

TX Holdings, Inc.
Form 10-K/A
January 05, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K/A

Amendment No. 1

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

For the fiscal year ended September 30, 2015

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. 000-32335

TX HOLDINGS, INC.

(Exact Name of
Registrant as Specified in
its Charter)

Georgia **58-2558702**
(State or (I.R.S.
Other Employer
Jurisdiction of Identification

Incorporation No.)
or
Organization)

12080 Virginia Blvd., Ashland, KY 41102 (606) 928-1131
(Address of Principal Executive Offices and (Registrant's
Zip Code) Telephone
Number,
Including Area
Code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act:

Title of Each Class Name of Each Exchange on Which Registered

None None

Securities registered pursuant to Section 12(g) of the Securities Exchange Act: **Common Stock, no par value per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes " No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act. Yes " No x

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

Indicate by check mark whether the registrant 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No "

Edgar Filing: TX Holdings, Inc. - Form 10-K/A

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "

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 the definitions 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 " Smaller reporting company x

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes
" No x

The aggregate market value of the voting common equity held by non-affiliates based upon the average bid and asked prices for the Common Stock on June 30, 2015, the last business day of the registrant's most recently completed third fiscal quarter as reported on the OTC Markets Group, Inc.'s OTCQB was approximately \$1,385,281.

As of December 29, 2015, the number of shares of the registrant's common stock outstanding was 48,053,084.

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (“Amendment”) to TX Holdings, Inc.’s (“Company”) Annual Report on Form 10-K for the year ended September 30, 2015, originally filed with the Securities and Exchange Commission (“SEC”) on December 29, 2015 (“Original Filing”), is being filed for the purpose of including a revised Report of Independent Registered Public Accounting Firm with regard to the Company’s consolidated financial statements for the years ended September 30, 2015 and 2014, which inadvertently omitted “consolidated” in certain sections of such report.

For purposes of this Amendment, and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (“Exchange Act”), Items 8 and 15 of the Original Filing are being amended hereby in their entirety.

As required pursuant to Rule 12b-15 under the Exchange Act, new certifications of our principal executive officer and principal financial officer pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 are being filed as exhibits to this Amendment.

Except as described above, this Amendment does not modify, amend, or update in any way any other information set forth in the Original Filing. The Original Filing as amended by this Amendment continues to speak as of the date the Original Filing was filed with the SEC. This Amendment does not reflect events that may have occurred subsequent to the date the Original Filing was filed with the SEC. Accordingly, this Amendment should be read in conjunction with the Original Filing and other reports we file from time to time with the SEC subsequent to the date the Original Filing was filed with the SEC.

Capitalized terms used in this Amendment but not otherwise defined in this Amendment have the meanings set forth in the Original Filing.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's consolidated balance sheets as of September 30, 2015 and 2014 and the related consolidated statements of operations, consolidated changes in stockholders' deficit and consolidated cash flows for the years then ended have been audited by Turner, Stone and Company, LLP. Turner, Stone and Company, LLP is an independent registered public accounting firm. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to Regulation S-K as promulgated by the Securities and Exchange Commission and are included herein pursuant to Part II, Item 8 of this Form 10-K. The financial statements have been prepared assuming the Company will continue as a going concern.

TX HOLDINGS, INC.

CONSOLIDATED FINANCIAL STATEMENTS - TABLE OF CONTENTS
For the Years Ended September 30, 2015 and 2014

	Page(s)
<u>Report of Independent Registered Public Accounting Firm</u>	4
Audited Financial Statements:	
<u>Consolidated Balance Sheets at September 30, 2015 and 2014</u>	5
<u>Consolidated Statements of Operations for the years ended September 30, 2015 and 2014</u>	6
<u>Consolidated Statements of Changes In Stockholders' Deficit for the years ended September 30, 2015 and 2014</u>	7
<u>Consolidated Statements of Cash Flows for the years ended September 30, 2015 and 2014</u>	8
<u>Notes to Consolidated Financial Statements</u>	9

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

TX Holdings, Inc.

We have audited the accompanying consolidated balance sheets of TX Holdings, Inc. (the “Company”) as of September 30, 2015 and 2014 and the related consolidated statements of operations, changes in stockholders’ deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TX Holdings, Inc. as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred significant losses from operations since inception and has a stockholders’ deficit, both of which raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Turner, Stone & Company, L.L.P.

Dallas, Texas

January 5, 2016

4

TX HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2015 and 2014

	September 30, 2015	September 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 61,564	\$ 72,784
Accounts receivable, net of allowance for doubtful accounts of \$13,643 and \$32,343, respectively	585,043	502,617
Inventory	2,223,037	2,762,535
Commission advances	48,338	-
Note receivable-current	10,000	10,000
Other current assets	27,674	45,327
Total current assets	2,955,656	3,393,263
Inventory, non-current (Note 1)	300,000	-
Property and equipment, net (Note 2)	66,575	72,530
Note receivable, less current portion	19,983	21,289
Other	500	-
Total Assets	\$ 3,342,714	\$ 3,487,082
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accrued liabilities	\$ 696,624	\$ 606,099
Accounts payable	946,576	1,054,556
Advances from officer (Note 7)	124,637	43,337
Bank-line of credit (Note 9 and 11)	712,449	548,500
Total current liabilities	2,480,286	2,252,492
Note payable to officer (Note 7)	2,000,000	2,000,000
Total Liabilities	4,480,286	4,252,492
Commitments and contingencies (Notes 6 and 7)		
Stockholders' deficit:		
Preferred stock: no par value, 1,000,000 shares authorized no shares outstanding	-	-
Common stock: no par value, 250,000,000 shares authorized, 48,053,084 shares issued and outstanding at September 30, 2015 and 2014	9,293,810	9,293,810
Additional paid-in capital	4,321,329	4,320,982
Accumulated deficit	(14,752,711)	(14,380,202)
Total stockholders' deficit	(1,137,572)	(765,410)

Total Liabilities and Stockholders' Deficit	\$3,342,714	\$3,487,082
---	-------------	-------------

The accompanying notes are an integral part of the consolidated financial statements.

