UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended July 31, 2011

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. 0-21084

Champion Industries, Inc.

(Exact name of Registrant as specified in its charter)

West Virginia (State or other jurisdiction of incorporation or organization)	55-0717455 (I.R.S. Employer Identification No.)

2450-90 1st Avenue
P.O. Box 2968
Huntington, WV 25728
(Address of principal executive offices)
(Zip Code)

(304) 528-2700
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No _____.

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☑

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

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

Class	Outstanding at July 31, 2011
Common stock, $1.00 par value per share	11,299,528 shares

Champion Industries, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Champion Industries, Inc. and Subsidiaries
Consolidated Balance Sheets

ASSETS	July 31, 2011 (Unaudited)	October 31, 2010 (Audited)
Current assets:		
Accounts receivable, net of allowance of $937,000 and $1,297,000	$ 18,189,982	$ 18,133,748
Inventories	8,957,225	9,690,333
Income tax refund	247,646	36,293
Other current assets	766,158	652,178
Deferred income tax assets	838,012	1,144,519
Total current assets	28,999,023	29,657,071
Property and equipment, at cost:		
Land	1,881,839	2,016,148
Buildings and improvements	11,850,427	11,843,376
Machinery and equipment	55,404,492	55,025,237
Furniture and fixtures	4,239,383	4,171,194
Vehicles & other	3,102,357	3,266,898
	76,478,498	76,322,853
Less accumulated depreciation	(56,130,596)	(53,949,280)
	20,347,902	22,373,573
Goodwill	15,332,283	15,332,283
Deferred financing costs	950,583	1,267,174
Other intangibles, net of accumulated amortization	4,864,523	5,195,361
Trademark & masthead	10,001,812	10,001,812
Deferred tax asset, net of current portion	7,414,112	8,370,151
Other assets	32,686	36,561
	38,595,999	40,203,342
Total assets	$ 87,942,924	$ 92,233,986

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Balance Sheets (continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	July 31, 2011 (Unaudited)	October 31, 2010 (Audited)
Current liabilities:		
Negative book cash balances	$ 1,913,701	$ 1,013,713
Accounts payable	4,192,929	4,116,087
Deferred revenue	762,765	720,549
Accrued payroll and commissions	1,219,577	2,115,922
Taxes accrued and withheld	1,324,696	1,125,726
Accrued expenses	1,492,186	1,930,327
Current portion of long-term debt:		
Notes payable	5,617,797	5,484,842
Total current liabilities	16,523,651	16,507,166
Long-term debt, net of current portion:		
Line of credit	9,701,742	10,425,496
Notes payable, term	35,038,618	41,873,500
Other liabilities	4,200	5,550
Total liabilities	61,268,211	68,811,712
Shareholders' equity:		
Common stock, $1 par value, 20,000,000 shares authorized;11,299,528 and 9,987,913 shares issued and outstanding	11,299,528	9,987,913
Additional paid-in capital	23,267,024	22,768,610
Retained deficit	(7,891,839)	(9,334,249)
Total shareholders' equity	26,674,713	23,422,274
Total liabilities and shareholders' equity	$ 87,942,924	$ 92,233,986

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2011	**2010**	**2011**	**2010**
Revenues:				
Printing	$ 19,574,132	$ 19,660,226	$ 58,792,215	$ 61,126,093
Office products and office furniture	8,891,852	8,643,039	25,192,019	25,257,332
Newspaper	3,561,153	3,585,861	11,038,648	11,632,293
Total revenues	32,027,137	31,889,126	95,022,882	98,015,718
Cost of sales and newspaper operating costs:				
Printing	14,934,489	14,540,953	44,615,192	44,752,169
Office products and office furniture	6,487,843	6,260,691	18,080,071	18,009,192
Newspaper cost of sales and operating costs	2,123,253	2,058,988	6,373,051	6,210,296
Total cost of sales and newspaper operating costs	23,545,585	22,860,632	69,068,314	68,971,657
Gross profit	8,481,552	9,028,494	25,954,568	29,044,061
Selling, general and administrative expenses	7,383,423	7,317,348	21,764,411	24,366,779
Restructuring charges	-	1,398,061	220,658	1,537,145
Income from operations	1,098,129	313,085	3,969,499	3,140,137
Other income (expenses):				
Interest expense	(988,005)	(1,232,003)	(2,902,602)	(4,164,454)
Gain on early extinguishment of debt from related party	1,337,846	-	1,337,846	-
Other	27,674	10,805	73,186	322,471
	377,515	(1,221,198)	(1,491,570)	(3,841,983)
Income (loss) before income taxes	1,475,644	(908,113)	2,477,929	(701,846)
Income tax (expense) benefit	(599,167)	337,515	(1,035,519)	252,023
Net income (loss)	$ 876,477	$ (570,598)	$ 1,442,410	$ (449,823)
Earnings (loss) per share				
Basic	$ 0.09	$ (0.06)	$ 0.14	$ (0.05)
Diluted	$ 0.09	$ (0.06)	$ 0.14	$ (0.05)
Weighted average shares outstanding:				
Basic	10,173,000	9,988,000	10,050,000	9,988,000
Diluted	10,173,000	9,988,000	10,050,000	9,988,000
Dividends per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Deficit	Other Comprehensive Income	Total
Balance, October 31, 2010	9,987,913	$ 9,987,913	$ 22,768,610	$ (9,334,249)	$ -	$ 23,422,274
Stock issuance	1,311,615	1,311,615	498,414	-	-	1,810,029
Comprehensive income:						
Net Income for 2011	-	-	-	1,442,410	-	1,442,410
Other comprehensive income (net of tax)	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,442,410	-	1,442,410
Balance, July 31, 2011	11,299,528	$ 11,299,528	$ 23,267,024	$ (7,891,839)	$ -	$ 26,674,713

