ALTEX INDUSTRIES INC Form 10-Q February 11, 2011

Yes [X] No []

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

	FORM 1	.0-Q
[X]	QUARTERLY REPORT PURSUANT TO SECTEXCHANGE ACT OF 1934	CION 13 OR 15(d) OF THE SECURITIES
	For the quarterly period	ended December 31, 2010
[]	TRANSITION REPORT PURSUANT TO SEC EXCHANGE ACT OF 1934	CTION 13 OR 15(d) OF THE SECURITIES
	For the transition	period from to .
	Commission file	number 1-9030
	ALTEX INDUST	CRIES, INC.
	(Exact name of registrant as	s specified in its charter)
	Delaware	84-0989164
	ate or other jurisdiction of corporation or organization)	(I.R.S. Employer Identification No.)
	PO Box 1057 Breckenr	ridge CO 80424-1057
	(Address of principal execu	ative offices) (Zip Code)
	(303) 26	55-9312
	(Registrant's telephone num	
require 1934 de regist:	ed to be filed by Section 13 or 150 uring the preceding 12 months (or f	orts), and (2) has been subject to such
and por require (Sec.2) shorte:	sted on its corporate Web site, if ed to be submitted and posted pursu 32.405 of this chapter) during the	ant to Rule 405 of Regulation S-T
	-	registrant is a large accelerated filer filer, or a small reporting company.
	accelerated filer [] celerated filer []	Accelerated filer [] Smaller reporting company [X]
	ndicate by check mark whether the r d in Rule 12b-2 of the Exchange Act	

Number of shares outstanding of issuer's Common Stock as of February 9, 2011: 13,619,606

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS	
	DECEMBER 31 2010 (UNAUDITED)
CURRENT ASSETS Cash and cash equivalents Accounts receivable Other	\$ 3,255,000 12,000 4,000
Total current assets	3,271,000
PROPERTY AND EQUIPMENT, AT COST Proved oil and gas properties (successful efforts method) Other	351,000 17,000
Less accumulated depreciation, depletion, amortization, and valuation allowance	368,000
Net property and equipment	264 , 000
OTHER ASSETS	5 , 000
	\$ 3,540,000
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES Accounts payable Other accrued expenses	\$ 27,000 36,000
Total current liabilities	63 , 000
STOCKHOLDERS' EQUITY Preferred stock, \$.01 par value. Authorized 5,000,000 shares, none issued Common stock, \$.01 par value. Authorized 50,000,000 shares, 13,619,606 shares issued and outstanding Additional paid-in capital Accumulated deficit	136,000 13,928,000 (10,587,000

3,477,000

\$ 3,540,000

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See accompanying notes to consolidated, condensed financial statements.

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

		THREE MONTH	-
		2010	2009
Revenue			
Oil and gas sales	\$	29,000	20
Interest income		9,000	12
Other income		1,000	
		39 , 000	32
Costs and expenses		0.000	1
Lease operating Production taxes		2,000 3,000	1
General and administrative		111,000	117
Depreciation, depletion, amortization, and valuation allowance		5,000	1
		121,000	121
Net loss	\$	(82,000)	(89
Loss per share	\$	(0.006)	(0
Weighted average shares outstanding		======================================	13 , 885
	====		

See accompanying notes to consolidated, condensed financial statements.

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

THREE MONTHS
DECEMBER
2010

3

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$	(82,000)
Adjustments to reconcile net loss to net cash used in operatingactivities		
Depreciation, depletion, amortization, and valuation allowance		5,000
Increase in accounts receivable		
Increase (decrease) in accounts payable		4,000
Decrease in other accrued expenses		1,000
Net cash used in operating activities		(72,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for oil and gas property acquisitions		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS		(72,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,327,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	3,255,000
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See accompanying notes to consolidated, condensed financial statements.

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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, 2010, 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 2010 Annual Report on Form 10-K, 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 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, 2010, because the Company used \$72,000 cash in operating activities. In the three months ended December 31, 2009, cash declined \$382,000 because the Company used \$94,000 cash in operating activities and invested \$288,000 in the acquisition of a 4.4% override in the Glo Field in Campbell County, Wyoming. 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 9, 2011, 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.

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RESULTS OF OPERATIONS

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. Net cash used in operating activities in the three months ended December 31, 2010, was \$72,000 compared to net cash used in operating activities in the three months ended December 31, 2009, of \$94,000.

Investing Activities. In the three months ended December 31, 2019, the Company expended \$288,000 for the acquisition of a 4.4% override in the Glo Field in Campbell County, Wyoming.

ITEM 4. 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.

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PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

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

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SIGNATURES

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

ALTEX INDUSTRIES, INC.

Date: February 9, 2011 By: /s/ STEVEN H. CARDIN

Steven H. Cardin Chief Executive Officer and Principal Financial Officer

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EXHIBIT INDEX

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