TX HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended September 30, 2015 and 2014

	September 30, 2015	September 30, 2014
Revenue	\$ 3,105,733	\$ 4,285,620
Cost of goods sold	2,469,697	3,149,924
Gross profit	636,036	1,135,696
Operating expenses, except items shown separately below	551,292	490,266
Commission expense	236,119	458,086
Professional fees	86,837	179,996
Stock-based compensation	347	16,702
Bad debt expense	13,643	18,350
Depreciation expense	10,104	9,679
Total operating expenses	898,342	1,173,079
Loss from operations	(262,306)	(37,383)
Other income and (expense):		
Legal settlement (Note 6)	–	374,025
Gain on disposal of fixed assets	–	10,807
Gain on extinguishment of accounts payable	–	93,167
Other income	15,505	–
Interest expense	(125,708)	(99,316)
Total other income and (expense), net	(110,203)	378,683
Income (loss) before provision for income taxes	(372,509)	341,300
Provision for income taxes	–	122,000
Utilization of net operating loss carry forward	–	(122,000)
Net income (loss)	\$ (372,509)	\$ 341,300
Net earnings (loss) per common share		
Basic	\$ (0.01)	\$ 0.01
Weighted average of common shares outstanding-		
Basic	48,053,084	48,053,084

The accompanying notes are an integral part of the consolidated financial statements.

TX HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Years Ended September 30, 2015 and 2014

	Preferred Stock	Common Stock		Additional	Accumulated		
	Shares	Amount	Shares	Amount	Paid in	Deficit	Total
					Capital		
Balance at September 30, 2013	–	\$ –	48,053,084	9,293,810	4,304,280	(14,721,502)	(1,123,412)
Warrants issued to an officer	–	–	–	–	14,971	–	14,971
Warrants issued to a sales agent	–	–	–	–	1,731	–	1,731
Net income	–	–	–	–	–	341,300	341,300
Balance at September 30, 2014	–	\$ –	48,053,084	\$9,293,810	\$4,320,982	\$(14,380,202)	\$(765,410)
Warrants issued to a sales agent	–	–	–	–	347	–	347
Net loss	–	–	–	–	–	(372,509)	(372,509)
Balance at September 30, 2015	–	\$ –	48,053,084	\$9,293,810	\$4,321,329	\$(14,752,711)	\$(1,137,572)

The accompanying notes are an integral part of the consolidated financial statements.

TX HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2015 and 2014

	September 30, 2015	September 30, 2014
Cash flows used in operating activities:		
Net income (loss)	\$ (372,509	) \$ 341,300
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	10,104	9,679
Bad debt expense	13,643	18,350
Gain on extinguishment of accounts payable	–	(93,167)
Stock-based compensation	347	16,702
Gain on disposal of fixed assets	–	(10,807)
Other assets	(500	) 200
Changes in operating assets and liabilities:		
Accounts receivable	(96,069	) (95,037)
Inventory	539,498	(912,548)
Commission advances	(48,338	) 3,546
Other current assets	17,653	(22,052)
Inventory, non-current	(300,000) –
Accrued liabilities	72,525	71,538
Accounts payable	(107,980	) 362,376
Stockholder/officers advances for operations	18,000	18,000
Net cash used in operating activities	(253,626	) (291,920)
Cash flows used in investing activities:		
Proceeds received from disposal of fixed assets	–	18,000
Notes receivable	1,306	6,091
Purchase of equipment	(4,149	) (46,015)
Net cash used in investing activities	(2,843	) (21,924)
Cash flows provided by financing activities:		
Proceeds from bank line of credit	163,949	300,000
Proceeds from stockholder/officer advances	127,300	34,450
Repayment of stockholder/officer advances	(46,000	) (122,850)
Net cash provided by financing activities	245,249	211,600
Decrease in cash and cash equivalents	(11,220	) (102,244)
Cash and cash equivalents at end of year beginning of year	72,784	175,028
Cash and cash equivalents at end of year	\$ 61,564	\$ 72,784
Supplemental Cash Flow Disclosure		
Interest Paid	\$ 23,575	\$ 10,798

The accompanying notes are an integral part of the consolidated financial statements.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

BUSINESS

TX Holdings, Inc., a Georgia corporation (the "Company"), is in the business of supplying, distributing and selling drill bits, related tools, and other mining supplies and rail products to United States' coal mining companies and operators for use in their extraction and transportation processes. The products are supplied to the Company by certain manufacturers and suppliers and warehoused and distributed from the Company's principal business location in Ashland, Kentucky.

The Company was incorporated in the State of Georgia on May 15, 2000.

Rail and Mining Supplies Distribution Business

Commencing in December 2011, the Company expanded and began focusing its business on the distribution of rail material and mining supplies consumed by the United States' coal mining industry in its production and transportation processes. This includes rail and its various components and mining supplies, such as steel and tungsten carbide miner bits and augurs and related tools and material.

In connection with the Company's business expansion, Mr. Shrewsbury, our Chairman and CEO, has provided us with financing in the form of loans and advances and has guaranteed our bank line of credit.