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended July 31,	
	2011	**2010**
Cash flows from operating activities:		
Net income (loss)	$ 1,442,410	$ (449,823)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	3,048,536	3,248,043
Loss (gain) on sale of assets	(25,153)	15,796
Gain on early extinguishment of debt from related party	(1,337,846)	
Deferred income taxes	1,262,546	(375,774)
Deferred financing costs	316,590	267,081
Bad debt expense	28,303	309,600
Gain on hedging agreements	-	(284,079)
Restructuring charges	249,509	1,708,674
Changes in assets and liabilities:		
Accounts receivable	(84,537)	632,448
Inventories	733,108	1,170,000
Other current assets	(113,980)	(1,786)
Accounts payable	(107,719)	(908,376)
Deferred revenue	42,216	
Accrued payroll and commissions	(896,345)	(455,305)
Taxes accrued and withheld	198,970	(103,084)
Accrued income taxes	(211,353)	1,733,137
Accrued expenses	(355,213)	(346,953)
Other liabilities	(1,350)	(1,350)
Net cash provided by operating activities	4,188,692	6,158,249
Cash flows from investing activities:		
Purchases of property and equipment	(452,996)	(304,073)
Proceeds from sales of property	290,467	25,306
Change in other assets	3,875	6,452
Net cash used in investing activities	(158,654)	(272,315)
Cash flows from financing activities:		
Borrowings on line of credit	30,940,000	35,020,000
Payments on line of credit	(31,640,000)	(34,000,000)
Increase in negative book cash balances	899,988	2,058,264
Principal payments on long-term debt	(4,230,026)	(9,682,895)
Payments on debt amendment costs	-	(440,585)
Net cash used in financing activities	(4,030,038)	(7,045,216)
Net decrease in cash and cash equivalents	-	(1,159,282)
Cash and cash equivalents, beginning of period	-	1,159,282
Cash and cash equivalents, end of period	$ -	$ -

See notes to consolidated financial statements.

1. Basis of Presentation, Business Operations and Recent Accounting Pronouncements

The foregoing financial information has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and rules and regulations of the Securities and Exchange Commission for interim financial reporting. The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. In the opinion of management, the financial information reflects all adjustments (consisting of items of a normal recurring nature) necessary for a fair presentation of financial position, results of operations and cash flows in conformity with GAAP. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended October 31, 2010, and related notes thereto contained in Champion Industries, Inc.'s Form 10-K filed January 28, 2011. The accompanying interim financial information is unaudited. The results of operations for the period are not necessarily indicative of the results to be expected for the full year. The balance sheet information as of October 31, 2010 was derived from our audited financial statements. Certain prior-period amounts have been reclassified to conform to the current year financial statement presentation.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income," an amendment to ASC topic 220, "Comprehensive Income." ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, comprehensive income must be reported in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. The amended guidance, which must be applied retroactively, is effective for interim and annual periods beginning after December 15, 2011, with earlier adoption permitted. We do not expect our adoption of the new guidance to have a material impact on our consolidated financial statements.

2. Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average shares of common stock outstanding for the period and excludes any dilutive effects of stock options. Diluted earnings per share is computed by dividing net income by the weighted average shares of common stock outstanding for the period plus the shares that would be outstanding assuming the exercise of dilutive stock options. There was no dilutive effect of stock options for the three and nine months ended July 31, 2011 and 2010.

3. Accounts Receivable, Allowance for Doubtful Accounts and Revenue Recognition

Accounts Receivable: Accounts receivable is stated at the amount billed to customers. Accounts receivable are ordinarily due 30 days from the invoice date. The Company encounters risks associated with sales and the collection of the associated accounts receivable. As such, the Company records a monthly provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate monthly provision, the Company primarily utilizes a historical rate of accounts receivable written off as a percentage of total revenue. This historical rate is applied to the current revenues on a monthly basis. The historical rate is updated periodically based on events that may change the rate such as a significant increase or decrease in collection performance and timing of payments as well as the calculated total exposure in relation to the allowance. Periodically, the Company compares the identified credit risks with the allowance that has been established using historical experience and adjusts the allowance accordingly.

Revenue Recognition: Revenues are recognized when products are shipped or ownership is transferred and when services are rendered to customers. The Company acts as a principal party in sales transactions, assumes title to products and assumes the risks and rewards of ownership including risk of loss for collection, delivery or returns. The Company typically recognizes revenue for the majority of its products upon shipment to the customer and transfer of title. Under agreements with certain customers, custom forms may be stored by the Company for future delivery. In these situations, the Company may receive a logistics and warehouse management fee for the services provided. In these cases, delivery and bill schedules are outlined with the customer and product revenue is recognized when manufacturing is complete and the product is received into the warehouse, title transfers to the customer, the order is invoiced and there is reasonable assurance of collectability. Since the majority of products are customized, product returns are not significant. Therefore, the Company records sales on a gross basis. Advertising revenues are recognized, net of agency commissions, in the period when advertising is printed or placed on websites. Circulation revenues are recognized when purchased newspapers are distributed. Amounts received from customers in advance of revenue recognized are recorded as deferred revenue.

4. Inventories

Inventories are principally stated at the lower of first-in, first-out cost or market. Manufactured finished goods and work in process inventories include material, direct labor and overhead based on standard costs, which approximate actual costs. The Company utilizes an estimated gross profit method for determining cost of sales in interim periods.

Inventories consisted of the following:

	July 31, 2011	October 31, 2010
Printing and newspaper:		
Raw materials	$ 3,130,892	$ 2,897,036
Work in process	1,090,204	1,130,291
Finished goods	2,790,753	3,451,815
Office products and office furniture	1,945,376	2,211,191
	$ 8,957,225	$ 9,690,333

5. Long-Term Debt

Long-term debt consisted of the following:

	July 31, 2011	October 31, 2010
Installment notes payable to banks & shareholder	$ 1,273,437	$ 4,300,364
Term loan facility with syndicate of banks	39,382,978	43,057,978
	40,656,415	47,358,342
Less current portion	5,617,797	5,484,842
Long-term debt, net of current portion	$ 35,038,618	$ 41,873,500

On December 29, 2009, the Company, Marshall T. Reynolds, Fifth Third Bank, as Administrative Agent for lenders under the Company's Credit Agreement dated September 14, 2007, and the other lenders entered into a Forbearance Agreement. The Forbearance Agreement, among other provisions, required Marshall T. Reynolds to lend to the Company $3,000,000 in exchange for a subordinated unsecured promissory note in like amount, payment of principal and interest on which is prohibited until payment of all liabilities under the Credit Agreement. The subordinated unsecured promissory note, bearing interest at a floating Wall Street Journal prime rate and maturing September 14, 2014, and a debt subordination agreement, both dated December 29, 2009, were executed and delivered, and Mr. Reynolds advanced $3,000,000 to the Company. The $3,000,000 was applied to a prepayment of $3,000,000 of the Company's loans. The Forbearance Agreement expired on March 31, 2010 and the Company entered into a Second Amendment and Waiver to Credit Agreement.

