

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

ALTEX INDUSTRIES INC
Form 10-Q
February 12, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 December 31, 2008

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

For the transition period from to.

Commission file number 1-9030

ALTEX INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

84-0989164

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

PO Box 1057 Breckenridge CO 80424-1057

(Address of principal executive offices)

(303) 265-9312

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company.

Large accelerated filer
Non-accelerated filer

Accelerated filer
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

Number of shares outstanding of issuer's Common Stock as of February 10, 2009: 13,885,734

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

	DECEMBER 2008 (UNAUDITED)
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,219,0
Accounts receivable	10,0
Other	3,0

Total current assets	4,232,0

PROPERTY AND EQUIPMENT, AT COST	
Proved oil and gas properties (successful efforts method)	91,0
Other	38,0

	129,0
Less accumulated depreciation, depletion, amortization, and valuation allowance	(124,0)

Net property and equipment	5,0

OTHER ASSETS	7,0

	\$ 4,244,0
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	\$ 34,0
Other accrued expenses	33,0

Total current liabilities	67,0

STOCKHOLDERS' EQUITY	
Preferred stock, \$.01 par value. Authorized 5,000,000 shares, none issued	
Common stock, \$.01 par value. Authorized 50,000,000 shares, issued 13,953,901 shares	140,0
Additional paid-in capital	13,974,0
Accumulated deficit	(9,926,0)
Treasury shares, at cost, 68,167 shares at December 31, 2008	(11,0)

	4,177,0

	\$ 4,244,0
	=====

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

See accompanying notes to consolidated, condensed financial statements.

Page 2 of 7

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED DECEMBER 31	
	2008	2007

Revenue		
Oil and gas sales	\$ 16,000	\$ 5,000
Interest income	22,000	47,000

	38,000	52,000

Costs and expenses		
Lease operating	1,000	-
Production taxes	1,000	-
General and administrative	104,000	105,000
Depreciation, depletion, amortization, and valuation allowance	1,000	1,000

	107,000	106,000

Net loss	\$ (69,000)	\$ (54,000)
	=====	
Loss per share	\$ (0.005)	\$ (0.004)
	=====	
Weighted average shares outstanding	13,928,709	14,242,897
	=====	

See accompanying notes to consolidated, condensed financial statements.

Page 3 of 7

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED)

	THREE MONTHS ENDED DECEMBER 31	
	2008	

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (69,000)	\$
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, depletion, amortization, and valuation allowance		1,000
Increase in accounts receivable		(4,000)
Decrease in other current assets		4,000
Increase in accounts payable		11,000

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

Decrease in accrued production costs	(1,000)	
Decrease in other accrued expenses	(3,000)	

Net cash used in operating activities	(61,000)	-----

CASH FLOWS FROM INVESTING ACTIVITIES		
Other additions to property and equipment	-	

Net cash used in investing activities	-	-----

CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of treasury stock	(11,000)	

Net cash used in financing activities	(11,000)	-----

NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,000)	

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,291,000	4

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,219,000	\$ 4
		=====

See accompanying notes to consolidated, condensed financial statements.

Page 4 of 7

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED, CONDENSED FINANCIAL STATEMENTS
 (UNAUDITED)

NOTE 1 - FINANCIAL STATEMENTS. In the opinion of management, the accompanying unaudited, consolidated, condensed financial statements contain all adjustments necessary to present fairly the financial position of the Company as of December 31, 2008, and the cash flows and results of operations for the three months then ended. Such adjustments consisted only of normal recurring items. The results of operations for the three months ended December 31 are not necessarily indicative of the results for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements contained in the Company's 2008 Annual Report on Form 10-KSB, and it is suggested that these consolidated, condensed financial statements be read in conjunction therewith.

