FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period

September 30, 2001 ended:

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: _____________ to: _____________

Commission file number: 0-21121

TRANSACT TECHNOLOGIES INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE	06-1456680
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7 LASER LANE, WALLINGFORD, CT 06492

(Address of principal executive offices)
(Zip Code)

(203) 269-1198

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

CLASS	OUTSTANDING NOVEMBER 2, 2001
COMMON STOCK, $.01 PAR VALUE	5,679,778

TRANSACT TECHNOLOGIES INCORPORATED

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ITEM 1. FINANCIAL STATEMENTS

TRANSACT TECHNOLOGIES INCORPORATED

CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(In thousands)	SEPTEMBER 30, 2001	December 31, 2000
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 100	$ 992
Receivables, net	7,990	6,137
Inventories	10,252	9,857
Deferred tax assets	1,765	1,205
Other current assets	949	811
Total current assets	21,056	19,002
Fixed assets, net	5,970	6,794
Goodwill, net	1,521	1,678
Other assets	1,466	145
	8,957	8,617
	$ 30,013	$ 27,619
LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Current portion of term loan	$ 100	$ --
Accounts payable	3,833	2,690
Accrued liabilities	3,348	2,681
Accrued restructuring expenses (Note 4)	1,750	--
Total current liabilities	9,031	5,371
Revolving bank loan payable	7,272	5,944
Long-term portion of term loan	375	--
Other liabilities	408	445
	8,055	6,389
Mandatorily redeemable preferred stock	3,727	3,668
Shareholders' equity:		
Common stock	57	56
Additional paid-in capital	6,301	6,069
Retained earnings	3,521	6,929
Unamortized restricted stock compensation	(283)	(477)
Loan receivable from officer	(330)	(330)
Accumulated other comprehensive loss	(66)	(56)
Total shareholders' equity	9,200	12,191
	$ 30,013	$ 27,619

See notes to consolidated condensed financial statements.

TRANSACT TECHNOLOGIES INCORPORATED

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share data)	THREE MONTHS ENDED SEPTEMBER 30, 2001	THREE MONTHS ENDED September 23, 2000	NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED September 23, 2000
Net sales	$ 13,234	$ 14,604	$ 33,803	$ 39,582
Cost of sales	9,664	10,737	26,017	29,037
Gross profit	3,570	3,867	7,786	10,545
Operating expenses:				
Engineering, design and product development costs	753	826	2,444	2,655
Selling and marketing expenses	1,030	1,074	3,485	3,819
General and administrative expenses	1,426	1,373	4,559	4,013
Business consolidation and restructuring expenses (Note 4)	470	--	1,916	--
	3,679	3,273	12,404	10,487
Operating income (loss)	(109)	594	(4,618)	58
Other income (expense):				
Interest, net	(105)	(169)	(287)	(478)
Other, net	(40)	17	--	53
	(145)	(152)	(287)	(425)
Income (loss) before income taxes	(254)	442	(4,905)	(367)
Income tax provision (benefit)	(92)	152	(1,766)	(171)
Net income (loss)	(162)	290	(3,139)	(196)
Dividends and accretion charges on preferred stock	(90)	(90)	(269)	(230)
Net income (loss) available to common shareholders	$ (252)	$ 200	$ (3,408)	$ (426)
Net income (loss) per share:				
Basic and diluted	$ (0.05)	$ 0.04	$ (0.61)	$ (0.08)
Weighted average common shares outstanding:				
Basic and diluted	5,584	5,512	5,557	5,496

See notes to consolidated condensed financial statements.

TRANSACT TECHNOLOGIES INCORPORATED

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW
(UNAUDITED)

(In thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED September 23, 2000
Cash flows from operating activities:		
Net loss	$(3,139)	$ (196)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,375	1,974
Loss (gain) on disposal of fixed assets	70	(4)
Changes in operating assets and liabilities:		
Receivables	(1,853)	(1,796)
Inventories	(395)	(2,541)
Deferred tax assets and other current assets	(698)	65
Other assets	(1,450)	(57)
Accounts payable	1,143	934
Accrued liabilities and other liabilities	630	(437)
Accrued restructuring expenses	1,750	--
Net cash used in operating activities	(1,567)	(2,058)
Cash flows from investing activities:		
Purchases of fixed assets	(1,143)	(2,296)
Proceeds from sale of fixed assets	2	--
Loans to officers	--	15
Net cash used in investing activities	(1,141)	(2,281)
Cash flows from financing activities:		
Revolving bank loans, net	1,328	1,200
Term loan borrowings, net	475	--
Proceeds from option exercises	233	148
Payment of cash dividends on preferred stock	(210)	(135)
Net proceeds from issuance of preferred stock	--	3,785
Net cash provided by financing activities	1,826	4,998
Effect of exchange rate changes on cash	(10)	(58)
(Decrease) increase in cash and cash equivalents	(892)	601
Cash and cash equivalents at beginning of period	992	279
Cash and cash equivalents at end of period	$ 100	$ 880

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. In the opinion of TransAct Technologies Incorporated (the "Company"), the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly its financial position as of September 30, 2001, the results of its operations for the three and nine months ended September 30, 2001 and September 23, 2000, and its cash flows for the nine months ended September 30, 2001 and September 23, 2000. The December 31, 2000 consolidated condensed balance sheet has been derived from the Company's audited financial statements at that date. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2000 included in the Company's Annual Report on Form 10-K. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The financial position and results of operations of the Company's foreign subsidiaries are measured using local currency as the functional currency. Assets and liabilities of such subsidiaries have been translated at end of period exchange rates, and related revenues and expenses have been translated at weighted average exchange rates. Transaction gains and losses are included in other income.

Effective beginning in 2001, the Company's quarterly periods end on the last day of the calendar quarter. Prior to 2001, the Company reported quarterly results generally on thirteen-week quarterly periods, each ending on the Saturday closest to month-end.