On March 31, 2010, the Company, Fifth Third Bank, as a Lender, L/C Issuer and Administrative Agent for Lenders (the "Administrative Agent") and the other Lenders party to Champion's Credit Agreement dated September 14, 2007 (the "Credit Agreement") entered into a Second Amendment and Waiver to Credit Agreement (the "Second Amendment"). All conditions precedent to the effectiveness of the Second Amendment were satisfied on April 6, 2010. The Company has pledged substantially all of the assets of the Company as collateral for the indebtedness under the Credit Agreement.

In the Second Amendment the Administrative Agent and Lenders waived any default or event of default arising from Champion's previously disclosed violations of provisions of the Credit Agreement. The Second Amendment amended various provisions of the Credit Agreement, including but not limited to:

- a $17,000,000 revolving credit facility with a sublimit of up to $3,000,000 for letters of credit and $3,000,000 for swing line loans. Outstanding borrowings, thereunder, may not exceed the sum of (1) up to 85% of eligible receivable plus (b) up to the lesser of $6,000,000 or 50% of eligible inventory.
- at the Company's option, interest at a LIBOR Rate, so long as no default exists.
- post-default increase in interest rate of 2%.
- amendment of various financial covenants.
- fixed charge coverage ratio is required to be 1.0:1.0 through January 31, 2011; 1.1:1.0 through January 31, 2012 and 1.20:1.00 thereafter
- leverage ratio shall not be greater then 6.5:1.00 at April 30, 2010 with 0.5:1.00 step-downs quarterly through April 30, 2011 and 0.25:1.00 quarterly step-downs through April 30, 2012.
- minimum EBITDA pursuant to a quarterly build up commencing with the three months ended April 30, 2010 of $2,700,000, the six months ended July 31, 2010 of $5,400,000, the nine months ended October 31, 2010 of $8,900,000 and the twelve months ended January 31, 2011 of $11,800,000, thereafter varying quarterly step-ups culminating in twelve months trailing EBITDA of $14,300,000 at October 31, 2012.
- maximum capital expenditures are limited to $2,000,000 per fiscal year for the years ended October 31, 2010 and 2011 and $2,500,000 thereafter.
- enhanced reporting by the Company to Administrative Agent, including monthly reports and conference calls, quarterly reports by the Company's independent auditors of restructuring charges and organizational expense reductions.
- application of the Company's income tax refunds applied to reduce indebtedness under the Credit Agreement.
- Restrictions on payment of dividends based on various covenant compliance thresholds.

As required by the Second Amendment, the Company, Marshall T. Reynolds and the Administrative Agent entered into a Contribution Agreement and Cash Collateral Security Agreement dated March 31, 2010 (the "Contribution Agreement") pursuant to which Mr. Reynolds deposited $2,500,000 as cash collateral with the Administrative Agent, which the Administrative Agent may withdraw upon an event of default or to satisfy certain covenant provisions under the Credit Agreement.

Mr. Reynolds has granted the Administrative Agent a first priority security interest in the cash collateral.

Amounts drawn down by the Administrative Agent will be applied to repayment of the Company's obligations under the Credit Agreement. The Contribution Agreement expires upon the earliest of (i) full drawdown of the $2,500,000 deposited, (ii) repayment in full of all obligations under the Credit Agreement and termination of all commitments thereunder and (iii) the Administrative Agent's determination that the Company has achieved a fixed charge coverage ratio of at least 1.2 to 1.0 as of the last day of two consecutive fiscal quarters of the Company.

In connection with the Contribution Agreement, the Company executed and delivered to Mr. Reynolds a Subordinated Promissory Note in amount of $2,500,000, payment of principal and interest on which is prohibited prior to January 31, 2011, and thereafter only with the Administrative Agent's consent. The Subordinated Promissory Note bears interest at the Wall Street Journal prime rate (3.25% at inception and at July 31, 2011), matures September 14, 2014 and is unsecured.

On July 18, 2011, the Company and Mr. Reynolds entered into and consummated an Exchange Agreement pursuant to which the $3,000,000 subordinated unsecured promissory note, dated December 29, 2009 and delivered in connection with the Forbearance Agreement, together with $147,875 in accrued interest, was exchanged for 1,311,615 shares of common stock. The ratio of exchange was $2.40 of principal and accrued interest for one share of common stock. The transaction was completed at a discount of approximately 42.5% of the face value of the subordinated unsecured promissory note and related accrued interest. The transaction was approved by a majority of the disinterested directors in a separate board meeting chaired by a disinterested director. The transaction resulted in a net gain on early extinguishment of debt which is reflected in our consolidated statements of operations for the three and nine months ended July 31, 2011. As a result of the Exchange Agreement, Marshall T. Reynolds beneficially owns over 50% of the Company's outstanding common stock.

The Company was in compliance with the covenants of its credit agreements at July 31, 2011 as set forth in the filing by the Company of the applicable compliance certificate for such period. Failure to maintain compliance with financial covenants as required by our credit facility could result in default and acceleration of amounts due under those facilities. The Company is required to maintain a minimum of $750,000 of compensating balances with the Administrative Agent under the terms of its Credit Agreement.

The Company had borrowed under its $17.0 million line of credit approximately $9.7 million at July 31, 2011. Pursuant to the terms of the Second Amendment, the Company's borrowing base certificate as submitted to the Administrative Agent reflected minimum excess availability of $4.5 million as of July 31, 2011. The minimum excess availability is subject to a $1.0 million reserve and may be adjusted by the Administrative Agent.