On February 25, 2014, the Company and Mr. Shrewsbury entered into an agreement to consolidate certain indebtedness due to Mr. Shrewsbury in the aggregate amount of \$2,000,000, including the principal due under a Revolving Demand Note ("Revolving Note") in the principal amount of \$1,062,000 and accrued but unpaid interest due thereunder as of January 31, 2014 in the amount of \$168,905, the principal due under a 10% Promissory Note ("10% Note") in the amount of \$289,997 and accrued but unpaid interest due thereunder as of January 31, 2014 in the amount

of \$93,252; and \$385,846 of non-interest bearing advances previously made by Mr. Shrewsbury and outstanding as of January 31, 2014. The Company issued in exchange and in replacement therefor a Consolidated Secured Promissory Note (the "Consolidated Note") in the principal amount of \$2,000,000. Upon issuance of the Consolidated Note, the Revolving Note and 10% Note were cancelled and Mr. Shrewsbury agreed to waive any prior defaults under the terms of such notes and to release the Company from any claims related thereto. In addition, in consideration of Mr. Shrewsbury agreeing to consolidate and restructure the foregoing indebtedness, the Company granted to Mr. Shrewsbury options to purchase an aggregate of 500,000 shares of the Company's common stock pursuant to the terms of a Non-Qualified Stock Option Agreement, issued February 25, 2014. The options are exercisable for a period of three years commencing April 1, 2014. The options are exercisable at a price of \$0.0924 per share subject to certain anti-dilution adjustments in the event of stock dividends, subdivisions, capital reorganizations, a consolidation, merger, or sale of all or substantially all of the assets.

The Consolidated Note bears interest at the rate of 5% per annum or prime rate if higher than 5% per annum, is repayable in full ten years from the date of issuance and is subject to certain events of default. Payment of the Consolidated Note is to be secured or otherwise payable by the Company out of the death benefit proceeds of key man insurance of \$2 million that has been purchased by the Company on the life of Mr. Shrewsbury. The terms and conditions of the foregoing debt consolidation and restructuring were submitted to and unanimously approved by the disinterested members of the Board of Directors of the Company who are also "qualified directors" within the definition set forth in Section 14-2-862 of the Georgia Corporation Code. Mr. Shrewsbury has also advanced the Company an additional \$124,637 which is not interest bearing. The notes and advances due to Mr. Shrewsbury are subordinate to the Company's bank indebtedness.

FINANCIAL CONDITION AND GOING CONCERN CONSIDERATIONS

Although the Company has been profitable during fiscal 2014 and 2013, the Company has not generated sufficient cash during the current fiscal year to fund its operations and relies substantially upon financing provided by Mr. Shrewsbury, the Company's Chief Executive Officer, and a secure bank line of credit that is guaranteed by Mr. Shrewsbury.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES-Continued

FINANCIAL CONDITION AND GOING CONCERN CONSIDERATIONS-Continued

In view of these matters, realization of certain assets in the accompanying balance sheet is dependent upon continued operations, which, in turn, is dependent upon our ability to meet our financial requirements, upon the continued availability of financing from Mr. Shrewsbury and under the Company's bank line of credit, and the success of our future operations.

Our independent registered public accounting firm's report on the financial statements included in our Annual Report on Form 10-K for the years ended September 30, 2015, and 2014 contains an explanatory paragraph wherein they state that the Company has incurred significant losses from operations since inception and has a stockholders' deficit, both of which raise substantial doubt about the Company's ability to continue as a going concern.

Accordingly, you should give careful consideration to our auditor's opinion and these matters in determining whether to become or continue to be our stockholder.

The accompanying financial statements have been prepared on a going concern basis, which contemplates continuing operations and realization of assets and liquidation of liabilities in the ordinary course of business. The Company's ability to continue as a going concern is dependent upon its ability to implement successfully its business plan and to become financially viable. The financial statements do not include adjustments relating to the recoverability of recorded assets nor the implications of associated bankruptcy costs should the Company be unable to continue as a going concern.

The financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and U. S. generally accepted accounting principles.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions and calculated estimates that affect (a) certain reported amounts of assets and liabilities, (b) disclosure of contingent assets and liabilities at the date of the financial statements, and (c) the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include recoverability of long-lived and deferred tax assets, and measurement of stock based compensation. The Company bases its estimates on historical experience and various other common assumptions that management believes to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

CASH AND CASH FLOWS

For purposes of the statements of cash flows, cash includes demand deposits, time deposits, certificates of deposit and short-term liquid investments in government securities with original maturities of three months or less when purchased. The Company maintains deposits in two financial institutions. The Federal Deposit Insurance Corporation provides coverage up to \$250,000 per depositor, per bank. At September 30, 2015, none of the Company's cash was in excess of federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks from these deposits.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company's practice is to record an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The estimate is based on management's assessment of the collectability of customer accounts and includes consideration for credit worthiness and financial condition of those customers. The Company reviews historical experience with its customers, the general economic environment and the aging of receivables to determine the adequacy of the allowance. The Company records an allowance to reduce receivables to the amount that can be reasonably expected to be collectible. The allowance for doubtful accounts was \$13,643 and \$32,343 for the years ended September 30, 2015 and 2014, respectively.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES-Continued

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS-Continued

During fiscal year 2015, the Company wrote-off two uncollectable customers' accounts in the amount of \$32,343 and added \$13,643 for one customer doubtful account.

INVENTORY

The Company's inventory consists of mine and rail inventory. Inventory is stated at the lower of cost (first-in, first-out) or market. During the current year, the Company has reclassified rail inventory in the amount of \$300,000 from current to non-current, as it anticipated the inventory will not be sold in the subsequent year.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less depreciation. Major renewals and betterments are capitalized, while maintenance and repairs that do not materially improve or extend the useful lives of the assets are charged to expense as incurred. A depreciable life of three (3) years and five (5) years are assigned to delivery trucks and equipment, respectively. Assets are depreciated over their estimated useful lives using the straight-line method. The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets (Note 2).

