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

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2019

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 incorporation or organization)	(I.R.S. Employer Identification No.)
135 East 57th Street, 14th Floor, New York, New York	10022
(Address of principal executive offices)	(Zip code)

(800) 243-5544
(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 every Interactive Data File required to be submitted 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 such files). Yes X No __

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

Large accelerated filer ___	Accelerated filer ___	
Non-accelerated filer X	Emerging growth company ___	Smaller reporting company X

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ____ No 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
8/13/19	Common Stock - $0.001 Par Value	13,381,476

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Part I - Financial Information (unaudited)

Item 1.

TRANS-LUX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

In thousands, except share data	June 30 2019	December 31 2018 (see Note 1)
Current assets:		
Cash and cash equivalents	$ 1,413	$ 723
Receivables, net	2,552	2,271
Inventories	2,533	2,201
Prepaids and other assets	787	417
Total current assets	7,285	5,612
Long-term assets:		
Rental equipment, net	1,093	1,310
Property, plant and equipment, net	2,102	2,180
Right of use assets	1,281	-
Goodwill	744	744
Restricted cash	900	900
Other assets	720	720
Total long-term assets	6,840	5,854
	$ 14,125	$ 11,466
Current liabilities:		
Accounts payable	$ 753	$ 3,728
Accrued liabilities	5,652	6,332
Current portion of long-term debt	572	2,584
Current portion of long-term debt - related party	-	1,000
Current lease liabilities	322	-
Customer deposits	810	432
Total current liabilities	8,109	14,076
Long-term liabilities:		
Long-term debt, less current portion	1,650	1,446
Long-term lease liabilities	994	-
Deferred pension liability and other	4,273	3,708
Total long-term liabilities	6,917	5,154
Total liabilities	15,026	19,230
Stockholders' deficit:		
Preferred Stock Series A - $20 stated value - 416,500 shares authorized; shares issued and outstanding: 0 in 2019 and 2018	-	-
Preferred Stock Series B - $200 stated value - 51,000 shares authorized; shares issued and outstanding: 648 in 2019 and 16,512 in 2018 (liquidation preference $135,000)	130	3,302
Common Stock - $0.001 par value - 30,000,000 shares authorized; shares issued: 13,409,316 in 2019 and 3,652,813 in 2018; shares outstanding: 13,381,476 in 2019 and 3,624,973 in 2018	13	4
Additional paid-in-capital	40,958	30,069
Accumulated deficit	(32,643)	(31,682)
Accumulated other comprehensive loss	(6,296)	(6,394)
Treasury stock - at cost - 27,840 common shares in 2019 and 2018	(3,063)	(3,063)
Total stockholders' deficit	(901)	(7,764)
	$ 14,125	$ 11,466

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)

In thousands, except per share data	3 Months Ended June 30 2019	3 Months Ended June 30 2018	6 Months Ended June 30 2019	6 Months Ended June 30 2018
Digital product sales	$ 3,113	$ 2,353	$ 6,204	$ 6,301
Digital product lease and maintenance	634	709	1,142	1,296
Total revenues	3,747	3,062	7,346	7,597
Cost of digital product sales	2,219	2,093	4,741	4,880
Cost of digital product lease and maintenance	180	420	389	676
Total cost of revenues	2,399	2,513	5,130	5,556
	1,348	549	2,216	2,041
General and administrative expenses	(1,313)	(1,443)	(2,420)	(2,796)
	35	(894)	(204)	(755)
Interest expense, net	(80)	(218)	(335)	(414)
(Loss) gain on foreign currency remeasurement	(50)	50	(107)	122
Loss on extinguishment of debt	(245)	-	(193)	-
Gain on sale/leaseback transaction	-	-	-	11
Pension (expense) benefit	(19)	34	(37)	68
	(359)	(1,028)	(876)	(968)
Income tax expense	(6)	-	(12)	-
	$ (365)	$ (1,028)	$ (888)	$ (968)
Loss per share - basic and diluted	$ (0.03)	$ (0.48)	$ (0.10)	$ (0.48)

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

TRANS-LUX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

In thousands	3 Months Ended June 30 2019	3 Months Ended June 30 2018	6 Months Ended June 30 2019	6 Months Ended June 30 2018
Net loss	$ (365)	$ (1,028)	$ (888)	$ (968)
Other comprehensive income (loss):				
Unrealized foreign currency translation gain (loss)	46	(47)	98	(114)
Total other comprehensive income (loss), net of tax	46	(47)	98	(114)
Comprehensive loss	$ (319)	$ (1,075)	$ (790)	$ (1,082)

