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

FORM 10-Q

(Mark One)

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

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 No. 1-106

THE LGL GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Indiana	38-1799862
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
140 Greenwich Avenue, 4th Floor, Greenwich, CT	06830
(Address of principal executive offices)	(Zip Code)

(203) 622-1150

Registrant's telephone number, including area code

(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 |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer |_| Accelerated filer |_| Non-accelerated filer |X|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes |_| No |X|

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

Class	Outstanding At August 14, 2007
Common Stock, $0.01 par value	2,154,702

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THE LGL GROUP, INC.

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ITEM 1 -- CONDENSED FINANCIAL STATEMENTS

THE LGL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS -- UNAUDITED
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	June 30, 2007	December 31, 2006 (A)
	(UNAUDITED)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,640	$ 4,429
Restricted cash (Note E)	77	96
Investments - marketable securities (Note F)	53	2,610
Accounts receivable, less allowances of $429 and $132, respectively	6,369	6,472
Due From Olivotto (Note A)	250	--
Inventories (Note G)	5,172	6,105
Prepaid expenses and other current assets	300	305
Assets Held For Sale (Note H)	1,521	1,559
Assets from Discontinued Operations (Note I)	457	3,788
Total Current Assets	$ 19,839	$ 25,364
Property, Plant and Equipment		
Land	635	718
Buildings and improvements	2,761	2,761
Machinery and equipment	12,065	12,006
Gross Property, Plant and Equipment	15,461	15,485
Less: Accumulated Depreciation	(10,989)	(10,471)
Net Property, Plant and Equipment	4,472	5,014
Deferred Income Taxes	112	111
Other Assets	449	468
Total Assets	$ 24,872	$ 30,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable to bank (Note J)	$ 2,161	$ 1,356
Trade accounts payable	2,194	2,515
Accrued compensation expense	1,074	1,522
Accrued income taxes	26	192
Accrued professional fees	356	555
Other accrued expenses	440	841
Current maturities of Long-Term Debt (Note J)	1,565	2,027
Liabilities from Discontinued Operations (Note I)	497	2,142
Total Current Liabilities	8,313	11,150
Long-term debt (Note J)	2,951	3,100
Total Liabilities	$ 11,264	$ 14,250
Shareholders' Equity		
Common stock, $0.01 par value - 10,000,000 shares authorized; 2,188,510 shares issued; 2,154,702 shares outstanding	22	22
Additional paid-in capital	21,130	21,081
Accumulated deficit	(6,911)	(5,539)
Accumulated other comprehensive income (Note L)	13	1,789
Treasury stock, at cost, 33,808 shares	(646)	(646)
Total Shareholders' Equity	13,608	16,707
Total Liabilities and Shareholders' Equity	$ 24,872	$ 30,957

(A) The Balance Sheet at December 31, 2006 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.
For period ended, December 31, 2006, $172,000 was reclassified out of other comprehensive income into accumulated deficit.

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

PART I -- FINANCIAL INFORMATION

ITEM 1 -- CONDENSED FINANCIAL STATEMENTS

THE LGL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS -- UNAUDITED
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
REVENUES	$ 10,014	$ 10,574	$ 19,391	$ 20,322
Cost and expenses:				
Manufacturing cost of sales	7,477	7,087	14,894	13,836
Selling and administrative	2,674	2,616	5,263	4,906
OPERATING PROFIT (LOSS)	(137)	871	(766)	1,580
Other income (expense):				
Investment income	--	286	1,526	520
Interest expense	(91)	(160)	(181)	(306)
Gain on sale of land	88	--	88	--
Other income (expense)	(29)	--	(39)	(8)
Total Other Income	(32)	126	1,394	206
INCOME (LOSS) BEFORE INCOME TAXES	(169)	997	629	1,786
(Provision) Benefit for income taxes	108	(199)	(41)	(411)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	(61)	798	588	1,375
Loss from Discontinued Operations	(803)	(299)	(978)	(510)
Loss on Sale of Lynch Systems	(982)	--	(982)	--
Total Loss on Discontinued Operations	(1,785)	(299)	(1,960)	(510)
NET INCOME(LOSS)	$ (1,846)	$ 499	$ (1,372)	$ 865
Weighted average shares outstanding	2,154,702	2,154,702	2,154,702	2,154,702
BASIC AND DILUTED INCOME/(LOSS) PER SHARE FROM CONTINUING OPERATIONS	$ (0.03)	$ 0.37	$ 0.27	$ 0.64
BASIC AND DILUTED INCOME/(LOSS) PER SHARE FROM DISCONTINUED OPERATIONS	$ (0.83)	$ (0.14)	$ (0.91)	$ (0.24)
BASIC AND DILUTED NET INCOME/(LOSS) PER SHARE	$ (0.86)	$ 0.23	$ (0.64)	$ 0.40

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

THE LGL GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS -- UNAUDITED
(IN THOUSANDS)

	Six Months Ended June 30,	
	2007	2006
OPERATING ACTIVITIES		
Net income/(loss)	$(1,372)	$ 865
Adjustments to net income/(loss) for net cash used in operating activities:		
Loss on sale of discontinued operations	982	--
Depreciation	518	467
Accretion of restricted stock	50	--
Amortization of finite lived intangible assets	44	55
Gain realized on sale of marketable securities	(1,526)	(462)
Gain (loss) on sale of land	(88)	--
Changes in operating assets and liabilities:		
Receivables	103	(369)
Inventories	933	(1,156)
Accounts payable and accrued liabilities	(1,536)	(752)