2. Earnings per share

Basic earnings per common share for the three and nine months ended September 30, 2001 and September 23, 2000 were based on the weighted average number of shares outstanding during the period. Diluted earnings per share for the same periods were based on the weighted average number of shares after consideration of any dilutive effect of stock options and warrants. For the three and nine months ended September 30, 2001 and September 23, 2000, the effects of potential dilutive securities have been excluded, as they would have been anti-dilutive.

3. Inventories:

The components of inventory are:

(In thousands)	September 30, 2001	December 31, 2000
Raw materials and component parts	$10,043	$9,603
Work-in-process	45	200
Finished goods	164	54
	$10,252	$9,857

4. Business consolidation and restructuring

In February 2001, the Company announced plans to establish a global engineering and manufacturing center at its Ithaca, NY facility. As part of this strategic decision, the Company expects to consolidate all manufacturing and engineering into its existing Ithaca, NY facility and close its Wallingford, CT facility near the end of 2001 (the "Consolidation"). Production is planned to continue at the Wallingford facility until near the end of 2001, with individual product lines scheduled to transfer over the course of 2001. The closing of the Wallingford facility is expected to result in the termination of employment of approximately 70 production, administrative and management employees. The Company estimates that the non-recurring costs associated with the Consolidation, including severance pay, stay bonuses, employee benefits, moving expenses, non-cancelable lease payments, and other costs, will be approximately $3.0 to $3.5 million and will be recognized during 2001.

4. Business consolidation and restructuring (continued)

The following table summarizes the activity recorded in the restructuring accrual during the three and nine months ended September 30, 2001.

(In thousands)	Three months ended September 30, 2001	Nine months ended September 30, 2001
Accrual balance, beginning of period	$ 1,385	$ --
Business consolidation and restructuring expenses:		
Employee severance and termination expenses (1)	385	959
Facility closure and consolidation expenses (2)	85	957
	470	1,916
Cash payments	(105)	(166)
Accrual balance, end of period	$ 1,750	$ 1,750

(1) Employee severance and termination expenses are the estimated termination salaries, benefits, outplacement, counseling services and other related costs expected to be paid to employees who will be involuntarily terminated.

(2) Facility closure and consolidation expenses are the estimated costs to close the Wallingford, CT facility including lease termination costs and other related costs, in accordance with the restructuring plan. The Wallingford facility closure is expected to be completed near the end of 2001.

The following table summarizes the components of all charges related to the Consolidation.

(In thousands)	Three months ended September 30, 2001	Nine months ended September 30, 2001
Business consolidation and restructuring expenses	$470	$1,916
Accelerated depreciation and asset disposal losses (1)	101	362
Total business consolidation, restructuring and related charges	$571	$2,278

(1) Represents accelerated depreciation and asset disposal losses on certain leasehold improvements and other fixed assets, due to the closing of the Wallingford facility. These charges are included in general and administrative expenses.

5. New accounting pronouncements

On July 20, 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142").

FAS 141 supercedes Accounting Principles Board Opinion ("APB") No. 16, "Business Combinations". The most significant changes made by FAS 141 are: (1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) establishing specific criteria for the recognition of intangible assets separately from goodwill, and (3) requiring unallocated negative goodwill to be written off immediately as an extraordinary gain instead of being deferred and amortized.

FAS 142 supercedes APB No. 17, "Intangibles Assets". FAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition. The provisions of FAS 142 will be effective for the Company for the year ended December 31, 2002. The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years.

The Company has not entered into any business combinations subsequent to June 30, 2001. However, it is currently amortizing goodwill related to the acquisition of Ithaca Peripherals, Inc. in 1991 and the ribbon business formerly conducted by Tridex Corporation in 1999. Management is currently assessing the impact that the adoption of FAS 142 will have on the Company, including whether or not an impairment adjustment would be necessary. At this time, management has not quantified the impact of adoption on the financial statements of the Company.

6. Subsequent event

On October 30, 2001, the Company amended its existing $13.5 million credit facility with LaSalle Business Credit, Inc. ("LaSalle") dated May 25, 2001. Under the terms of the amendment ("LaSalle Amendment"), LaSalle (1) waived compliance with the minimum EBITDA financial covenant as of September 30, 2001, (2) revised certain other financial covenants through December 31, 2001, (3) increased the floating rate of interest on borrowings under the revolving credit line to LaSalle's prime rate plus 1.0%, or the current LIBOR rate plus 3.5%, and (4) increased the floating rate of interest on borrowings under the term loan and equipment loan to LaSalle's prime rate plus 1.5%, or the current LIBOR rate plus 4.0%. In addition, the Company and LaSalle agreed to enter into a second amendment no later than December 31, 2001 to reset the financial covenants for 2002 and beyond based on a financial plan to be submitted by the Company; if the Company and LaSalle cannot mutually agree on such financial covenants, LaSalle has the right to reset the financial covenants to such levels as determined in its reasonable discretion. Upon execution of the LaSalle Amendment, the Company paid a fee of $20,000 to LaSalle.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements included in this report, including without limitation statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations, which are not historical facts are "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. All forward-looking statements involve risks and uncertainties, including, but not limited to, customer acceptance and market share gains, both domestically and internationally, in the face of substantial competition from competitors that have broader lines of products and greater financial resources; introduction of new products by competitors; successful product development; dependence on significant customers; dependence on third parties for sales in Europe and Latin America; economic conditions in the United States, Europe and Latin America; marketplace acceptance of new products; risks associated with foreign operations; the Company's ability to successfully consolidate its operations into its Ithaca, NY facility; availability of third-party components at reasonable prices; the absence of price wars or other significant pricing pressures affecting the Company's products in the United States or abroad; and the Company's ability to successfully amend the LaSalle Credit Facility. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PLANT CONSOLIDATION DURING 2001

In February 2001, the Company announced plans to establish a global engineering and manufacturing center at its Ithaca, NY facility. As part of this strategic decision, the Company expects to consolidate all manufacturing and engineering into its existing Ithaca, NY facility and to close its Wallingford, CT facility near the end of 2001 (the "Consolidation"). The Company's technology shift to inkjet and thermal printing from dot matrix impact printing has dramatically reduced the labor content in printers and, therefore, lowers the required production capacity. Production is planned to continue at the Wallingford facility until near the end of 2001, with individual product lines scheduled to transfer over the course of 2001. The Company estimates that the non-recurring costs associated with the Consolidation, including severance pay, stay bonuses, employee benefits, moving expenses, non-cancelable lease payments and other costs, will be in the $3.0 to $3.5 million range and will be recognized during 2001. The Company expects the Consolidation will provide approximately $4.0 million in annual cost savings, compared to 2000, beginning in 2002. See the "Liquidity and Capital Resources" section for a discussion of the expected impact of the Consolidation on the Company's future cash flows. Also see Note 4 to the Consolidated Condensed Financial Statements.