REVENUE RECOGNITION

The Company recognizes revenue from direct sales of our products to our customers, including shipping fees, when title passes to the customer, which usually occurs upon shipment or delivery, depending upon the terms of the sales order, when persuasive evidence of an arrangement exists; when sales amounts are fixed or determinable; and when collectability is reasonably assured. The Company expenses shipping and handling costs as incurred which are included in cost of sales on the consolidated statements of operations.

STOCK BASED COMPENSATION

The Company accounts for share-based expense and activity in accordance with Financial Accounting Standard Board (FASB) ASC Topic 718 which establishes accounting for equity instruments exchanged for services. Under this provision share-based compensation costs are measured at the grant date, based on the calculated fair value of the award, and are recognized as an expense over employee's requisite service period, generally the vesting period of the equity grant.

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, expected option term, expected volatility of the stock over the option's expected term, risk-free interest rate over the option's expected term and the expected annual dividend yield. The Company believes that the valuation technique and approach utilized to develop the underlying assumptions are appropriate in calculating the fair value of the stock options granted (Note 5).

POTENTIALLY DILUTIVE OPTIONS AND WARRANTS

At September 30, 2015, the Company has outstanding 200,000 warrants and 500,000 options which were not included in the twelve months ended September 30, 2015 calculation of diluted net loss per share since their inclusion will be antidilutive. The 500,000 options had been issued to an officer and the 200,000 warrants are issued to a sales agent. At September 30, 2014, the Company had outstanding 200,000 warrants and 500,000 options which were not included in the twelve months ended September 30, 2014. The incremental number of additional shares which would have had dilutive effect under the treasury stock method was -0- due to the exercise price and average market price of our common stock being equal for the period.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES-Continued

INCOME TAXES

Income taxes are estimated for the tax effects of transactions reported in the financial statements and consist of deferred taxes related primarily to differences between the financial reporting basis and income tax basis of assets and liabilities. Deferred tax assets and liabilities represent future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred taxes may also be recognized for operating losses that are available to offset future taxable income. Deferred taxes are adjusted for changes in tax laws and tax rates when those changes are enacted.

In assessing the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which temporary differences become deductible. Management considers the reversal of any deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FINANCIAL INSTRUMENTS

The Company includes fair value information in the notes to the financial statements when the fair value of its financial instruments is different from the book value. When the book value approximates fair value, no additional disclosure is made, which is the case for financial instruments outstanding as of September 30, 2015 and 2014. The book value of those financial instruments that are classified as current assets or liabilities approximates fair value because of the short maturity of these instruments. For non-current financial instruments, the Company uses quoted market prices or, to the extent that there are no quoted market prices, market prices for similar instruments.

FAIR VALUE MEASUREMENT

ASC Topic 820, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value in accordance with U. S. generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the customer's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

BASIC NET INCOME (LOSS) PER COMMON SHARE

Net income or loss per share is computed based on current accounting guidance requiring companies to report both basic net income or loss per common share, which is computed using the weighted average number of common shares outstanding during the period, and diluted net income per common share, which is computed using the weighted average number of common shares outstanding and the weighted average dilutive potential common shares outstanding using the treasury stock method.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES-Continued

BASIC NET INCOME (LOSS) PER COMMON SHARE-Continued

The following table summarizes securities unissued at each of the periods presented which were not included in the calculation of diluted net earnings per share in 2015 and 2014.

	2015	2014
Options and warrants issued as compensation	700,000	700,000
Total	700,000	700,000

RECENTLY ISSUED ACCOUNTING STANDARDS

During the year ended September 30, 2015 and through December 29, 2015, there were several new accounting pronouncements issued by the Financial Standards Board (FASB). Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

We lease approximately 4,800 square feet of office and warehouse space and certain land located at 12080 Virginia Blvd, Ashland, Kentucky, from Mr. Shrewsbury, our CEO, and Mrs. Shrewsbury pursuant to the terms of a lease we entered into with them on November 19, 2012, for a monthly lease payment of \$2,000. The lease had a two year term starting October 1, 2012 and ending August 31, 2014. On September 1, 2014, the parties agreed to extend the lease for an additional 24 month period upon the same terms and conditions. As of September 30, 2015, the Company had accrued but unpaid lease payments due to Mr. and Mrs. Shrewsbury in the amount of \$12,000; accordingly, the

Company may be deemed to be in default under the terms of the lease agreement with Mr. and Mrs. Shrewsbury. However, the Company has not received a notice of default or termination under the lease agreement as of the date of the filing of this report. The Company believes that such office, warehouse and land space will be sufficient for its current needs.

Property and equipment consists of the following at September 30, 2015 and 2014:

	2015	2014
Property and equipment	\$ 107,308	\$ 103,159
Less accumulated depreciation	(40,733)	(30,629)
	\$66,575	\$72,530

Depreciation expense of \$10,104 and \$9,679 were recognized during the years ended September 30, 2015 and 2014, respectively.

TX HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 3 – ACQUISITION**

In November 2014, and with a view to diversifying our business, we acquired The Bag Rack, LLC. The acquired company has developed a new product, “The Bag Rack,” a device that enables bags with handles to be stored efficiently in a car preventing the bags from tipping over and causing spillage. We are in the preliminary stages of developing the new product. We expect to market and sell the new product online, through broadcast shopping networks, and other distribution outlets, and through certain national retailers and discount stores. During fiscal 2015, we did not generate any revenue from the sale of the product and there can be no assurance we will be able to generate any revenue from this new product.

