticipate that our primary sources of liquidity in fiscal year 2008 will be cash generated from operations, trade vendor credit and cash available to us under our Credit Facility. Our future financial performance will depend on our ability to continue to reduce and manage operating expenses as well as our ability to grow revenues. Any loss of clients, whether due to price competition or technological advances, will have an adverse affect on our revenues. Our future financial performance could be negatively affected by unforeseen factors and unplanned expenses. See “Forward Looking Statements” and “Business - Risk Factors” discussed in our Annual Report on Form 10-K for the year ended August 31, 2007.

We have no arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of or requirements for capital resources.

We believe that funds generated from operations, trade vendor credit and bank borrowings should be sufficient to meet our current operating cash requirements through the next twelve months. However, there can be no assurance that all of the aforementioned sources of cash can be realized.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles that are generally accepted in the United States. The methods, estimates, and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our financial statements. The SEC has defined critical accounting policies as policies that involve critical accounting estimates that require (i) management to make assumptions that are highly uncertain at the time the estimate is made, and (ii) different estimates that could have been reasonably used for the current period, or changes in the estimates that are reasonably likely to occur from period to period, which would have a material impact on the presentation of our financial condition, changes in financial condition or in result of operations. Based on this definition, our most critical policies include: revenue recognition, allowance for doubtful accounts, inventory valuation reserve, the assessment of recoverability of long-lived assets, the assessment of recoverability of goodwill and intangible assets, rebates, and income taxes.

Revenue Recognition

We recognize revenue from the sales of products when risk of loss and title passes which is upon client acceptance.

Revenue from the sale of warranties and support service contracts is recognized on a straight-line basis over the term of the contract, in accordance with Financial Accounting Standards Board Technical Bulleting No. 90-1, *Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts* (“FTB 90-1”).

We may also enter into sales arrangements with clients that contain multiple elements. We recognize revenue from sale arrangements that contain both products and manufacturer warranties in accordance with Emerging Issues Task Force (EITF) Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables,” based on the relative fair value of the individual components. The relative fair value of individual components is based on historical sales of the components sold separately.

Product revenue represents sales of computer hardware and pre-packaged software. These arrangements often include software installations, configurations, and imaging, along with delivery and set-up of hardware. We follow the criteria contained in EITF 00-21 and Staff Accounting Bulletin 104 (“SAB 104”) in recognizing revenue associated with these transactions. We perform software installations, configurations and imaging services at our locations prior to the delivery of the product. Some client arrangements include “set-up” services performed at client locations where our personnel perform the routine tasks of removing the equipment from boxes, and setting up the equipment at client workstations by plugging in all necessary connections. This service is usually performed the same day as delivery. Revenue is recognized on the date of acceptance, except as follows:

§ In some instances, the “set-up” service is performed after date of delivery. We recognize revenue for the “hardware” component at date of delivery when the amount of revenue allocable to this component is not contingent upon the completion of “set-up” services and, therefore, our client has agreed that the transaction is complete as to the “hardware” component. In instances where our client does not accept delivery until “set-up” services are completed, we defer all revenue in the transaction until client acceptance occurs.

§ There are occasions when a client requests a transaction on a “bill & hold” basis. We follow the SAB 104 criteria and recognize revenue from these sales prior to date of physical delivery only when all the criteria of SAB 104 are met. We do not modify our normal billing and credit terms for these customers. The customer is invoiced at the date of revenue recognition when all of the criteria have been met.

We have experienced minimal customer returns. Since all eligible products must be returned to us within 30 days from the date of the invoice, we reduce the product revenue and cost of goods in each accounting period based on the actual returns that occurred in the next 30 days after the close of the accounting period.

Service and consulting revenue include time billings based upon billable hours charged to clients, fixed price short-term projects, hardware maintenance contracts, and manufacturer support service contracts. These contracts generally are task specific and do not involve multiple deliverables. Revenues from time billings are recognized as services are delivered. Revenues from short-term fixed price projects are recognized using the proportionate performance method by determining the level of service performed based upon the amount of labor cost incurred on the project versus the total labor costs to perform the project because this is the most readily reliable measure of output. Revenues from hardware maintenance contracts are recognized ratably over the contract period.

Revenues from manufacturer support service contracts where the manufacturer is responsible for fulfilling the service requirements of the client are recognized immediately on their contract sale date. Manufacturer support service contracts contain cancellation privileges that allow our clients to terminate a contract with 90 days written notice. In this event, the client is entitled to a pro-rated refund based on the remaining term of the contract, and we would owe the manufacturer a pro-rated refund of the cost of the contract. However, we have experienced no client cancellations of any significance during our most recent 3-year history and do not expect cancellations of any significance in the future.