Commitments and contingencies	--	(859)
Other assets/liabilities	4	(102)
Cash used in operating activities of continuing operations	(1,888)	(2,313)
Cash provided by operating activities of discontinued operations	670	(683)
CASH USED IN OPERATING ACTIVITIES	(1,218)	(2,996)
INVESTING ACTIVITIES		
Capital expenditures	(59)	(322)
Restricted cash	19	--
Proceeds from sale of marketable securities	2,292	903
Proceeds from sale of discontinued assets and liabilities	722	--
Proceeds from sale of land	171	--
Net repayment of margin liability on marketable securities	--	(330)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,145	251
FINANCING ACTIVITIES		
Repayment of debt of discontinued operations	(900)	--
Net borrowings (repayments) of notes payable to bank	805	(220)
Repayments of long-term debt	(611)	(376)
Other	(10)	669
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(716)	73
Increase (decrease) in cash and cash equivalents	1,211	(2,672)
Cash and cash equivalents at beginning of period	4,429	5,512
Cash and cash equivalents at end of period	$ 5,640	$ 2,840
Supplemental Disclosure:		
Cash paid for interest	$262	$280
Cash paid for taxes	46	98

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. SUBSIDIARIES OF THE REGISTRANT

As of June 30, 2007, the Subsidiaries of the Registrant are as follows:

	Owned by LGL
Lynch Systems, Inc.	100.0%
M-tron Industries, Inc.	100.0%
M-tron Industries, Ltd.	100.0%
Piezo Technology, Inc.	100.0%
Piezo Technology India Private Ltd.	99.9%

On June 19, 2007, in accordance with the Purchase Agreement dated May 17, 2007 and Second Amendment to the Purchase Agreement, dated May 31, 2007, (the "Purchase Agreement") by and between Lynch Systems Inc. ("Lynch Systems") and Olivotto Glass Technologies S.p.A. ("Olivotto"), Lynch Systems completed the sale of certain of its assets to Lynch Technologies, LLC (the "Buyer"), the assignee of Olivotto's rights and obligations under the Purchase Agreement.

The assets sold under the Purchase Agreement, as amended, included certain accounts receivable, inventory, machinery and equipment. The Buyer also assumed certain liabilities of Lynch Systems, including accounts payable, customer deposits and accrued warranties. After deduction of the amount of the liabilities assumed, $601,074, from the value of the assets sold, $1,455,000, and taking into account the Buyer's partial funding of the severance obligation, $118,000, Lynch Systems was due a net cash payment in the amount of $972,000. Of such amount, $722,000 was paid upon closing and the $250,000 balance, which is escrowed, is payable approximately 90 days after closing, assuming collection of certain accounts receivable of Lynch Systems. The assets retained by Lynch Systems include the land and building used in its operations with a book value of $1,521,000 and accounts receivable with book value of $433,000. The Company intends to sell the land and building in a separate transaction following the expiration of the six-month lease of the premises to the Buyer.

At June 30, 2007, the LGL Group, Inc. (the "Company") operates through its principal subsidiary, M-tron Industries, Inc. which includes the operations of M-tron Industries, Ltd. ("Mtron") and Piezo Technology, Inc. ("PTI"). The combined operations of Mtron and PTI are referred to herein as "MtronPTI."

B. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six month period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and has been reclassified to present the operations of Lynch Systems as discontinued operations.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant Company and Subsidiaries Annual Report on Form 10-K/A for the year ended December 31, 2006.

C. DISCONTINUED OPERATIONS

As a result of the sale of Lynch Systems, certain reclassifications of assets, liabilities, revenues, costs, and expenses have been made to the prior period financial statements to conform to the June 30, 2007 financial statement presentation. Specifically, we have reclassified the results of operations of Lynch Systems for all periods presented to DISCONTINUED OPERATIONS within the Statement of Operations. In addition, the remaining assets and liabilities of the business divested and the assets of the divested business held for separate sale in 2007 have been reclassified to ASSETS OF DISCONTINUED OPERATIONS and LIABILITIES OF DISCONTINUED OPERATIONS and ASSETS HELD FOR SALE.

D. ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued Financial Accounting Standards Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES -- AN INTERPRETATION OF FASB STATEMENT NO. 109 (the "Interpretation," or "FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. The Interpretation prescribes a recognition and measurement method for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. We have adopted the provisions of FIN 48 effective January 1, 2007 accordingly. In accordance with FIN 48, the Company will recognize any interest and penalties related to unrecognized tax benefits in income tax expense.

Based on a review of our tax provisions, the Company did not record a liability for unrecognized tax benefits as a result of adopting FIN 48 on January 1, 2007. Further, there has been no change during the six months ended June 30, 2007. Accordingly, we have not accrued any interest and penalties through the period ending June 30, 2007.

The Company files income tax returns in the U.S. federal, various state and Hong Kong jurisdictions. The Company is generally no longer subject to income tax examinations by U.S. federal, state and Hong Kong tax authorities for years before 2001.

In September 2006, the FASB issued SFAS No. 157 "FAIR VALUE MEASUREMENTS" ("SFAS 157"). This statement replaces multiple existing definitions of fair value with a single definition, establishes a consistent framework for measuring fair value, and expands financial statement disclosures regarding fair value measurements. This statement applies only to fair value measurements that are already required or permitted by other accounting standards and does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning subsequent to November 15, 2007. The Company will adopt this Statement in the first quarter of 2008, and is currently evaluating the impact on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES-INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115 ("SFAS No. 159"). SFAS No. 159 permits entities to irrevocably choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. For any eligible items that exist at the effective date for which an entity chooses to elect the fair value option, the effect of the first measurement to fair value shall be reported as a cumulative-effect adjustment to the opening balance of retained earnings. The Company is in the process of evaluating the impact that this pronouncement may have on its results of operations and financial condition.

E. RESTRICTED CASH

At June 30, 2007, the Company had restricted cash of $77,000 which guarantees a letter of credit issued by Lynch Systems on behalf of a customer on a partially completed machine. At December 31, 2006, the amount of the letter of credit and restricted cash related to the guarantee had been $96,000.

