

SENTEX SENSING TECHNOLOGY INC  
Form 10QSB  
October 15, 2007

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

**FORM 10-QSB  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 0-13328  
For the quarterly period ending August 31, 2007

SENTEX SENSING TECHNOLOGY, INC.  
(Exact name of registrant as specified in its charter)

New Jersey  
(State or other jurisdiction of  
incorporation or organization)

22-2333899  
(I.R.S. Employer  
Identification No.)

1801 East Ninth Street  
Cleveland, Ohio  
(Address of principal executive offices)

44114  
(Zip Code)

(216) 687-0289  
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12 (b) of the Exchange Act:  
None

Securities registered pursuant to Section 12 (g) of the Exchange Act:  
Common Shares, no par value

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

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

Number of shares of Common Shares (No Par Value) of SENTEX SENSING TECHNOLOGY, Inc., issued and outstanding as of August 31, 2007 is 199,847,764.

**SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**NOVEMBER 30, 2006 AND AUGUST 31, 2007**

	<b>November 30, 2006 (Audited)</b>	<b>August 31, 2007 (Unaudited)</b>
<b><u>ASSETS</u></b>		
<b>OTHER ASSETS</b>		
Distribution Agreement	1,900,000	-
<b>TOTAL ASSETS</b>	<b>\$ 1,900,000</b>	<b>\$ -</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Notes payable:		
Related party	\$ 7,726,012	\$ 8,144,217
Trade and other accounts payable (\$441,671 and \$441,671 to related parties)	533,760	538,470
Accrued liabilities	-	265
Convertible subordinated notes payable	12,423	12,423
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,272,195</b>	<b>8,695,375</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, no par value		
Authorized - 200,000,000 shares		
Issued - 199,847,764 shares		
Outstanding - 199,847,764 shares	4,767,579	4,767,579
Accumulated deficit	(11,139,774)	(13,462,954)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(6,372,195)</b>	<b>(8,695,375)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,900,000</b>	<b>\$ -</b>

See Notes to Consolidated Financial Statements

**SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE MONTHS**  
**ENDED AUGUST 31, 2006 AND AUGUST 31, 2007 (UNAUDITED)**

	Three Months Ended		Nine Months Ended	
	August 31, 2006	August 31, 2007	August 31, 2006	August 31, 2007
<b>REVENUES</b>				
Interest and other income	-	-	5,246	-
Total Revenues	-	-	5,246	-
<b>COST OF GOODS SOLD</b>				
	-	-	-	-
<b>GROSS PROFIT</b>				
	-	-	5,246	-
<b>OPERATING EXPENSES</b>				
Administration	33,057	25,293	86,630	60,183
Total expenses	33,057	25,293	86,630	60,183
<b>PROFIT (LOSS) FROM OPERATIONS</b>				
	(33,057)	(25,293)	(81,384)	(60,183)
<b>OTHER EXPENSE</b>				
Impairment of contract value	-	1,900,000	-	1,900,000
Interest Expense	128,067	132,397	359,943	362,998
<b>NET LOSS</b>				
	(161,124)	(2,057,690)	(441,327)	(2,323,181)
<b>NET LOSS PER SHARE (BASIC AND DILUTED)</b>				
	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
<b>WEIGHTED NUMBER OF SHARES OUTSTANDING</b>				
	103,764,911	199,847,764	103,764,911	199,847,764

See Notes to Consolidated Financial Statements

**SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE MONTHS**  
**ENDED AUGUST 31, 2006 AND AUGUST 31, 2007 (UNAUDITED)**

	<b>Nine Months Ended</b>	
	<b>August 31,</b>	<b>August 31,</b>
	<b>2006</b>	<b>2007</b>
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (441,327)	\$ (2,323,181)
Adjustment to reconcile net loss to net cash used by operating activities:		
Impairment of Contract Value	-	1,900,000
Depreciation and amortization	-	-
Noncash interest expense	359,943	362,998
Accounts receivable	-	-
Inventories	-	-
Accounts payable	(47,840)	4,710
Accrued liabilities	-	265
Total Adjustments	312,103	2,267,973
Net cash used by operating activities	(129,224)	(55,208)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on notes and accounts payable - related party	130,256	55,208
Payments on note payable - related party	(1,100)	-
Net cash provided by financing activities	129,156	55,208
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(68)</b>	<b>-</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>68</b>	<b>-</b>
<b>CASH - END OF PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>
Supplemental disclosure of cash flow information:		
Cash paid during the quarter for:		
Interest	\$ -	\$ -

SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) In the opinion of management, the unaudited financial statements contain all adjustments (consisting of only normal recurring accruals and repayments) necessary to present fairly the financial position at August 31, 2007 and the results of operations and cash flows for the nine months ended August 31, 2006 and August 31, 2007.

