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ALTEX INDUSTRIES INC
Form 10-Q
February 11, 2011

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, 2010

☐ 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) (Zip Code)

(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 has submitted electronically
and posted on its corporate Web site,

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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	\$	3,255,000
Accounts receivable		12,000
Other		4,000

Total current assets		3,271,000

PROPERTY AND EQUIPMENT, AT COST		
Proved oil and gas properties (successful efforts method)		351,000
Other		17,000

		368,000
Less accumulated depreciation, depletion, amortization, and valuation allowance		(104,000)

Net property and equipment		264,000

OTHER ASSETS		
		5,000

	\$	3,540,000
		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES		

=====

See accompanying notes to consolidated, condensed financial statements.

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

	THREE MONTHS ENDED DECEMBER 31	
	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		
Lease operating	2,000	1
Production taxes	3,000	2
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	13,61	

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CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (82,000)
Adjustments to reconcile net loss to net cash used in operating activities	
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)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,327,000
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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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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

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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, 2010, 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

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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