F. INVESTMENTS

The following is a summary of marketable securities (investments) held by the Company (IN THOUSANDS):

Equity Securities	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2007	$ 68	--	$ (15)	$ 53
December 31, 2006	$ 833	$1,789	$ (12)	$2,610

G. INVENTORIES

Inventories are stated at the lower of cost or market value. At June 30, 2007, inventories were valued by two methods: last-in, first-out ("LIFO") and first-in, first-out ("FIFO"). At June 30, 2007 and at December 31, 2006, LIFO inventory comprised 31% and FIFO 69% of the total inventory.

	June 30, 2007	December 31, 2006
	(in thousands)	
Raw materials	$2,373	$2,575
Work in process	1,216	1,693
Finished goods	1,583	1,837
Total Inventories	$5,172	$6,105

Current costs exceed LIFO value of inventories by $358,000 at June 30, 2007 and $334,000 at December 31, 2006.

H. ASSETS HELD FOR SALE

In accordance with the Purchase Agreement between Lynch Systems and Olivotto, Lynch Systems sold certain assets to the "Buyer. The assets retained by Lynch Systems include the land and building used in its operations with a book value of $1,521,000 (as well as accounts receivable with book value of $433,000). The Company intends to sell the land and building in a separate transaction following the expiration of the six-month lease of the premises to the Buyer. As such, the Company is classifying the land and building and its accumulated depreciation, as "Assets Held for Sale" and carrying it at book value as a current asset.

At June 30, 2007, ASSETS HELD FOR SALE comprise the following:

Assets Held for Sale:	
Land	$ 137
Buildings	3,009
Less: Accumulated depreciation	(1,625)
Net Assets Held For Sale	$ 1,521

I. ASSETS AND LIABILITIES FROM DISCONTINUED OPERATIONS

The assets sold under the Purchase Agreement included certain accounts receivable, inventory, machinery and equipment. The Buyer also assumed certain liabilities of Lynch Systems, including accounts payable, customer deposits and accrued warranties.

At June 30, 2007, ASSETS AND LIABILITIES FROM DISCONTINUED OPERATIONS comprise the following:

Assets:	
Accounts Receivable	$ 876
Less: allowance for doubtful accounts	(442)
Prepaid expenses	23
Total Assets from Discontinued Operations	$ 457
Liabilities:	
Accounts Payable	$ 13
Severance Payable	298
Accrued Expenses	186
Total Liabilities from Discontinued Operations	$ 497

J. REVOLVING LOANS AND LONG-TERM NOTES/DEBT

	June 30, 2007	December 31, 2006

	(in thousands)	
REVOLVING LOANS:		
MtronPTI revolving loan (First National Bank of Omaha) at greater of prime or 4.5% (8.25% at June 30, 2007), due May 31, 2008	$ 2,161	$ 1,356
LONG-TERM LOANS AND DEBT:		
MtronPTI term loan (RBC Centura Bank) due October 2010. The note bears interest at LIBOR Base Rate plus 2.75%. Interest rate swap converted the loan to a fixed rate, (7.51% at June 30, 2007)	$ 2,929	$ 2,964
MtronPTI term loan (First National Bank of Omaha) at the greater of prime plus 50 basis points or 4.5% (8.75% at June 30, 2007), due October 2007	1,115	1,287
MtronPTI commercial variable rate bank term loan, (First National Bank of Omaha) repaid May 2007	--	239
South Dakota Board of Economic Development loan at a fixed rate of 3%, due December 2007	244	250
Yankton Areawide Business Council loan at a fixed rate of 5.5%, due November 2007	60	65
Rice University Promissory Note at a fixed rate of 4.5%, due August 2009	168	203
Smythe Estate Promissory Note, repaid February 2007	--	119
Long-Term Loans and Debt	4,516	5,127
Less: Current maturities	(1,565)	(2,027)
Long-term Debt	$ 2,951	$ 3,100

MtronPTI maintains its own short-term line of credit facilities. In general, the credit facilities are collateralized by property, plant and equipment, inventory, receivables and contain certain covenants restricting distributions to the Company. At June 30, 2007, Mtron's short-term credit facility with First National Bank of Omaha ("FNBO") is $5,500,000.

On September 30, 2005, MtronPTI entered into a Loan Agreement with RBC Centura Bank ("RBC"). The RBC Term Loan Agreement provided for a loan in the amount of $3,040,000 (the "RBC Term Loan"), the proceeds of which were used to

pay off the $3,000,000 bridge loan with First National Bank of Omaha which had been due October 2005. The RBC Term Loan bears interest at LIBOR Base Rate plus 2.75% and is to be repaid in monthly installments based on a twenty year amortization, with the then remaining principal balance to be paid on the fifth anniversary of the RBC Term Loan. The balance of this loan at June 30, 2007 is $2,929,000. The RBC Term Loan is collateralized by a mortgage on PTI's premises.

In connection with this RBC Term Loan, MtronPTI entered into a five-year interest rate swap from which it will receive periodic payments at the LIBOR Base Rate and make periodic payments at a fixed rate of 7.51% with monthly settlement and rate reset dates. The Company has designated this swap as a cash flow hedge in accordance with FASB 133 "Accounting for Derivative Instruments and Hedging Activities". The fair value of the interest rate swap at June 30, 2007 is $39,000, $26,000 net of tax, compared with $22,000, $15,000 net of tax, at December 31, 2006. It is included in "other assets" on the balance sheet. The aggregate fair value is recorded in accumulated other comprehensive income/(loss), net of tax.

All outstanding obligations under the RBC Term Loan Agreement are collateralized by security interests in the assets of MtronPTI. The Loan Agreement contains a variety of affirmative and negative covenants of types customary in an asset-based lending facility. The Loan Agreement also contains financial covenants relating to maintenance of levels of minimal tangible net worth and working capital, and current, leverage and fixed charge ratios, restricting the amount of capital expenditures. At June 30, 2007, MtronPTI is in compliance with all covenants associated with this loan.