NEW ACCOUNTING PRONOUNCEMENTS

On July 20, 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142").

FAS 141 supercedes Accounting Principles Board Opinion ("APB") No. 16, "Business Combinations." The most significant changes made by FAS 141 are: (1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) establishing specific criteria for the recognition of intangible assets separately from goodwill, and (3) requiring unallocated negative goodwill to be written off immediately as an extraordinary gain instead of being deferred and amortized.

FAS 142 supercedes APB No. 17, "Intangibles Assets." FAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition. The provisions of FAS 142 will be effective for the Company for the year ended December 31, 2002. The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years.

The Company has not entered into any business combinations subsequent to June 30, 2001. However, it is currently amortizing goodwill related to the acquisition of Ithaca Peripherals, Inc. in 1991 and the ribbon business formerly conducted by Tridex Corporation in 1999. Management is currently assessing the impact that the adoption of FAS 142 will have on the Company, including whether or not an impairment adjustment would be necessary. At this time, management has not quantified the impact of adoption on the financial statements of the Company.

RESULTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THREE MONTHS ENDED SEPTEMBER 23, 2000

NET SALES. Net sales by market for the current and prior year's quarter were as follows:

(In thousands, except %)	Three months ended September 30, 2001		Three months ended September 23, 2000	
Point of sale	$ 5,432	41.0%	$ 8,278	56.7%
Gaming and lottery	7,120	53.8	5,022	34.4
Other	682	5.2	1,304	8.9
	$13,234	100.0%	$14,604	100.0%

Net sales for the third quarter of 2001 decreased $1,370,000, or 9%, to $13,234,000 from the prior year's third quarter, due to significantly lower shipments into the Company's point of sale ("POS") market and lower sales into the Company's other markets, partially offset by an increase of sales into the Company's gaming and lottery market.

Point of sale: Sales of the Company's POS printers decreased approximately $2,846,000, or 34%. International POS printer shipments decreased by approximately $2,865,000, to $1,496,000 in the third quarter of 2001, due largely to lower printer shipments (approximately $3,200,000) to ICL Pathway for the British Post Office project. Sales for the British Post Office project totaled approximately $200,000 (spares and service only) in the third quarter of 2001 compared to $3,400,000 in the same quarter of 2000. The Company completed shipping printers for the British Post Office project during the first quarter of 2001, and no future sales, other than spare parts and service, are expected. While the Company expects to replace a majority of the sales for the British Post Office project with sales of other POS and gaming and lottery printers during 2001, if the Company is unable to do so, the absence of such sales would have a material adverse impact on the Company's operations and financial results for the remainder of 2001. In addition to lower sales to ICL Pathway, the Company experienced a decrease in sales, primarily to Europe, of approximately $400,000 through Okidata, the Company's distribution partner in Europe and Latin America. The decrease in international POS sales to ICL Pathway and Okidata was somewhat offset by an increase of approximately $700,000 of shipments of the Company's thermal fiscal printer in Europe.

Despite adverse economic conditions, domestic POS printer sales increased slightly to $3,936,000 compared to $3,917,000 in the third quarter of 2000.

Due to on-going economic weakness, the Company expects continued worldwide softness in demand for its POS products. Additionally, retailers typically reduce purchases of new POS equipment in the fourth quarter due to increased volume of consumer transactions in that period. As a result, the Company expects sales into the POS market for last quarter of 2001 to be lower than those reported for the third quarter of 2001.

Gaming and lottery: Sales of the Company's gaming and lottery printers increased approximately $2,098,000, or 42%, from the third quarter a year ago. Sales of the Company's on-line lottery printers and spares to GTECH Corporation ("GTECH") (a worldwide lottery terminal provider and major customer of the Company) increased by approximately $2,900,000, to approximately $6,100,000 in the third quarter of 2001, compared to $3,200,000 in the third quarter of 2000. The Company received an order from GTECH in January 2001 approximating $14,000,000 for on-line lottery printers that will be delivered from May to December 2001, of which approximately $9,400,000 was shipped year-to-date through September 30, 2001. The Company also received follow-on orders from GTECH approximating $7,800,000 for on-line lottery printers that will be delivered from January 2002 to August 2002. Sales of the Company's new slot machine printer and other gaming printers also increased by approximately $600,000. The new slot machine printer is primarily for use in casinos in California and Nevada. The Company expects sales of its slot machine printers to continue to increase for the remainder of 2001.

Offsetting the increase of printer sales to GTECH and increased slot machine printer sales was a decrease of approximately $1,400,000 in sales of the Company's video lottery terminal ("VLT") printers. Sales of such printers were unusually high in the third quarter of 2000. Since the Company's sales of VLT printers were also unusually high in the fourth quarter of 2000, the Company expects lower sales of such printers in the fourth quarter of 2001 compared to the fourth quarter of 2000.

Other: Sales of the Company's printers into other markets decreased by $622,000, or 48%, to $682,000 from the prior year's comparable quarter primarily due to (1) lower sales (a decrease of approximately $300,000) of the Company's ATM printer and related spares and (2) sales of kiosk printers to customers for projects in the third quarter of 2000 that did not repeat in the third quarter of 2001. Since printer sales into the kiosk printer market are principally project-oriented, the Company cannot predict if and when future sales may occur.

