

Optex Systems Holdings Inc  
Form 10-Q/A  
January 12, 2010

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

AMENDMENT NO. 1 TO FORM 10-Q/A

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

For the quarterly period ended June 28, 2009

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

OPTEX SYSTEMS HOLDINGS, INC.  
(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or other jurisdiction of incorporation)

333-143215  
(Commission File Number)

33-143215  
(IRS Employer Identification No.)

1420 Presidential Drive, Richardson, TX  
(Address of principal executive offices)

75081-2439  
(Zip Code)

Registrant's telephone number, including area code: 972-238-0722

(Former Name or Former Address if Changed Since Last Report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer 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 smaller reporting company filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

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

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post such files). Yes  No  Not applicable.

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b`-2 of the Exchange Act.

Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of August 4, 2009: 139,444,940 shares of common stock.

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OPTEX SYSTEMS HOLDINGS, INC.  
FORM 10-Q  
June 28, 2009

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Item 1. Financial Information

OPTEX SYSTEMS HOLDINGS, INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 28, 2009 (Restated)

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OPTEX SYSTEMS HOLDINGS, INC.

BALANCE SHEETS AS OF JUNE 28, 2009 (SUCCESSOR)  
(UNAUDITED) (RESTATED) AND SEPTEMBER 28,  
2008 (PREDECESSOR) (RESTATED) F-1

STATEMENTS OF OPERATIONS FOR THE THREE MONTHS  
ENDED JUNE 28, 2009 (SUCCESSOR) AND JUNE 29, 2008  
(PREDECESSOR) (UNAUDITED) FOR THE PERIOD OCTOBER 15,  
2008 THROUGH JUNE 28, 2009 (SUCCESSOR) AND FOR THE  
PERIOD SEPTEMBER 29, 2008 THROUGH OCTOBER 14, 2008  
(PREDECESSOR) (UNAUDITED) (RESTATED) F-3

STATEMENTS OF CASH FLOWS FOR THE PERIOD OCTOBER 15,  
2008 THROUGH JUNE 28, 2009 (SUCCESSOR) AND FOR THE  
PERIOD SEPTEMBER 29, 2008 THROUGH OCTOBER 14, 2008  
(PREDECESSOR) (UNAUDITED) (RESTATED) F-4

STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE PERIOD  
OCTOBER 15, 2008 THROUGH JUNE 28, 2009 (SUCCESSOR) AND  
FOR THE PERIOD SEPTEMBER 29, 2008 THROUGH OCTOBER 14,  
2008 (PREDECESSOR) (UNAUDITED) (RESTATED) F-6

FINANCIAL STATEMENT FOOTNOTES (UNAUDITED)  
(RESTATED) F-7

Optex Systems Holdings, Inc.  
(formerly known as Sustut Exploration, Inc.)  
Condensed Consolidated Balance Sheets

|                                     | Restated<br>Successor<br>June 28, 2009 (Unaudited) | Restated<br>Predecessor<br>September 28, 2008 |
|-------------------------------------|--|---|
| <b>ASSETS</b>                       |  |   |
| <b>Current Assets</b>               |  |   |
| Cash                                | \$ 492,325   | \$ 170,183                                    |
| Accounts Receivable                 | 3,228,098  | 2,454,235                                     |
| Net Inventory                       | 6,843,017  | 4,547,726                                     |
| Prepaid Expenses                    | 158,797  | 307,507                                       |
| <b>Total Current Assets</b>         | <b>10,722,237</b>                                  | <b>7,479,651</b>                              |
| <b>Property and Equipment</b>       |  |   |
| Property Plant and Equipment        | 1,341,271  | 1,314,109                                     |
| Accumulated Depreciation            | (1,073,745)  | (994,542)                                     |
| <b>Total Property and Equipment</b> | <b>267,526</b>                                     | <b>319,567</b>                                |
| <b>Other Assets</b>                 |  |   |
| Security Deposits                   | 20,684   | 20,684  |
| Intangibles                         | 2,483,395  | 1,100,140                                     |
| Goodwill                            | 7,110,415  | 10,047,065                                    |
| <b>Total Other Assets</b>           | <b>9,614,494</b>                                   | <b>11,167,889</b>                             |
| <b>Total Assets</b>                 | <b>\$ 20,604,257</b>                               | <b>\$ 18,967,107</b>                          |

The accompanying notes are an integral part of these financial statements

Optex Systems Holdings, Inc.  
(formerly known as Sustut Exploration, Inc.)  
Balance Sheets – Continued