On October 14, 2004, MtronPTI, entered into a Loan Agreement with First National Bank of Omaha for a term loan in the amount of $2,000,000 (the "Term Loan"). The Term Loan bears interest at the greater of prime rate plus 50 basis points, or 4.5%, and is repaid in monthly installments of $37,514, with the then remaining principal balance plus accrued interest to be paid on the third anniversary of the Loan Agreement, October 2007. The balance of this loan at June 30, 2007, is $1,115,000. MtronPTI's commercial loan with First National Bank of Omaha, was repaid as scheduled in April 2007. At June 30, 2007, MtronPTI is in compliance with all covenants associated with this loan.

The Smythe Estate Promissory Note was repaid in the first quarter of 2007.

The debt decreased at MtronPTI due to repayments on revolving loans and scheduled payments on long-term debt. Notes payable and long-term debt outstanding at June 30, 2007 included $3,401,000 of fixed rate debt at an average interest rate of 7.0% (after considering the effect of the interest rate swap) and variable rate debt of $3,276,000 at an average rate of 8.42%. Long-term notes and debt outstanding at December 31, 2006, included $3,601,000 of fixed rate debt at an average interest rate of 6.91% after considering the effect of the interest rate swap) and variable rate debt of $2,882,000 at an average rate of 8.45%.

K. EARNINGS (LOSS) PER SHARE AND STOCKHOLDERS' EQUITY

STOCK BASED COMPENSATION AND EARNINGS (LOSS) PER SHARE

The Company accounts for stock based compensation in accordance with the provisions of Statement of Financial Accounting Standards 123R, "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires all share based payments issued to be recognized in the statement of operations based on their fair values, net of estimated forfeitures. Compensation expense related to stock based compensation is recognized over the requisite service period, which is generally the vesting period.

On September 5, 2006, the Company issued 20,000 shares of restricted stock to two senior executives and on March 20, 2007, the Company issued 10,000 shares of restricted stock to its new Chief Financial Officer. Fifty percent of these shares will become vested after one year and the remainder, quarterly during year two. These are being accounted for under SFAS 123R. Total stock compensation expense recognized by the Company for these shares for the quarter ended June 30, 2007 was $32,000 and for the six months ended June 30, 2007, was $50,000. The remaining unrecognized compensation expense of $105,000 associated with the September 2006 grant will be recognized ratably over the next 14 months and the remaining $66,000 associated with the March 20, 2007 grant will be recognized ratably over the next 20 2/3 months.

EARNINGS (LOSS) PER SHARE

The Company computes earnings (loss) per share in accordance with SFAS No. 128, "EARNINGS PER SHARE". Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share adjusts basic earnings per share for the effects of stock options, restricted common stock, and other potentially dilutive financial instruments, only in the periods in which the effects are dilutive.

The following securities have been excluded from the diluted earnings per share computation because the impact of the assumed exercise of stock options would have been anti-dilutive as the strike price of the options were at least $13.17 and the stock was trading at $12.90 per share on Friday, June 29, 2007. At June 30, 2007, there were 200,000 options outstanding to purchase common stock, at June 30, 2006 there were 295,000 options outstanding due to the expiration of 75,000 options 90 days following the December 2006 separation of the former CEO and the expiration of 20,000 options following the October 2006 separation of the former VP of Finance. The company has no other dilutive securities.

L. OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2007, total comprehensive loss was $3,148,000, comprised of net loss of $1,372,000 and change in Accumulated Other Comprehensive Income of $1,776,000, compared to total comprehensive income of $1,549,000 in the six months ended June 30, 2006, which was comprised of net income of $865,000 and change in Other Comprehensive Income of $684,000.

	Six Months Ended June 30,	
	2007	2006
Net income (loss) as reported	$(1,372)	$ 865
Deferred gain on hedge contract	15	52
Unrealized gain (loss) on available for sale securities	(265)	632
Reclassification adjustment for gains included in income	(1,526)	--
Total comprehensive income/(loss)	$(3,148)	$ 1,549

The December 31, 2006 comparative balance sheet was reclassified to reduce other comprehensive income and accumulated deficit by $172,000 reflecting the cumulative effect of deferred translation gains since the Indian subsidiary was acquired in October 2004. The reclassification was the result of considering the Indian Rupee instead of the U.S. dollar as the functional currency and deferring the foreign currency translation gains in other comprehensive income which should have been credited to operations. The deferred gain was $83,000 in 2006, $75,000 in 2005, and $14,000 in 2004. The improvement to earnings per share would have been $0.04 in 2006, $.05 in 2005 and $0.01 in 2004. The adjustment did not change shareholders' equity as of December 31, 2006.

The lack of integration in the Company's accounting system allowed an overstatement of accounts receivable and other comprehensive income. In connection with this evaluation, management has determined that a presentation error had occurred in LGL Group's financial statements. previously filed for December 31, 2006 and the quarters ended March 31, 2007, September 30, 2006, and June 30, 2006. The impact in 2007 was $39,000 expense and a balance sheet reclassification of $205,000 in other comprehensive income offset by a $244,000 adjustment to accounts receivable.

