UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

Commission file number 1-2257

TRANS-LUX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

13-1394750

(State or other jurisdiction of

(I.R.S. Employer

incorporation or organization)

Identification No.)

26 Pearl Street, Norwalk, CT

06850-1647

(Address of principal executive offices) (Zip Code)

_______________(203) 853-4321_______________

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X_ No___

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to file and post such files). Yes __X__ No___

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

Large accelerated filer ___ Accelerated filer ___ Non-accelerated filer ___ Smaller reporting company_X

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Date	Class	Shares Outstanding
11/17/2011	Common Stock - $1.00 Par Value	4,686,923

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Part I - Financial Information

TRANS-LUX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except share data	September 30 2011 (unaudited)	December 31 2010 (see Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 780	$ 398
Receivables, less allowance of $1,396 - 2011 and $1,326 - 2010	3,454	2,970
Unbilled receivables	26	11
Inventories	3,681	4,852
Prepaids and other	718	532
Total current assets	8,659	8,763
Rental equipment	50,525	50,229
Less accumulated depreciation	33,372	30,173
	17,153	20,056
Property, plant and equipment	6,888	6,840
Less accumulated depreciation	4,786	4,571
	2,102	2,269
Asset held for sale	696	920
Goodwill	744	810
Other assets	380	624
TOTAL ASSETS	$ 29,734	$ 33,442
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,930	$ 2,459
Accrued liabilities	9,621	7,555
Current portion of long-term debt	16,588	16,378
Total current liabilities	28,139	26,392
Long-term debt:		
Notes payable	2,251	2,335
Deferred pension liability and other	4,924	4,685
Total liabilities	35,314	33,412
Stockholders' equity (deficit):		
Common - $1 par value - 5,500,000 shares authorized, 2,826,424 shares issued in 2011 and 2010	2,827	2,827
Additional paid-in-capital	14,297	14,279
Accumulated deficit	(17,476)	(12,025)
Accumulated other comprehensive loss	(2,165)	(1,988)

Treasury stock - at cost - 383,596 common shares in 2011 and 2010		(3,063)		(3,063)
Total stockholders' equity (deficit)		(5,580)		30
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	29,734	$	33,442

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

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TRANS-LUX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
In thousands, except per share data	2011	2010	2011	2010
Revenues:				
Equipment rentals and maintenance	$ 1,908	$ 2,205	$ 5,903	$ 6,654
Equipment sales	5,185	4,822	11,152	11,902
Real estate rentals	24	52	69	182
Total revenues	7,117	7,079	17,124	18,738
Cost of revenues:				
Cost of equipment rentals and maintenance	1,727	1,958	4,976	5,778
Cost of equipment sales	4,911	3,853	9,874	9,564
Cost of real estate rentals	16	16	49	40
Total cost of revenues	6,654	5,827	14,899	15,382
Gross profit from operations	463	1,252	2,225	3,356
General and administrative expenses	(1,950)	(2,025)	(6,205)	(6,301)
Restructuring costs	(16)	(63)	(86)	(1,105)
Operating loss	(1,503)	(836)	(4,066)	(4,050)
Interest expense, net	(416)	(380)	(1,140)	(1,163)
Loss from continuing operations before income taxes	(1,919)	(1,216)	(5,206)	(5,213)
Income tax expense	(7)	(14)	(21)	(42)
Loss from continuing operations	(1,926)	(1,230)	(5,227)	(5,255)
Loss from discontinued operations	(224)	-	(224)	-
Net loss	$ (2,150)	$ (1,230)	$ (5,451)	$ (5,255)
Loss per share continuing operations - basic and diluted	$ (0.79)	$ (0.50)	$ (2.14)	$ (2.16)
Loss per share discontinued operations - basic and diluted	(0.09)	-	(0.09)	-
Total loss per share - basic and diluted	$ (0.88)	$ (0.50)	$ (2.23)	$ (2.16)
Weighted average common shares outstanding - basic and diluted	2,443	2,443	2,443	2,434

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

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TRANS-LUX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