NOTE 4 - INCOME TAXES

The tax effects of temporary differences that give rise to deferred taxes are as follows at September 30, 2015 and 2014:

	2015	2014
Deferred tax assets:		
Net operating losses	\$2,204,000	\$2,048,000
Accrued expenses	167,000	251,000
Valuation allowance	(2,371,000)	(2,299,000)
Total deferred tax assets	-	-
Deferred tax liabilities:		
Basis of property and equipment	-	-
Net deferred tax asset	\$-	\$-

Net operating losses after December 12, 2002 through September 30, 2015 were approximately \$7,250,000. The Company has total net operating losses available to the Company to offset future taxable income of approximately \$6,500,000. Following is a reconciliation of the tax benefit at the federal statutory rate to the amount reported in the

statement of operations:

	2014		2013	
	Amount	Percent	Amount	Percent
Income tax expense at federal statutory rate	\$(127,000)	34 %	\$116,000	34 %
Change in estimate	55,000	15 %	(24,000)	(7)
Non-deductible expenses	-	-	30,000	9
Decrease in valuation allowance	72,000	19 %	(122,000)	(36)
Provision for income taxes, net	\$-	-	\$-	- %

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INCOME TAXES-Continued

The Company's valuation allowance attributable to its deferred tax assets increased (decreased) by \$72,000 and \$(122,000) during the years ended September 30, 2015 and 2014.

The Company has tax net operating loss carry forwards totaling approximately \$7,250,000, expiring in 2018 through 2035. Approximately \$1,200,000 of net operating losses was incurred prior to December 12, 2002 at which date MA&N acquired 51% of the Company and are consequently subject to certain limitation described in section 382 of the Internal Revenue Code. The Company estimates that, due to the limitations and expiration dates, only \$424,000 of the net operating losses incurred prior to December 12, 2002 will be available to offset future taxable income.

NOTE 5 - STOCKHOLDERS' DEFICIT

PREFERRED STOCK

The Company has authorized 1,000,000 shares of no par value preferred stock. As of September 30, 2015 and 2014, there are no preferred shares issued and outstanding.

COMMON STOCK

Of the 250,000,000 shares of no par value common stock authorized by the Company, 48,053,084 shares were issued and outstanding as of September 30, 2015 and 2014.

STOCK WARRANTS AND OPTIONS

On May 16, 2012, the Board of Directors authorized the issuance of an aggregate of 400,000 common stock purchase warrants to a sales agent, over a period of four years. The agent is entitled to receive 50,000 warrants every six months for an aggregate of 400,000 warrants. The warrants are exercisable at a price of \$0.10 per share, become exercisable upon issuance, and expire two years after the date of issuance, the first 50,000 warrants tranche were issuable effective July 1, 2012 and, additional 50,000 tranches were issuable every six months thereafter. As of September 30, 2015 there are 200,000 warrants exercisable and 150,000 warrants have expired. The warrants were not included in the calculation of diluted net earnings per share in 2015 and 2014 since their inclusion would be anti-dilutive.

On February 25, 2014, the Company issued 500,000 common stock purchase options to Mr. Shrewsbury. Commencing April 1, 2014, the options became exercisable at a price of \$.0924 per share, the fair market value of the Company's shares of Common Stock on the date of authorized by the Board of Directors, February 21, 2014. The options expire on March 31, 2017. The options were not included in the calculation of diluted earnings per share for the year ended September 30, 2014 since their inclusion would be anti-dilutive.

The fair value of the equity based awards issued during the years ended September 30, 2015 and 2014 was estimated using the Black-Scholes option pricing model. Expected volatility was based on the Company's historical volatility for its common stock and adjusted to reflect the thinly traded nature of the market for its securities. The risk-free rate was determined using the U. S. Treasury yield in effect at the issuance date based on the term of the equity award. The expected life was based on the contractual term of the award. The Company has never declared or paid cash dividends and has no plans to do so in the foreseeable future.

TX HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 5 - STOCKHOLDERS' DEFICIT-Continued****STOCK WARRANTS AND OPTIONS-Continued**

The following assumptions were utilized for awards issued during the years ended September 30, 2015 and 2014.

	September 30, 2015	September 30, 2014
Expected life (in years)	2 to 3	2 to 3
Expected volatility	75%	75%
Risk-free interest rate	0.39% to 2%	0.39% to 2%
Expected dividend rate	0	0

Following is a summary of outstanding stock warrants and options at September 30, 2015 and 2014 and activity during the years then ended:

	Number of Shares	Exercise Price	Weighted Average Price
Warrants/Options at September 30, 2013	1,450,000	\$0.05-0.10	\$ 0.052
New Issue	600,000	0.092-0.10	0.095
Forfeited	(1,350,000)	0.05-0.10	0.052
Warrants/Options at September 30, 2014	700,000	\$0.092-0.10	\$ 0.095
New Issue	100,000	0.10	0.10
Forfeited	(100,000)	0.10	0.10
Warrants/Options at September 30, 2015	700,000	\$0.092-0.10	\$ 0.095

A summary of outstanding warrants and options at September 30, 2015, follows:

Expiration Date	Number of Shares	Exercise Price	Remaining Life (Years)
January 1, 2016	50,000	\$0.10	0.25
July 1, 2016	50,000	\$0.10	0.75
January 1, 2017	50,000	\$0.10	1.25
March 31, 2017	500,000	\$0.0926	1.5
July 1, 2017	50,000	\$0.10	1.75

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – LEGAL PROCEEDINGS

Except as discussed below, other than ordinary routine litigation incidental to the business, the Company is not a party to any material pending legal proceeding.