M. SIGNIFICANT FOREIGN SALES

For the three and six months ended June 30, 2007 and 2006, significant foreign revenues to specific countries were as follows:

FOREIGN REVENUES	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
China	$ 1,760	$ 1,067	$ 2,862	$ 2,066
Canada	701	1,144	1,061	2,150
Thailand	760	654	1,355	1,184
Mexico	741	377	1,346	644
Malaysia	1,323	437	1,970	698
All other foreign countries	1,257	1,914	2,319	3,709
Total foreign revenues	$ 6,542	$ 5,593	$10,913	$10,451

N. DISCONTINUED OPERATIONS

For the quarter ended June 30, 2007, the revenues from discontinued operations were $1,244,000 and the net loss from discontinued operations was $803,000 compared with revenues of $2,572,000 and $299,000 net loss from the discontinued operations of Lynch Systems for the second quarter of 2006. For the six month period ended June 30, 2007, the revenues from discontinued operations were $2,534,000 and the loss from discontinued operations was $978,000 compared with revenues of $4,915,000 and $510,000 loss from discontinued operations for the same period in 2006. The 2007 losses do not include tax benefits because the company can not assume future profits to use these benefits according to current accounting standards however a tax benefit of $136,000 and $264,000 was recorded during the three and six months ended June 30, 2006.

O. COMMITMENTS AND CONTINGENCIES

In the normal course of business, subsidiaries of the Company are defendants in certain product liability, worker claims and other litigation in which the amounts being sought may exceed insurance coverage levels. The Company has no pending litigation at this time.

P. INCOME TAXES

The Company files consolidated federal income tax returns, which includes all U.S. subsidiaries. The Company has a $2,836,000 net operating loss ("NOL") carry-forward as of December 31, 2006. This NOL expires through 2024 if not utilized prior to that date. The Company continues to utilize net operating loss carry-forwards to offset federal income tax expense on the Company's profitable U.S. operations. The company provided $30,000 for foreign income taxes and $11,000 for state taxes in the six month period, an effective tax rate of 6.5 percent. Domestic profits benefit from the Company's operating loss carry forwards, which are fully reserved for and therefore are not taxed until the NOLs are exhausted.

Q. GUARANTEES

At June 30, 2007, the Company guarantees a $77,000 letter of credit issued by Lynch Systems on behalf of a customer. The Company also guarantees (unsecured) the RBC Century bank loan of MtronPTI. There was no other financial, performance, indirect guarantees or indemnification agreements at June 30, 2007.

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

RESULTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2007 COMPARED TO THREE MONTHS ENDED JUNE 30, 2006

CONSOLIDATED REVENUES AND GROSS MARGIN

Consolidated revenues decreased by $560,000, or 5.3%, to $10,014,000 for the second quarter 2007 from $10,574,000 for the comparable period in 2006. The decrease is due primarily to price reductions and credit issues at key distributors and contract manufacturers. The sales declines were mostly in oscillator and purchased products.

Consolidated gross margin as a percentage of revenues for the second quarter decreased to 25% from 33% for the comparable period in 2006. The reduction in gross margin reflects price reductions and the continuing yield losses and rework costs at MtronPTI's Orlando facility.

OPERATING PROFIT (LOSS)

Operating loss of $137,000 for the second quarter 2007 is a reduction of $1,008,000 from $871,000 operating profit for the comparable period in 2006. MtronPTI's operating profit went from $1,127,000 in 2006 to $284,000 in the 2007 June quarter. The $843,000 decline was caused by a $950,000 (7.6%) reduction in gross margin caused primarily by higher costs related to yield losses in Orlando. Corporate expenses increased $167,000 to $485,000 for the second quarter 2007 from $318,000 for the comparable period in 2006. This increase is due to higher legal fees due to new proxy requirements, SEC filings and the Company's reincorporation to Delaware, higher professional fees associated with strategic planning, and higher directors' fees as a result of expanding the Board of Directors from six members to nine members in the first quarter of 2007.

OTHER INCOME (EXPENSES)

Investment income decreased $286,000 to $0 for the second quarter 2007. This was due to the first quarter sale of substantially all of the marketable securities which were held for sale. Net interest expense for the second quarter 2007 was $91,000, compared with $160,000 in the comparable period in 2006 due to higher cash balances at the corporate level as a result of the liquidation of the security portfolio at the end of the first quarter of 2007. In the second quarter of 2007, MtronPTI sold a small strip of land which had a book value of $83,000, for $171,000, resulting in a gain of $88,000 on the sale.

INCOME TAXES

The Company files consolidated federal income tax returns, which includes all subsidiaries. The income tax provision for the three month period ended June 30, 2007 included federal, state and foreign taxes. The provision gives effect to our estimated tax liability at the end of the year.

LOSS ON SALE OF LYNCH SYSTEMS

The loss on the sale of Lynch Systems was $982,000. These losses arose because the company disposed of elements of inventory at less than going concern book value, incurred approximately $181,000 of severance costs above the amount contributed by the buyer, and incurred approximately $200,000 in legal and professional fees associated with the sale. No tax benefit was accrued on these losses.

As a consequence of the disposal, the Company operates in a single line of business, no longer distracted by attempting to turn around a problematic, loss ridden business in a declining glassware market beset by higher fuel and steel costs and intense competition.

RESULTS OF DISCONTINUED OPERATIONS

As a result of the sale of Lynch Systems, we have reclassified the results of operations of Lynch Systems for all periods presented to DISCONTINUED OPERATIONS within the Statement of Operations, in accordance with accounting principles generally accepted in the United States.

For the quarter ended June 30, 2007, the revenues from discontinued operations were $1,314,000 and the net loss from discontinued operations was $803,000 compared with revenues of $2,572,000 and net loss from the discontinued operations of $299,000 for the same quarter of 2006.

NET LOSS

Net loss for the second quarter 2007 was $1,846,000 compared to net income of $499,000 in the comparable period in 2006. The second quarter 2007 loss was comprised of a $61,000 loss from continuing operations, $803,000 loss from discontinued operations and $982,000 loss on the sale of Lynch Systems.

RESULTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2007 COMPARED TO SIX MONTHS ENDED JUNE 30, 2006

CONSOLIDATED REVENUES AND GROSS MARGIN

Consolidated revenues for the six month period ending June 30, 2007 decreased by $931,000, or 4.6% to $19,391,000 for the six month period ending June 30, 2007, from $20,322,000 for the comparable period in 2006. This was due primarily to price reductions and credit issues at key distributors and contract manufacturers.