These interim statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended November 30, 2006 (Commission File No. 2-13328).

(2) The results of operations for the nine months ended August 31, 2006 and August 31, 2007 are not necessarily indicative of the results to be expected for the full year.

(3) PROFIT(LOSS) PER SHARE

Profit(loss) per share is calculated using the weighted average number of common shares outstanding. Potentially dilutive securities are insignificant.

(4) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Sentex Sensing Technology, Inc. and its wholly-owned subsidiaries (the "Company"). All material inter-company accounts and transactions have been eliminated in consolidation.

(5) LEGAL PROCEEDINGS

*State of Ohio, Department of Administrative Services v. IQ Solutions, LLC, et al.*; Case No. 03-CVH05-6054; Franklin County Common Pleas Court, Ohio.

During October 2004, the Company was dismissed without prejudice from the above-caption and previously disclosed matter.

SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Working Capital and Liquidity

During the last several fiscal years, the Company has incurred losses from operations. In addition, the Company's certified public accountants, Hausser + Taylor LLC, have included in their auditors' report, which covers the Company's financial statements for the years ended November 30, 2005 and November 30, 2006, a statement that the Company's recurring losses from operations raised substantial doubt about the Company's ability to continue as a going concern. For the period ended November 20, 2005 and Fiscal Year 2006, the Company sustained losses of approximately \$377,000 and \$579,000, respectively. These losses have had a substantial adverse effect on the working capital of the Company.

Net Tax Operating Loss Carryforwards

As of August 31, 2007 the Company has approximately \$17,378,000 in net tax operating loss carryforwards which will expire at various dates through the year 2027. Federal tax law imposes restrictions on the use of net operating loss carryforwards in the event of a change in ownership, such as a merger. Due to the merger with Monitek, approximately \$6,265,000 of the \$17,378,000 net operating losses may be subject to these limitations and potentially may not be able to provide any economic benefit to the Company.

RESULTS OF OPERATIONS

On November 20, 2005, JJJ-RT, LLC assumed the operations of the former Regency Technologies, Ltd.

The Company currently has no active operation. Expenses shown on the Consolidated Statement of Operations include corporate administrative overhead only.

Investment in Regency Technologies, Ltd.:

Due to a change in control, the Company now accounts for its investment in Regency Technologies, Ltd. on the equity method. However, losses and distributions have exceeded the Company's investment in Regency Technologies, Ltd. Accordingly, the Company has reflected such investments at zero. The Company's share of future losses in this investment will be suspended for book purposes. Furthermore the Company's share in future income will not be recognized until the aggregate of such income equals the aggregate of their suspended losses.

The net loss on disposal of subsidiary (Regency Technologies, Ltd.) is the result of recognizing the net investment deficit in Regency as of November 20, 2005 as income to bring the value of the investment to zero and decreasing that gain by the forgiveness of inter-company debt as stated in the Contribution and Investment Agreement.

SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (continued)

The following table sets forth certain summarized financial information of Regency Technologies, Ltd., the Company's only investment, based upon the applicable financial statements, adjusted for accounting principles generally accepted in the United States of America. This information is for the five months ended August 31, 2007 and has not been audited or reviewed.

**BALANCE SHEET DATA**

Current assets	\$ 869,846
Long Term Assets	436,897
<b>Total Assets</b>	<b>1,306,743</b>
Current liabilities	272,642
Partners' equity	1,034,101
<b>Total liabilities and partners' equity</b>	<b>\$ 1,306,743</b>

**STATEMENT OF INCOME DATA**

Revenues	\$ 4,531,791
Net income(loss)	\$ 17,455

**SUBSEQUENT EVENTS**

We are still in the midst of the capital raising process. We will keep you posted on events as they unfold.