On January 17, 2012, the Company filed a lawsuit in the United States District Court for the District of Utah against Michael Cederstrom (“Cederstrom”), the Company’s former chief financial officer and corporate counsel, Dexter and Dexter Attorneys at Law (“Dexter”), the law firm that employed Mr. Cederstrom, and certain other parties. Claims against the other parties have been resolved through settlement. The Company had asserted claims against Cederstrom that included a claim of fraud in the inducement, breach of fiduciary duty, professional negligence, and negligent misrepresentation by omission or commission. The Company’s claims against Dexter were based substantially upon the same theories and on a theory that Dexter was vicariously liable for the acts of Cederstrom and that Dexter had failed to adequately supervise Cederstrom. The claims against Dexter and Cederstrom were based upon allegations that, among other things, in connection with the exchange in December 2007 by Mr. Mark Neuhaus (“Neuhaus”), the Company’s former Chief Executive Officer, of 10,715,789 shares of common stock for shares of 1,000 preferred stock, Cederstrom failed to disclose to the Company that the preferred shares issued to Neuhaus as compensation for work allegedly performed in 2004 and 2005 were issued without the proper consent of the previous board of directors of the Company and that Neuhaus had not performed services for which the shares of preferred stock were issued. Additionally, the Company claimed Cederstrom executed, on behalf of the Company, a \$1,199,885.55 convertible promissory note in favor of Neuhaus that was not authorized. The Company also claimed conflict of interest, breach of fiduciary duties, breach of contract and sought an accounting for the fees paid to Dexter and certain shares issued to Cederstrom by the Company.

On May 14, 2014 the Company entered into a settlement agreement and release, dated effective May 20, 2014, with Dexter & Dexter and Mr. Cederstrom that settles all claims among the parties arising from the litigation. Pursuant to the terms of the settlement agreement Dexter & Dexter’s insurer paid the Company \$374,025 in settlement of all claims among the parties. Also, effective upon receipt of the settlement payment, each party agreed to release each other party and affiliates from all claim arising out of the litigation or otherwise. None of the parties made any admission of liability in entering into the settlement agreement. Subsequently, the parties filed a joint motion to dismiss the case with prejudice and the motion was granted by the courts on June 16, 2014.

NOTE 7– RELATED PARTY TRANSACTIONS

ADVANCES FROM STOCKHOLDER AND OFFICER

As of September 30, 2015 and 2014, Mr. Shrewsbury had advanced an aggregate of \$124,637 and \$43,337, respectively, to the Company. The advances do not bear interest and are repayable upon demand. The advances are subordinate to the Company's bank indebtedness.

PARK'S LEASE

In November 2006, the Company entered into a Purchase and Sale Agreement with Masada Oil & Gas, Inc. ("Masada"). Mr. Bobby S. Feller is the owner of Masada and a member of the Company's board. The Parks lease purchased from Masada covered 320 acres in which the company previously owned a 75% working interest and Masada owned the remaining 25%. On January 28, 2011, TX Holdings, Inc. entered into an agreement with Masada Oil & Gas Inc. to acquire the remaining 25% working interest in the Park's lease. As part of the agreement, the Company also acquired a storage building and approximately two acres of land. In return, the Company agreed to relinquish an 8.5% working interest which it had in a different lease, pay the sum of \$10,400 and, assume the current 25% lease owners' liability in the amount of \$17,000. On May 30, 2012, the Company sold 100% of the interest on the Parks lease for \$80,000. The Company received a down payment of \$40,000 and a note for the balance of \$40,000. The note is secured by Park's lease future production. On March 25, 2014, the storage building was sold for \$18,000. The note receivable balance as of September 30, 2015 and 2014 were \$29,983 and 31,289, respectively.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7– RELATED PARTY TRANSACTIONS-Continued

NOTES PAYABLE TO A STOCKHOLDER AND OFFICER

On February 25, 2014, the Company and Mr. Shrewsbury entered into an agreement to consolidate certain indebtedness due to Mr. Shrewsbury in the aggregate amount of \$2,000,000, including the principal due under a Revolving Demand Note (“Revolving Note”) in the principal amount of \$1,062,000 and accrued but unpaid interest due thereunder as of January 31, 2014 in the amount of \$168,905, the principal due under a 10% Promissory Note (“10% Note”) in the amount of \$289,997 and accrued but unpaid interest due thereunder as of January 31, 2014 in the amount of \$93,252; and \$385,846 of non-interest bearing advances previously made by Mr. Shrewsbury and outstanding as of January 31, 2014. The Company issued a Consolidated Secured Promissory Note (the “Consolidated Note”) in the principal amount of \$2,000,000 to reflect the consolidated indebtedness. Upon issuance of the Consolidated Note, the Revolving Note and 10% Note were cancelled and Mr. Shrewsbury agreed to waive any prior defaults under the terms of such notes and to release the Company from any claims related thereto. The Consolidated Note bears interest at the rate of 5% per annum or prime rate if higher than 5% per annum, is repayable in full ten years from the date of issuance and is subject to certain events of default. Payment of the Consolidated Note has been secured by the Company by the death benefit proceeds of a \$2 million key man term life insurance policy purchased by the Company on the life of Mr. Shrewsbury and that has been assigned to Mr. Shrewsbury. The terms and conditions of the foregoing debt consolidation and restructuring were submitted to and unanimously approved by the disinterested members of the Board of Directors of the Company.

For the year ended September 30, 2015 and 2014, interest expense of \$125,708 and \$99,316, respectively, in the accompanying statements of operations, relates to the Consolidated Note and the revolving credit arrangement. Interest on the Consolidated Note payable for the amount of \$159,452 and \$59,452 has been accrued as of September 30, 2015 and 2014, respectively..