The consolidated gross margin as a percentage of revenues for the six month period ending June 30, 2007 decreased to 23% from 32% for the comparable period in 2006. The price reductions, low yields and high rework costs at MtronPTI's Orlando facility are primarily responsible for this decline.

OPERATING PROFIT (LOSS)

Operating loss of $766,000 is a reduction of $2,346,000 from the operating profit of $1,580,000 for the comparable six month period ended June 30, 2006. MtronPTI's operating profit declined from $2,102,000 in 2006 to $42,000 in the six months ending June 30, 2007. This $2,060,000 drop was caused almost entirely by an 8.7% margin decline to 23.2%. The margin loss was primarily due to higher material and rework cost at Orlando. Corporate expenses increased $287,000 to $934,000 for the six month period ending June 30, 2007, from $647,000 in the comparable period in 2006. The increase was due primarily to increases in legal fees, professional fees and in total director fees.

OTHER INCOME (EXPENSE)

Investment income increased more than $1,000,000 to $1,526,000 for the six month period ended June 30, 2007 from the $520,000 in the comparable period in 2006 due to realized gain on sales of marketable securities. Net interest expense decreased to $181,000 for the six month period ended June 30, 2007 from $306,000 for the comparable period in 2006 due to a decrease in the average level of debt and higher cash balances at the corporate level due to the liquidation of the security portfolio at the end of the first quarter of 2007. In the second quarter of 2007, MtronPTI sold a small strip of land which had a book value of $83,000, for $171,000, resulting in a gain of $88,000 on the sale.

INCOME TAXES

The Company files consolidated federal income tax returns, which includes all subsidiaries. The income tax provision for the six month period ended June 30, 2007 included federal, state and foreign taxes. The company provided $30,000 for foreign income taxes and $11,000 for state taxes in the six month period, an effective tax rate of 6.5 percent. Domestic profits benefit from the Company's operating loss carry forwards, which are fully reserved for and therefore are not taxed until the benefit is exhausted.

LOSS ON SALE OF LYNCH SYSTEMS

The loss on the sale of Lynch Systems was $982,000 as discussed in the quarterly analysis. The sale was completed on June 19, 2007.

RESULTS OF DISCONTINUED OPERATIONS

As a result of the sale of Lynch Systems, we have reclassified the results of operations of Lynch Systems for all periods presented to DISCONTINUED OPERATIONS within the Statement of Operations, in accordance with accounting principles generally accepted in the United States.

For the six month period ended June 30, 2007, the revenues from discontinued operations were $2,534,000 and the loss from discontinued operations was $978,000 compared with revenues of $4,915,000 and $510,000 loss from discontinued operations for the same period in 2006.

The losses do not include tax benefits because the company can not assume future profits to use these benefits.

NET INCOME/LOSS

Net loss for the six months ended June 30, 2007 was $1,372,000 compared with net income for the six months ended June 30, 2006, of $865,000. This loss is comprised of income from continuing operations of $588,000, loss from discontinued operations of $978,000, and a loss on sale of Lynch Systems of $982,000.

BACKLOG/ NEW ORDERS

Mtron's backlog of manufactured products at June 30, 2007 was $9.1 million, a $1 million increase over the backlog at December 31, 2006 of $8.1million and a $500,000 decrease from the backlog of $9.6 million at June 30, 2006.

FINANCIAL CONDITION

The Company's cash, cash equivalents and investments in marketable securities at June 30, 2007 was $5,693,000 as compared to $7,039,000 at December 31, 2006. MtronPTI had unused borrowing capacity of $3,339,000 under MtronPTI's revolving lines of credit at June 30, 2007, as compared to $4,144,000 at December 31, 2006. At June 30, 2007, MtronPTI had $2,161,000 in revolving loans, compared with $1,356,000 at December 31, 2006.

At June 30, 2007, the Company's net working capital was $11,526,000 as compared to $14,214,000 at December 31, 2006 after taking into account the reclassification of Lynch Systems assets into "Held for Sale" and "Assets or Liabilities from Discontinued Operations." At June 30, 2007, the Company had current assets of $19,839,000 and current liabilities of $8,313,000. After taking into account the reclassification of Lynch Systems assets into "Held for

Sale" and "Assets or Liabilities from Discontinued Operations, at December 31, 2006, the Company had current assets of $25,364,000 and current liabilities of $11,150,000. The ratio of current assets to current liabilities was 2.39 to 1.00 at June 30, 2007, compared to 2.27 to 1.00 at December 31, 2006. During the second quarter of 2007, the Company paid off the Lynch Systems revolving loan of $900,000.

Cash used in operating activities was $1,218,000 for the six months ended June 30, 2007, compared to cash used in operating activities of $2,996,000 for the six months ended June 30, 2006.

Cash provided by investing activities was $3,145,000 for the six months ended June 30, 2007, versus $251,000 for the six months ended June 30, 2006. The cash from investing activities came primarily from the sale of securities in March 2007. The proceeds of that sale were $2,292,000. In addition, the sale of a discontinued operation in June 2007 resulted in $722,000 of cash proceeds. The discontinued operation sale will produce more cash if and when the $250,000 escrow account is closed and the retained receivables of $457,000 are collected in the September quarter of this year. The disposal will add additional funds because company intends to sell the Bainbridge, GA. land and building (book value of $1,521,000) when the buyer's lease expires in December 2007.

Cash used in financing activities was $716,000 for the six months ended June 30, 2007, compared with $73,000 for the six months ended June 30, 2006.

