

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

THOMAS INDUSTRIES INC
Form 10-K/A
April 19, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

(MARK ONE)

☒ |X|

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

COMMISSION FILE NUMBER 1-5426

THOMAS INDUSTRIES INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State of incorporation)

61-0505332
(I.R.S. Employer Identification Number)

4360 BROWNSBORO ROAD, LOUISVILLE, KENTUCKY
(Address of principal executive offices)

40207
(Zip Code)

502/893-4600
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE
SECURITIES EXCHANGE ACT OF 1934:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, \$1 Par Value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 ☒ |X| 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. ☐ |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) Yes ☒ |X| No ☐ |_|

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

The aggregate market value of the voting stock held by non-affiliates of the Registrant at June 30, 2004, was approximately \$502,350,000. The aggregate market value was computed by using the closing price of the common stock as of that date on the New York Stock Exchange. (For purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

As of March 10, 2005, 17,852,925 shares of the registrant's Common Stock were outstanding (net of treasury shares and including directors' and executive officers' shares).

Explanatory Note: This Amendment No. 1 has been filed to provide the information required by Part III.

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

a. Directors of the Company

The following table sets forth certain information with respect to our directors:

NAME, AGE AND YEAR
FIRST ELECTED DIRECTOR

PRINCIPAL OCCUPATION AND OTHER INFORMATION

H. Joseph Ferguson
Age 71 1989

Founded Ferguson, Wellman Capital Management in 1975 (registered investment advisor). Retired as a director of Ferguson Wellman on December 31, 1997. Ferguson Wellman until 1993.

Wallace H. Dunbar
Age 73 1991

Chairman of the Board of Americo Group (vinyl and fabric laminates) for 15 years. Mr. Dunbar previously served as a director of the Corporation from 1985 to 1991.

William M. Jordan
Age 61 1995

Retired President and Chief Operating Officer of Flowserve Corporation (pumps and related products). President and Chief Operating Officer of Flowserve Corporation from August 1997 to November 1998, and prior thereto Chairman, President and Chief Operating Officer of The Duriron Corporation, Inc.

Timothy C. Brown
Age 54 1989

President and Chief Executive Officer of the Corporation since April 1995. Member of the Board since April 1995.

Franklin J. Lunding, Jr.
Age 66 1972

Attorney in private practice for more than five years. Chairman of the Board and Chief Executive Officer of BioCatalyst Resources, Inc., an equal opportunity subsidiary, Prozyme Products, Ltd. (manufacturer and distributor of dietary supplements).

Anthony A. Massaro
Age 61 1997

Retired President, Chief Executive Officer and Chairman of the Board of PNC Financial Services Group, Inc. (manufacturer of arc welding products). Director of PNC Financial Services Group, Inc. and PNC Financial Services Group.

George H. Walls, Jr.
Age 62 2003

Retired in January 2005 as Chief Deputy for the North Carolina Auditor, a position held since 2000. Special Assistant to the Auditor.

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

Secretary to the Board of Trustees of North Carolina Central University. Prior to that Mr. Walls served as an officer of the U.S. Marine Corps, attaining the rank of brigadier general. Director of Lincoln Electric Company.

b. Executive Officers of the Registrant

Reference is made to "Executive Officers of the Registrant" in Part 1, ITEM 1.f.

c. Audit Committee Financial Expert

The Company had determined that Wallace H. Dunbar, Chairman of the Audit Committee of the Board of Directors, qualifies as an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K, and that Mr. Dunbar is "independent" as the term is used in Item 7 (d) (3) (iv) of Schedule 14A under the Securities Exchange Act. The members of the Audit Committee are Messrs. Dunbar, Jordan, Lunding, Massaro and Walls. All Audit Committee members have been determined to be independent under the rules of the SEC and the New York Stock Exchange.

d. Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that certain of the Corporation's officers and directors, and persons who own more than ten percent of the Corporation's outstanding stock, file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. During 2004, to the knowledge of the Corporation, all Section 16(a) filing requirements applicable to its officers, directors, and greater than ten percent beneficial owners were complied with, except for Mr. Peter H. Bissinger, Mr. James J. Kregel, Mr. Phillip J. Stuecker, and Mr. Roger P. Whitton, officers of the Corporation who were each late in filing one Form 4 reporting the December 6, 2004 grant of stock options.

e. Code of Business Conduct

The Company has adopted a Corporate Compliance and Code of Ethics Policy applicable to all employees. This code is applicable to Senior Financial Executives including the principal executive officer, principal financial officer and principal accounting officer of the Company. The Company's Corporate Compliance and Code of Ethics Policy is available on the Company's web site at www.thomasind.com under "Corporate Governance." The Company intends to post on its web site any amendments to, or waivers from its Corporate Governance Guidelines and its Corporate Compliance and Code of Ethics Policy applicable to Senior Financial Executives. The Company will provide shareholders with a copy of its Corporate Compliance and Code of Ethics Policy, without charge, upon written request directed to the Company's Secretary at the Company's address.

f. NYSE Disclosures

The Company submitted to the New York Stock Exchange the previous year's unqualified certification of the Company's chief executive officer as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

The Company filed with the Securities & Exchange Commission the CEO/CFO certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 to its prior and most recent Form 10-Ks.