The Company is required to make certain mandatory payments on its credit facilities related to (1) net proceeds received from a loss subject to applicable thresholds, (2) equity proceeds and (3) effective January 31, 2009, and continuing each year thereafter under the terms of the agreement the Company is required to prepay its credit facilities by 75% of excess cash flow for its most recently completed fiscal year. The excess cash flow for purposes of this calculation is defined as the difference (if any) between (a) EBITDA for such period and (b) federal, state and local income taxes paid in cash during such period plus capital expenditures during such period not financed with indebtedness plus interest expense paid in cash during such period plus the aggregate amount of scheduled payments made by the Company and its Subsidiaries during such period in respect of all principal on all indebtedness (whether at maturity, as a result of mandatory sinking fund redemption, or otherwise), plus restricted payments paid in cash by the Company during such period in compliance with the Credit Agreement. The Company had no prepayment obligation due under its prepayment obligation for fiscal 2009 and 2010 that would have been payable January 2010 and 2011 pursuant to the applicable calculations of the Second Amendment to the Credit Agreement.

The Company may incur costs in 2011 related to facility consolidations, employee termination costs and other restructuring related activities. These costs may be incurred, in part, as a response to the Company's efforts to overcome the impact of the global economic crisis.

The non-cash financing and investing activities for the three and nine months ended July 31, 2011 and 2010 related primarily to equipment and vehicle purchases of $153,000 and $504,000 in 2011 and $25,000 and $221,000 in 2010.

6. Commitments and Contingencies

As of July 31, 2011 the Company had contractual obligations in the form of leases and debt as follows:

	Payments Due by Fiscal Year						
Contractual Obligations	**2011**	**2012**	**2013**	**2014**	**2015**	**Residual**	**Total**
Non-cancelable operating leases	$ 358,432	$ 1,301,350	$ 1,119,892	$ 441,655	$ 51,640	$ -	$ 3,272,969
Revolving line of credit	-	9,701,742	-	-	-	-	9,701,742
Term debt	1,658,757	5,587,111	33,340,532	70,015	-	-	40,656,415
	$ 2,017,189	$ 16,590,203	$ 34,460,424	$ 511,670	$ 51,640	$ -	$ 53,631,126

7. Industry Segment Information

The Company operates principally in three industry segments organized on the basis of product lines: the production, printing and sale, principally to commercial customers, of printed materials (including brochures, pamphlets, reports, tags, continuous and other forms), the sale of office products and office furniture including interior design services and publication of The Herald-Dispatch daily newspaper in Huntington, West Virginia, with a total daily and Sunday circulation of approximately 23,000 and 29,000, respectively.

Our financial reporting systems present various data which is used to operate and measure our operating performance, including internal statements of operations which are prepared on a basis inconsistent with GAAP. Therefore, the segment reporting may not necessarily be consistent with GAAP reporting. Furthermore, because of our integrated business structure, operating costs included in one segment may benefit other segments, as a result of this structure these segments are not specifically designed to measure operating income or loss directly related to the products or services included in each segment.

The identifiable assets are reflective of non-GAAP assets reported on the Company's internal balance sheets and are typically adjusted for negative book cash balances, taxes, and other items excluded for segment reporting. The total assets reported on the Company's balance sheet as of July 31, 2011 and 2010 are $87,942,924 and $93,615,708. The identifiable assets reported above represent $79,443,154 and $83,443,540 at July 31, 2011 and 2010.

The table below presents information about reported segments for the three and nine months ended July 31:

2011 Quarter 3	**Printing**	**Office Products & Furniture**	**Newspaper**	**Total**
Revenues	$ 20,709,732	$ 10,436,689	$ 3,561,153	$ 34,707,574
Elimination of intersegment revenue	(1,135,600)	(1,544,837)	-	(2,680,437)
Consolidated revenues	$ 19,574,132	$ 8,891,852	$ 3,561,153	$ 32,027,137
Operating income	73,646	576,902	447,581	1,098,129
Depreciation & amortization	709,462	33,851	287,621	1,030,934
Capital expenditures	320,961	12,732	8,770	342,463
Identifiable assets	38,221,289	7,107,335	34,114,530	79,443,154
Goodwill	2,226,837	1,230,485	11,874,961	15,332,283

2010 Quarter 3	**Printing**	**Office Products & Furniture**	**Newspaper**	**Total**
Revenues	$ 21,645,833	$ 9,966,618	$ 3,585,861	$ 35,198,312
Elimination of intersegment revenue	(1,985,607)	(1,323,579)	-	(3,309,186)
Consolidated revenues	$ 19,660,226	$ 8,643,039	$ 3,585,861	$ 31,889,126
Operating income (loss)	(904,214)	504,691	712,608	313,085
Depreciation & amortization	741,510	33,851	284,653	1,060,014
Capital expenditures	124,492	10,121	15,052	149,665
Identifiable assets	40,861,807	6,720,113	35,861,620	83,443,540
Goodwill	2,226,837	1,230,485	11,874,961	15,332,283

2011 Year to Date	**Printing**	**Office Products & Furniture**	**Newspaper**	**Total**
Revenues	$ 62,646,552	$ 30,000,857	$ 11,038,648	$ 103,686,057
Elimination of intersegment revenue	(3,854,337)	(4,808,838)	-	(8,663,175)
Consolidated revenues	$ 58,792,215	$ 25,192,019	$ 11,038,648	$ 95,022,882
Operating income	901,618	1,395,842	1,672,039	3,969,499
Depreciation & amortization	2,091,271	101,575	855,690	3,048,536
Capital expenditures	851,191	68,198	37,961	957,341
Identifiable assets	38,221,289	7,107,335	34,114,530	79,443,154
Goodwill	2,226,837	1,230,485	11,874,961	15,332,283