At June 30, 2007, total debt of $6,677,000 was $194,000 more than the total debt at December 31, 2006 of $6,483,000. The debt increased due to the increase in Mtron's borrowing on its revolving loan, which was partially offset by a decrease in term loans outstanding due to scheduled repayments and retirements. At June 30, 2007, the Company had $1,565,000 in current maturities of long-term debt compared with $2,027,000 at December 31, 2006. The increase in consolidated debt was more than offset by the increase in cash and cash equivalents of $1,211,000.

The Company believes that existing cash and cash equivalents, cash generated from operations, available borrowings on its revolver, and proposed renewals, will be sufficient to meet its ongoing working capital and capital expenditure requirements for the foreseeable future.

MtronPTI maintains its own short-term line of credit facilities. In general, the credit facilities are collateralized by property, plant and equipment, inventory, receivables and contain certain covenants restricting distributions to the Company. At June 30, 2007, Mtron's short-term credit facility with First National Bank of Omaha ("FNBO") is $5,500,000, under which there is a revolving credit loan of $ 2,161,000 compared with $1,356,000 at December 31, 2006. The Revolving Loan bears variable interest at the greater of prime rate or 4.5%, (8.25% at June 30, 2007) and is due on May 31, 2008.

On September 30, 2005, MtronPTI entered into a Loan Agreement with RBC Centura Bank ("RBC"). The RBC Term Loan Agreement provided for a loan in the amount of $3,040,000 (the "RBC Term Loan"), the proceeds of which were used to pay off the $3,000,000 bridge loan with First National Bank of Omaha which had been due October 2005. The RBC Term Loan bears interest at LIBOR Base Rate plus 2.75% and is to be repaid in monthly installments based on a twenty year amortization, with the then remaining principal balance to be paid on the fifth anniversary of the RBC Term Loan. The balance of this loan at June 30, 2007 is $2,929,000. The RBC Term Loan is collateralized by a mortgage on PTI's premises.

In connection with this RBC Term Loan, MtronPTI entered into a five-year interest rate swap from which it will receive periodic payments at the LIBOR Base Rate and make periodic payments at a fixed rate of 7.51% with monthly settlement and rate reset dates. The Company has designated this swap as a cash flow hedge in accordance with FASB 133 "Accounting for Derivative Instruments and Hedging Activities". The fair value of the interest rate swap at June 30, 2007 is $39,000, $26,000 net of tax, compared with $22,000, $15,000 net of tax, at December 31, 2006. It is included in "other assets" on the balance sheet. The aggregate fair value is recorded in accumulated other comprehensive income, net of tax.

All outstanding obligations under the RBC Term Loan Agreement are collateralized by security interests in the assets of MtronPTI. The Loan Agreement contains a variety of affirmative and negative covenants of types customary in an asset-based lending facility. The Loan Agreement also contains financial covenants relating to maintenance of levels of minimal tangible net

worth and working capital, and current, leverage and fixed charge ratios, restricting the amount of capital expenditures. At June 30, 2007, MtronPTI is in compliance with all covenants associated with this loan.

On October 14, 2004, MtronPTI, entered into a Loan Agreement with First National Bank of Omaha for a term loan in the amount of $2,000,000 (the "Term Loan"). The Term Loan bears interest at the greater of prime rate plus 50 basis points, or 4.5%, and is repaid in monthly installments of $37,514, with the then remaining principal balance plus accrued interest to be paid on the third anniversary of the Loan Agreement, October 2007. The balance of this loan at June 30, 2007, is $1,115,000. MtronPTI's commercial loan with First National Bank of Omaha, was repaid as scheduled in April 2007. At June 30, 2007, MtronPTI is in compliance with all covenants associated with this loan.

The Smythe Estate Promissory Note was repaid in the first quarter of 2007.

The debt decreased at MtronPTI due to repayments on revolving loans and scheduled payments on long-term debt. Notes payable and long-term debt outstanding at June 30, 2007 included $3,401,000 of fixed rate debt at an average interest rate of 7.0% (after considering the effect of the interest rate swap) and variable rate debt of $3,276,000 at an average rate of 8.42%. Long-term notes and debt outstanding at December 31, 2006, included $3,601,000 of fixed rate debt at an average interest rate of 6.91% after considering the effect of the interest rate swap) and variable rate debt of $2,882,000 at an average rate of 8.45%.

ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued Financial Accounting Standards Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES -- AN INTERPRETATION OF FASB STATEMENT NO. 109 (the "Interpretation," or "FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. The Interpretation prescribes a recognition and measurement method for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. We have adopted the provisions of FIN 48 effective January 1, 2007 accordingly. In accordance with FIN 48, the Company will recognize any interest and penalties related to unrecognized tax benefits in income tax expense.

Based on a review of our tax provisions, the Company did not record a liability for unrecognized tax benefits as a result of adopting FIN 48 on January 1, 2007. Further, there has been no change during the three months ended June 30, 2007. Accordingly, we have not accrued any interest and penalties through the six months ended June 30, 2007.

The Company files income tax returns in the U.S. federal, various state and Hong Kong jurisdictions. The Company is generally no longer subject to income tax examinations by U.S. federal, state and Hong Kong tax authorities for years before 2003.

In September 2006, the FASB issued SFAS No. 157 "FAIR VALUE MEASUREMENTS" ("SFAS 157"). This statement replaces multiple existing definitions of fair value with a single definition, establishes a consistent framework for measuring fair value, and expands financial statement disclosures regarding fair value measurements. This statement applies only to fair value measurements that are already required or permitted by other accounting standards and does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning subsequent to November 15, 2007. The Company will adopt this Statement in the first quarter of 2008, and is currently evaluating the impact on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES-INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115 ("SFAS No. 159"). SFAS No. 159 permits entities to irrevocably choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. For any eligible items that exist at the effective date for which an

entity chooses to elect the fair value option, the effect of the first measurement to fair value shall be reported as a cumulative-effect adjustment to the opening balance of retained earnings. The Company is in the process of evaluating the impact that this pronouncement may have on its results of operations and financial condition.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

At June 30, 2007, the Company had $5,640,000 of cash and cash equivalents. Of this amount, $1,071,000 is invested in United States Treasury money market funds for which affiliates of the Company serve as investment managers to the respective funds, compared with $2,040,000 of $4,429,000 at December 31, 2006.