ITEM 11. EXECUTIVE COMPENSATION

The following table presents summary information concerning compensation awarded, or paid to, or earned by, the Chief Executive Officer and each of the

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

other executive officers at December 31, 2004, during each of the last three fiscal years for services rendered to the Corporation and its subsidiaries.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COM
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	AWARDS
			(1)	(2)	SECURITIES UNDERLYING OPTIONS (#)
Timothy C. Brown					
President, Chief Executive	2004	\$475,000	\$480,000	--	--
Officer and Chairman of the	2003	460,000	143,974	--	21,70
Board	2002	425,000	255,000	--	35,00
Dieter W. Rietschle (7) (8)	2004	\$424,122	\$86,798	--	--
General Manager, TIWR Holding	2003	383,628	78,850	--	--
GmbH & Co. KG	2002	117,783	24,538	--	--
Peter H. Bissinger (7)	2004	\$314,269	\$371,636	--	3,50
Vice President, General	2003	285,491	337,604	--	3,76
Manager, European Group	2002	193,124	325,630	--	4,20
Phillip J. Stuecker					
Vice President of Finance,	2004	\$235,000	\$193,852	--	7,50
Chief Financial Officer,	2003	228,000	45,571	--	8,09
and Secretary	2002	220,000	92,400	--	11,43
James J. Kregel (9)					
Vice President, General	2004	\$190,000	\$100,000	--	5,10
Manager, North American	2003	165,000	37,836	--	2,06
Group	2002	130,695	38,369	--	4,82

(1) Represents bonuses paid under the Key Employee Bonus Plan.

(2) The named executive officers received certain perquisites in 2002, 2003, and 2004, the amount exceed the lesser of \$50,000, or 10 percent of any such officer's salary and bonus.

(3) No restricted stock was granted to any of the named executive officers in 2002, 2003, or 2004. restricted stock were held by any of the named executive officers as of the end of 2004.

(4) Represents stock options awarded in 2004 and 2002, and cash only stock appreciation rights awarded under the Corporation's incentive stock plans.

(5) Represents December 31 market value of shares earned and certified by the Compensation Committee under the Incentive Plan awards for the previous three-year period.

(6) All Other Compensation represents amounts contributed or accrued for Messrs. Brown, Stuecker and Kregel under the Corporation's Retirement Savings and Investment Plan and Supplemental Profit Sharing Plan of \$46, \$14,660, respectively, a 401(k) matching contribution of \$6,150 for Messrs. Brown, Stuecker and Kregel and a contribution of \$59,063 for Mr. Brown and \$2,420 for Mr. Stuecker under the Corporation's Supplemental Retirement Plan. Other compensation for Mr. Bissinger represents an amount accrued for Mr. Bissinger under a defined contribution plan.

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

(7) Salary, bonus, and all other compensation are converted using the average exchange rate of 1. for 2003, and .9438 for 2002 for euros and the average exchange rate of 1.6398 for 2003 and 1.503 pounds.

(8) Mr. Rietschle was appointed as a general manager of TIWR Holding GmbH & Co. KG effective August 1, 2004.

(9) Mr. Kregel was appointed Vice President, General Manager, North American Group effective April 1, 2004.

The following tables present certain additional information concerning stock options granted to the named executive officers during 2004 and the value of options held by such officers at fiscal year end.

STOCK OPTIONS GRANTED IN LAST FISCAL YEAR

NAME	INDIVIDUAL GRANTS				EXPIRATION DATE
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#) (1)	% OF TOTAL OPTIONS		EXERCISE OR BASE PRICE (\$/SH) (2)	
		GRANTED TO EMPLOYEES IN FISCAL YEAR			
-----	-----	-----	-----	-----	-----
Timothy C. Brown.....	--	--	--	--	--
Dieter W. Rietschle....	--	--	--	--	--
Peter H. Bissinger.....	3,500	2.4%	\$38.99/sh		12/6/14
Phillip J. Stuecker....	7,500	5.2	\$38.99/sh		12/6/14
James J. Kregel.....	5,100	3.5	\$38.99/sh		12/6/14

(1) All options were granted on December 6, 2004, one-fourth of each option becoming exercisable December 6, 2006. All options permit the optionee to pay for exercise with common stock owned at use share withholding to pay taxes.

(2) The exercise price for all options granted is equal to the closing market price of the Corporation's common stock on December 6, 2004.

(3) The amounts shown under these columns are the result of calculations at 5 percent and 10 percent of the ten-year term of the options as required by the Securities and Exchange Commission and are not the future appreciation of the stock price of the Corporation's common stock. The actual value, if any, may realize will depend on the excess of the stock price over the exercise price on the date the options are exercised.

The following table sets forth information with respect to the named executive officers concerning exercise of options during the last fiscal year and unexercised options held as of the end of this fiscal year:

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

AND FISCAL YEAR-END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)(1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AND SAR'S AT FY-END (#)	
			EXERCISABLE	UNEXERCISABLE
-----	---	-----	-----	-----
Timothy C. Brown.....	45,000	\$1,101,732	305,375	77,325
Dieter W. Rietschle.....	--	--	--	--
Peter H. Bissinger.....	7,500	222,025	37,350	14,015
Phillip J. Stuecker.....	15,000	367,233	83,957	32,368
James J. Kregel.....	--	--	20,306	13,009

(1) Represents the difference between the closing price of the Corporation's common stock on the the exercise price of the option.

(2) Based on the market value of the Corporation's common stock on December 31, 2004.

The following table presents information concerning performance share awards granted to the named executive officers during 2004 under the Corporation's 1995 Amended and Restated Incentive Stock Plan.

LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

NAME	NUMBER OF PERFORMANCE SHARES (#)	PERFOR PERIOD MATU
-----	-----	-----
Timothy C. Brown.....	10,000	12
Dieter W. Rietschle.....	-	
Peter H. Bissinger.....	400	12
Phillip J. Stuecker.....	2,500	12
James J. Kregel.....	2,000	12

Up to 150 percent of the target shares may be earned, depending on the total shareholder return of the Corporation during the three-year period commencing January 1, 2005, and ending December 31, 2007, as compared with the total shareholder return for the Standard & Poor's Small Cap 600 Index. During the performance period, dividend equivalents will be credited based on actual shares earned. The performance share awards provide for pro rata vesting in the event of death, disability, or retirement, and adjust for stock dividends or

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

splits. In the event of a change in control, the performance goals established thereunder shall be deemed satisfied and 100 percent of the target shares will be delivered. In the event of a merger, consolidation, or combination of the Corporation with or into another corporation, the target shares shall be converted into the acquisition consideration. Recipients of the performance share awards may elect to defer receipt of any shares earned during the performance period in accordance with the terms of the performance share awards.