LEASE AGREEMENT WITH STOCKHOLDER AND OFFICER

In November 2012, the Company entered into a lease agreement with William Shrewsbury and Peggy Shrewsbury whereby Mr. Shrewsbury and Mrs. Shrewsbury agreed to lease to the Company real estate and some warehouse space to store the Company’s inventory. The initial lease had a two year term starting October 1, 2012 and ending August 31,

2014. On September 2, 2014 the parties agreed to extend the lease for an additional two years. The lease rental is \$2,000 per month payable the first of each month.

FREIGHT PAID TO COMPANY CONTROLLED BY OFFICER/STOCKHOLDER

The Company utilizes the services of a trucking company owned and controlled by Mr. Shrewsbury, our Chief Executive Officer, to transport certain of the Company's products to its customers. During the years ended September 30, 2015 and 2014, such trucking company was paid \$62,975 and \$65,280, respectively, for such trucking services, which were included in our cost of sales amount.

COMMISSIONS PAID TO COMPANY CONTROLLED BY OFFICER/STOCKHOLDER

In connection with the transportation and delivery of certain of the Company's products, the Company utilizes the services of a national transportation company. The chief executive officer and a principal stockholder of the Company owns and controls a company that is an agent of such transportation company. Such controlled company places orders for such transportation services on behalf of the Company and is paid a commission for such transportation services. During the years ended September 30, 2015 and 2014 the amounts of such commission were \$31,423 and \$11,745, respectively.

ACCRUED OFFICER'S SALARY

As of September 30, 2015 and 2014, the Company had accrued and unpaid an amount of \$451,743 due to Jose Fuentes, CFO as payment for past services.

TX HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 7 – RELATED PARTY TRANSACTIONS-Continued***ADVANCES FROM STOCKHOLDER AND OFFICER*

Included in the financial statements as of September 30, 2015 and 2014 are advances from stockholder and officer of \$124,637 and \$43,337, respectively. On February 25, 2014 Mr. Shrewsbury agreed to consolidate accrued loan interest due to him in the amount of \$385,846 into the principal amount of the Consolidated Note.

	September 2015	September 2014
Beginning Balance	\$ 43,337	\$ 499,583
Proceeds from Stockholder/Officer advances	127,300	34,450
Warehouse rental from officer/stockholder	–	18,000
Repayment of stockholder advances	(46,000)	(122,850)
Transfer to consolidated note	–	(385,846)
Ending Balance	\$ 124,637	\$ 43,337

NOTE 8 - NON CASH INVESTING AND FINANCING ACTIVITIES

Following is an analysis of non-cash investing and financing activities during the years ended September 30, 2015 and 2014:

	2015	2014
Accrued interest exchanged for note payable to stockholder	\$ -	262,157
Advances from stockholder exchanged for note payable to stockholder	\$ -	385,846

NOTE 9 – BANK LINE OF CREDIT

On November 7, 2012, the Company obtained a line of credit for the approximate amount of \$250,000 from a bank. The line of credit was secured by a priority security interest in the Company's inventory, and matured on November 7, 2013 and was subsequently extended to November 7, 2014. Interest on the line of credit was payable monthly and was calculated on the basis of an independent variable indexed rate which is currently 3.25% per annum. The line of credit was guaranteed as to principal and interest, and all collection costs and legal fees by Mr. Shrewsbury. All notes and other indebtedness due to Mr. Shrewsbury by the Company were subordinated to the bank line of credit including with regard to the Company's inventory and assets. On August 26, 2014 the line of credit amount was increased to \$750,000 and would mature on November 7, 2015. The new line of credit had substantially the same terms as the original line of credit, was secured by the Company's inventory and accounts receivable and guaranteed as to principal and interest, and all collection costs and legal fees, by Mr. Shrewsbury. The line of credit balance as of September 30, 2015 and 2014 was \$712,449 and \$548,500, respectively.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – CONCENTRATION OF RISKS

Significant Customers

At September 30, 2015 and 2014, the Company had the following customer concentration:

	Percentage of Sales (1)		Percentage of Accounts Receivable trade, net	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Customer A	23	21	21	18
Customer B	16	14	7	8
Customer C	10	*	24	*
Customer D	10	*	5	*
Customer E	9	*	21	*

*=Less than 5%

(1) Represents customers with annual sales of \$200,000 or higher as of September 30, 2015.

NOTE 11 – SUBSEQUENT EVENTS

On December 3, 2015, the Company entered into a new loan agreement with Town Square Bank under which it obtained a term loan in the amount of \$711,376. The Company utilized proceeds of the new loan to repay its line of credit. The loan is for a term of five years and matures on December 3, 2020.

During the term of the loan, the Company has agreed to make equal monthly repayments of principal and interest of \$6,967 commencing January 3, 2016, and to make a final payment on December 3, 2020, of the outstanding balance of the interest and principal then due, estimated to be approximately \$391,896. Early repayment of amounts due under the loan will not affect the monthly repayment amount, unless otherwise agreed to by the bank.

TX HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – SUBSEQUENT EVENTS-Continued

An event of default under the loan will occur upon the occurrence of any of the following events:

- the Company fails to make any payment when due under the loan;
- the Company fails to comply with any term, obligation, covenant or condition in the loan documents or any other agreement between the bank and the Company;
- the Company defaults under any loan, extension of credit, security agreement, purchase or sales agreement or other agreement with any creditor that materially affects the Company's property or its ability to repay the note or perform its obligation under the note or related documents;
- a warranty, representation or statement made to the bank under the loan document is or becomes materially false or misleading;
- the dissolution or termination of the Company's existence, or its insolvency, the appointment of a receiver for any part of its property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Company;
- the commencement of foreclosure or forfeiture proceedings by any creditor or any governmental agency against any collateral securing the loan;
- any of the preceding events occurs with respect to any loan guarantor;
- a 25% or more change in the ownership of the Company's common stock;
- a material adverse change in the Company's financial condition, or the bank believes the prospect of payment or performance of the loan is impaired ; or
- the bank in good faith believes itself insecure.