In thousands	Nine Months Ended September 30 2011	2010
Cash flows from operating activities		
Net loss	$ (5,451)	$ (5,255)
Loss from discontinued operations	224	-
Loss from continuing operations	(5,227)	(5,255)
Adjustment to reconcile net loss from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	3,492	4,009
Amortization of restricted Common Stock	18	-
Non-cash restructuring charges	-	799
Write-off of engineering software, net	-	456
Changes in operating assets and liabilities:		
Receivables	(499)	(1,271)
Inventories	1,171	70
Prepaids and other assets	46	70
Accounts payable and accrued liabilities	1,330	2,253
Deferred pension liability and other	239	294
Net cash provided by operating activities of continuing operations	570	1,425
Cash flows from investing activities		
Equipment manufactured for rental	(296)	(1,192)
Purchases of property, plant and equipment	(48)	(57)
Net cash used in investing activities of continuing operations	(344)	(1,249)
Cash flows from financing activities		
Payments of long-term debt	(644)	(1,169)
Proceeds from long-term debt	800	880
Net cash provided by (used in) financing activities of continuing operations	156	(289)
Cash flows from discontinued operations		
Cash provided by operating activities of discontinued operations	-	35
Net cash provided by discontinued operations	-	35
Net increase (decrease) in cash and cash equivalents	382	(78)
Cash and cash equivalents at beginning of year	398	541
Cash and cash equivalents at end of period	$ 780	$ 463

Supplemental disclosure of cash flow information:				
Interest paid	$	358	$	363
Income taxes paid		-		-

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

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TRANS-LUX CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(unaudited)

Note 1 Basis of Presentation

Financial information included herein is unaudited, however, such information reflects all adjustments (of a normal and recurring nature), which are, in the opinion of management, necessary for the fair presentation of the condensed consolidated financial statements for the interim periods. The results for the interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission and therefore do not include all information and footnote disclosures required under accounting principles generally accepted in the United States of America. It is suggested that the September 30, 2011 condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. The Condensed Consolidated Balance Sheet at December 31, 2010 is derived from the December 31, 2010 audited financial statements.

There have been no material changes in our significant accounting policies during the nine months ended September 30, 2011 as compared to the significant accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2010. The Company has evaluated subsequent events through the filing date of this Form 10-Q and has disclosed subsequent events in these financial statements.

Recent Accounting Pronouncements: In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-28, Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts (ASU 2010-28). ASU 2010-28 provides amendments to Topic 350 to modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts to clarify that, for those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. For public entities, the amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU 2010-28 did not have a material impact on the Company s consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, Intangibles - Goodwill and Other (Topic 350): Testing Goodwill Impairment (ASU 2011-08). ASU 2011-08 is intended to simplify goodwill impairment testing by permitting assessment of qualitative factors to determine whether events and circumstances lead to the conclusion that it is necessary to perform the traditional two-step impairment test. Under this update, we are not required to calculate the fair value of our reporting

units unless we conclude that it is more likely than not (likelihood of more than 50%) that the carrying value of our reporting units is greater than the fair value of such units based on our assessment of events and circumstances. This update is effective for fiscal years beginning after December 15, 2011, with early adoption permitted. We plan to adopt the provisions of this update at the beginning of our fourth quarter, which has historically been the time at which we assessed the potential impairment of our goodwill and other indefinite lived intangible assets. The adoption of ASU 2011-08 is not expected to have a material impact on the Company s consolidated financial statements.

Reclassifications: Certain reclassifications of prior years amounts have been made to conform to the current year presentation.

Note 2 Going Concern

A fundamental principle of the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America is the assumption that an entity will continue in existence as a going concern, which contemplates continuity of operations and the realization of assets and settlement of liabilities occurring in the ordinary course of business. This principle is applicable to all entities except for entities in liquidation or entities for which liquidation appears imminent. In accordance with this requirement, the Company has prepared its condensed consolidated financial statements on a going concern basis.

The Company has incurred significant recurring losses from continuing operations and has a significant working capital deficiency. The Company incurred a net loss from continuing operations of $5.2 million for the nine months ended September 30, 2011 and has a working capital deficiency of $19.5 million as of September 30, 2011. As further discussed in Note 6 Long-Term Debt, the Company has not remitted the December 1, 2009 and 2010 required sinking fund payments of $105,700 each and has not remitted the June 1, 2010 and 2011 and December 1, 2010 interest payments of $50,200 each on its 9½% Subordinated debentures due 2012 (the Debentures). In addition, the Company has not remitted the March 1, 2010 and 2011 and September 1, 2010 and 2011 interest payments of $417,800 each on its 8¼% Limited convertible senior subordinated notes due 2012 (the Notes). Under the terms of the Indentures that govern the Debentures and the Notes, the non-payments constitute events of default; accordingly, the trustees or the holders of 25% of the outstanding Debentures and Notes have the right to declare the outstanding principal and interest due and payable immediately. In the event that the Company receives such notice, the senior lender under the Company s bank credit agreement (the Credit Agreement) has the right to demand payment on outstanding amounts under the Credit Agreement. The outstanding Debentures, Notes and Credit Agreement debt are classified as Current portion of long-term debt in the Condensed Consolidated Balance Sheets. These matters raise substantial doubt about the Company s ability to continue as a going concern.

