



## Edgar Filing: Emrise CORP - Form NT 10-Q

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

### PART III - NARRATIVE

State below in reasonable detail the reasons why the Form 10-K, 11-K, 10-Q, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

THE REGISTRANT WAS UNABLE TO FILE THE FORM 10-Q IN A TIMELY MANNER WITHOUT UNREASONABLE EFFORT OR EXPENSE BECAUSE THE REGISTRANT HAS CONCLUDED THAT THE FINANCIAL STATEMENTS INCLUDED IN ITS REPORTS COVERING THE YEARS ENDED DECEMBER 31, 2005 AND 2004 AND INTERIM PERIODS DURING 2005 AND 2004 SHOULD NO LONGER BE RELIED UPON. THE REGISTRANT ANTICIPATES DELAYING THE FILING OF ITS QUARTERLY REPORT FOR JUNE 30, 2006 UNTIL THE REGISTRANT FILES RESTATED FINANCIAL STATEMENTS.

THE AUDIT COMMITTEE'S INVESTIGATION IS BEING CONDUCTED IN RESPONSE TO AN INQUIRY BY THE STAFF OF THE COMMISSION'S DIVISION OF ENFORCEMENT. BASED UPON INFORMATION GATHERED TO DATE IN THE AUDIT COMMITTEE'S INVESTIGATION, IT APPEARS THAT DURING THE QUARTER ENDED DECEMBER 31, 2004, THE COMPANY PREMATURELY RECOGNIZED APPROXIMATELY \$224,000 OF NET SALES OF COMMUNICATIONS TEST EQUIPMENT UNITS THAT WERE NOT ACTUALLY DELIVERED TO THE CUSTOMER DURING THAT QUARTER AND THUS DID NOT MEET ALL APPLICABLE REVENUE RECOGNITION CRITERIA UNTIL AFTER THAT QUARTER. THESE \$224,000 OF NET SALES WERE INCLUDED IN THE COMPANY'S \$9,768,000 AND \$29,861,000 OF TOTAL NET SALES PREVIOUSLY REPORTED FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2004, RESPECTIVELY, AND IT APPEARS, REPRESENTED APPROXIMATELY \$153,000 OF THE COMPANY'S \$883,000 AND \$1,480,000 OF NET INCOME PREVIOUSLY REPORTED FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2004, RESPECTIVELY.

TO THE EXTENT IT IS FINALLY DETERMINED THAT ALL APPLICABLE REVENUE RECOGNITION CRITERIA WERE MET FOR THESE UNITS DURING THE QUARTER ENDED MARCH 31, 2005, THESE \$224,000 OF NET SALES WOULD BE ADDED TO THE \$7,299,000 AND \$41,046,000 OF TOTAL NET SALES PREVIOUSLY REPORTED FOR THE QUARTER ENDED MARCH 31, 2005 AND YEAR ENDED DECEMBER 31, 2005, RESPECTIVELY, AND WOULD DECREASE THE COMPANY'S \$350,000 NET LOSS PREVIOUSLY REPORTED FOR THE QUARTER ENDED MARCH 31, 2005 AND INCREASE THE COMPANY'S \$1,288,000 NET INCOME PREVIOUSLY REPORTED FOR THE YEAR ENDED DECEMBER 31, 2005 BY APPROXIMATELY \$153,000.

THE COMPANY INTENDS TO PREPARE AMENDMENTS TO ITS PERIODIC REPORTS TO REFLECT THE CHANGE IN THE TIMING OF RECOGNITION OF THE SALES.

### PART IV - OTHER INFORMATION

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

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RANDOLPH D. FOOTE (909) 987-9220
(Name) (Area Code) (Telephone Number)

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

FOR THE REASONS DESCRIBED ABOVE, THE REGISTRANT ALSO HAS BEEN UNABLE TO FILE ITS FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2006.

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof? [X]Yes [ ]No

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

THE REGISTRANT IS UNABLE TO REASONABLY ESTIMATE THE CHANGES IN ITS RESULTS OF OPERATIONS FROM THE CORRESPONDING PERIOD FOR THE LAST FISCAL YEAR DUE TO THE PENDING RESTATEMENT OF THE REGISTRANT'S PREVIOUS FINANCIAL STATEMENTS AS DISCUSSED IN PART III ABOVE.

EMRISE CORPORATION
(Name of Registrant as Specified in Charter)

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

Date: August 15, 2006 By: /s/ RANDOLPH D. FOOTE
Randolph D. Foote,
Chief Financial Officer

INSTRUCTION: The form may be signed by an executive officer of the registrant or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the registrant by an authorized representative (other than an executive officer), evidence of the representative's authority to sign on behalf of the registrant shall be filed with the form.