"SAFE HARBOR" STATEMENT UNDER THE UNITED STATES PRIVATE SECURITIES LITIGATION
 REFORM ACT OF 1995

Statements that are not historical facts contained in this Form 10-Q are forward-looking statements that involve risks and uncertainties that could cause actual results to differ from projected results. Factors that could cause actual results to differ materially include, among others: general economic conditions; movements in interest rates; the market price of oil and natural gas; the risks associated with exploration and production in the Rocky Mountain region; the Company's ability, or the ability of its operating subsidiary, Altex

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

Oil Corporation ("AOC"), to find, acquire, market, develop, and produce new properties; operating hazards attendant to the oil and natural gas business; uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures; the strength and financial resources of the Company's competitors; the Company's ability and AOC's ability to find and retain skilled personnel; climatic conditions; availability and cost of material and equipment; delays in anticipated start-up dates; environmental risks; the results of financing efforts; and other uncertainties detailed elsewhere herein and in the Company's filings with the Securities and Exchange Commission.

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

FINANCIAL CONDITION

Cash balances declined \$72,000 in the three months ended December 31, 2008 ("Q1FY09"), because the Company used \$61,000 cash in operating activities and acquired 68,167 shares of its Common Stock for \$11,000. The Company is likely to experience negative cash flow from operations unless and until the Company invests in interests in producing oil and gas wells or in another venture that produces cash flow from operations. With the exception of capital expenditures related to production acquisitions or drilling or recompletion activities or an investment in another venture that produces cash flow from operations, none of which are currently planned, the cash flows that could result from such acquisitions, activities, or investments, and the possibility of a change in the interest rates the Company realizes on cash balances, the Company knows of no other trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. Except for cash generated by the operation of the Company's producing oil and gas properties, asset sales, and interest income, the Company has no internal or external sources of liquidity other than its working capital. At February 10, 2009, the Company had no material commitments for capital expenditures. The Company regularly assesses its exposure to both environmental liability and reclamation, restoration, and dismantlement expense ("RR&D"). The Company does not believe that it currently has any material exposure to environmental liability or to RR&D, net of salvage value, although this cannot be assured.

Page 5 of 7

RESULTS OF OPERATIONS

Interest income decreased from \$47,000 in the three months ended December 31, 2007 ("Q1FY08"), to \$22,000 in Q1FY09 because of lower interest rates and lower cash balances. At the current level of cash balances and at current interest rates, the Company's revenue is unlikely to exceed its expenses. Unless and until the Company invests a substantial portion of its cash balances in interests in producing oil and gas wells or in one or more other ventures that produce revenue and net income, the Company is likely to experience net losses. With the exception of unanticipated RR&D, unanticipated environmental expense, and possible changes in interest rates, the Company is not aware of any other known trends or uncertainties that have had or that the Company reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities. Included in net cash used in operating activities in Q1FY09 is an increase in accounts payable of \$11,000. Excluding this item, net cash used in operating activities in Q1FY09 was \$72,000 compared to net cash

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

used in operating activities in Q1FY08 of \$58,000.

Investing Activities. In Q1FY08 the Company expended \$2,000 on information technology.

Financing Activities. In Q1FY09 the Company acquired 68,167 shares of its Common Stock for \$11,000. In Q1FY08 the Company acquired 67,307 shares of its Common Stock for \$16,000.

ITEM 4T. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Principal Executive Officer and Principal Financial Officer as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management's control objectives. As of the end of the period covered by the report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon the foregoing, the Company's Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiary) required to be included in the Company's Exchange Act reports. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Page 6 of 7

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

Issuer Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum (or approx) dollar value of shares (or units) that may be purchased under the plan or program
October 1, 2008 through October 31, 2008	-	-	-	
November 1, 2008				

Edgar Filing: ALTEX INDUSTRIES INC - Form 10-Q

through November 30, 2008	68,167	\$	0.16	-
-----	-----	-----	-----	-----
December 1, 2008 through December 31, 2008	-	-	-	-
-----	-----	-----	-----	-----

The Company has no publicly announced plan or program for the purchase of shares. In November 2008 the Company purchased 68,167 shares other than through a publicly announced plan or program in open-market transactions.

ITEM 6. EXHIBITS

- 31. Rule 13a-14(a)/15d-14(a) Certifications
- 32. Section 1350 Certifications

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALTEX INDUSTRIES, INC.

Date: February 10, 2009

By: /s/ STEVEN H. CARDIN

Steven H. Cardin
Chief Executive Officer and
Principal Financial Officer

Page 7 of 7

EXHIBIT INDEX

- 31. Rule 13a-14(a)/15d-14(a) Certifications
- 32. Section 1350 Certifications