GROSS PROFIT. Gross profit decreased $297,000, or 8%, to $3,570,000 from the prior year's quarter due primarily to lower volume of sales. Gross profit for the third quarter of 2001 was adversely impacted by lower sales, primarily due to the absence of printer shipments for the British Post Office project. Despite lower sales, gross margin increased to 27.0% from 26.5% due to a favorable change in sales mix. The Company expects its gross margin for the remaining quarter of 2001 to decline from the level in the third quarter of 2001 to be relatively consistent with that of the first nine months of 2001.

ENGINEERING AND PRODUCT DEVELOPMENT. Engineering, design and product development expenses decreased $73,000, or 9%, to $753,000 from the third quarter of 2000. This decrease is primarily due to a reduction in engineering staff at the Company's Wallingford facility resulting from the Consolidation. Engineering and product development expenses increased slightly as a percentage of net sales to 5.7% from 5.6%, due to lower sales volume in the third quarter of 2001 compared to 2000.

SELLING AND MARKETING. Selling and marketing expenses decreased $44,000, or 4%, to $1,030,000 from the third quarter of 2000. Such expenses decreased primarily due to continued unusually high marketing and promotional expenses incurred during the third quarter of 2000 related to the April 2000 launch of the Company's new family of printers utilizing inkjet printing technology. Selling and marketing expenses as a percentage of net sales increased to 7.8% from 7.4%, due to lower sales volume in the third quarter of 2001 compared to 2000.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by $53,000, or 4%, to $1,426,000 from the comparable prior year's quarter and increased as a percentage of net sales to 10.8% from 9.4%. The increase primarily resulted from the inclusion of $99,000 of accelerated depreciation on certain assets (primarily leasehold improvements and computer equipment) located at the Company's Wallingford, CT facility whose useful lives have been shortened as a result of the Consolidation. For the fourth quarter of 2001, accelerated depreciation on these assets is expected to be approximately $100,000. This increase was partially offset by a reduction of staff and certain related expenses at the Company's Wallingford, CT facility resulting from the Consolidation.

BUSINESS CONSOLIDATION AND RESTRUCTURING. During the third quarter of 2001, the Company incurred approximately $470,000 of expenses related to the Consolidation. These expenses primarily included a portion of employee severance and termination expenses incurred during the quarter, and facility closure and consolidation expenses (including moving expenses and other costs). The Company estimates that the non-recurring costs associated with the Consolidation will be in the $3.0 to $3.5 million range and will be recognized during 2001. See Note 4 to the Consolidated Condensed Financial Statements.

OPERATING INCOME (LOSS). The Company incurred an operating loss of $109,000 in the third quarter of 2001 compared to operating income of $594,000 in the third quarter of the prior year. The operating loss in the third quarter of 2001 resulted primarily from lower gross profit on lower sales in the third quarter of 2001 compared to the third quarter of 2000 and expenses related to the Consolidation.

INTEREST. Net interest expense decreased to $105,000 from $169,000 in the third quarter of 2000 due to decreased average outstanding borrowings on the Company's line of credit and a lower average interest rate on such borrowings. See "Liquidity and Capital Resources" below.

INCOME TAXES. As a result of the Company's loss before income taxes, the Company recorded an income tax benefit of $92,000, or an effective rate of 36%, in the third quarter of 2001 compared to an income tax provision of $152,000, or an effective tax rate of 34.4%, in the third quarter of 2000.

NET INCOME (LOSS). The Company incurred a net loss during the third quarter of 2001 of $162,000, or $0.05 per share (basic and diluted) after giving effect to $90,000 of dividends and accretion charges on preferred stock issued in April 2000. This compares to net income of $290,000, or $0.04 per share (basic and diluted) after giving effect to $90,000 of dividends and accretion charges on preferred stock, for the third quarter of 2000. In future quarters, dividends and accretion charges on preferred stock will be approximately $90,000, before the effect of any conversion or redemption of the preferred stock.

NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO NINE MONTHS ENDED SEPTEMBER 23, 2000

NET SALES. Net sales by market for the current and prior year's quarter were as follows:

(In thousands, except %)	Nine months ended September 30, 2001		Nine months ended September 23, 2000	
Point of sale	$16,372	48.4%	$22,109	55.9%
Gaming and lottery	13,861	41.0	13,503	34.1
Other	3,570	10.6	3,970	10.0
	$33,803	100.0%	$39,582	100.0%

Net sales for the first nine months of 2001 decreased $5,779,000, or 15%, to $33,803,000 from the prior year's first nine months, largely due to significantly lower shipments into the Company's point of sale ("POS") market.

Point of sale: Sales of the Company's POS printers decreased approximately $5,737,000, or 26%. International POS printer shipments decreased approximately $5,981,000, to $5,424,000 largely due to lower printer shipments (approximately $6,500,000) to ICL Pathway for the British Post Office project. Sales for the British Post Office project totaled approximately $1,500,000 in the first nine months of 2001 compared to $8,000,000 in the first nine months of 2000. The Company completed shipping printers for the British Post Office project during the first quarter of 2001, and no future sales, other than spare parts and service, are expected. While the Company expects to replace a majority of the sales for the British Post Office project with sales of other POS and gaming and lottery printers during 2001, if the Company is unable to do so, the absence of such sales would have a material adverse impact on the Company's operations and financial results for the remainder of 2001. In addition to lower sales to ICL Pathway, the Company experienced a decrease in sales, primarily to Europe, of approximately $1,000,000 through Okidata, the Company's distribution partner in Europe and Latin America. The decrease in international POS sales to ICL Pathway and Okidata was somewhat offset by an increase of approximately $1,600,000 of shipments of the Company's thermal fiscal printer in Europe.

Despite adverse economic conditions, domestic POS printer sales increased slightly by $244,000 to $10,948,000.

Due to on-going economic weakness, the Company expects continued worldwide softness in demand for its POS products. Additionally, retailers typically reduce purchases of new POS equipment in the fourth quarter due to increased volume of consumer transactions in that period. As a result, the Company expects sales into the POS market for last quarter of 2001 to be lower than those reported for the third quarter of 2001.