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 CHANGES IN STOCKHOLDERS' DEFICIT
(unaudited)

	Preferred Stock								Accumulated		Total
	Series A		Series B		Common Stock		Add'l		Other		Stock-
In thousands, except share data	Shares	Amt	Shares	Amt	Shares	Amt	Paid-in Capital	Accumulated Deficit	Comprehensive Loss	Treasury Stock	holders' Deficit
For the 6 months ended June 30, 2019											
Balance January 1, 2019	-	$ -	16,512	$ 3,302	3,652,813	$ 4	$ 30,069	$ (31,682)	$ (6,394)	$ (3,063)	(7,764)
Net loss	-	-	-	-	-	-	-	(888)	-	-	(888)
Preferred stock converted to Common Stock	-	-	(15,864)	(3,172)	1,586,400	1	3,171	-	-	-	-
Exercise of warrants, net of costs	-	-	-	-	5,670,103	6	5,292	-	-	-	5,298
Rights Offering, net of costs	-	-	-	-	2,500,000	2	2,426	-	-	-	2,428
Dividends paid on preferred stock	-	-	-	-	-	-	-	(73)	-	-	(73)
Other comprehensive income, net of tax:											
Unrealized foreign currency translation gain	-	-	-	-	-	-	-	-	98	-	98
Balance June 30, 2019	-	$ -	648	$ 130	13,409,316	$ 13	$ 40,958	$ (32,643)	$ (6,296)	$ (3,063)	$ (901)
For the 3 months ended June 30, 2019											
Balance April 1, 2019	-	$ -	648	$ 130	7,301,069	$ 7	$ 35,238	$ (32,278)	$ (6,342)	$ (3,063)	(6,308)
Net loss	-	-	-	-	-	-	-	(365)	-	-	(365)
Exercise of warrants, net of costs	-	-	-	-	3,608,247	4	3,294	-	-	-	3,298
Rights Offering, net of costs	-	-	-	-	2,500,000	2	2,426	-	-	-	2,428
Other comprehensive income, net of tax:											
Unrealized foreign currency translation gain	-	-	-	-	-	-	-	-	46	-	46
Balance June 30, 2019	-	$ -	648	$ 130	13,409,316	$ 13	$ 40,958	$ (32,643)	$ (6,296)	$ (3,063)	$ (901)
For the 6 months ended June 30, 2018											
Balance January 1, 2018	-	$ -	16,512	$ 3,302	2,190,011	$ 2	$ 28,273	$ (26,889)	$ (5,536)	$ (3,063)	(3,911)
Net loss	-	-	-	-	-	-	-	(968)	-	-	(968)
Dividends paid on preferred stock	-	-	-	-	127,013	-	-	-	-	-	-
Warrants issued for financing	-	-	-	-	-	-	287	-	-	-	287
Other comprehensive loss, net of tax:											
Unrealized foreign currency translation loss	-	-	-	-	-	-	-	-	(114)	-	(114)
Balance June 30, 2018	-	$ -	16,512	$ 3,302	2,317,024	$ 2	$ 28,560	$ (27,857)	$ (5,650)	$ (3,063)	$ (4,706)
For the 3 months ended June 30, 2018											
Balance April 1, 2018	-	$ -	16,512	$ 3,302	2,190,011	$ 2	$ 28,273	$ (26,829)	$ (5,603)	$ (3,063)	(3,918)
Net loss	-	-	-	-	-	-	-	(1,028)	-	-	(1,028)
Dividends paid on preferred stock	-	-	-	-	127,013	-	-	-	-	-	-
Warrants issued for financing	-	-	-	-	-	-	287	-	-	-	287
Other comprehensive loss, net of tax:											
Unrealized foreign currency translation loss	-	-	-	-	-	-	-	-	(47)	-	(47)
Balance June 30, 2018											

TRANS-LUX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

In thousands	6 Months Ended June 30 2019	2018
Net loss	$ (888)	$ (968)
Adjustment to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	320	497
Amortization of right of use assets	182	-
Amortization of gain on sale/leaseback transaction	-	(11)
Amortization of deferred financing fees and debt discount	71	81

TRANS-LUX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019
(unaudited)

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As used in this report, "Trans-Lux," the "Company," "we," "us," and "our" refer to Trans-Lux Corporation and its subsidiaries.