The Company s Board of Directors approved a comprehensive restructuring plan which included offers to the holders of the Notes to receive $225 plus 250 shares of the Company s Common Stock for each $1,000 Note exchanged and to

the holders of the Debenturesto receive $100 for each

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$1,000 Debenture exchanged. The Debentures are subordinate to the claims of the holders of the Notes and the Company s senior lender under the Credit Agreement, among other senior claims. Both offers expired on October 31, 2011. $8,976,000 principal amount of the Notes and $718,000 principal amount of the Debentures were exchanged. The Common Stock offered in exchange for the Notes will not and have not been registered under the Securities Exchange Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

As part of the Company s restructuring plan, on November 14, 2011 the Company completed the sale of an aggregate of $8.3 million of securities (the Offering) consisting of (i) 416,500 shares of the Company s Series A Convertible Preferred Stock, par value $1.00 per share (the Preferred Stock) having a stated value of $20.00 per share and convertible into fifty (50) shares of the Company s Common Stock, par value $1.00 per share (or an aggregate of 20,825,000 shares of Common Stock), and (ii) 4,165,000 one-year warrants (the A Warrants). These securities were issued at a purchase price of $20,000 per unit (the Unit). Each Unit consisted of 1,000 shares of Preferred Stock (convertible into 50,000 shares of Common Stock) and 10,000 A Warrants. Each A Warrant entitles the holder to purchase (a) one share of the Company s Common Stock and (b) a three-year warrant (the B Warrants), at an exercise price of $1.00 per share (subject to adjustment to $0.20 per share at such time as the Certificate of Incorporation of the Company is amended to reduce the par value of the Common Stock to an amount equal to or less than $0.10). Each B Warrant shall entitle the holder to purchase one share of the Company s Common Stock at an exercise price of $1.00 per share (subject to adjustment to $0.50 per share at such time as the Certificate of Incorporation of the Company is amended to reduce the par value of the Common Stock to an amount equal to or less than $0.10).

The net proceeds of the Offering were used to fund the restructuring of the Company s outstanding debt, which included: (1) a cash settlement to holders of the Notes in the amount of $2,019,600; (2) a cash settlement to holders of the Debentures in the amount of $71,800; (3) payment of the Company s outstanding term loan with the senior lender in the amount of $320,833 and (4) payment of $1.0 million on the Company s outstanding revolving loan with the senior lender under the Credit Agreement. Any net proceeds of the Offering remaining after payment to holders of the Notes, the Debentures and the senior lender will be used for working capital and other general corporate purposes.

Subsequent to the end of the quarter, in November 2011, the senior lender modified the maturity date of the Credit Agreement to December 1, 2011. In May 2011, the senior lender removed the senior debt coverage ratio covenant for the March 31, 2011 and June 30, 2011 periods, waived the December 31, 2010 non-compliance of the senior debt coverage ratio and modified the maturity date of the Credit Agreement. The senior lender has retained the right to call the Credit Agreement in the event that the remaining holders of the Debentures or the Notes demand payment. In 2010, the senior lender modified the monthly principal payments, modified the maturity of the Credit Agreement and reduced the availability under the revolving loan from $5.0 million to $4.3 million.

In June 2011, the Company entered into a subscription agreement for a private placement consisting of $650,000 of 4.00% secured notes of the Company pursuant to Section 4(2) of the Securities Act of

1933, as amended, and Rule 506 promulgated thereunder. In connection with the purchase of these notes, the subscriber received a five-year warrant (the Warrant) to purchase 1,000,000 shares of Common Stock of the Company at an exercise price of $1.00 per share (subject to adjustment to $0.10 per share). The financing is collateralized by the land held for sale located in Silver City, New Mexico. The Company also refinanced its mortgage on its Des Moines, Iowa facility in March 2010, which provided an additional $260,000 for working capital.