2010 Year to Date	**Printing**	**Office Products & Furniture**	**Newspaper**	**Total**
Revenues	$ 68,577,588	$ 29,813,537	$ 11,632,293	$ 110,023,418
Elimination of intersegment revenue	(7,451,495)	(4,556,205)	-	(12,007,700)
Consolidated revenues	$ 61,126,093	$ 25,257,332	$ 11,632,293	$ 98,015,718
Operating income (loss)	(1,212,079)	1,456,527	2,895,689	3,140,137
Depreciation & amortization	2,294,034	102,787	851,222	3,248,043
Capital expenditures	446,959	19,609	58,481	525,049
Identifiable assets	40,861,807	6,720,113	35,861,620	83,443,540
Goodwill	2,226,837	1,230,485	11,874,961	15,332,283

A reconciliation of total segment revenues and of total segment operating income to consolidated income (loss) before income taxes, for the three and nine months ended July 31, 2011 and 2010, is as follows:

	Three months		**Nine months**	
	2011	**2010**	**2011**	**2010**
Revenues:				
Total segment revenues	$ 34,707,574	$ 35,198,312	$ 103,686,057	$ 110,023,418
Elimination of intersegment revenue	(2,680,437)	(3,309,186)	(8,663,175)	(12,007,700)
Consolidated revenue	$ 32,027,137	$ 31,889,126	$ 95,022,882	$ 98,015,718
Operating income:				
Total segment operating income	$ 1,098,129	$ 313,085	$ 3,969,499	$ 3,140,137
Interest expense	(988,005)	(1,232,003)	(2,902,602)	(4,164,454)
Gain on early extinguishment of debt from related party	1,337,846	-	1,337,846	-
Other income	27,674	10,805	73,186	322,471
Consolidated income (loss) before income taxes	$ 1,475,644	$ (908,113)	$ 2,477,929	$ (701,846)
Identifiable assets:				
Total segment identifiable assets	$ 79,443,154	$ 83,443,540	$ 79,443,154	$ 83,443,540
Assets not allocated to a segment	8,499,770	10,172,168	8,499,770	10,172,168
Total consolidated assets	$ 87,942,924	$ 93,615,708	$ 87,942,924	$ 93,615,708

8. Fair Value of Financial Instruments, Derivative Instruments and Hedging Activities

The Company manages exposure to changes in market interest rates. The Company's use of derivative instruments is limited to highly effective fixed and floating interest rate swap agreements used to manage well-defined interest rate risk exposures. The Company monitors its positions and the credit ratings of its counterparties and does not anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes.

At September 28, 2007, the Company was party to an interest rate swap agreement which terminated on October 29, 2010. The swap agreement was with a major financial institution and aggregated $25 million in notional principal amount representing approximately $19.8 million of outstanding notional principal at July 31, 2010. This swap agreement effectively converted $25 million of variable interest rate debt to fixed rate debt. The swap agreement required the Company to make fixed interest payments based on an average effective rate of 4.78% and receive variable interest payments from its counterparties based on one-month LIBOR (actual rate of 0.32% at July 31, 2010). Therefore, in the three months ended January 31, 2010 the Company recorded as a component of other income $284,000, related to its hedging arrangement, or $170,000 net of income tax. Effective with the Second Amendment, the Company's eligibility for LIBOR borrowings was reinstated. Therefore, for the six months ended July 31, 2010, the Company recorded a net change in the fair value of the fixed interest rate swap agreement in the amount of $273,000, net of income tax, as other comprehensive income. Due to the termination of LIBOR borrowing eligibility from the Administrative Agent, the Company recorded a loss in 2009 from ineffectiveness in its hedging arrangement.

There is a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and our own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 - Quoted market prices in active markets for identical assets or liabilities
Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable; and
Level 3 - Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that market participant would use.

Our interest bearing debt is primarily composed of a revolving line of credit and term loan facility with a syndicate of banks. The Company believes the carrying amount of these facilities approximates fair value due to these facilities carrying a variable interest rate based on recent market conditions.

Cash and cash equivalents consist principally of cash on deposit with banks. All highly liquid investments with an original maturity of three months or less. The Company's cash deposits in excess of federally insured amounts are primarily maintained at a large well-known financial institution.

The carrying amounts of the Company's accounts receivable, accounts payable, accrued payrolls and commissions, taxes accrued and withheld and accrued expenses approximates fair value due to their short-term nature.

The Company's interest rate swap derivative liability is based on third party valuation models, and is therefore classified as having level 2 inputs as of July 31, 2010. The interest rate swap agreement expired on October 29, 2010; and therefore there is no balance at July 31, 2011.

	Fair Value Measurements as of July 31, 2011 and 2010			
Liabilities:	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest rate swap at (2011)	$ -	$ -	$ -	$ -
Interest rate swap at (2010)	$ -	$ 223,000	$ -	$ 223,000

9. Restructuring of Operations

In fiscal 2010 and the first quarter of fiscal 2011, the Company recorded charges related to a restructuring and profitability enhancement plan. This plan was implemented to effectuate certain key initiatives and was an integral component of the Second Amendment and Waiver to the Credit Agreement (Second Amendment). These actions were taken to comply with the provisions and targeted covenants of the Second Amendment and to address the impact of the global economic crisis on the Company. The Company may incur additional costs in future periods to address the ongoing and fluid nature of the economic crisis. The amount of future charges is currently not estimable by the Company.

The plan was implemented to address several key initiatives, including streamlining production and administrative operations and headcount reductions. The aggregate pre-tax charge resulting from these actions was $2.1 million ($1.2 million after tax or $0.12 per share on a basic and diluted basis). The charges were comprised of $1.3 million associated with excess facility and maintenance costs, primarily related to operating leases, inventory related costs of $200,000 and costs associated with streamlining production and personnel related separation costs of $565,000. The costs associated with the restructuring and profitability enhancement plan are primarily recorded in the restructuring charges line item as part of operating income. Inventory is recorded as a component of cost of sales.