We have moved forward with the non-cash ICOM acquisition after traveling to their headquarters at Maidstone, Kent in the UK for due diligence. The finalization of the deal is subject to completion of their financial audit. This should happen very shortly and will provide Sentex with a revenue base in excess of \$8,000,000 for 2008.

We have additional add-on business opportunities in the UK as a result of the ICOM acquisition. However securing the capital is essential for the completion of a significant amount of the add-on business.

Sentex's President, Henrik Rubinstein will be leaving the Company to pursue other interests. In conjunction with this, we have written off the \$1,900,000 Distribution Agreement value as an impairment of contract value.

SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (continued)

CHANGES IN ACCOUNTING STANDARDS

New Accounting Standards - In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)", effective for the Company for the year ending December 31, 2006. This statement requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability on the balance sheet, and the recognition of changes in that funded status through other comprehensive income. The Company does not believe the adoption of this standard will have a material impact on the consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements", effective for the Company beginning on January 1, 2008. This Statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This statement establishes a fair value hierarchy that distinguishes between valuations obtained from sources independent of the entity and those from the entity's own unobservable inputs that are not corroborated by observable market data. SFAS 157 expands disclosures about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. The disclosures focus on the inputs used to measure fair value and for recurring fair value measurements using significant unobservable inputs, the effect of the measurements on earnings or changes in net assets for the period. The Company does not believe the adoption of this standard will have a material impact on the consolidated financial statements.

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes," effective for the Company beginning on January 1, 2007. FIN 48 clarifies the recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on disclosure and other matters. Currently, the Company does not expect this guidance to have a material impact on its financial statements.

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets" ("SFAS 156"), which amends accounting and reporting standards for servicing assets and liabilities under Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Specifically, SFAS 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. For subsequent measurement purposes, SFAS 156 permits an entity to choose to measure servicing assets and liabilities either based on fair value or lower of cost or market. The Company does not believe the adoption of this standard will have a material impact on the consolidated financial statements

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities", effective for the Company beginning on January 1, 2008. This Statement provides entities with an option to report selected financial assets and liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The Company does not believe the adoption of this standard will have a material impact on the consolidated financial statements





SENTEX SENSING TECHNOLOGY, INC. AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (continued)

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOUR" OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

Certain statements in the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Financial Statements included in this Annual Report on Form 10-KSB, in the Company's press releases and in oral statements made by or with the approval of an authorized executive officer of the Company constitute "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. These may include statements projecting, forecasting or estimating Company performance and industry trends. The achievement of the projections, forecasts or estimates is subject to certain risks and uncertainties. Actual results and events may differ materially from those projected, forecasted or estimated. The applicable risks and uncertainties include general economic and industry conditions that affect all business, as well as matters that are specific to the Company and the markets it serves.

Specific risks to the Company include an inability of the Company to finance its working capital needs. In light of this and other uncertainties, the inclusion of a forward-looking statement herein should not be regarded as a representation by the Company that the Company's plans and objectives will be achieved.

CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Principal Accounting Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) as of the end of the period covered by this report, have concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal controls over financial reporting that occurred during the Company's last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

Date: October 15, 2007

SENTEX SENSING TECHNOLOGY, INC.

By: /s/ Henrik Rubinstein  
Henrik Rubinstein, President

/s/ Robert S. Kendall  
Robert S. Kendall, Chairman and Treasurer

/s/ William R. Sprow  
William R. Sprow, Chief Financial Officer

/s/ William R. Sprow  
William R. Sprow, Controller

EXHIBITS AND REPORTS ON FORM 8-K

a)                      Exhibit 31.1                      302 Certification of Chief Executive Officer

                            Exhibit 31.2                      302 Certification of Chief Financial Officer

Exhibit      Certification Pursuant To 18 U. S. C. Section 1350, As Adopted Pursuant To Section 906 Of The  
32.1          Sarbanes-Oxley Act of 2002

Exhibit32.2 Certification Pursuant To 18 U. S. C. Section 1350, As Adopted Pursuant To Section 906 Of The  
                    Sarbanes-Oxley Act of 2002

b)One report on Form 8-K was filed with the Commission during the small business issuer's third quarter of Fiscal  
Year 2006.