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 (the "SEC") and therefore do not include all information and footnote disclosures required under accounting principles generally accepted in the United States of America ("GAAP"). The Condensed Consolidated Financial Statements included herein 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, 2018. The Condensed Consolidated Balance Sheet at December 31, 2018 is derived from the December 31, 2018 audited financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, . Under ASU 2016-02, a company must recognize for all leases (with the exception of leases with terms of 12 months or less) a lease liability representing a lessee's obligation to make lease payments arising from a lease and a right of use ("ROU") asset representing the lessee's right to use, or control the use of, a specified asset for the lease term. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and an ROU asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-11, , which provided an additional (and optional) transition method to adopt the new leases standard whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company adopted this standard effective January 1, 2019 using the modified retrospective method in the period of adoption. The adoption of the standard had a material impact to our Condensed Consolidated Balance Sheets for the recognition of certain operating leases as ROU assets of approximately $1,463,000, long-term lease liabilities of $1,127,000 and current lease liabilities of $368,000, but did not have a material impact on our Condensed Consolidated Statements of Operations, Comprehensive Loss, Changes in Stockholders' Deficit or Cash Flows. We have analyzed our leases, implemented systems, developed processes and internal controls and updated our accounting policies to comply with the standard's adoption requirements. The Company's rental revenue agreements were accounted for under previous lease accounting standards through December 31, 2018 and are accounted for within the scope of Topic 842 following our adoption on January 1, 2019. Topic 842 does not significantly affect the timing of recognition or presentation of revenue for our rental contracts. See Note 9 – Leases for further details.

In June 2018, the FASB issued ASU 2018-07, . ASU 2018-07 eliminates the separate accounting model for nonemployee share-based payment awards and generally requires companies to account for share-based payment transactions with nonemployees in the same way as share-based payment transactions with employees. The accounting remains different for attribution, which represents how the equity-based payment cost is recognized over the vesting period, and a contractual term election for valuing nonemployee equity share options. As required by this standard, the Company adopted ASU 2018-07 on January 1, 2019. The adoption of this standard did not have a material effect on the Company's consolidated financial position and results of operations.

Other than the foregoing changes, there have been no material changes in our significant accounting policies during the six months ended June 30, 2019 from the significant accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on April 15, 2019.

In January 2017, the FASB issued ASU 2017-04, . ASU 2017-04 simplifies the test for goodwill impairment. Public business entities should apply the amendments in ASU 2017-04 for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years (i.e., January 1, 2020), early application is permitted. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position and results of operations.

In August 2018, the FASB issued ASU 2018-14, . ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or othe

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The Company has incurred recurring losses and has a working capital deficiency. The Company incurred a net loss of $888,000 in the six months ended June 30, 2019 and had a working capital deficiency of $824,000 as of June 30, 2019.

The Company is dependent on future operating performance in order to generate sufficient cash flows in order to continue to run its businesses. Future operating performance is dependent on general economic conditions, as well as financial, competitive and other factors beyond our control. In order to more effectively manage its cash resources, the Company had, from time to time, increased the timetable of its payment of some of its payables, which delayed certain product deliveries from our vendors, which in turn delayed certain deliveries to our customers.

In April 2019, the Company received aggregate proceeds of $6.0 million from (i) a rights offering to current shareholders under which the shareholders could purchase shares of our Common Stock at an exercise price of $1.00 per share, resulting in gross proceeds of $2.5 million (the "Rights Offering") and (ii) the exercise of the remaining $3.5 million warrant (the "Unilumin Warrant") issued to Unilumin North America Inc. ("Unilumin"). Of these proceeds, a portion has been used to satisfy outstanding obligations including certain long-term debt, certain payables, certain accrued liabilities and pension obligations. Certain directors deferred the timing of payments owed to them related to directors' fees and current portion of long-term debt beyond one year. In addition, a stockholder of the Company has committed to providing additional capital up to $2.0 million, to the extent necessary to fund operations. Management believes that its current cash resources and cash provided by operations will be sufficient to fund its anticipated current and near-term cash requirements within one year from the date of issuance of this Form 10-Q. The Company continually evaluates the need and availability of long-term capital, including replacing the Credit Agreement (hereinafter defined) which terminated in April 2019, in order to meet its cash requirements and fund potential new opportunities.

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Under the revenue recognition guidance provided by ASU 2014-09, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of this standard, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that

Contracts with customers may contain multiple performance obligations. For such arrangements, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. None of the Company's contracts contained a significant financing component as of June 30, 2019.