The Company continues to manage a plan to improve operating results. The plan includes a joint venture agreement with a People s Republic of China company to establish a cooperative venture limited liability company in the People s Republic of China to engage in research, engineering, development, manufacturing, sale and distribution of LED lamps, LED digital signage and LED lighting or similar products. The Company is pursuing new business opportunities in the LED lighting market with energy-saving lighting solutions and supplementing our established digital display and signage businesses with a highly flexible, cost-efficient and creative means for facilities to enhance their environments with LED lighting. The Company now features a comprehensive offering of the latest LED lighting technologies that provide facilities and public infrastructure with green lighting solutions that emit less heat, save energy and enable creative designs. The Company continues to seek ways to reduce costs of components used in its products and other expenses to improve sales margins, and continues to look at ways to lower overhead costs, such as compensation and benefits and has outsourced the human resources department in the second quarter of 2011. The plan includes partnering with an LED supplier and offering several new high resolution LED large screen systems. There can be no assurance that the Company will achieve higher sales, improved margins or lower costs.

Because the Credit Agreement is secured by substantially all of the Company s eligible accounts receivable, inventory and other assets, management cannot provide any assurance that the Company would have sufficient cash and liquid assets to fund normal operations during the period of time when it is required to repay amounts outstanding under the Credit Agreement. Further, if the Company is unable to obtain waivers or cure the defaults on the remaining Debentures and the Notes, the Debentures and the Notes could be called and be immediately due. Such notice would trigger a default under the Credit Agreement. If the Credit Agreement, Debentures and Notes are called, the Company would need to obtain additional financing; there can be no assurance that the Company will be able to do so and, even if it obtains such additional financing, how the terms of such financing will affect the Company. If the debt is called and new financing cannot be arranged, it is unlikely the Company will be able to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that may result from the outcome of this uncertainty. See Note 6 Long-Term Debt for further details.

Note 3 - Plan of Restructuring

In the second quarter of 2010, the Company implemented a restructuring plan to reduce operating costs. The 2010 actions included the elimination of approximately 50 positions from our operations and the closing of our Stratford,

Connecticut manufacturing facility. The 2010 year-end results

included a restructuring charge of $1.1 million consisting of employee severance pay, facility closing costs representing primarily lease termination and asset write-off costs, and other fees directly related to the restructuring plan. The 2011 actions include the elimination of approximately 30 additional positions. The 2011 results include an additional restructuring charge of $86,000 consisting of employee severance pay and other fees directly related to the restructuring plan. The costs associated with the restructuring are included in a separate line item, Restructuring costs, in the Condensed Consolidated Statements of Operations. We expect that the majority of these costs will be paid over the next three months.

The following table shows the amounts expensed and paid for restructuring costs that were incurred during the nine months ended September 30, 2011 and the remaining accrued balance of restructuring costs as of September 30, 2011, which is included in Accrued liabilities in the Condensed Consolidated Balance Sheets:

	Balance December 31, 2010	Provision	Payments and Other Adjustments	Balance September 30, 2011
Severance costs [1]	$ -	$ 40	$ 38	$ 2
Facility closing costs [2]	215	6	166	55
Other fees	94	40	48	86
	$ 309	$ 86	$ 252	$ 143

(1) Represents salaries for employees separated from the Company.

(2) Represents costs associated with the closing of the Stratford, Connecticut facility (primarily lease termination costs) and leasehold improvement and equipment write-offs.

The following table shows, by reportable segment, the restructuring costs incurred during the nine months ended September 30, 2011 and the remaining accrued balance of restructuring costs as of September 30, 2011:

	Balance December 31, 2010	Provision	Payments and Other Adjustments	Balance September 30, 2011
Indoor display	$ 309	$ 61	$ 227	$ 143
Outdoor display	-	25	25	-
	$ 309	$ 86	$ 252	$ 143

Note 4 Fair Value

The Company carries its money market funds and cash surrender value of life insurance related to its deferred compensation arrangements at fair value. The fair value of these instruments is determined using a three-tier fair value hierarchy. Based on this hierarchy, the Company determined the fair value of its money market funds using quoted market prices, a Level 1 or an observable input, and the cash surrender value of life insurance, a Level 2 based on observable inputs primarily from the counter party. The Company s money market funds and the cash surrender value of life insurance had carrying amounts of $1,000 and $65,000 at September 30, 2011, respectively, and $5,000 and $71,000 at December 31, 2010, respectively. The carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value due to the short maturities of these items. The fair value of the Company s Notes and Debentures, using observable inputs, was $2.3 million

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and $0.1 million at September 30, 2011, respectively, and $1.2 million and $0.1 million at December 31, 2010, respectively. The fair value of the Company s remaining long-term debt approximates its carrying value of $7.7 million and $7.5 million at September 30, 2011 and December 31, 2010, respectively. The fair value of the Company s Warrants, using the Black Scholes valuation model to estimate the fair value, which requires various assumptions, including estimating stock price volatility and risk free rate of interest rate, a Level 2 based on observable inputs, was $76,000 at September 30, 2011.