The following information summarizes the costs incurred with respect to restructuring, integration and asset impairment charges during the three and nine months ended July 31, 2011 and 2010, as well as the cumulative total of such costs representing fiscal 2010 and the nine months of 2011, respectively, and such costs are included as a component of the printing segment:

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010	Nine Months Ended July 31, 2011	Nine Months Ended July 31, 2010	Cumulative Total
Occupancy and equipment related costs	$ -	$ 1,173,175	$ 123,553	$ 1,173,175	$ 1,296,728
Costs incurred to streamline production, personnel and other	-	224,887	97,105	363,970	564,726
Inventory	-	171,529	28,851	171,529	200,380
Total	$ -	$ 1,569,591	$ 249,509	$ 1,708,674	$ 2,061,834

The activity pertaining to the Company's accruals related to restructuring and other charges since October 31, 2010, including additions and payments made are summarized below:

	Occupancy and equipment related costs	Costs incurred to streamline production, personnel and other	Total
Balance at October 31, 2010	$ 1,037,548	$ 8,462	$ 1,046,010
2011 expenses	123,553	97,105	220,658
Paid in 2011	(393,989)	(180,914)	(574,903)
Reclassifications	(139,503)	139,503	-
Balance at July, 2011	$ 627,609	$ 64,156	$ 691,765

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

Results of Operations

The following table sets forth, for the periods indicated, information derived from the Consolidated Statements of Operations as a percentage of total revenues.

	Percentage of Total Revenues			
	Three Months Ended July 31,		Nine Months Ended July 31,	
	2011	2010	2011	2010
Revenues:				
Printing	61.1%	61.7%	61.9%	62.4%
Office products and office furniture	27.8	27.1	26.5	25.8
Newspaper	11.1	11.2	11.6	11.8
Total revenues	100.00	100.00	100.00	100.00
Cost of sales and newspaper operating costs:				
Printing	46.6	45.6	47.0	45.7
Office products and office furniture	20.3	19.6	19.0	18.4
Newspaper cost of sales and operating costs	6.6	6.5	6.7	6.3
Total cost of sales and newspaper operating costs	73.5	71.7	72.7	70.4
Gross profit	26.5	28.3	27.3	29.6
Selling, general and administrative expenses	23.1	22.9	22.9	24.9
Restructuring charges	0.0	4.4	0.2	1.5
Income from operations	3.4	1.0	4.2	3.2
Interest expense	(3.1)	(3.9)	(3.1)	(4.2)
Gain on early extinguishment of debt from related party	4.2	0.0	1.4	0.0
Other income	0.1	0.0	0.1	0.3
Income (loss) before taxes	4.6	(2.9)	2.6	(0.7)
Income tax (expense) benefit	(1.9)	1.1	(1.1)	0.3
Net income (loss)	2.7%	(1.8)%	1.5%	(0.4)%

Three Months Ended July 31, 2011 Compared to Three Months Ended July 31, 2010

Revenues

Total revenues increased 0.4% in the third quarter of 2011 compared to the same period in 2010, from $31.9 million to $32.0 million. Printing revenue decreased slightly in the third quarter of 2011, to $19.6 million from $19.7 million in the third quarter of 2010. Office products and office furniture revenue increased 2.9% in the third quarter of 2011, to $8.9 million from $8.6 million in the third quarter of 2010. Office products and office furniture sales were higher in the third quarter of 2011 when compared to the third quarter of 2010. This was due to higher office furniture sales. The Company recorded newspaper revenues associated with The Herald-Dispatch of approximately $3.6 million, consisting of advertising revenue of approximately $2.6 million and $0.9 million in circulation revenues for the three months ended July 31, 2011. The Company recorded newspaper revenues associated with The Herald-Dispatch of approximately $3.6 million, consisting of advertising revenue of approximately $2.7 million and $0.9 million in circulation revenues for the three months ended July 31, 2010. The on-line revenues for the three months ended July 31, 2011 and 2010 approximated $243,000 and $270,000 and are recorded as a component of advertising revenue. The newspaper revenues were essentially flat when compared with the comparable quarter of the previous year.

Cost of Sales

Total cost of sales increased 3.0% in the third quarter of 2011, to $23.5 million from $22.9 million in the third quarter of 2010. Printing cost of sales in the third quarter of 2011 increased $0.4 million over the prior year and increased as a percentage of printing sales from 74.0% in 2010 to 76.3% in 2011. The printing gross margin dollar decrease resulted from higher cost of goods sold as a percentage of sales, resulting primarily from higher material costs as a percent of sales. Office products and office furniture cost of sales were higher on increased sales and higher cost of goods sold as a percentage of office products and office furniture sales of 72.4% in 2010 compared to 73.0% in 2011, thus representing contraction in gross margin percent in the office products and office furniture segment. The sales increase was offset with gross margin compaction which led to flat overall office products and office furniture gross margin contribution. Newspaper cost of sales and operating costs as a percent of newspaper sales were 59.6% and 57.4% for the three months ended July 31, 2011 and 2010.

Operating Expenses

In the third quarter of 2011, selling, general and administrative expenses (S, G&A) increased on a gross dollar basis to $7.4 million from $7.3 million in 2010, an increase of $0.1 million or 0.9%. As a percentage of total sales, the expenses increased slightly on a quarter to quarter basis in 2011 to 23.1% from 22.9% in 2010.

In the third quarter of 2010, the Company recorded charges related to a restructuring and profitability enhancement plan. This plan was implemented to effectuate certain key initiatives and was a key provision to the Second Amendment. These actions were taken to comply with the provisions and targeted covenants of the Second Amendment and to address the impact of the global economic crisis on the Company.

The implementation of the restructuring and profitability enhancement plan should not have a material impact on the Company's future liquidity position. The costs associated with the restructuring and profitability enhancement plan are primarily recorded in the restructuring charges line item as part of operating income. Inventory is recorded as a component of cost of sales.

The costs associated with the implementation of the Company's restructuring and profitability enhancement plan resulted in a pre-tax charge of $1.6 million ($1.0 million after tax or $0.10 per share on a basic and diluted basis).

Income from Operations and Other Income and Expenses

Income from operations increased in the third quarter of 2011, to $1.1 million from $0.3 million in the third quarter of 2010. This increase is the result of charges associated with the Company's restructuring and profitability enhancement plan recorded in 2010. Other income and expenses (net) reflected other income of approximately $0.4 million in 2011 compared to other expense of $1.2 million in 2010. The Company recorded a gain on early extinguishment of debt to a related party in 2011 of approximately $1.3 million. In addition, interest expense decreased due to lower borrowings and lower rates associated with the Second Amendment to the Credit Agreement and expiration of a LIBOR Swap agreement.