In March 2016, the FASB issued updated lease accounting guidance ("Topic 842"), as explained further in Note 9 – Leases. We adopted Topic 842 on January 1, 2019. Topic 842 is an update to Topic 840, which was the lease accounting standard in place through December 31, 2018. There were no significant changes to our revenue accounting upon adoption of Topic 842.

We recognize revenue in accordance with two different accounting standards: 1) Topic 606 and 2) Topic 842. Under Topic 606, revenue from contracts with customers is measured based on the consideration specified in the contract with the customer, and excludes any sales incentives and amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. Our contracts with customers generally do not include multiple performance obligations. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for such products or services.

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Disaggregated Revenues

The following table represents a disaggregation of revenue from contracts with customers for the three and six months ended June 30, 2019 and 2018, along with the reportable segment for each category:

Revenue on sales to distribution partners are recorded net of prompt-pay discounts, if offered, and other deductions. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount method to which the Company expects to be entitled. In the case of prompt-pay discounts, there are only two possible outcomes: either the customer pays on-time or does not. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available. The Company believes that the estimates it has established are reasonable based upon current facts and circumstances. Applying different judgments to the same facts and circumstances could result in the estimated amounts to vary. The Company offers an assurance-type warranty that the digital display products will conform to the published specifications. Returns may only be made subject to this warranty and not for convenience.

Digital Product Lease and Maintenance

Digital product lease revenues represent revenues from leasing equipment that we own. We do not generally provide an option for the lessee to purchase the rented equipment at the end of the lease and do not generate material revenue from sales of equipment under such options. Our lease revenues do not include material amounts of variable payments. Digital product maintenance revenues represent revenues from maintenance agreements for equipment that we do not own. Lease and maintenance contracts generally run for periods of one month to 10 years. A contract entered into by the Company with a customer may contain both lease and maintenance services (either or both services may be agreed upon based on the individual customer contract). Maintenance services may consist of providing labor, parts and software maintenance as may be required to maintain the customer's equipment in proper operating condition at the customer's service location. The Company concluded the lease and maintenance services represent a series of distinct services and the most representative method for measuring progress towards satisfying the performance obligation of these services is the input method. Additionally, maintenance services require the Company to "stand ready" to provide support to the customer when and if needed. As there is no discernable pattern of efforts other than evenly over the lease and maintenance terms, the Company will recognize revenue straight-line over the lease and maintenance terms of service.

The Company has an enforceable right to payment for performance completed to date, as evidenced by the requirement that the customer pay upfront for each month of services. Lease and maintenance service amounts billed ahead of revenue recognition are recorded in deferred revenue and are included in accrued liabilities in the Condensed Consolidated Financial Statements.

Revenues from equipment lease and maintenance contracts are recognized during the term of the respective agreements. At June 30, 2019, the future minimum lease payments due to the Company under operating leases that expire at varying dates through 2028 for its rental equipment and maintenance contracts, assuming no renewals of existing leases or any new leases, aggregating $2,100,000, are as follows: $470,000 – remainder of 2019, $1,025,000 – 2020, $329,000 – 2021, $137,000 – 2022, $71,000 – 2023 and $68,000 thereafter.

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Contract Balances with Customers

Contract assets primarily relate to rights to consideration for goods or services transferred to the customer when the right is conditional on something other than the passage of time. The contract assets are transferred to the receivables when the rights become unconditional. As of June 30, 2019 and December 31, 2018, the Company had no contract assets. The contract liabilities primarily relate to the advance consideration received from customers for contracts prior to the transfer of control to the customer and therefore revenue is recognized on completion of delivery. Contract liabilities are classified as deferred revenue by the Company and are included in customer deposits and accrued liabilities in the Condensed Consolidated Balance Sheets.

The following table presents the balances in the Company's receivables and contract liabilities with customers:

In thousands	June 30, 2019	December 31, 2018
Gross receivables	$ 3,196	$ 4,067
Allowance for bad debts	644	1,796
Net receivables	2,552	2,271
Contract liabilities	1,325	465

During the three and six months ended June 30, 2019 and 2018, the Company recognized the following revenues as a result of changes in the contract asset and the contract liability balances in the respective periods:

	Three months ended		Six months ended	
In thousands	June 30, 2019	June 30, 2018	June 30,2019	June 30,2018
Revenue recognized in the period from:				
Amounts included in the contract liability at the beginning of the period	$ 149	$ 205	$ 350	$ 753

Transaction Price Allocated to Future Performance Obligations – alternative more qualitative presentation