RISK FACTORS

The Company sells to industries that are subject to cyclical economic changes. Any downturns in the economic environment would have a financial impact on the Company and may cause the reported financial information herein not to be indicative of future operating results, financial condition or cash flows.

Future activities and operating results may be adversely affected by a delay in the recovery of demand for components used by telecommunications infrastructure manufacturers, disruption of foreign economies and the inability to renew or obtain new financing for expiring loans.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and trade accounts receivable.

The Company maintains cash and cash equivalents and short-term investments with various financial institutions. These financial institutions are located throughout the country and the Company's policy is designed to limit exposure to any one institution. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the

Company's investment strategy. Other than certain accounts receivable, the Company does not require collateral on these financial instruments. In relation to export sales, the Company requires Letters of Credit supporting a significant portion of the sales price prior to production to limit exposure to credit risk. The Company maintains an allowance for doubtful accounts at a level that management believes is sufficient to cover potential credit losses.

For a complete list of risk factors, see the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

FORWARD LOOKING INFORMATION

Included in this Management Discussion and Analysis of Financial Condition and Results of Operations are certain forward looking financial and other information, including without limitation matters relating to "Risks". It should be recognized that such information are projections, estimates or forecasts based on various assumptions, including without limitation, meeting its assumptions regarding expected operating performance and other matters specifically set forth, as well as the expected performance of the economy as it impacts the Company's businesses, government and regulatory actions and approvals, and tax consequences, and the risk factors and cautionary statements set forth in reports filed by the Company with the Securities and Exchange Commission. As a result, such information is subject to uncertainties, risks and inaccuracies, which could be material.

The Registrant makes available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and current reports, if any, on Form 8-K.

The Registrant also makes this information available on its website, whose internet address is WWW.LGLGROUP.COM.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to market risk relating to changes in the general level of U.S. interest rates which affect the amount of interest earned on the Company's cash/cash equivalents and restricted cash, $5,717,000 at June 30, 2007. Additionally, the Company's earnings and cash flows are affected by changes in interest rates as a result of making variable interest rate payments on its debt. To minimize its interest rate risk, on September 30, 2005, in connection with its $3,040,000 five-year, LIBOR plus 2.75% RBC Term Loan, MtronPTI entered into a five-year interest rate swap (the notional amount equals the loan amount) from which it will receive payments at the LIBOR Base Rate and make payments at a fixed rate of 7.51%. This is comprised of the fixed pay rate of the swap of 6.59% plus the .92% differential between the variable rate of the loan, LIBOR plus 2.75%, and the prime rate. Management does not foresee any significant changes in the strategies used to manage interest rate risk in the future, although the strategies may be reevaluated as market conditions dictate.

ITEM 4. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company's Principal Executive Officer and Principal Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2007. Based on such evaluation, such officers have concluded that, as of June 30, 2007, (i) the Company's disclosure controls and procedures were not effective in ensuring that information required to be disclosed by the Company in the reports that it files and submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure and (ii) the lack of integration in the Company's accounting system allowed an overstatement of accounts receivable and other comprehensive income. In connection with this evaluation, management has determined that a presentation error had occurred in the Company's financial statements previously filed for December 31, 2006 and the quarters ended March 31, 2007, September 30, 2006, June 30, 2006 and March 31, 2006. The impact in 2007 was an additional $39,000 in expense and a balance sheet reclassification of $205,000 to other comprehensive income, offset by a $244,000 reduction in accounts receivable.

The December 31, 2006 comparative balance sheet was reclassified in this document to reduce other comprehensive income and accumulated deficit by $172,000 reflecting the cumulative effect of deferred translation gains since the Company's Indian subsidiary was acquired in October 2004. The reclassification was the result of considering the U.S. dollar (rather than the Indian Rupee, as previously reported) as the functional currency and deferring the foreign currency translation gains in other comprehensive income that should have been credited to operations. The deferred gain was $83,000 in 2006, $75,000 in 2005, and $14,000 in 2004. The improvement to earnings per share would have been $0.04 in 2006, $.05 in 2005 and $0.01 in 2004. The adjustment did not change shareholders' equity as of December 31, 2006.

(b) CHANGES IN INTERNAL CONTROLS. The Company has begun taking remediation steps to enhance its internal control over financial reporting and reduce control deficiencies. It is actively working to eliminate the internal control weaknesses and deficiency noted by: integrating all accounting and record maintenance, utilizing new accounting software, formally documenting accounting policies and procedures; and creating centralized, on-site document repositories and maintenance, and is hiring personnel in its accounting departments to effect these changes.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries are defendants in certain product liability, worker claims and other litigation. There is no litigation pending currently.

ITEM 6. EXHIBITS

Exhibits filed herewith:

31(a)* Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(b)* Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32(a)* Certification by Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* filed herewith

The Exhibits listed above have been filed separately with the Securities and Exchange Commission in conjunction with this Quarterly Report on Form 10-Q or have been incorporated by reference into this Quarterly Report on Form 10-Q. Upon request, The LGL Group, Inc. will furnish to each of its shareholders a copy of any such Exhibit. Requests should be addressed to the Office of the Secretary, The LGL Group, Inc., 140 Greenwich Avenue, 4th Floor, Greenwich CT 06830.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE LGL GROUP, INC.

August 14, 2007 By: /s/ Jeremiah M. Healy

Jeremiah M. Healy
PRESIDENT, CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

August 14, 2007 By: /s/ Steve Pegg

Steve Pegg
CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL OFFICER)