Gaming and lottery: Sales of the Company's gaming and lottery printers increased approximately $358,000, or 3%, from the first nine months a year ago. Sales of the Company's on-line lottery printers to GTECH increased by approximately $100,000, to approximately $9,400,000 in the first nine months of 2001, compared to $9,300,000 in the first nine months of 2000. The Company received an order from GTECH in January 2001 approximating $14,000,000 for on-line lottery printers that will be delivered from May 2001 to December 2001, of which $9,400,000 was shipped year-to-date through September 30, 2001. The Company also received follow-on orders from GTECH approximating $7,800,000 for on-line lottery printers that will be delivered from January 2002 to August 2002. In addition to the increase of printer sales to GTECH, sales of the Company's new slot machine printers and other gaming printers increased by approximately $2,500,000. The new slot machine printer is primarily for use in casinos in California and Nevada. The Company expects sales of its slot machine printers to continue to increase for the remainder of 2001.

Offsetting the increase of on-line lottery printer sales to GTECH and increased slot machine printer sales, was a decrease of approximately $2,300,000 in sales of the Company's video lottery terminal ("VLT") printers. Since the Company's sales of VLT printers were unusually high in the last half of 2000, the Company expects lower sales of such printers in the year ended December 31, 2001 compared to 2000.

Other: Sales of the Company's printers into other markets decreased by $400,000, or 10%, to $3,570,000 from the prior year's comparable period. During the 2001 nine-month period, sales of the Company's ATM printer and related spares decreased approximately $1,400,000. In addition, sales decreased by approximately $500,000 due to sales of kiosk printers to customers for projects primarily in the third quarter of 2000 that did not repeat in the first nine months of 2001. The first nine months of 2001 also included shipments of approximately $1,500,000 of the Company's thermal kiosk printers for use in a Canadian government application. No shipments of these printers were made in the first nine months of 2000. Since printer sales into the kiosk printer market are principally project-oriented, the Company cannot predict if and when future sales may occur.

GROSS PROFIT. Gross profit decreased $2,759,000, or 26%, to $7,786,000 from the first nine months of 2000 due primarily to lower volume of sales. The gross margin also declined to 23.0% from 26.6%. Both gross profit and gross margin for the first nine months of 2001 were adversely impacted by lower sales volume due primarily to the absence of printer shipments for the British Post Office project. The Company expects its gross margin for the remaining quarter of 2001 to be relatively consistent with that of the first nine months of 2001.

ENGINEERING AND PRODUCT DEVELOPMENT. Engineering, design and product development expenses decreased $211,000, or 8%, to $2,444,000 from the first nine months of 2000. This decrease is primarily due to a reduction in engineering staff at the Company's Wallingford facility resulting from the Consolidation. Engineering and product development expense increased as a percentage of net sales to 7.2% from 6.7%, due to lower sales volume in the first nine months of 2001 compared to 2000.

SELLING AND MARKETING. Selling and marketing expenses decreased $334,000, or 9%, to $3,485,000 from the first nine months of 2000. Such expenses decreased primarily due to unusually high marketing and promotional expenses incurred during the first nine months of 2000 related to the April 2000 launch of the Company's new family of printers utilizing inkjet printing technology. Selling and marketing expenses as a percentage of net sales increased to 10.3% from 9.6%, due to lower sales volume in the first nine months of 2001 compared to 2000.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by $546,000, or 14%, to $4,559,000 from the comparable prior year's period and increased as a percentage of net sales to 13.5% from 10.1%. The increase in expenses primarily resulted from (1) higher administrative compensation-related expenses due largely to annual salary increases and (2) the inclusion of $296,000 of accelerated depreciation on certain assets (primarily leasehold improvements and computer equipment) located at the Company's Wallingford, CT facility whose useful lives have been shortened as a result of the Consolidation. For the fourth quarter 2001, accelerated depreciation on these assets is expected to be approximately $100,000. These increases were partially offset by a reduction of staff and certain related expenses at the Company's Wallingford, CT facility resulting from the Consolidation.

BUSINESS CONSOLIDATION AND RESTRUCTURING. During the first nine months of 2001, the Company incurred approximately $1,916,000 of expenses related to the Consolidation. These expenses primarily included a portion of employee severance and termination expenses incurred during the period, and facility closure and consolidation expenses (including moving expenses, estimated non-cancelable lease payments and other costs). The Company estimates that the non-recurring costs associated with the Consolidation will be in the $3.0 to $3.5 million range and will be recognized during 2001. See Note 4 to the Consolidated Condensed Financial Statements.

OPERATING LOSS. The Company incurred an operating loss of $4,618,000 in the first nine months of 2001 compared to operating income of $58,000 in the first nine months of the prior year. The operating loss in the first nine months of 2001 resulted primarily from lower gross profit on lower sales in the first nine months of 2001 compared to the first nine months of 2000 and expenses related to the Consolidation.

INTEREST. Net interest expense decreased to $287,000 from $478,000 in the first nine months of 2000 due to decreased average outstanding borrowings on the Company's line of credit and a lower average interest rate on such borrowings. See "Liquidity and Capital Resources" below.

INCOME TAXES. As a result of the Company's loss before income taxes, the Company recorded an income tax benefit of $1,766,000 and $171,000, or an effective rate of 36% and 46.6%, in the first nine months of 2001 and 2000, respectively.

NET LOSS. The Company incurred a net loss during the first nine months of 2001 of $3,139,000, or $0.61 per share (basic and diluted) after giving effect to $269,000 of dividends and accretion charges on preferred stock issued in April 2000. This compares to a net loss for the first nine months of 2000 of $196,000, or $0.08 per share (basic and diluted) after giving effect to $230,000 of dividends and accretion charges on preferred stock issued in April 2000. In future quarters, dividends and accretion charges on preferred stock will be approximately $90,000, before the effect of any conversion or redemption of the preferred stock.