Remaining performance obligations represents the transaction price of contracts for which work has not been performed (or has been partially performed). The guidance provides certain practical expedients that limit this requirement and, therefore, the Company does not disclose the value of unsatisfied performance obl-6.8]TJ((-6.8]TepreT)-6.)5.2(i)ractbles or ww ilitbles (owit)-ie liabh(on somf26.4083 05TD-.000 Tw[ce of o,20yea(r)7.3(e)-4servil8(s)5.1(no2.3(oft)-8.3((ii))-6.2r7(n)]TJor w)5.2c

Costs to Obtain or Fulfill a Customer Contract

Prior to the adoption of ASU 2014-09, the Company expensed incremental commissions paid to sales representatives for obtaining customer contracts. Under ASU 2014-09, the Company currently capitalizes these incremental costs of obtaining customer contracts. Capitalized commissions are amortized based on the transfer of the products or services to which the assets relate. Applying the practical expedient in paragraph 340-40-25-4, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in General and administrative expenses.

The Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. When shipping and handling costs are incurred after a customer obtains control of the products, the Company also has elected to account for these as costs to fulfill the promise and not as a separate performance obligation. Shipping and handling costs associated with the distribution of finished products to customers are recorded in costs of goods sold and are recognized when the related finished product is shipped to the customer.

Note 4 – Inventories

Inventories consist of the following:

In thousands	June 30, 2019	December 31, 2018
Raw materials	$ 1,396	$ 1,178
Work-in-progress	840	626
Finished goods	297	397
	$ 2,533	$ 2,201

Note 5 – Rental Equipment, net

Rental equipment consists of the following:

In thousands	June 30, 2019	December 31, 2018
Rental equipment	$ 7,104	$ 7,109
Less accumulated depreciation	6,011	5,799
Net rental equipment	$ 1,093	$ 1,310

Depreciation expense for rental equipment for the six months ended June 30, 2019 and 2018 was $212,000 and $353,000, respectively. Depreciation expense for rental equipment for the three months ended June 30, 2019 and 2018 was $106,000 and $177,000, respectively.

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Note 6 – Property, Plant and Equipment, net

Property, plant and equipment consists of the following:

In thousands	June 30, 2019	December 31, 2018
Machinery, fixtures and equipment	$ 2,721	$ 2,691
Leaseholds and improvements	12	12
	2,733	2,703
Less accumulated depreciation	631	523
Net property, plant and equipment	$ 2,102	$ 2,180

Machinery, fixtures and equipment having a net book value of $2.2 million at December 31, 2018 were pledged as collateral under various financing agreements.

Depreciation expense for property, plant and equipment for the six months ended June 30, 2019 and 2018 was $108,000 and $144,000, respectively. Depreciation expense for property, plant and equipment for the three months ended June 30, 2019 and 2018 was $54,000 and $72,000, respectively.

Note 7 – Long-Term Debt

Long-term debt consists of the following:

In thousands	June 30, 2019	December 31, 2018
8¼% Limited convertible senior subordinated notes due 2012	$ 352	$ 387
9½% Subordinated debentures due 2012	220	220
Revolving credit line	-	1,440
Term loans	-	1,590
Term loans - related party	1,000	1,000
Forgivable loan	650	650
Total debt	2,222	5,287
Less deferred financing costs	-	257
Net debt	2,222	5,030
Less portion due within one year	572	3,584
Net long-term debt	$ 1,650	$ 1,446

On July 12, 2016, the Company and its wholly-owned subsidiaries Trans-Lux Display Corporation, FairPlay Corporation (formerly Trans-Lux Midwest Corporation) and Trans-Lux Energy Corporation entered into a credit agreement, as subsequently amended on various dates, the latest being on March 1, 2019 (collectively, the "Credit Agreement") with CNH Finance Fund I, L.P. ("CNH") as lender. Under the Credit Agreement, the Company was able to borrow up to an aggregate of $4.0 million, which included (i) up to $3.0 million of a revolving loan, at an interest rate of prime plus 9.0% (11.50% at December 31, 2018), and (ii) a $1.0 million term loan, at an interest rate of prime plus 11.0% (11.50% at December 31, 2018). The availability under the revolving loan was calculated based on certain percentages of eligible receivables and inventory. On November 6, 2018, the Company and CNH agreed to a forbearance agreement which was effective through February 28, 2019, as long as there were no additional defaults under the Credit Agreement. On March 1, 2019, the effectiveness of the forbearance agreement was extended through April 15, 2019. On April 10, 2019, the Company satisfied the Credit Agreement in full and the Credit Agreement was terminated. The termination fee of $60,000 and the remaining debt discount of $23,000 were written off and included in loss on extinguishment of debt on the Condensed Consolidated Statements of Operations.