OTHER COMPENSATION ARRANGEMENTS

The Corporation entered into agreements ("Change of Control Agreements") with Messrs. Brown and Stuecker effective October 1, 1988. The Change of Control Agreements provide for continued employment of the respective officer by the Corporation for a period of two years following a "change of control" (as defined) on an equivalent basis to employment immediately before the change of control. If the employee is terminated other than for "cause" (as defined) or if the employee terminates his employment for "good reason" (as defined) after a change of control of the Corporation, each agreement provides for (a) payment of the employee's "highest base salary" (as defined) and prorated annual bonus through the date of termination, (b) payment of the present value of the employee's highest base salary (plus an annual bonus) for a period of three years, (c) payment of any compensation previously deferred, (d) payment of the present value of three annual payments, each equal to the "average annual contribution" (as defined) by the Corporation for the benefit of the employee to all the Corporation's retirement plans, and (e) the continuation of benefits to the employee and/or the employee's family provided in connection with the Corporation's medical and life insurance policies for a period of three years. If it is determined that any payment made pursuant to these agreements would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the respective employee would be entitled to receive additional payments so that the employee would be in the same after-tax position as if no excise tax were imposed. The Change of Control Agreements also provide that an employee will be reimbursed for any legal expenses incurred in litigating his rights under the agreement. Subject to earlier termination as a result of death, disability, retirement, or termination of employment (unrelated to a change of control), these agreements have three-year terms, automatically extending for an additional one-year term from October 1 of each year unless the Corporation terminates the extension upon sixty days' prior notice.

In conjunction with the Change of Control Agreements, the Corporation entered into an agreement with National City Trust Corporation establishing a trust to provide in whole, or in part, for the payment of the benefits payable under the Change of Control Agreements. The Corporation, at the direction of the board of directors, may contribute to the trust such sums of money or other property as it from time to time deems appropriate to meet its obligations under the Change of Control Agreements.

In addition, options for a total of 308,460 shares and SAR's for a total of 97,730 shares of common stock granted under the Corporation's incentive stock plans and presently outstanding as of March 10, 2005 (but not currently exercisable) will become immediately exercisable in the event of a change of control of the Corporation.

The board of directors adopted a Severance Pay Policy, effective October 1, 1988, for all full-time North American officers of the Corporation. If an officer is involuntarily terminated by the Corporation (other than for misconduct), upon the execution by such officer of a waiver and release of all claims against the Corporation, he or she will receive severance pay equal to one-half month's compensation (at the pay rate in effect at the date of the termination) for each year of continuous full-time employment with the

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

Corporation. Severance pay under the Policy is subject to a minimum payment equal to one month's compensation and a maximum payment equal to one year's compensation and will be payable in installments. Any installments outstanding at the time the subject individual begins new employment or self-employment will be waived automatically under the terms of the Policy. In addition, an officer shall be entitled to a "non-compete lump sum" equal to the severance pay described above if the terminated officer executes a one year Non-Compete Agreement. This non-compete lump sum is payable one year after the date of involuntary termination provided the terminated officer remains in compliance with the Non-Compete Agreement.

An officer who, within the scope of this Severance Pay Policy, voluntarily terminates employment with the Corporation shall be entitled to a maximum of one month's severance pay. If the Corporation, a division, or subsidiary of the Corporation is sold by the Corporation, no officer shall be deemed terminated because of such sale and there shall be no entitlement to severance pay pursuant to this Severance Pay Policy.

Effective in 1997, the Corporation entered into an employment agreement with Mr. Brown by which he will be employed as President and Chief Executive Officer of the Corporation. The term of the Agreement will be extended automatically at the end of each day for an additional day so that the remaining term of the Agreement will be three years, provided that such automatic extension may be terminated by the board of directors. This agreement provides for a minimum base salary of \$390,000 for the years 2000 and thereafter. It also makes Mr. Brown eligible for (i) annual target bonuses of not less than sixty percent of his salary, (provided, however, that Mr. Brown has agreed to an annual target bonus for 2003 of approximately 57% of his salary and an annual target bonus for 2004 and 2005 of approximately 58% of his salary) and (ii) participation in the Corporation's 1995 Incentive Stock Plan and awards of stock options and performance shares as determined from time to time by the Compensation Committee. The agreement may be terminated by the Corporation at any time for cause as defined in the Change of Control Agreements referred to above. If Mr. Brown's employment is terminated by the Corporation without cause, the Corporation will be obligated to (i) pay Mr. Brown his base salary for a 36-month period from the date of termination, (ii) provide Mr. Brown with health

and life insurance coverage to which he would otherwise have been entitled, and (iii) pay Mr. Brown a lump sum distribution equal to the present value of three annual contributions to the Corporation's retirement plan. In the event of a change of control, the provisions of the Change of Control Agreements referred to above supersede the provisions of the employment agreement.

Effective August 30, 2002, the Corporation entered into an agreement with Mr. Rietschle whereby he was appointed General Manager of TIWR Holding GmbH & Co. KG. The agreement expired on December 31, 2004, but will be automatically extended for one year periods unless notice of termination is provided six months prior to the expiration date. Mr. Rietschle will be entitled to an annual salary of 232,000 euro (\$316,054 based on actual year-end exchange rate), as well as an annual bonus of up to thirty percent (30%) of his salary. Effective January 1, 2004, Mr. Rietschle's Agreement was amended to include additional salary of 108,087 euro (\$147,247 based on actual year end exchange rate) to be paid by TIWR Holding GmbH & Co. KG for services as Managing Director of various subsidiaries of TIWR Holding GmbH & Co. KG. In 2002 and 2003, Mr. Rietschle received additional remuneration directly from various subsidiaries of TIWR Holding GmbH & Co. KG for which he provided services, all of which is included in the summary compensation table.