LIQUIDITY AND CAPITAL RESOURCES

The Company used $1,567,000 and $2,058,000 of cash from operations during the first nine months of 2001 and 2000, respectively. Cash used from operations for the first nine months of 2001 was largely the result of the Company's net loss incurred during the period. The Company's working capital decreased to $12,025,000 at September 30, 2001 from $13,631,000 at December 31, 2000. The current ratio also decreased to 2.33 at September 30, 2001 from 3.54 at December 31, 2000. Both the decrease in working capital and the current ratio were largely due to higher accounts payable and accrued expenses (approximately $1.8 million), and accrued restructuring expenses of approximately $1.75 million related to the Consolidation, partially offset by an increase in accounts receivable and deferred taxes. The Company has maintained tight control over its inventory level, which rose only approximately $400,000, or 4%, from December 31, 2000. The Company expects its working capital and current ratio to continue to decline for the remainder of 2001, as the majority of expenses related to the Consolidation will continue to accrue during 2001, but are not expected to be paid until 2002.

On May 25, 2001, the Company entered into a new, three-year, $13.5 million credit facility (the "LaSalle Credit Facility") with LaSalle Business Credit, Inc. ("LaSalle") expiring on May 25, 2004. The LaSalle Credit Facility replaced the Company's $12 million credit facility with Webster Bank. The LaSalle Credit Facility provides a $12 million revolving credit line, a $0.5 million term loan and a $1 million equipment loan facility. Prior to the LaSalle Amendment described below, borrowings under the revolving credit line bore a floating rate of interest at LaSalle's prime rate. Borrowings under both the term loan and equipment loan bore a floating rate of interest at LaSalle's prime rate plus 0.50%. Under certain circumstances, the Company may select a fixed interest rate for a specified period of time up to 180 days on borrowings which bore interest based on the current LIBOR rate plus 2.50% and 3.0% under the revolving credit line facility, and the term and equipment loan facilities, respectively. The Company also pays a fee of 0.25% on unused borrowings under the revolving credit line and equipment loan facilities. Borrowings under the LaSalle Credit Facility are secured by a lien on all the personal property assets of the Company. The LaSalle Credit Facility also imposes certain financial covenants on the Company beginning July 1, 2001, and restricts the payment of dividends on its common stock and the creation of other liens. The Company had a total of $7,747,000 of outstanding borrowings under the LaSalle Credit Facility at September 30, 2001 ($7,272,000 under the revolving credit line and $475,000 under the term loan).

On October 30, 2001, the Company amended the LaSalle Credit Facility. Under the terms of the amendment ("LaSalle Amendment"), LaSalle (1) waived compliance with the minimum EBITDA financial covenant as of September 30, 2001, (2) revised certain other financial covenants through December 31, 2001, (3) increased the floating rate of interest on borrowings under the revolving credit line to LaSalle's prime rate plus 1.0%, or the current LIBOR rate plus 3.5%, and (4) increased the floating rate of interest on borrowings under the term loan and equipment loan to LaSalle's prime rate plus 1.5%, or the current LIBOR rate plus 4.0%. In addition, the Company and LaSalle agreed to seek to enter into a second amendment no later than December 31, 2001 to reset the financial covenants for 2002 and beyond based on a financial plan to be submitted by the Company; if the Company and LaSalle cannot mutually agree on such financial covenants, LaSalle has the right to reset the financial covenants to such levels as determined in its reasonable discretion. Upon execution of the LaSalle Amendment, the Company paid a fee of $20,000 to LaSalle.

The Company's capital expenditures were approximately $1,143,000 and $2,296,000 for the nine months ended September 30, 2001 and September 23, 2000, respectively. These expenditures primarily included new product tooling, largely for new inkjet products in the 2000 period. The Company's total capital expenditures for 2001 are expected to be approximately $1,500,000, the majority of which was invested in new product tooling.

The Company estimates that the non-recurring costs associated with the Consolidation will be approximately $3.0 to $3.5 million, and will be recognized during 2001. Of these costs, approximately $2.5 to $3.0 million will require future cash outlays. The Company expects to pay approximately $300,000 to $500,000 in 2001 and the remainder in 2002. The Company paid approximately $166,000 of these costs during the first nine months of 2001.

The Company believes that cash flows generated from operations and borrowings available under the LaSalle Credit Facility, as amended by the LaSalle Amendment, will provide sufficient resources to meet the Company's working capital needs, including costs associated with the Consolidation, finance its capital expenditures and meet its liquidity requirements through December 31, 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The Company's exposure to market risk for changes in interest rates relates primarily to borrowings under the LaSalle Credit Facility. These borrowings bear interest at variable rates and the fair value of this indebtedness is not significantly affected by changes in market interest rates. The Company, under the LaSalle Credit Facility, may fix its rate of interest at LIBOR plus the applicable margin for between 30 and 180 days on a significant portion of its outstanding borrowings. The Company does not have any other protection against interest rate fluctuations. An effective increase or decrease of 10% in the current effective interest rates under the LaSalle Credit Facility would not have a material effect on the Company's results of operations or cash flow.

FOREIGN CURRENCY EXCHANGE RISK

A substantial portion of the Company's sales and purchases are denominated in U.S. dollars and, as a result, the Company has relatively little exposure to foreign currency exchange risk with respect to sales and purchases. This exposure may change over time as business practices evolve and could have a material adverse impact on its financial results in the future. The Company does not use forward exchange contracts to hedge exposures denominated in foreign currencies or any other derivative financial instruments for trading or speculative purposes. The effect of an immediate 10% change in exchange rates would not have a material impact on the Company's future results of operations or cash flow.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits filed herein

Exhibit 10.28	Waiver and Amendment No. 1 to Loan and Security Agreement dated as of May 25, 2001 among TransAct Technologies Incorporated, LaSalle Business Credit, Inc. and the institutions from time to time a party hereto.
Exhibit 11.1	Computation of earnings per share

b. Reports on Form 8-K

The Company did not file any reports on Form 8-K during the quarter covered by this report.

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.

TRANSACT TECHNOLOGIES INCORPORATED
(Registrant)

November 13, 2001

/s/ Richard L. Cote

Richard L. Cote
Executive Vice President, Secretary,
Treasurer and Chief Financial Officer
(Principal Financial Officer)

/s/ Steven A. DeMartino

Steven A. DeMartino
Vice President and Corporate Controller
(Principal Accounting Officer)

EXHIBIT LIST

The following exhibits are filed herewith.