Income Taxes

The Company's effective income tax expense rate was 40.6% for the third quarter of 2011 and a benefit of (37.2)% for the third quarter of 2010. The effective income tax rate approximates the combined federal and state, net of federal benefit, statutory income tax rate.

Net Income (Loss)

Net income for the third quarter of 2011 was $876,000 compared to a loss of ($571,000) in the third quarter of 2010 due to the reasons discussed above. Basic and diluted earnings (loss) per share for the three months ended July 31, 2011 and 2010 were $0.09 and $(0.06).

Nine Months Ended July 31, 2011 Compared to Nine Months Ended July 31, 2010

Revenues

Total revenues decreased 3.1% in the first nine months of 2011 compared to the same period in 2010, to $95.0 million from $98.0 million. Printing revenue decreased 3.8% in the nine month period ended July 31, 2011, to $58.8 million from $61.1 million in the same period in 2010. Office products and office furniture revenue decreased 0.3% in the nine month period ended July 31, 2011, to $25.2 million from $25.3 million in the same period in 2010. The decrease in printing sales was primarily associated with the continued impact of the global economic crisis. The decrease in the office products and office furniture segment was primarily due to lower office product sales partially offset by higher office furniture sales. The Company recorded newspaper revenues associated with The Herald-Dispatch of approximately $11.0 million, consisting of advertising revenues of approximately $8.3 million and circulation revenues of approximately $2.7 million for the nine months ended July 31, 2011. The Company recorded newspaper revenues associated with The Herald Dispatch of approximately $11.6 million, consisting of advertising revenue of $8.8 million and $2.9 million in circulation revenues for the nine months ended July 31, 2010. The on-line revenues for the nine months ended July 31, 2011 and 2010 approximated $0.8 million and $0.8 million and are recorded as a component of advertising revenue. The reduction in newspaper revenue is primarily associated with a decrease in advertising revenues, which we believe is reflective of macro industry dynamics coupled with the residual effect of the global economic crisis.

Cost of Sales

Total cost of sales increased 0.1% in the nine months ended July 31, 2011 to $69.1 million from $69.0 million in the nine months ended July 31, 2010. Printing cost of sales decreased 0.3% in the nine months ended July 31, 2011 to $44.6 million from $44.8 million in the nine months ended July 31, 2010. The decrease in printing cost of sales was primarily due to the decrease in printing sales partially offset with a decrease in gross margin percent, resulting from higher material costs. Office products and office furniture cost of sales increased 0.4% in the nine months ended July 31, 2011 to $18.1 million from $18.0 million in the nine months ended July 31, 2010 and increased as a percent of sales from 71.3% in 2010 to 71.8% in 2011. The increase in office products and office furniture cost of sales is attributable to an increase in office products and office furniture cost of sales as a percent of office products and office furniture sales. Newspaper cost of sales and operating costs as a percentage of newspaper sales were 57.7% and 53.4% for the nine months ended July 31, 2011 and 2010.

Operating Expenses

During the nine months ended July 31, 2011 compared to the same period in 2010, selling, general and administrative expenses (S,G&A) decreased as a percentage of sales to 22.9% from 24.9% in 2010. Total S,G&A decreased $2.6 million. The decrease in total S,G&A is primarily reflective of reduction initiatives implemented by the Company in response to the global economic crisis. In 2010, S, G&A was impacted by various costs associated with the Company's successful defense of a legal action approximating $330,000.

In the nine months ended July 31, 2011 and 2010, the Company recorded charges related to a restructuring and profitability enhancement plan. This plan was implemented to effectuate certain key initiatives and was a key provision to the second amendment to the Credit Agreement. These actions were taken to comply with the provisions and targeted covenants of the Second Amendment to the Credit Agreement and to address the impact of the global economic crisis on the Company.

The implementation of the restructuring and profitability enhancement plan should not have a material impact on the Company's future liquidity position. The costs associated with the restructuring and profitability enhancement plan are primarily recorded in the restructuring charges line item as part of operating income. Inventory is recorded as a component of cost of sales.

The costs associated with the implementation of the Company's restructuring and profitability enhancement plan resulted in a pre-tax charge of $1.7 million ($1.1 million after tax or $0.11 per share on a basic and diluted basis) in 2010, and $250,000 ($150,000 after tax or $0.01 per share on a basic and diluted basis) in 2011.

Income from Operations and Other Income and Expenses

Income from operations increased 26.4% in the nine month period ended July 31, 2011, to $4.0 million from $3.1 million in the same period of 2010. This increase is primarily the result of a $1.5 million reduction in restructuring related charges, which decreased from $1.7 million in 2010 to $0.2 million in 2011. Other (expense) (net) decreased to $1.5 million in 2011 from $3.8 million in 2010. This is primarily due to two factors: lower interest expense and gain on early extinguishment of debt to a related party. The decreases in interest expense resulted from lower interest rates associated with the Administrative Agent of the Company's credit facility instituting the default rate and eliminating the LIBOR borrowing expense option for most of the first six months of 2010 and various deferred financing interest related expenses associated with this debt as well as higher interest rates associated with a swap contract in 2010. In addition, the Company recorded a gain on early extinguishment of debt to a related party in the third quarter of 2011 of approximately $1.3 million.

Income Taxes

The Company's effective income tax was an expense of 41.8% for the nine months ended July 31, 2011, and a benefit of 35.9% in the same period of 2010. The effective income tax rate approximates the combined federal and state, net of federal benefit, statutory income tax rate.

Net income (loss)

Net income (loss) for the first nine months of 2011 increased to net income of $1.4 million from a net loss of ($450,000) in the same period of 2010 due to the reasons discussed above. Basic and diluted earnings (loss) per share for the nine months ended July 31, 2011 were $0.14 and ($0.05) for the nine months ended July 31, 2010.

Inflation and Economic Conditions

Management believes that the effect of inflation on the Company's operations has not been material and will continue to be immaterial for the foreseeable future. The Company does not have long-term contracts; therefore, to the extent permitted by competition, it has the ability to pass through to its customers most cost increases resulting from inflation, if any. In addition, the Company is not particularly energy dependent; therefore, an increase in energy costs should not have a significant impact on the Company.