Note 8 Pension Plan

Note 9 Leases

Note 10 – Stockholders' Deficit and Loss Per Share

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

The following table presents our Statements of Operations data, expressed as a percentage of revenue for the three months ended June 30, 2019 and 2018:

	Three months ended June 30			
In thousands, except percentages	2019		2018	
Revenues:				
Digital product sales	$ 3,113	83.1 %	$ 2,353	76.8 %
Digital product lease and maintenance	634	16.9 %	709	23.2 %
Total revenues	3,747	100.0 %	3,062	100.0 %
Cost of revenues:				
Cost of digital product sales	2,219	59.2 %	2,093	68.4 %
Cost of digital product lease and maintenance	180	4.8 %	420	13.7 %
Total cost of revenues	2,399	64.0 %	2,513	82.1 %
Gross profit	1,348	36.0 %	549	17.9 %
General and administrative expenses	(1,313)	(35.1)%	(1,443)	(47.1)%
Operating income (loss)	35	0.9 %	(894)	(29.2)%
Interest expense, net	(80)	(2.1)%	(218)	(7.1)%
(Loss) gain on foreign currency remeasurement	(50)	(1.3)%	50	1.6 %
Loss on extinguishment of debt	(245)	(6.6)%	-	- %
Pension (expense) benefit	(19)	(0.5)%	34	1.1 %
(Loss) income before income taxes	(359)	(9.6)%	(1,028)	(33.6)%
Income tax expense	(6)	(0.1)%	-	- %
Net (loss) income	$ (365)	(9.7)%	$ (1,028)	(33.6)%

Total revenues for the three months ended June 30, 2019 increased $685,000 or 22.4% to $3.7 million from $3.1 million for the three months ended June 30, 2018, primarily due to an increase in Digital product sales, partially offset by a decrease in Digital product lease and maintenance.

Digital product sales revenues increased $760,000 or 32.3% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018, primarily due to an increase in the sports market.

Digital product lease and maintenance revenues decreased $75,000 or 10.6% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018, primarily due to the continued expected revenue decline in the older outdoor display equipment rental and maintenance bases acquired in the early 1990s. The financial services market continues to be negatively impacted by the current investment climate resulting in consolidation within that industry and the wider use of flat-panel screens for smaller applications.

Total operating income (loss) for the three months ended June 30, 2019 increased $929,000 to income of $35,000 from a loss of $894,000 for the three months ended June 30, 2018, principally due to the increase in revenues and a decrease in the cost of revenues as a percentage of revenues.

Digital product sales operating income (loss) increased $690,000 to income of $248,000 for the three months ended June 30, 2019 compared to a loss of $442,000 for the three months ended June 30, 2018, primarily due to the increase in revenues and a decrease in the cost of revenue as a percentage of revenues, partially offset by a decrease in general and administrative expenses. The cost of Digital product sales increased $126,000 or 6.0%, primarily due to the increase in revenues. The cost of Digital product sales represented 71.3% of related revenues in 2019 compared to 89.0% in 2018. This decrease as a percentage of revenues is primarily due to increased manufacturing efficiency. General and administrative expenses for Digital product sales decreased $56,000 or 8.0%, primarily due to a decrease in marketing expenses, partially offset by increases in bad debt expenses and employee expenses.

Digital product lease and maintenance operating income increased $157,000 or 60.9% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018, primarily as a result of a decrease in the cost of Digital product lease and maintenance, partially offset by the decrease in revenues. The cost of Digital product lease and maintenance decreased $240,000 or 57.1%, primarily due to a decrease in depreciation expense. The cost of Digital product lease and maintenance revenues represented 28.4% of related revenues in 2019 compared to 59.2% in 2018. The cost of Digital product lease and maintenance includes field service expenses, plant repair costs, maintenance and depreciation. General and administrative expenses for Digital product lease and maintenance increased $8,000 or 25.8%, primarily due to an increase in bad debt expense.

Corporate general and administrative expenses decreased $82,000 or 11.5% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018, primarily due to a decrease in payroll and benefits and employee expenses.

Net interest expense decreased $138,000 or 63.3% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018, primarily due to decreases in the average outstanding long-term debt, due to the termination of the CNH and SM Investors loans.