The loan agreements contain certain affirmative covenants, including an obligation to: notify the bank of a material adverse change in the Company's financial condition and of any threatened litigation or claim or other proceeding which could materially affect the Company's financial condition; maintain certain liability insurance in amounts acceptable to the bank; maintain qualified executive and management personnel; comply with applicable environmental laws and perform environmental studies required by the bank; and certify annually to the bank compliance with the representations and warranties in the bank loan documents. The loan agreements contain certain other customary covenants and conditions.

In addition, the loan agreements contain certain negative covenants, including that the Company will not, without the bank's consent:

· incur any indebtedness other than to the bank or for trade debt incurred in the ordinary course;
· sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of its assets, except for permitted liens;
· sell its accounts receivable, except to the bank;
· engage in business activities substantially different from the Company's current activities;
· cease operations, liquidate, merge, transfer, acquire or consolidate with another entity, change the Company's name, dissolve, or sell the inventory or accounts receivable secured under the loan;
· pay any dividend other than in stock;
· lend money, invest or advance money or assets to another person or entity;
· purchase, create or acquire an interest in any other entity;
· incur any obligation as a surety or guarantor other than in the ordinary course; or
· enter into any agreement containing any provision which would be violated or breached by the performance of the Company's obligations under the loan agreements.

Interest under the loan is variable and is based upon the Wall Street Journal Prime rate, currently 3.25% per annum. In the event of a default, interest under the loan may be increased by 2%. The line of credit is secured by a priority security interest in the Company's inventory and accounts receivable and has been guaranteed by our CEO. Also, all claims due from the Company to Mr. Shrewsbury are subordinate to the bank's indebtedness, including under the Consolidated Note and any advances due to Mr. Shrewsbury.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The following are filed as part of this report commencing on page4:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as at September 30, 2015 and 2014

Consolidated Statements of Operations for the years ended September 30, 2015 and 2014

Consolidated Statements of Changes in Stockholders' Deficit for the years ended September 30, 2015 and 2014

Consolidated Statements of Cash Flows for the years ended September 30, 2015 and 2014

(b) Exhibits

The following exhibits are filed or "furnished" herewith.

Exhibit No.	Exhibit Description	Incorporated by Reference From		Filed/ "Furnished" Herewith
		Form	Filing Date	
3.1	Articles of Incorporation.	10-K	12/3/13	
3.2	Articles of Amendment to Articles of Incorporation, dated January 17, 2003.	10-K	12/29/15	
3.3	Articles of Amendment to Articles of Incorporation, dated July 25, 2005.	10-Q	05/03/2013	
3.4		10-Q	05/03/2013	

Edgar Filing: TX Holdings, Inc. - Form 10-K/A

Articles of Amendment to Articles of Incorporation, dated December 24, 2007.

3.5	By-Laws.	10-KSB	01/14/2003	
4.1	Form of Common Stock Certificate.	10-K	12/3/13	
10.1	Lease Agreement, dated November 19, 2012, by and among registrant and William Shrewsbury and Peggy Shrewsbury.	10-Q	05/03/2013	
10.2	Business Loan Agreement and Exhibits, dated August 26, 2014, by and between registrant and Home Federal Savings and Loan Association.	10-K	12/3/13	
10.3	Warehouse Lease Extension, dated September 1, 2014, by and among the Company and William L. Shrewsbury and Peggy Shrewsbury.	10-K	11/18/14	
10.4	Consolidated Secured Promissory Note, dated February 25, 2014, issued to William L. Shrewsbury.	8-K	2/28/14	
10.5	Non-Qualified Stock Option Agreement, dated February 25, 2014, issued to William L. Shrewsbury.	8-K	2/28/14	
10.6	Business Loan Agreement and Exhibits, dated December 3, 2015, by and between registrant and Town Square Bank	10-K	12/29/15	
14.1	Code of Ethics for Chief Executive Officer and Senior Financial Officer.	10-K	12/29/15	
21	List of Subsidiaries.	10-K	12/29/15	
24.1	Power of Attorney.	10-K	12/29/15	
31.1	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CEO)			X

31.2	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CFO)	X
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CEO)	X
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CFO)	X
101.INS	XBRL Instance Document **	10-K 12/29/15
101.SCH	XBRL Taxonomy Extension Schema Document **	10-K 12/29/15
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document **	10-K 12/29/15
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document **	10-K 12/29/15
101.LAB	XBRL Taxonomy Extension Label Linkbase Document **	10-K 12/29/15
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document **	10-K 12/29/15

Users of this data are advised pursuant to Rule 406T of Regulation S-X that this interactive data file is deemed not filed or part of a registration statement or prospectus for the purpose of section 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

TX HOLDINGS, INC.

Dated: January 5, 2016 **By:** /s/ William L. Shrewsbury
William L. Shrewsbury
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William L. Shrewsbury William L. Shrewsbury	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	January 5, 2016
/s/ Jose Fuentes Jose Fuentes	Chief Financial Officer (Principal Financial and Accounting Officer)	January 5, 2016
/s/ Martin Lipper Martin Lipper	Director	January 5, 2016
Bobby Fellers	Director	