Effective January 1, 2003, the Corporation entered into an agreement with Mr. Bissinger whereby he was appointed Managing Director of TIWR Holding GmbH &

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

Co. KG. The contract may be terminated no earlier than December 31, 2005, and a notice period of 6 months from the end of the calendar year must be provided. Mr. Bissinger will be entitled to an annual base salary of 252,000 Euro (\$343,300 based on actual year-end exchange rate), as well as a guaranteed bonus of 298,000 Euro (\$405,965 based on actual year-end exchange rate), payable by February 1 of the following year. Mr. Bissinger will also be eligible for participation in the Corporation's 1995 Amended and Restated Incentive Stock Plan and awards of stock options and performance shares as determined from time to time by the Compensation Committee.

DIRECTOR COMPENSATION

Directors who are committee chairmen (except for directors who are employees of the Corporation) currently receive a fee of \$28,000 per year, and all other directors (except for directors who are employees of the Corporation) receive a fee of \$24,000 per year. In addition, all directors (except for directors who are employees of the Corporation) receive \$1,000 for attendance at each board of directors meeting, committee meeting, special management meeting, if any, and annual meeting of shareholders, plus expenses for attendance. In addition, pursuant to the Corporation's Amended and Restated 1995 Incentive Stock Plan, each non-employee director receives, on the date of each annual meeting, 3,000 nonqualified stock options or 3,000 Cash-Only Stock Appreciation Rights. The Amended and Restated 1995 Incentive Stock Plan permits directors to elect to receive their annual retainer and meeting fees in shares of common stock.

Any director elected prior to 1995 terminating his membership on the board of directors after at least one year of service thereon is eligible to receive an annual retainer fee for three years following termination of board membership. Any new director elected to the board after 1994 is entitled to receive a benefit equal to one year's retainer fee for each three years served on the board of directors, up to a maximum of a three-year benefit. This fee is equal to the fee such director received as an active member of the board prior to termination.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2004, no executive officer of the Corporation served on the board of directors or compensation committee of any other corporation with respect to which any member of the Compensation Committee was engaged as an executive officer. No member of the Compensation Committee was an officer or employee of the Corporation during 2004, and no member of the Compensation Committee was formerly an officer of the Corporation.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITIES BENEFICIALLY OWNED BY PRINCIPAL SHAREHOLDERS AND MANAGEMENT

Set forth in the following table are the beneficial holdings (and the percentages of outstanding shares represented by such beneficial holdings) as of March 10, 2005, except as otherwise noted, of (i) each person (including any "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) known by the Corporation to own beneficially more than 5 percent of its outstanding common stock, (ii) directors and nominees, (iii) the executive officers named in the Summary Compensation Table who are not directors, and (iv) all executive officers, directors, and nominees as a group.

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

Under Rule 13d-3 of the Exchange Act, persons who have the power to vote or dispose of common stock of the Corporation, either alone or jointly with others, are deemed to be beneficial owners of such common stock. Because the voting or dispositive power of certain stock listed in the following table is shared, the same securities in such cases are listed opposite more than one name in the table. The total number of shares of common stock of the Corporation listed in the table, after elimination of such duplication, is 7,944,331, (44.50 percent of the outstanding common stock).

NAME -----	NUMBER OF SHARES AND NATURE OF BENEFICIAL OWNERSHIP -----
(i) Gabelli Group..... One Corporate Center Rye, NY 10580	3,471,454 (1)
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	1,640,500 (2)
Werner Rietschle Holding GmbH..... Grienmatt 79650, Schopfheim, Germany	1,800,000 (3)
(ii) Timothy C. Brown.....	453,322 (4) (6)
Wallace H. Dunbar.....	257,605 (7)
H. Joseph Ferguson.....	34,880 (5) (8)
William M. Jordan.....	42,092 (5) (8)
Franklin J. Lunding, Jr.....	25,014 (5) (8)
Anthony A. Massaro.....	38,076 (5) (8)
George H. Walls, Jr.....	--
(iii) Dieter W. Rietschle.....	1,800,000 (3) (9)
Peter H. Bissinger.....	56,842 (6)
Phillip J. Stuecker.....	142,807 (6)
James J. Kregel.....	25,029 (6)
(iv) All Executive Officers, Directors, and Nominees as a Group (11 people).....	2,832,377 (5) (6) (10)

* Less than 1.0%	

(1) Based on an amendment to Schedule 13D filed by certain reporting persons (the "Gabelli Group" and Exchange Commission dated November 12, 2004. One of the members of the Gabelli Group, GAMCO I beneficially owns 2,876,454 shares, representing 16.11% of the outstanding common stock. GAMCO I

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

voting power with respect to 2,782,654 of such shares. The other reporting persons included in the Funds, LLC, MJG Associates, Inc., Gabelli Securities, Inc., Gabelli Group Capital Partners, Inc., Management Inc., and Mario J. Gabelli.

(2) Based on an amendment to Schedule 13G filed by T. Rowe Price Associates, Inc. ("Price Associates") with the Securities and Exchange Commission dated February 14, 2002, Price Associates, Inc., with the Securities and Exchange Commission dated February 14, 2002, Price Associates, Inc., beneficially owns and has sole voting power with respect to 1,000,000 shares, or 5.60% of the outstanding common stock. Price Associates has sole voting power with respect to 597,000 shares, or 3.30% of the outstanding common stock. Price Associates has sole dispositive power with respect to 640,500 shares. The 13G indicates that with respect to the shares owned by Price Associates, such shares are owned by various individual and institutional investors which Price Associates acts as an investment advisor with power to direct investments.

(3) Based on a Form 3 filed by Werner Rietschle Holding GmbH with the Securities and Exchange Commission dated February 29, 2002. Werner Rietschle Holding GmbH is the legal entity from which the Corporation purchased the assets of the Rietschle business in August 2002.