Note 5 - Inventories

Inventories are stated at the lower of cost or market and consist of the following:

	September 30	December 31
In thousands	2011	2010
Raw materials	$ 2,370	$ 3,948
Work-in-progress	60	152
Finished goods	1,251	752
	$ 3,681	$ 4,852

Note 6 Long-Term Debt

As of September 30, 2011 the Company had $10.1 million of 8¼% Limited convertible senior subordinated notes due 2012 (the Notes) which are no longer convertible into common shares; interest is payable semi-annually and the Notes may be redeemed, in whole or in part, at par. The Company has not remitted the March 1, 2010 and 2011 and September 1, 2010 and 2011 semi-annual interest payments of $417,800 each to the trustee. The non-payments constitute an event of default under the Indenture governing the Notes and the trustee, by notice to the Company, or the holders of 25% of the principal amount of the Notes outstanding, by notice to the Company and the trustee, may declare the outstanding principal plus interest due and payable immediately. When such notice is received by the Company, no payment shall be made by the Company to the holders or trustee until the earlier of such non-payment event of default is cured or waived or 179 days since receipt by the trustee of notice of such event, unless the holder of Senior Indebtedness has accelerated the due date thereof. If the holder of Senior Indebtedness accelerates the due date at any time, then no payment may be made until the default is cured or waived. At September 30, 2011, the total principal amount outstanding under the Notes is classified as Current portion of long-term debt in the Condensed Consolidated Balance Sheets. The Company s Board of Directors approved a comprehensive restructuring plan which included an offer to the holders of the Notes to receive $225 plus 250 shares of the Company s Common Stock for each $1,000 Note exchanged. The offer expired on October 31, 2011. $8,976,000 principal amount of the Notes were exchanged, leaving $1,153,000 outstanding. The Common Stock offered in exchange for the Notes will not and have not been registered under the Securities Exchange Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

As of September 30, 2011 the Company had $1.1 million of 9½% Subordinated debentures due 2012 (the Debentures) which are due in annual sinking fund payments of $105,700 beginning in 2009, which payments have not been remitted by the Company, with the remainder due in 2012; interest is payable semi-annually and the Debentures may be redeemed, in whole or in part, at par. The Company has not remitted the June 1, 2010 and 2011 and December 1, 2010 semi-annual interest payments of $50,200 each to the trustee. The non-payments constitute an event of default under the Indenture governing the Debentures and the trustee, by notice to the Company, or the holders of 25% of the principal amount of the Debentures outstanding, by notice to the Company and the trustee, may declare the outstanding principal plus interest due and payable immediately. During the continuation of any event which, with notice or lapse of time or both, would constitute a default under any agreement under which Senior Indebtedness is issued, if the effect of such default is to cause, or permit the holder of Senior Indebtedness to become due prior to its stated maturity, no payment of principal, premium or interest shall be made on the Debentures unless and until such default shall have been remedied, if written notice of such default has been given to the trustee by the Company or the holder of Senior Indebtedness. The failure to make the sinking fund and interest payments are events of default under the Credit Agreement and no payment can be made to such trustee or the holders at this time as such defaults have not been waived. At September 30, 2011, the total principal amount outstanding under the Debentures is classified as Current portion of long-term debt in the Condensed Consolidated Balance Sheets. The Company s Board of Directors approved a comprehensive restructuring plan which included an offer to the holders of the Debentures to receive $100 for each $1,000 Debenture exchanged. The offer expired on October 31, 2011. $718,000 principal amount of the Debentures were exchanged, leaving $339,000 outstanding. The Debentures are subordinate to the claims of the holders of the Notes and the Company s senior lender under the Credit Agreement, among other senior claims.