|   | Restated<br>Successor<br>June 28, 2009<br>(Unaudited) | Restated<br>Predecessor<br>September 28, 2008 |
|---|---|---|
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>  |   |   |
| <b>Current Liabilities</b>  |   |   |
| Accounts Payable  | \$ 3,223,278  | \$ 1,821,534                                  |
| Accrued Expenses  | 628,033   | 798,974                                       |
| Accrued Warranties  | 314,446   | 227,000                                       |
| Accrued Contract Losses   | 687,111   | 821,885                                       |
| Loans Payable   | 459   | 373,974                                       |
| Interest on Loans Payable   | 11,101  |   |
| Income Tax Payable  | 85,179  | 4,425   |
| <b>Total Current Liabilities</b>  | <b>4,949,607</b>                                      | <b>4,047,792</b>                              |
| <b>Other Liabilities</b>  |   |   |
| Note Payable  | -   | \$ 2,000,000                                  |
| Accrued Interest on Note  | -   | 336,148                                       |
| Due to Parent   | -   | 4,300,151                                     |
| <b>Total Other Liabilities</b>  | <b>-</b>  | <b>6,636,299</b>                              |
| <b>Total Liabilities</b>  | <b>4,949,607</b>                                      | <b>\$ 10,684,091</b>                          |
| <b>Stockholders' Equity</b>   |   |   |
| Optex Systems Holdings, Inc. – (par value \$0.001 per share, 200,000,000 shares authorized, 138,914,940 shares issued and outstanding as of June 28, 2009)                      | 138,915   |   |
| Optex Systems Holdings, Inc. preferred stock (par value \$0.001 per share, 5,000 shares authorized, 1,027 Series A Preferred shares issued and outstanding as of June 28, 2009) | 1   |   |
| Optex Systems, Inc. – (Texas) (predecessor) common stock (no par 100,000 shares authorized, 18,870 shares issued and 10,000 shares outstanding as of September 28, 2008)        |   | 164,834                                       |
| Optex Systems, Inc. (Texas) (predecessor) Treasury Stock (8,870 shares at cost as of September 28, 2008)  | -   | (1,217,400)                                   |
| Additional Paid-in-capital  | 16,244,318  | 15,246,282                                    |
| Retained Deficit  | (728,584)   | (5,910,700)                                   |
| <b>Total Stockholders' Equity</b>   | <b>\$ 15,654,650</b>                                  | <b>\$ 8,283,016</b>                           |
| <b>Total Liabilities and Stockholders' Equity</b>   | <b>\$ 20,604,257</b>                                  | <b>\$ 18,967,107</b>                          |

The accompanying notes are an integral part of these financial statements

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Optex Systems Holdings, Inc.  
(formerly known as Sustut Exploration, Inc.)  
Condensed Consolidated Statements of Operations – Restated and Unaudited

|   | Successor<br>Three Months ended<br>June 28, 2009 | Predecessor<br>Three Months<br>ended June 29,<br>2008 | Successor<br>For the period<br>October 15, 2008<br>through June 28,<br>2009 | Predecessor<br>For the period<br>September 29,<br>2008 through<br>October 14, 2008 | Predecessor<br>Nine Months<br>ended June 29,<br>2008 |
|---|--|---|---|--|--|
| Revenues                                    | \$ 6,983,930                                     | \$ 3,881,053  | \$ 20,084,362   | \$ 871,938   | \$ 13,925,073  |
| Total Cost of Sales                         | 6,417,926  | 2,851,287   | 18,135,020  | 739,868  | 11,716,785   |
| Gross Margin                                | 566,004  | 1,029,766   | 1,949,342   | 132,070  | 2,208,288  |
| <b>General and Administrative</b>           |  |   |   |  |  |
| Salaries and Wages                          | 176,869  | 253,594   | 502,883   | 22,028   | 744,119  |
| Employee Benefits & Taxes                   | 29,716   | 76,438  | 228,847   | 495  | 246,071  |
| Employee Stock Bonus Plan                   | -  | 100,174   | 4,812   | (4,812)  | 279,034  |
| Amortization of Intangible                  | 101,159  | 54,123  | 303,475   | -  | 169,368  |
| Rent, Utilities and Building<br>Maintenance | 50,838   | 69,959  | 150,780   | 12,493   | 160,999  |
| Investor Relations                          | 88,326   | -   | 88,326  | -  | -  |
| Legal and Accounting Fees                   | 128,274  | 20,166  | 296,627   | 360  | 117,695  |
| Consulting and Contract<br>Service Fees     | 43,210   | 66,678  | 167,261   | 10,527   | 267,222  |
| Travel Expenses                             | 16,294   | 28,376  | 41,317  | -  | 116,338  |
| Corporate Allocations                       | -  | 508,275   | -   | -  | 1,450,905  |
| Board of Director Fees                      | 37,500   | -   | 87,500  | -  | -  |
| Other Expenses                              | 87,749   | 47,127  | 167,531   | 16,155   | 124,729  |
| Total General and<br>Administrative         | 759,935  | 1,224,910   | 2,039,359   | 57,246   | 3,676,480  |
| Operating Income (Loss)                     | (193,931)  | (195,144)   | (90,017)  | 74,824   | (1,468,192)  |
| <b>Other Expenses</b>                       |  |   |   |  |  |
| Other (Income) and Expense                  | (351)  | 3   | (1,434)   | -  | (499)  |
| Interest (Income) Expense -<br>Net          | -  | 46,000  | 174,710   | 9,492  | 145,503  |
| Total Other                                 | (351)  | 46,003  | 173,276   | 9,492  | 145,004  |
| Income (Loss) Before Taxes                  | (193,580)  | (241,147)   | (263,293)   | 65,332   | (1,613,196)  |
| Income Taxes (Benefit)                      | 114,973  | -   | 465,291   | -  | -  |
| Net Income (Loss) After<br>Taxes            | \$ (308,553)                                     | \$ (241,147)  | \$ (728,584)  | \$ 65,332  | \$ (1,613,196)                                       |
|   | \$ (0.00)  | \$ (24.11)  | \$ (0.01)   | \$ 6.53  | \$ (161.32)  |