Exhibit	
10.28	Waiver and Amendment No. 1 to Loan and Security Agreement dated as of May 25, 2001 among TransAct Technologies Incorporated, LaSalle Business Credit, Inc. and the institutions from time to time a party hereto.
11.1	Computation of earnings per share.

Exhibit 10.28

WAIVER AND AMENDMENT NO. 1

TO

LOAN AND SECURITY AGREEMENT

THIS WAIVER AND AMENDMENT NO. 1 ("Amendment") is entered into as of October 30, 2001, by and among TransAct Technologies Incorporated, a Delaware corporation having its principal place of business at 7 Laser Lane, Wallingford, Connecticut 06492 ("Borrower"), LaSalle Business Credit, Inc. having its principal place of business at 135 South LaSalle Street, Chicago, Illinois 60603 with an office located at 565 Fifth Avenue, New York, New York 10017 ("LaSalle"), the undersigned financial institutions (each individually a "Lender" and, collectively, "Lenders") and LaSalle as agent for the Lenders (LaSalle, in such capacity, "Agent").

BACKGROUND

Pursuant to a Loan and Security Agreement dated as of May 25, 2001, (as may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among Borrower, Agent and Lenders, Agent and Lenders provide Borrower with certain financial accommodations.

Borrower has requested that, among other things, Agent and Lenders (i) waive an existing Event of Default with respect to Minimum EBITDA contained in the Loan Agreement, (ii) amend certain financial covenants contained in the Loan Agreement and (iii) amend certain other provisions of the Loan Agreement and Agent and Lenders are willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of Borrower by Agent and Lenders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. Amendment to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 5 below, the Loan Agreement is hereby amended as follows:

(a) Article 1 is hereby amended as follows:

(i) the following defined terms are hereby added in their appropriate alphabetical order:

"Amendment No. 1" shall mean the Waiver and Amendment No. 1 to this Agreement dated as of October 30, 2001.

"Amendment No. 1 Effective Date" shall mean the date on which all of the conditions precedent contained in Section 5 of Amendment No. 1 shall have been satisfied.

(ii) the following defined term is hereby amended in its entirety to provide as follows:

"APPLICABLE MARGIN" shall mean the percentage set forth below for the applicable Type and Kind of Loan calculated based on Borrower achieving the financial test set forth below:

APPLICABLE MARGIN

Level	Revolving Loans		Term Loans		Equipment Loans	
	Prime	LIBOR	Prime	LIBOR	Prime	LIBOR
1	1.00%	3.50%	1.50%	4.00%	1.50%	4.00%
2	.75%	3.25%	1.25%	3.75%	1.25%	3.75%

The Applicable Margin shall be set at Level 1 on the Closing Date and shall not be subject to decrease prior to the receipt by Agent of the annual financial statements of Borrower as required under paragraph 12(d) hereof for the Fiscal Year ending December 31, 2001 (the "2001 Annual Financial Statements"). If (a) Borrower's EBITDA for the Fiscal Year ending December 31, 2001 as calculated using the financial information from the 2001 Annual Financial Statements, is equal to or greater than $2,650,000, (b) the 2001 Annual Financial Statements have been delivered in accordance with the requirements set forth in paragraph 12(d) hereof and (c) no Default or Event of Default has occurred and is continuing on the date the 2001 Annual Financial Statements are delivered, the Applicable Margin shall be adjusted to Level 2. If any of the foregoing conditions are not satisfied, the Applicable Margin shall permanently remain at Level 1. If the Applicable Margin is adjusted to Level 2 in accordance with this paragraph, such change shall be effective thirty (30) days after Agent receives the 2001 Annual Financial Statements.

(b) Paragraph 12(e) is hereby amended in its entirety as follows:

"(e) As soon as practicable and in any event not later than (i) November 30, 2001 with respect to the Fiscal Year commencing January 1, 2002 and (ii) thirty (30) days after the beginning of each Fiscal Year thereafter, projected balance sheets, statements of income and cash flow for Borrower on a consolidated basis and a consolidating basis, for each of the twelve (12) months during such Fiscal Year, which shall include the assumptions used therein, together with appropriate supporting details as requested by Agent (hereinafter referred to as "Projections")."

(c) Paragraph 15(p) is hereby amended in its entirety to provide as follows:

"(p) Borrower on a consolidated basis shall maintain and keep in full force and effect each of the financial covenants set forth below. The calculation and determination of each such financial covenant, and all accounting terms contained therein, shall be so calculated and construed in accordance with GAAP, applied on a basis consistent with the financial statements of Borrower delivered on or before the Closing Date:

(i) Tangible Net Worth. Borrower on a consolidated basis shall maintain as of the end of each month a Tangible Net Worth of not less than the amount set forth below shown opposite such month:

MONTH ENDED	TANGIBLE NET WORTH
November 30, 2001	$10,200,000
December 31, 2001	$9,340,000
January 31, 2002	$10,100,000
February 28, 2002	$10,100,000
March 31, 2002	$10,100,000
April 30, 2002	$10,200,000
May 31, 2002	$10,200,000
June 30, 2002	$10,200,000
July 31, 2002	$10,900,000
August 31, 2002	$10,900,000
September 30, 2002	$10,900,000
October 31, 2002	$11,100,000
November 30, 2002	$11,100,000
December 31, 2002	$11,100,000
March 31, 2003 and each month thereafter (each such month, the "current month")	The sum of (A) $11,100,000 plus (B) an aggregate amount equal to eighty five percent (85%) of the cumulative net income after taxes of Borrower on a consolidated basis for the period commencing on January 1, 2003 through and including the last day of the current month, provided, however, that such cumulative amount shall not be reduced by the amount of any net loss before taxes of Borrower on a consolidated basis for any preceding month.

(ii) Fixed Charge Coverage Ratio. Borrower on a consolidated basis shall maintain as of the end of each month a Fixed Charge Coverage Ratio of not less than the ratio set forth below shown opposite such month with respect to the twelve (12) months then ended.