(4) Excludes 372 shares owned separately by Mr. Brown's spouse. Mr. Brown disclaims that he is the beneficial owner of any shares of which except for Rule 13d-3 he would not be deemed the beneficial owner.

(5) Includes shares that may be acquired pursuant to stock options exercisable within sixty days of the date of the filing of this report: Mr. Massaro, 18,000 shares; Mr. Jordan, 12,000 shares; Mr. Ferguson, 9,000 shares; and Mr. Lunding, 6,000 shares.

(6) Includes shares that may be acquired pursuant to stock options exercisable within sixty days of the date of the filing of this report: Mr. Bissinger, 37,350 shares; Mr. Stuecker, 83,957 shares; Mr. Kregel, 20,306 shares; and the other executive officers as a group, 446,988 shares.

(7) Includes 3,048 shares owned by the Dunbar Foundation, for which Mr. Dunbar serves as President. Mr. Dunbar disclaims any beneficial ownership of such shares.

(8) Includes 14,430 shares held by the Thomas Industries Master Trust, as amended, of which Messrs. Lunding, and Massaro comprise the Compensation Committee. The Compensation Committee has the power of disposition of such shares, except for certain restrictions placed upon the Compensation Committee in the event of a tender offer for the shares of the Corporation. Messrs. Ferguson, Jordan, Lunding, and Massaro disclaim any beneficial ownership of such shares.

(9) Mr. Rietschle has 49% ownership and 51% voting control of Werner Rietschle Holding GmbH.

(10) The total number of shares of common stock of the Corporation reported for executive officers and nominees as a group is shown after eliminating duplication within the table.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RELATED PARTY TRANSACTIONS

The Company had an accounts receivable of approximately \$500,000 as of December 31, 2004 and \$900,000 as of December 31, 2003, from Werner Rietschle Holding GmbH, a shareholder and the entity which sold the Company assets in the Rietschle transaction. This amount primarily related to taxes paid by the Company on behalf of Werner Rietschle Holding GmbH. Dieter Rietschle, who is the Company's general manager of its TIWR Holding GmbH & Co. KG subsidiary and a former director, has a 49% ownership and 51% voting control of Werner Rietschle Holding GmbH. The \$500,000 amount as of December 31, 2004 was subsequently collected in 2005.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

INDEPENDENT AUDITORS

The firm of Ernst & Young LLP (Ernst & Young) was selected by the Audit Committee as independent auditors for fiscal year ending December 31, 2004.

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

The Audit Committee will appoint the independent auditors for the 2005 fiscal year at a future Audit Committee meeting.

Set forth below is a summary of certain fees paid to Ernst & Young for services for the years ended December 31, 2004 and December 31, 2003.

	2004	2003
	----	----
Audit Fees.....	\$ 2,052,500	\$798,900
Audit-Related Fees.....	29,500	92,200
Tax Fees.....	911,400	617,000
All Other Fees.....	24,800	20,000
	-----	-----
Total.....	\$ 3,018,200	\$1,528,100
	=====	=====

Below is a description of the nature of services comprising the fees disclosed for each category above.

AUDIT FEES

The Corporation estimates that the aggregate fees billed by its independent auditors for professional services rendered in connection with (i) the audit of the Corporation's annual financial statements set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2004, and the audit on internal controls, and (ii) the review of the Corporation's quarterly financial statements set forth in the Corporation's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004, and September 30, 2004, were \$2,052,500. The Corporation paid Ernst & Young \$798,900 for professional services rendered in connection with (i) the audit of the Corporation's annual financial statements set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2003, and (ii) the review of the Corporation's quarterly financial statements set forth in the Corporation's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003, and September 30, 2003.

AUDIT-RELATED FEES

The Corporation paid Ernst & Young \$29,500 in 2004 for various audit related fees and \$92,200 in 2003 for audit-related fees primarily resulting from the Rietschle acquisition.

TAX FEES

Fees of \$911,400 in 2004 and \$617,000 in 2003 were paid to Ernst & Young by the Corporation for income tax compliance and consulting services.

ALL OTHER FEES

The Corporation incurred fees for all other services rendered by Ernst & Young totaling \$24,800 for 2004 and \$20,000 for 2003 for certain services provided to our European operations.

The Audit Committee has advised the Corporation it has determined that the non-audit services rendered by the Corporation's independent auditors during the years ending December 31, 2004 and December 31, 2003 are compatible with maintaining the independence of such auditors.

PRE-APPROVAL OF SERVICES BY THE EXTERNAL AUDITOR

Edgar Filing: THOMAS INDUSTRIES INC - Form 10-K/A

The Audit Committee has adopted a policy for pre-approval of audit and permitted non-audit services by the Corporation's external auditor. The Audit Committee will consider annually and, if appropriate, approve the provision of audit services by its external auditor and consider and, if appropriate, pre-approve the provision of certain defined audit and non-audit services. The Audit Committee will also consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved. The Audit Committee pre-approved all audit and permitted non-audit services by the Corporation's external auditors in 2004.

Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the Audit Committee for consideration at its next regular meeting or, if earlier consideration is required, to the Audit Committee or one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at its next regular meeting. The Audit Committee will regularly review summary reports detailing all services being provided to the Corporation by its external auditor.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(b) Exhibits

EXHIBIT NO. -----	EXHIBIT -----
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

S I G N A T U R E S

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to its Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

THOMAS INDUSTRIES INC.

Date: April 18, 2005

By /s/ Phillip J. Stuecker

Phillip J. Stuecker
Vice President and Chief Financial Officer

Folio -->

Table of Contents**NOTE 8 BORROWINGS****Short-term Borrowings**

At June 30, 2011, the Company had no short-term borrowings. At March 31, 2011, the Company had \$2.5 million of short-term borrowings outstanding under a credit line maintained with Smith Barney, collateralized by the Company's auction rate security holdings, which were sold in full for cash in May 2011. Upon the sale of this last remaining auction rate security in May 2011, the Company paid in full the \$2.5 million balance of its short-term borrowings using the sale proceeds (see Note 10 Marketable Securities).