Our operating results depend on the relative strength of the economy on both a regional and national basis. Recessionary conditions applicable to the economy as a whole and specifically to our core business segments, have had a significant adverse impact on the Company's business. A continuing or a deepening of the recessionary conditions we are experiencing could significantly affect our revenue categories and associated profitability.

Seasonality

Historically, the Company has experienced a greater portion of its profitability in the second and fourth quarters than in the first and third quarters. The second quarter generally reflects increased orders for printing of corporate annual reports and proxy statements. A post-Labor Day increase in demand for printing services and office products coincides with the Company's fourth quarter. The global economic crisis as well as other macro-economic factors and customer demand has impacted this general trend in recent years. The Company is unable to predict if this trend has fundamentally shifted until such time a more stable economic climate is present.

Our business is subject to seasonal fluctuations that we expect to continue to be reflected in our operating results in future periods. On a historical basis, The Herald-Dispatch's first and third calendar quarters of the year tended to be the weakest because advertising volume is at its lowest levels following the holiday season and a seasonal slowdown in the summer months. Correspondingly, on a historical basis the fourth calendar quarter followed by the second calendar quarter tended to be the strongest quarters. The fourth calendar quarter included heavy holiday season advertising. Other factors that affect our quarterly revenues and operating results may be beyond our control, including changes in the pricing policies of our competitors, the hiring and retention of key personnel, wage and cost pressures, distribution costs, changes in newsprint prices and general economic factors.

Liquidity and Capital Resources

Net cash provided by operations for the nine months ended July 31, 2011, was $4.2 million compared to net cash provided by operations of $6.2 million during the same period in 2010. This reduction in net cash from operations is due primarily to cash received from income tax refunds in 2010 and other balance sheet changes.

Net cash used in investing activities for the nine months ended July 31, 2011 was $159,000 compared to $272,000 during the same period in 2010. Cash flows used in investing activities in 2011 and 2010 were primarily associated with the purchase of property and equipment.

Net cash used in financing activities for the nine months ended July 31, 2011 was $4.0 million compared to $7.0 million during the same period in 2010. This decrease is primarily due to a decrease in debt payments in 2011.

Working capital on July 31, 2011 was $12.5 million and at October 31, 2010 was $13.1 million.

Environmental Regulation

The Company is subject to the environmental laws and regulations of the United States, and the states in which it operates, concerning emissions into the air, discharges into the waterways and the generation, handling and disposal of waste materials. The Company's past expenditures relating to environmental compliance have not had a material effect on the Company. These laws and regulations are constantly evolving, and it is impossible to predict accurately the effect they may have upon the capital expenditures, earnings, and competitive position of the Company in the future. Based upon information currently available, management believes that expenditures relating to environmental compliance will not have a material impact on the financial position of the Company.

Special Note Regarding Forward-Looking Statements

Certain statements contained in this Form 10-Q, including without limitation statements including the word "believes," "anticipates," "intends," "expects" or words of similar import, constitute "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements of the Company expressed or implied by such forward-looking statements. Such factors include, among others, changes in business strategy or development plans and other factors referenced in this Form 10-Q , including without limitations under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." The Company disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

The Company does not have any significant exposure relating to market risk.

ITEM 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls were effective as of the end of the period covered by this quarterly report.

(b) *Changes in Internal Controls*. There have been no changes in our internal controls over financial reporting that occurred during the first nine months of fiscal year 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, our Company is involved in litigation relating to claims arising out of its operations in the normal course of business. We maintain insurance coverage against certain types of potential claims in an amount which we believe to be adequate, but there is no assurance that such coverage will in fact cover, or be sufficient to cover, all potential claims. Currently, we are not aware of any legal proceedings or claims pending against the Company that our management believes may have a material adverse effect on our financial condition or results of operations.

Item 1A. Risk Factors

There were no material changes in risk factors from disclosures previously reported in our annual report on Form 10-K for the fiscal year ended October 31, 2010.

Item 6. Exhibits

a) Exhibits:

(31.1)	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley act of 2002 - Marshall T. Reynolds	Exhibit 31.1 Page Exhibit 31.1-p1
(31.2)	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley act of 2002 - Todd R. Fry	Exhibit 31.2 Page Exhibit 31.2-p1
(31.3)	Principal Operating Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley act of 2002 - Toney K. Adkins	Exhibit 31.3 Page Exhibit 31.3-p1
(32)	Marshall T. Reynolds, Todd R. Fry and Toney K. Adkins Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley act of 2002	Exhibit 32 Page Exhibit 32-p1

SIGNATURES

Pursuant to the requirement 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.

CHAMPION INDUSTRIES, INC.

Date: September 9, 2011	/s/ Marshall T. Reynolds
	Marshall T. Reynolds
	Chief Executive Officer
Date: September 9, 2011	/s/ Toney K. Adkins
	Toney K. Adkins
	President and Chief Operating Officer
Date: September 9, 2011	/s/ Todd R. Fry
	Todd R. Fry
	Senior Vice President and Chief Financial Officer

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Marshall T. Reynolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Champion Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2011

/s/ Marshall T. Reynolds

Marshall T. Reynolds
Chief Executive Officer

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Todd R. Fry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Champion Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2011

/s/ Todd R. Fry

Todd R. Fry
Senior Vice President & Chief Financial Officer

Exhibit 31.3

PRINCIPAL OPERATING OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Toney K. Adkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Champion Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2011

/s/ Toney K. Adkins

Toney K. Adkins
President & Chief Operating Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Champion Industries, Inc. (the “Company”) on Form 10-Q for the period ending July 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Marshall T. Reynolds, Todd R. Fry and Toney K. Adkins, Chief Executive Officer, Chief Financial Officer and President and Chief Operating Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/Marshall T. Reynolds

Marshall T. Reynolds
Chief Executive Officer

By: /s/ Todd R. Fry

Todd R. Fry
Senior Vice President and Chief Financial Officer

By: /s/ Toney K. Adkins

Toney K. Adkins
President and Chief Operating Officer

A signed copy of this written statement required by section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 9, 2011