The loss on extinguishment of debt for the three months ended June 30, 2019 represented the write-off of the remaining debt discount costs and the termination fees related to the CNH and SM Investors loans.

The effective tax rate for the three months ended June 30, 2019 and 2018 was 1.7% and 0.0%, respectively. Both the 2019 and 2018 tax rates are being affected by the valuation allowance on the Company's deferred tax assets as a result of reporting pre-tax losses.

Liquidity and Capital Resources

Current Liquidity

The Company has incurred recurring losses and continues to have a working capital deficiency. The Company incurred a net loss of $888,000 in the six months ended June 30, 2019 and had a working capital deficiency of $824,000 as of June 30, 2019. As of December 31, 2018, the Company had a working capital deficiency of $8.5 million. The decrease in the working capital deficiency as compared to December 31, 2018 is primarily due to the $5.5 million of exercises of the Unilumin Warrant and the $2.5 million raised from the Rights Offering, which allowed us to decrease the current portion of long-term debt and accounts payable, as well as the deferral of the timing of payments owed to certain directors related to $1.0 million of long-term debt and $771,000 of accrued liabilities directors.

The Company is dependent on future operating performance in order to generate sufficient cash flows in order to continue to run its businesses. Future operating performance is dependent on general economic conditions, as well as financial, competitive and other factors beyond our control. In order to more effectively manage its cash resources, the Company had, from time to time, increased the timetable of its payment of some of its payables, which had, from time to time, delayed certain product deliveries from our vendors, which in turn had, from time to time, delayed certain deliveries to our customers. The recent cash infusions have resolved these previous issues.

Certain directors deferred the timing of payments owed to them related to directors' fees and current portion of long-term debt beyond one year. In addition, a stockholder of the Company has committed to providing additional capital up to $2.0 million, to the extent necessary to fund operations. Management believes that its current cash resources and cash provided by operations will be sufficient to fund its anticipated current and near-term cash requirements and to execute our operating plan. The Company continually evaluates the need and availability of long-term capital, including replacing the Credit Agreement, in order to meet its cash requirements and fund potential new opportunities.

The Company used cash of $3.8 million and generated cash of $324,000 from operating activities for the six months ended June 30, 2019 and 2018, respectively. The Company has implemented several initiatives to improve operational results and cash flows over future periods, including reducing head count, reorganizing its sales department and outsourcing certain administrative functions. The Company continues to explore ways to reduce operational and overhead costs. The Company periodically takes steps to reduce the cost to maintain the digital products on lease and maintenance agreements.

Cash, cash equivalents and restricted cash increased $690,000 in the six months ended June 30, 2019 to $2.3 million at June 30, 2019 from $1.6 million at December 31, 2018. This increase is primarily attributable to the gross proceeds from the exercises of the Unilumin Warrant of $5.5 million and the gross proceeds from the Rights Offering of $2.5 million, partially offset by cash used in operating activities of $3.8 million, primarily to reduce Accounts Payable by $3.0 million, payments of $1.6 million to terminate term loans and payments of $1.4 million to terminate the revolving loan. The current economic environment has increased the Company's trade receivables collection cycle, and its allowances for uncollectible accounts receivable, but collections continue to be favorable.

Under various agreements, the Company is obligated to make future cash payments in fixed amounts. These include payments under the Company's current and long-term debt agreements, pension plan minimum required contributions, employment agreement payments and rent payments required under operating lease agreements. The Company has both variable and fixed interest rate debt. Interest payments are projected based on actual interest payments incurred in 2019 until the underlying debts mature.

The following table summarizes the Company's fixed cash obligations as of June 30, 2019 for the remainder of 2019 and over the next four fiscal years:

In thousands	Remainder of 2019	2020	2021	2022	2023
Long-term debt, including interest	$ 1,151	$ 1,240	$ -	$ -	$ -
Pension plan payments	238	845	658	655	459
Employment agreement obligations	225	338	-	-	-
Estimated warranty liability	58	91	68	49	23
Operating lease payments	309	350	342	348	309
Total	$ 1,981	$ 2,864	$ 1,068	$ 1,052	$ 791

As of June 30, 2019, the Company still had outstanding $352,000 of Notes which matured as of March 1, 2012. The Company also still had outstanding $220,000 of Debentures which matured on December 1, 2012. On February 15, 2019, holders of $35,000 of the Notes accepted the Company's offer to exchange each $1,000 of principal, forgiving any related interest, for $200 in cash, for an aggregate payment by the Company of $7,000. The Company continues to consider future exchanges of the $352,000 of remaining Notes and $220,000 of remaining Debentures, but has no agreements, commitments or understandings with respect to any further such exchanges.