Letters of Credit Beginning November 2010, the Company began utilizing Hang Seng Bank to issue letters of credit on behalf of the Company, as needed, on a 100% cash collateralized basis. At June 30, 2011, the Company had outstanding letters of credit totaling \$2,049,000. A like amount of cash, which was posted by the Company as collateral against these outstanding letters of credit, at June 30, 2011, has been classified by the Company as Restricted Cash on the balance sheet.

Long-term Borrowings

At June 30, 2011 and March 31, 2011, borrowings under long-term facilities consisted of the following (in thousands):

	June 30, 2011 (Unaudited)	March 31, 2011
Capitalized lease obligations and other	173	196
Less current maturities	(46)	(46)
Long term debt and notes payable	\$ 127	\$ 150

NOTE 9 LEGAL PROCEEDINGS

Settlement of *In re: Emerson Radio Shareholder Derivative Litigation*. In April 2011, the Company paid the plaintiff's attorney the amount due of \$0.9 million in accordance with the award granted in March 2011 by the Delaware Court of Chancery. This fee award was recorded in the Company's results of operation in the fourth fiscal quarter of 2011.

Kayne Litigation. On July 7, 2011, the Company was served with an amended complaint (the Complaint) filed in the United States District Court for the Central District of California alleging, among other things, that the Company, certain of its present and former directors and other entities or individuals now or previously associated with Grande, intentionally interfered with the ability of the plaintiffs to collect on a judgment (now approximately \$47 million) they had against Grande by engaging in transactions (such as the dividend paid to all shareholders in March 2010) which transferred assets out of the United States. The Complaint also asserts claims under the civil RICO statute and for Alter Ego liability. By Order dated August 1, 2011, the Honorable John A. Kronstadt extended the Company's time to answer or otherwise respond to the Complaint until September 9, 2011. In the Company's opinion, based on an initial review, the claims appear to be devoid of merit. Emerson intends to defend the action vigorously.

Except for the litigation matters described above, the Company is not currently a party to any legal proceedings other than litigation matters, in most cases involving ordinary and routine claims incidental to our business. Management cannot estimate with certainty the Company's ultimate legal and financial liability with respect to such pending litigation matters. However, management believes, based on our examination of such matters, that the Company's ultimate liability will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Table of Contents**NOTE 10 MARKETABLE SECURITIES:**

As of June 30, 2011 and March 31, 2011, the Company had zero and \$5.0 million (with a net book value of zero and \$4.7 million, respectively) face value in trading securities, which consisted entirely of student loan auction rate securities (SLARS). These securities had long-term nominal maturities for which interest rates were historically reset through a Dutch auction process at pre-determined calendar intervals; a process which, prior to February 2008, had historically provided a liquid market for these securities. As a result of the liquidity issues experienced in the global credit and capital markets, these SLARS had multiple failed auctions, although the Company was successful in May 2011 in selling its final SLARS for \$4.7 million, upon which the Company recorded a realized gain of \$828,000.

ASC Topic 820 Fair Value Measurements and Disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

Under ASC Topic 820, financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 inputs are unobservable inputs that reflect our own assumptions about the assumptions that market participants would use in pricing the asset or liability. The Company would develop these inputs based on the best information available, including its own data.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's securities available for sale that are required to be measured at fair value as of June 30, 2011:

Fair Value Measurement at Reporting Date Using:**Significant Unobservable Inputs (Level 3)****June 30, 2011**

Investments in marketable securities (classified as trading securities)

Investments in marketable securities

The following table summarizes the changes in fair value for our Level 3 assets:

	Fair Value Measurement of Asset using Level 3 inputs Trading Securities non-current
Balance at March 31, 2011	4,725
Total gains (losses) (realized or unrealized):	
Realized included in earnings for the three months ended June 30, 2011	828
Unrealized reclassification adjustment for realized gain included in earnings	(828)
Redemptions of principal	(4,725)
Balance at June 30, 2011	

NOTE 11 SUBSEQUENT EVENT:

On August 5, 2011, Mr. Adrian Ma resigned from his position as Chief Executive Officer of Emerson Radio Corp. (the Company) effective August 8, 2011, as well as all other positions held with the Company and any of its subsidiaries, effective the same date. Mr. Ma also resigned from the Company s Board of Directors effective August 8, 2011. Following his resignation, Mr. Ma will continue to serve Emerson Radio in a consulting capacity.

Table of Contents

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion of the Company's operations and financial condition should be read in conjunction with the Financial Statements and notes thereto included elsewhere in this Quarterly Report.

In the following discussions, most percentages and dollar amounts have been rounded to aid presentation. Accordingly, all amounts are approximations.

Forward-Looking Information

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements include statements with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond the Company's control, and which may cause the Company's actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. The reader can identify these forward-looking statements through the Company's use of words such as may, will, can, anticipate, assume, should, indicate, would, believe, contemplate, expect, seek, estimate, c, predict, could, intend, target, potential, and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- the impact, if any, on the Company's business, financial condition and results of operation arising from the appointment of the Provisional Liquidators over Grande;
- the decline in, and any further deterioration of, consumer spending for retail products, such as the Company's products;
- the Company's inability to resist price increases from its suppliers or pass through such increases to its customers;
- the loss of any of the Company's key customers or reduction in the purchase of the Company's products by any such customers;
- conflicts of interest that exist based on the Company's relationship with Grande;
- the Company's inability to improve and maintain effective internal controls or the failure by its personnel to comply with such internal controls;
- the Company's inability to maintain its relationships with its licensees and distributors or the failure to obtain new licensees or distribution relationships on favorable terms;
- cash generated by operating activities represents the Company's principal source of funding and therefore the Company depends on its ability to successfully manage its operating cash flows to fund its operations;
- the Company's inability to anticipate market trends, enhance existing products or achieve market acceptance of new products;
- the Company's dependence on a limited number of suppliers for its components and raw materials;