The Company has a bank Credit Agreement, as amended, which provides for a term loan of $10.0 million, a non-revolving line of credit of up to $6.2 million (which is no longer available) to finance the redemption of one-half of the 7½% Subordinated notes due 2006 (which were redeemed in June 2006 and are no longer outstanding), and a revolving loan of up to $4.3 million, based on eligible accounts receivable and inventory, at a variable rate of interest of Prime plus 2.00%, with a floor of 6.00% (6.00% at September 30, 2011), which was due to mature November 1, 2011. Subsequent to the end of quarter in November 2011, the senior lender agreed to modify the maturity date of the Credit Agreement to December 1, 2011. In May 2011, the senior lender removed the senior debt coverage ratio covenant for the March 31, 2011 and June 30, 2011 periods, waived the December 31, 2010 non-compliance of the senior debt coverage ratio and modified the maturity date of the Credit Agreement. In 2010, the senior lender modified the monthly principal payments, modified the maturity date of the Credit Agreement and reduced the availability under the revolving loan from $5.0 million to $4.3 million. As of September 30, 2011, the Company has drawn the entire $4.3 million against the revolving loan facility, so none was available for additional borrowing. The Credit Agreement requires an annual facility fee on the unused commitment of 0.25% and requires compliance with certain financial covenants, as defined in the Credit Agreement, which include a loan-to-value ratio of not more than 50% and a quarterly $1.0 million cap on capital expenditures. As of September 30, 2011, the Company was in compliance with the foregoing financial covenants. The senior lender has waived the cross-defaults in connection with the Notes and the Debentures, but in the event that the holders of the Notes or the Debentures or trustees declare a default and begin to

exercise any of their rights or remedies in connection with the non-payment defaults, this shall constitute a separate and distinct event of default and the senior lender may exercise any and all rights or remedies it may have. In addition, the senior lender has waived the default of non-payment of certain pension plan contributions, but in the event that any government agency takes any enforcement action or otherwise exercises any rights or remedies it may have, this shall constitute a separate and distinct event of default and the senior lender may exercise any and all rights or remedies it may have. The amounts outstanding under the Credit Agreement are collateralized by all of the Display division assets. The net proceeds of the Offering were used to fund the restructuring of the Company s outstanding debt, which included paying the $320,833 outstanding term loan and paying $1.0 million on the outstanding revolving loan with the senior lender under the Credit Agreement.

On June 17, 2011, the Company entered into a subscription agreement for a private placement consisting of $650,000 of 4.00% secured notes of the Company pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder. In connection with the purchase of these notes, the subscriber received a five-year warrant (the Warrant) to purchase 1,000,000 shares of Common Stock of the Company at an exercise price of $1.00 per share (subject to adjustment to $0.10 per share). The financing is collateralized by the land held for sale located in Silver City, New Mexico.

On March 1, 2010, the Company refinanced its existing mortgage on its facility located in Des Moines, Iowa. The refinancing was for $650,000 at a fixed rate of interest of 6.50% payable in monthly installments, which matures March 1, 2015 and requires a compensating balance of $200,000. The Company used proceeds of $390,000 to settle the prior debt and used the $260,000 balance for working capital needs.

The Company has a $1.8 million mortgage on its real estate rental property located in Santa Fe, New Mexico at a variable rate of interest of Prime, with a floor of 6.75%, which was the interest rate in effect at September 30, 2011, payable in monthly installments, which matures December 12, 2012.

On February 25, 2010, the Company took out a $100,000 mortgage at a fixed rate of interest of 7.80% payable in monthly interest only payments on the land held for sale located in Silver City, New Mexico and repaid it in full on August 27, 2010.

Note 7 Comprehensive Loss

Total comprehensive loss is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
In thousands	2011	2010	2011	2010
Net loss, as reported	$(2,150)	$(1,230)	$(5,451)	$(5,255)
Other comprehensive (loss) income:				
Unrealized foreign currency translation (loss) gain	(299)	117	(177)	73
Total other comprehensive (loss) income, net of tax	(299)	117	(177)	73
Comprehensive loss	$(2,449)	$(1,113)	$(5,628)	$(5,182)

Note 8 - Pension Plan

As of December 31, 2003, the benefit service under the pension plan had been frozen and, accordingly, there is no service cost. As of April 30, 2009, the compensation increments have been frozen and, accordingly, no additional benefits are being accrued under the pension plan.

The following table presents the components of net periodic pension cost:

	Three Months Ended September 30		Nine Months Ended September 30	
In thousands	2011	2010	2011	2010
Interest cost	$ 137	$ 135	$ 411	