Basic and diluted loss per  
share (1)

|   |             |        |             |        |        |
|---|-------------|--------|-------------|--------|--------|
| Weighted Average Common<br>Shares Outstanding | 138,914,940 | 10,000 | 121,891,852 | 10,000 | 10,000 |
|---|-------------|--------|-------------|--------|--------|

The accompanying notes are an integral part of these financial statements

(1) Basic earnings per share is computed by dividing income available to common shareholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. Diluted earnings per share is computed by assuming that any dilutive convertible securities outstanding were converted, with related preferred stock dividend requirements and outstanding common shares adjusted accordingly. In a loss year, the calculation for basic and diluted earnings per share is considered to be the same, as the impact of potential common shares is anti-dilutive.

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Optex Systems Holdings, Inc.  
(formerly known as Sustut Exploration, Inc.)  
Statements of Cash Flows Restated and Unaudited

|   | Successor   | Predecessor  | Predecessor                     |
|---|---|--|---------------------------------|
|   | For the period October 15, 2008 through June 28, 2008 | For the period September 29, 2008 through October 14, 2008 | Nine months ended June 29, 2008 |
| <b>Cash flows (to) from operating activities:</b>                           |   |  |                                 |
| Net Income (Loss)   | \$ (728,584)  | \$ 65,332  | \$ (1,613,196)                  |
| Adjustments to reconcile net loss to net cash used in operating activities: |   |  |                                 |
| Depreciation and amortization   | 1,622,907   | 9,691  | 570,566                         |
| Provision for (use of) allowance for inventory valuation                    | 158,273   | 27,363   |                                 |
| Noncash interest expense  | 170,882   | 9,500  | 145,503                         |
| Stock option compensation expense   | 15,174  | -  |                                 |
| (Increase) decrease in accounts receivable                                  | (1,823,665)   | 1,049,802  | 460,783                         |
| (Increase) decrease in inventory (net of progress billed)                   | (1,617,361)   | (863,566)  | 321,273                         |
| (Increase) decrease in other current assets                                 | 317,669   | 18,541   | (190,829)                       |
| Increase (decrease) in accounts payable and accrued expenses                | 1,416,854   | (186,051)  | (510,043)                       |
| Increase (decrease) in accrued warranty costs                               | 87,446  | -  |                                 |
| Increase (decrease) in due to parent  | -   | 1,428  | 1,595,954                       |
| Increase (decrease) in accrued estimated loss on contracts                  | (119,470)   | (15,304)   | (1,021,761)                     |
| Increase (decrease) in income taxes payable                                 | 85,179  | -  |                                 |
| Total adjustments   | 313,888   | 51,404   | 1,371,446                       |
| Net cash (used in) provided by operating activities                         | (414,696)   | 116,736  | (241,750)                       |
| <b>Cash flows (to) from investing activities:</b>                           |   |  |                                 |
| Cash Received through Optex Systems, Inc. (Texas) acquisition               | 253,581   | -  | -                               |
| Purchased of property and equipment   | (13,824)  | (13,338)   | (103,974)                       |
| Net cash (used in) provided by investing activities:                        | 239,757   | (13,338)   | (103,974)                       |
| <b>Cash flows (to) from financing activities:</b>                           |   |  |                                 |
| Private Placement net of stock issuance cost                                | 874,529   | -  |                                 |
| Repayment of Loans Payable  | (207,265)   | (20,000)   |                                 |
| Net cash (used in) provided by financing activities:                        | 667,264   | (20,000)   | -                               |
| Net increase (decrease) in cash and cash equivalents                        | 492,325   | 83,398   | (345,724)                       |

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|  |    |         |    |         |    |         |
|--|----|---------|----|---------|----|---------|
| Cash and cash equivalents at beginning of period |    | -       |    | 170,183 |    | 504,753 |
| Cash and cash equivalents at end of period       | \$ | 492,325 | \$ | 253,581 | \$ | 159,029 |

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Optex Systems Holdings, Inc.  
 (formerly known as Sustut Exploration, Inc.)  
 Statements of Cash Flows – Restated and Unaudited – continued

|  | Successor<br>For the period October 15,<br>2008 through June 28,<br>2009 | Predecessor<br>For the period September<br>29, 2008 through October<br>14, 2008 | Predecessor<br>Nine months<br>ended June 29,<br>2008 |
|--|--|---|--|
| <b>Noncash investing and financing activities:</b>   |  |   |  |
| Optex Systems, Inc. (Delaware) (Successor)<br>purchase of Optex Systems, Inc. (Texas)<br>(Predecessor) |  |   |  |
| Cash received  | \$ 253,581   | -   | -  |
| Accounts Receivable  | 1,404,434  |   |  |