MONTH ENDED	FIXED CHARGE COVERAGE RATIO
January 31, 2002 through and including March 31, 2002	1.0 to 1.0
June 30, 2002 and each month thereafter	1.15 to 1.0

(iii) Capital Expenditures. Borrower on a consolidated basis shall not make Capital Expenditures of an aggregate amount of more than (x) two million two hundred thousand dollars ($2,200,000) during the Fiscal Year ending December 31, 2001 and (y) two million five hundred thousand dollars ($2,500,000) during any Fiscal Year thereafter.

(iv) Minimum Consolidated EBITDA. Borrower on a consolidated basis shall maintain EBITDA of not less than the amounts set forth below shown opposite such month with respect to the twelve (12) months then ended, provided that the applicable period being tested on the fiscal quarter ending November 30, 2001 will be the eleven (11) months then ended:

FISCAL QUARTER ENDED	MINIMUM CONSOLIDATED EBITDA
November 30, 2001	($250,000)
December 31, 2001	($350,000)
January 31, 2002	$ 2,500,000
February 28, 2002	$ 2,500,000
March 31, 2002	$ 2,500,000
April 30, 2002	$ 2,800,000
May 31, 2002	$ 2,800,000
June 30, 2002	$ 2,800,000
July 31, 2002	$ 3,100,000
August 31, 2002	$ 3,100,000
September 30, 2002 and each month thereafter	$ 3,100,000

(v) Adjustment of Financial Covenants. Within thirty (30) days of the date on which Agent receives the Projections for the Fiscal Year commencing January 1, 2002, the parties shall enter into an amendment to this Agreement to reset the financial covenants set forth on this Paragraph 15(p) to give effect to such Projections, provided, however, if the parties fail to enter into such amendment within thirty (30) days of the date on which Agent receives the Projections for the Fiscal Year commencing January 1, 2002, then Agent shall have the right to reset the financial covenants to such levels as determined in its reasonable discretion."

3. Waiver. Subject to satisfaction of the conditions precedent set forth in Section 5 below, Agent and Lenders hereby waive, solely with respect to the fiscal quarter ending September 30, 2001, compliance by Borrower with the Minimum EBITDA financial covenant set forth in paragraph 15(p)(iv) of the Loan Agreement pursuant to which Borrower was required to maintain Minimum Consolidated EBITDA of not less than $475,000 for the three (3) fiscal quarters ended September 30, 2001.

4. Amendment and Waiver Fee. On the Amendment No. 1 Effective Date, Borrower shall pay Agent for the benefit of Lenders an amendment and waiver fee of $20,000 (the "Amendment and Waiver Fee"). The Amendment and Waiver Fee shall be deemed fully earned on the Amendment No. 1 Effective Date and shall not be subject to reduction, rebate or

proration whatsoever. Borrower hereby authorizes Agent to automatically charge Borrower's loan account with Agent for the Amendment and Waiver Fee on the Amendment No. 1 Effective Date.

5. Conditions of Effectiveness. This Amendment shall become effective October 30, 2001, when and only when Agent shall have received in form and substance satisfactory to Agent and its counsel (i) four (4) copies of this Amendment executed by Borrower and consented and agreed to by TransAct.com, TransAct UK and TransAct Barbados as Guarantors and (ii) such other certificates, instruments, documents, agreements and opinions of counsel as may be required by Agent or its counsel, each of which shall be in form and substance satisfactory to Agent and its counsel.

6. Representations and Warranties. Borrower hereby represents and warrants as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms.

(b) Upon the effectiveness of this Amendment, Borrower hereby reaffirms all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agree that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

(c) After giving effect to this Amendment, no Event of Default or Default has occurred and is continuing or would exist .

(d) Borrower has no defense, counterclaim or offset with respect to the Loan Agreement.

7. Effect on the Loan Agreement.

(a) Upon the effectiveness of Section 2 hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided in Section 3, operate as a waiver of any right, power or remedy of Agent or Lenders, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

8. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

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10. Counterparts; Facsimile. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same agreement. Any signature delivered by a party hereto by facsimile shall be deemed to be an original signature hereto.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

TRANSACT TECHNOLOGIES INCORPORATED, as Borrower

By: __/s/ Richard L. Cote
Name: Richard L. Cote
Title: Exec. VP & CFO

LASALLE BUSINESS CREDIT, INC., as Agent and Lender

By: /s/ Daniel Maresca
Name: Daniel Maresca
Title: First Vice President

CONSENTED AND AGREED TO:

TRANSACT.COM, INC., as Guarantor

By: /s/ Bart C. Shuldman
Name: Bart C. Shuldman
Title: President

TRANSACT TECHNOLOGIES LIMITED, as Guarantor

By: /s/ Bart C. Shuldman
Name: Bart C. Shuldman
Title: President

TRANSACT TECHNOLOGIES INTERNATIONAL LTD., as Guarantor

By: /s/ Richard L. Cote
Name: Richard L. Cote
Title: President

TRANSACT TECHNOLOGIES INCORPORATED
Exhibit 11.1
Computation of Earnings Per Share
(unaudited)

(In thousands, except per share data)	THREE MONTHS ENDED SEPTEMBER 30, 2001	THREE MONTHS ENDED September 23, 2000	NINE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED September 23, 2000
Net income (loss)	$ (162)	$ 290	$(3,139)	$ (196)
Dividends and accretion on preferred stock	(90)	(90)	(269)	(230)
Net income (loss) available to common shareholders	$ (252)	200	$(3,408)	$ (426)
Shares:				
Basic - Weighted average common shares outstanding	5,584	5,512	5,557	5,496
Dilutive effect of outstanding options and warrants as determined by the treasury stock method	--	--	--	--
Dilutive - Weighted average common and common equivalent shares outstanding	5,584	5,512	5,557	5,496
Net income (loss) per common and common equivalent share:				
Basic	$ (0.05)	$ 0.04	$ (0.61)	$ (0.08)
Diluted	(0.05)	0.04	(0.61)	(0.08)