Trade Receivables

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our clients to make required payments. We base our estimates on the aging of our accounts receivable balances and our historical write-off experience, net of recoveries. If the financial condition of our clients were to deteriorate, additional allowances may be required. We believe the accounting estimate related to the allowance for doubtful accounts is a “critical accounting estimate” because changes in it can significantly affect net income.

Inventories

Inventory is stated at the lower of average cost or market. Inventory is entirely finished goods purchased for resale and consists of computer hardware, computer software, computer peripherals and related supplies. We provide an inventory reserve for products we determine are obsolete or where salability has deteriorated based on management’s review of products and sales.

Goodwill and Intangible Assets

We have adopted Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangible Assets” (“SFAS 142”). As a result, amortization of goodwill was discontinued. Goodwill is the excess of the purchase price over the fair value of the net assets acquired in a business combination accounted for under the purchase method. We test goodwill and indefinite-lived assets for impairment at least annually (on June 1) in accordance with SFAS 142.

Intangible assets at February 29, 2008 and August 31, 2007 consisted of the value ascribed to customer relationships. The assets ascribed to customer relationships are being amortized on a straight-line basis over 13 to 15 years. Intangible assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable in accordance with Statement of Financial Accounting Standards No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets.” Recoverability of long-lived assets is assessed by a comparison of the carrying amount to the estimated undiscounted future net cash flows expected to result from the use of the assets and their eventual disposition. If estimated undiscounted future net cash flows are less than the carrying amount, the asset is considered impaired and a loss would be recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Rebates

Rebates are recorded in the accompanying consolidated statements of income as a reduction of the cost of revenues in accordance with Emerging Issues Task Force Abstract No. 02-16, *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor* (EITF 02-16).

Income Taxes

Income taxes are accounted for under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In estimating future tax consequences, we generally consider all expected future events other than the enactment of changes in tax laws or rates. A valuation allowance is recognized if, on weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Item 3. Quantitative and Qualitative Information About Market Risk

We do not engage in trading market risk sensitive instruments and do not purchase hedging instruments or "other than trading" instruments that are likely to expose us to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. We have issued no debt instruments, entered into no forward or future contracts, purchased no options and entered into no swaps. Our primary market risk exposures are those of interest rate fluctuations. A change in interest rates would affect the rate at which we could borrow funds under our revolving credit facility. Our balance on the line of credit at February 29, 2008 was approximately $1.0 million. Assuming no material increase or decrease in such balance, a one percent change in the interest rate would change our interest expense by approximately $10,000 annually.

Item 4T. Controls and Procedures

(a) Our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of February 29, 2008. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures including the accumulation and communication of disclosures to the Company's Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decision regarding required disclosure, were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions, regardless of how remote.

(b) There has not been any change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act that occurred during the quarter ended February 29, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 4. Submission of Matters to a vote by Securities Holders

The Annual Meeting of Shareholders of the Company (the "Meeting") was held on January 29, 2008. There were present at the Meeting in person or by proxy shareholders holding an aggregate of 13,317,085 shares of Common Stock of a total number of 14,839,260 shares of Common Stock outstanding and entitled to vote at the Meeting.

1. Election of Directors.

The following director was elected as a Class B director.

NOMINEE	FOR	AGAINST	ABSTENSIONS
Keith Grabel	13,298,604	-	18,481

2. The stockholders ratified the appointment of McGladrey & Pullen, LLP as the Company's independent registered public accounting firm for the fiscal year ending August 31, 2008 by the vote set forth below:

FOR	AGAINST	ABSTENSIONS
13,289,749	6,850	20,486

Item 6. Exhibits

Exhibit 31.1 - Rule 13a-14(a)/15d-14(a) Certification of Dinesh R. Desai, Principal Executive Officer, of Emtec, Inc. dated April 14, 2008.

Exhibit 31.2 - Rule 13a-14(a)/15d-14(a) Certification of Stephen C. Donnelly, Principal Financial Officer, of Emtec, Inc. dated April 14, 2008.

Exhibit 32.1 - Section 1350 Certificate of Dinesh R. Desai, Principal Executive Officer, of Emtec, Inc. dated April 14, 2008.

Exhibit 32.2 - Section 1350 Certificate of Stephen C. Donnelly, Principal Financial Officer, of Emtec, Inc. dated April 14, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

EMTEC, INC.

By: /s/ DINESH R. DESAI
Dinesh R. Desai
Chairman and Chief
Executive Officer
(Principal Executive Officer)

By: /s/ STEPHEN C. DONNELLY
Stephen C. Donnelly
Chief Financial Officer
(Principal Financial Officer)

Date: April 14, 2008

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