Table of Contents

the Company's dependence on third party manufacturers to manufacture and deliver its products;
changes in consumer spending and economic conditions;
the failure of third party sales representatives to adequately promote, market and sell the Company's products;
the Company's inability to protect its intellectual property;
the effects of competition;
changes in foreign laws and regulations and changes in the political and economic conditions in the foreign countries in which the Company operates;
changes in accounting policies, rules and practices;
the effects of the continuing appreciation of the renminbi and increases in costs of production in China;
the other factors listed under "Risk Factors" in the Company's Form 10-K, as amended, for the fiscal year ended March 31, 2011 and other filings with the Securities and Exchange Commission (the "SEC").

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. The reader is cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report or the date of the document incorporated by reference into this report. The Company has no obligation, and expressly disclaims any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. Management has expressed its expectations, beliefs and projections in good faith and it believes it has a reasonable basis for them. However, management cannot assure the reader that its expectations, beliefs or projections will be achieved or accomplished.

Table of Contents**Results of Operations**

The following table summarizes certain financial information for the three month periods ended June 30, 2011 (fiscal 2012) and June 30, 2010 (fiscal 2011) (in thousands):

	Three months ended June 30	
	2011	2010
Net revenues	\$ 51,524	\$ 67,155
Cost of sales	45,595	57,523
Other operating costs and expenses	387	299
Selling, general and administrative expenses	1,689	1,929
Operating income	3,853	7,404
Interest income, net	31	10
Realized gain on sale of marketable security	828	
Income before income taxes	4,712	7,414
Provision for income taxes	1,375	1,535
Net income	\$ 3,337	\$ 5,879

Net Revenues Net revenues for the first quarter of fiscal 2012 were \$51.5 million as compared to \$67.2 million for the first quarter of fiscal 2011, a decrease of \$15.7 million or 23.3%. Net revenues may be periodically impacted by adjustments made to the Company's sales allowance and marketing support accrual to record unanticipated customer deductions from accounts receivable or to reduce the accrual by any amounts which were accrued in the past but not taken by customers through deductions from accounts receivable within a certain time period. In the aggregate, these adjustments had the effect of increasing net revenues and operating income by approximately \$253,000 and \$131,000 for the first quarters of fiscal 2012 and fiscal 2011, respectively.

Net revenues are primarily comprised of Emerson(R) houseware product sales, branded product sales and licensing revenues. Emerson(R) branded product sales arise from the sale of products, other than houseware products, bearing the Emerson(R) brand name, and licensing revenues are derived from licensing the Emerson®, HH Scott® and Olevia® brand names to licensees for a fee. The major elements which contributed to the overall decrease in net revenues were as follows:

- i) Houseware products net sales decreased \$14.4 million, or 23.4%, to \$47.3 million in the first quarter of fiscal 2012 as compared to \$61.7 million in the first quarter of fiscal 2011, principally driven by decreases in microwave ovens, toaster ovens and wine coolers, partially offset by increases in compact refrigerators;
- ii) Emerson(R) branded products net sales were \$2.8 million in the first quarter of fiscal 2012 as compared to \$3.9 million in the third quarter of fiscal 2011, a decrease of \$1.1 million, or 27.5%, resulting from decreased audio sales volumes;
- iii) Licensing revenues in the first quarter of fiscal 2012 were \$1.4 million compared to \$1.5 million in the first quarter of fiscal 2011, a decrease of \$100,000 or 8.1%.

Cost of Sales In absolute terms, cost of sales decreased \$11.9 million, or 20.7%, to \$45.6 million in the first quarter of fiscal 2012 as compared to \$57.5 million in the first quarter of fiscal 2011. Cost of sales, as a percentage of net revenues, was 88.5% and 85.7% in the first quarters of fiscal 2012 and fiscal 2011, respectively. Cost of sales as a percentage of net sales revenues less licensing revenues was 91.0% and 87.7% in the first quarters of fiscal 2012 and fiscal 2011, respectively. The increase in cost of sales as a percentage of net sales revenues less licensing revenues for the first quarter of fiscal 2012 as compared to the first quarter of fiscal 2011 was related to higher landed product costs as a percentage of selling price, partially offset by year-over-year reductions in inventory valuation reserves.

Other Operating Costs and Expenses As a percentage of net revenues, other operating costs and expenses were 0.8% in the first quarter of fiscal 2012 and 0.4% in the first quarter of fiscal 2011. In absolute terms, other operating costs and expenses increased \$88,000, or 29.4%, to \$387,000 for the first quarter of fiscal 2012 as compared to \$299,000 in the first quarter of fiscal 2011 as a result of higher warranty and returns processing costs.

Selling, General and Administrative Expenses (S,G&A) S,G&A, as a percentage of net revenues, was 3.3% in the first quarter of fiscal 2012 as compared to 2.9% in the first quarter of fiscal 2011. S,G&A, in absolute terms, decreased \$0.2 million, or 12.4%, to \$1.7 million for the first quarter of fiscal 2012 as compared to \$1.9 million for the first quarter of fiscal 2011. The decrease in S,G&A in absolute terms between the first quarter of fiscal 2012 and first quarter of fiscal 2011 was primarily due to lower compensation, information technology, depreciation and amortization, and advertising expenses, partly offset by lower year-over-year bad debt reserve recoveries.

Table of Contents

Interest Income, net Interest income, net, was \$31,000 in the first quarter of fiscal 2012 as compared to \$10,000 in the first quarter of fiscal 2011.

Realized Gain on Sale of Marketable Security Realized gain on sale of marketable security was \$828,000 for the first quarter of fiscal 2012 and nil for the first quarter of fiscal 2011. The realized gain resulted from the sale in May 2011 of the Company's last remaining auction rate security. See Note 10 Marketable Securities .