The Company may still seek additional financing in order to provide enough cash to cover our remaining current fixed cash obligations as well as providing working capital. However, there can be no assurance as to the amounts, if any, the Company will receive in any such financing or the terms thereof. The Company has no agreements, commitments or understandings with respect to any such financings. To the extent the Company issues additional equity securities, it could be dilutive to existing shareholders.

For a further description of the Company's long-term debt, see Note 7 to the Condensed Consolidated Financial Statements – Long-Term Debt.

Pension Plan Contributions

The minimum required pension plan contribution for 2019 is expected to be $629,000, of which the Company contributed $391,000 through to June 30, 2019, and contributed $85,000 subsequent to June 30, 2019. At this time, we expect to make the remaining minimum required contributions of $153,000; however, there is no assurance that we will be able to make any or all of such remaining payments. See Note 8 to the Condensed Consolidated Financial Statements – Pension Plan for further details.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

The Company may, from time to time, provide estimates as to future performance. These forward-looking statements will be estimates and may or may not be realized by the Company. The Company undertakes no duty to update such forward-looking statements. Many factors could cause actual results to differ from these forward-looking statements, including loss of market share through competition, introduction of competing products by others, pressure on prices from competition or purchasers of the Company's products, interest rate and foreign exchange fluctuations, terrorist acts and war.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is subject to interest rate risk on its long-term debt. The Company manages its exposure to changes in interest rates by the use of variable and fixed interest rate debt. The fair value of the Company's fixed rate long-term debt is disclosed in Note 7 to the Condensed Consolidated Financial Statements – Long-Term Debt. Every 1-percentage-point change in interest rates would result in an annual interest expense fluctuation of approximately $7,000. In addition, the Company is exposed to foreign currency exchange rate risk mainly as a result of its investment in its Canadian subsidiary. A 10% change in the Canadian dollar relative to the U.S. dollar would result in a currency remeasurement expense fluctuation of approximately $261,000, based on dealer quotes, considering current exchange rates. The Company does not enter into derivatives for trading or speculative purposes and did not hold any derivative financial instruments at June 30, 2019.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this report, we have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and our Chief Accounting Officer (our principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Our Chief Executive Officer and Chief Accounting Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management (including our Chief Executive Officer and our Chief Accounting Officer) to allow timely decisions regarding required disclosures. Based on such evaluation, our Chief Executive Officer and Chief Accounting Officer have concluded that these disclosure controls are effective as of June 30, 2019.

There has been no change in the Company's internal control over financial reporting that occurred in the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business and/or which are covered by insurance. The Company has accrued reserves individually and in the aggregate for such legal proceedings. Should actual litigation results differ from the Company's estimates, revisions to increase or decrease the accrued reserves may be required. There are no open matters that the Company deems material.

Item 1A. Risk Factors

The Company is subject to a number of risks including general business and financial risk factors. Any or all of such factors could have a material adverse effect on the business, financial condition or results of operations of the Company. You should carefully consider the risk factors identified in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to those previously disclosed risk factors.

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

During the three months ended June 30, 2019, the Company issued 3,608,247 shares of Common Stock pursuant to the exercise of the Unilumin Warrant. The Common Stock issued to Unilumin was issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults upon Senior Securities

As disclosed in Note 7 to the Condensed Consolidated Financial Statements – Long-Term Debt, as of June 30, 2019 and December 31, 2018, the Company had outstanding $352,000 and $387,000, respectively, of Notes which are no longer convertible into common shares. The Notes matured as of March 1, 2012 and are currently in default. As of June 30, 2019 and December 31, 2018, the Company had accrued $286,000 and $298,000, respectively, Item 5. Other Information

None.

Item 6. Exhibits

31.1 Certification of Alberto Shaio, President and Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

31.2 Certification of Todd Dupee, Senior Vice President and Chief Accounting Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1 Certification of Alberto Shaio, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.2 Certification of Todd Dupee, Senior Vice President and Chief Accounting Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

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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.

TRANS-LUX CORPORATION
(Registrant)

by /s/ Alberto Shaio
Alberto Shaio
President and
Chief Executive Officer

by /s/ Todd Dupee
Todd Dupee
Senior Vice President and
Chief Accounting OfficercouTJ2