Provision for Income Taxes was \$1.4 million in the first quarter of fiscal 2012 as compared to \$1.5 million in the first quarter of fiscal 2011.

Net income As a result of the foregoing factors, the Company realized net income of \$3.3 million in the first quarter of fiscal 2012 as compared to \$5.9 million in the first quarter of fiscal 2011.

Liquidity and Capital Resources

General

As of June 30, 2011, the Company had cash and cash equivalents of approximately \$21.5 million, as compared to approximately \$7.3 million at June 30, 2010. Working capital increased to \$54.2 million at June 30, 2011 as compared to \$31.2 million at June 30, 2010. The increase in cash and cash equivalents of approximately \$14.2 million was primarily due to the net income generated by the Company during the twelve months ended June 30, 2011.

Cash flow used by operating activities was \$19.0 million for the three months ended June 30, 2011, resulting primarily from increases in accounts receivable and inventory, partially offset by increased accounts payable and the net income generated during the period.

Net cash provided by investing activities was \$3.3 million for the three months ended June 30, 2011 on the sale by the Company of its last remaining auction rate security (see Note 10 Marketable Securities), partially offset by an increase in restricted cash.

Net cash used by financing activities was \$2.5 million for the three months ended June 30, 2011, resulting from the \$2.5 million payoff of the Company's short-term loan upon the sale by the Company its last remaining auction rate security (see Note 10 Marketable Securities).

Other Events and Circumstances Pertaining to Liquidity

On May 31, 2011, upon application of a major creditor, the High Court of Hong Kong appointed Provisional Liquidators over Grande, which is the Company's majority stockholder. Following the appointment of the Provisional Liquidators over Grande, certain major factory suppliers, including Midea, which is the Company's largest factory supplier, have significantly reduced the maximum amount of open credit lines available to the Company. At the factories' request, the Company made accelerated payments in June and July of 2011 to reduce the balances owing from the Company on its open trade payable accounts with the respective factory suppliers to comply with such new credit terms. The Company relies on its cash on hand and cash generated by ongoing operations to manage its business.

Credit Arrangements

Letters of Credit Beginning November 2010, the Company began utilizing Hang Seng Bank to issue letters of credit on behalf of the Company, as needed, on a 100% cash collateralized basis. At June 30, 2011, the Company had outstanding letters of credit totaling \$2,049,000. A like amount of cash, which was posted by the Company as collateral against these outstanding letters of credit, at June 30, 2011, has been classified by the Company as Restricted Cash on the balance sheet.

Short-term Liquidity

In the first quarter of fiscal 2012, products representing approximately 55% of net sales were imported directly to the Company's customers. The direct importation of product by the Company to its customers significantly benefits the Company's liquidity because this inventory does not need to be financed by the Company.

Table of Contents

The Company's principal existing sources of cash are generated from operations. The Company believes that its existing cash balance and sources of cash will be sufficient to support existing operations over the next 12 months.

Recently Issued Accounting Pronouncements

There were no pronouncements made by the Financial Accounting Standards Board that relate to the Company or the industry in which the Company operates during the three months ended June 30, 2011.

Inflation, Foreign Currency, and Interest Rates

The Company's exposure to currency fluctuations has been minimized by the use of U.S. dollar denominated purchase orders. The Company purchases virtually all of its products from manufacturers located in China.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

(a) Disclosure controls and procedures.

The Company maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in its Exchange Act reports are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons; by collusion of two or more people, or by management override of the control. Our controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

The Company's management concluded that disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of June 30, 2011, are effective to reasonably ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Kayne Litigation. On July 7, 2011, the Company was served with an amended complaint (the "Complaint") filed in the United States District Court for the Central District of California alleging, among other things, that the Company, certain of its present and former directors and other entities or individuals now or previously associated with Grande, intentionally interfered with the ability of the plaintiffs to collect on a judgment (now approximately \$47 million) they had against Grande by engaging in transactions (such as the dividend paid to all shareholders in March 2010) which transferred assets out of the United States. The Complaint also asserts claims under the civil RICO statute and for Alter Ego liability. By Order dated August 1, 2011, the Honorable John A. Kronstadt extended the Company's time to answer or otherwise respond to the Complaint until September 9, 2011. In the Company's opinion, based on an initial review, the claims appear to be devoid of merit. Emerson intends to defend the action vigorously.

Table of Contents

Except for the items included above, there were no material changes to the legal proceedings previously disclosed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on July 14, 2011.

Item 1A. Risk Factors

There were no material changes in any risk factors previously disclosed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on July 14, 2011.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

ITEM 3. Defaults Upon Senior Securities.

(a) None

(b) None

ITEM 4. Removed and Reserved.

ITEM 5. Other Information.

None

ITEM 6. Exhibits.

- | | |
|--------|---|
| 31.1 | Certification of the Company's Deputy Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2 | Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32 | Certification of the Company's Deputy Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
| 101.1+ | XBRL Instance Document. *** |
| 101.2+ | XBRL Taxonomy Extension Schema Document. *** |
| 101.3+ | XBRL Taxonomy Extension Calculation Linkbase Document. *** |
| 101.4+ | XBRL Taxonomy Extension Definition Linkbase Document. *** |
| 101.5+ | XBRL Taxonomy Extension Label Linkbase Document. *** |
| 101.6+ | XBRL Taxonomy Extension Presentation Linkbase Document. *** |

* filed herewith

** furnished herewith

*** The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

Table of Contents

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.

EMERSON RADIO CORP.

(Registrant)

Date: August 15, 2011

/s/ Duncan Hon
Duncan Hon
Deputy Chief Executive Officer
(Principal Executive Officer)

Date: August 15, 2011

/s/ Andrew L. Davis
Andrew L. Davis
Chief Financial Officer
(Principal Financial and Accounting Officer)