CROFF ENTERPRISES INC
Form 10-Q
November 14, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2005

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

For the Transition Period From to

Commission File Number 01-100

CROFF ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Utah	87-0233535
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3773 Cherry Creek Drive North, Suite 1025 **Denver, Colorado**	**80209** **(Zip Code)**
(Address of principal executive office)	**(303)-383-1555**
Securities registered pursuant to Section 12(b) of the Act: **Common - $0.10 Par Value**	**Name of each exchange on which registered:** **None**

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

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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. x Yes ¨ No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

There were 567,400 shares of common stock outstanding on November 1, 2005, exclusive of 54,743 common shares held in treasury stock.

CROFF ENTERPRISES, INC.

FORM 10-Q

For the Quarter Ended September 30, 2005

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Forward-Looking Statements

Certain information included in this report, other materials filed or to be filed by the Company with the Securities and Exchange Commission ("SEC"), as well as information included in oral statements or other written statements made or to be made by the Company contain or incorporate by reference certain statements (other than statements of historical or present fact) that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

All statements, other than statements of historical or present facts, that address activities, events, outcomes or developments that the Company plans, expects, believes, assumes, budgets, predicts, forecasts, estimates, projects, intends or anticipates (and other similar expressions) will or may occur in the future are forward-looking statements. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the cautionary statements in this Form 10-Q and the Company's Annual Report on Form 10-K for the year ended December 31, 2004. Such forward-looking statements appear in a number of places and include statements with respect to, among other things, such matters as: future capital, development and exploration expenditures (including the amount and nature thereof), drilling, deepening or refracing of wells, oil and natural gas reserve estimates (including estimates of future net revenues associated with such reserves and the present value of such future net revenues), estimates of future production of oil and natural gas, business strategies, expansion and growth of the Company's operations, cash flow and anticipated liquidity, prospects and development and property acquisitions, obtaining financial or industry partners for prospect or program development, or marketing of oil and natural gas. We caution you that these forward-looking statements are subject to risks and uncertainties.

These risks include but are not limited to: general economic conditions, the Company's ability to finance acquisitions and drilling, the market price of oil and natural gas, the risks associated with exploration, the Company's ability to find, acquire, market, develop and produce new properties, operating hazards attendant to the oil and natural gas business, uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, environmental risks, the results of financing efforts, regulatory developments and the other risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data and the interpretation of that data by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, these revisions could change the schedule of any further production and/or development drilling. Accordingly, reserve estimates are generally different from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described above or elsewhere in this Form 10-Q or presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. We specifically disclaim all responsibility to publicly update any information contained in a forward-looking statement or any forward-looking statement in its entirety and therefore disclaim any resulting liability for potentially related damages.

All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

Part I. Unaudited Financial Information

Item 1. Unaudited Financial Statements

The financial statements included herein have been prepared in conformity with generally accepted accounting principles. The statements are unaudited but reflect all adjustments, which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations. All such adjustments are of a normal recurring nature.

CROFF ENTERPRISES, INC.

BALANCE SHEETS

(Unaudited)

	December 31, 2004		September 30, 2005	
ASSETS:				
Current Assets:				
Cash and cash equivalents	$	257,667	$	523,593
Accounts receivable	$	109,691	$	154,583
	$	367,358	$	678,176
Oil and natural gas properties, at cost, successful efforts method:	$	1,219,119	$	1,178,303
Accumulated depletion and depreciation	$	(497,924)	$	(523,330)
	$	721,195	$	654,973
Total Assets:	$	1,088,553	$	1,333,149
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilites:				
Accounts payable	$	28,410	$	31,017
Payable to related party	$	--	$	2,362
Accrual for plugging and abandonment (1)	$	--	$	18,402
Accrued liabilities	$	8,705	$	45,783
	$	37,115	$	97,564
Stockholders' equity:				
Class A Preferred stock, no par value 5,000,000 shares authorized, none issued	$	--	$	--
Class B Preferred stock, no par value 1,000,000 shares authorized, 540,659 shares issued and outstanding	$	772,929	$	989,621
Common stock, $.10 par value 20,000,000 shares authorized, 622,143 shares issued and outstanding	$	62,214	$	62,214
Capital in excess of par value	$	157,927	$	157,927
Treasury stock, at cost, 53,243 and 54,743 issued and outstanding in 2004 and 2005	$	(83,151)	$	(85,513)
Retained earnings	$	141,519	$	111,336

	$ 1,051,438	$ 1,235,585
	$ 1,088,553	$ 1,333,149
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

(1) See accompanying notes to unaudited condensed financial statements.

CROFF ENTERPRISES, INC.

STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	**2005**	**2004**	**2005**
Revenues:		$		
Oil and natural gas sales	$ 176,707	$ 247,288	$ 446,849	$ 627,274
Loss on natural gas "put" contracts	--	--	$ (7,599)	--
Loss on sale of marketable equity securities	--	--	$ (38,166)	--
Other income	$ 228	$ 7,059	$ 1,851	$ 25,669
	$ 176,935	$ 254,347	$ 402,935	$ 652,943
Expenses:				
Lease operating expense including production taxes	$ 50,278	$ 46,253	$ 156,981	$ 209,016
Yorktown Re-entry Program	$ 16,435	--	$ 24,903	--
General and administrative	$ 26,543	$ 35,327	$ 88,887	$ 124,105
Overhead expense, related party	$ 12,000	$ 11,674	$ 36,000	$ 36,371
Depletion and depreciation	$ 10,500	$ 12,000	$ 31,500	$ 33,000
Plug and abandon expense (1)	$ --	$ 18,402	$ --	$ 18,402
	$ 115,756	$ 123,656	$ 338,271	$ 420,894
Pretax income	$ 61,179	$ 130,691	$ 64,664	$ 232,049
Provision for income taxes:	$ 6,397	$ 29,690	$ 6,877	$ 45,540
Net income	$ 54,782	$ 101,001	$ 57,787	$ 186,509
Net income applicable to preferred B shares:	$ 71,041	$ 95,551	$ 119,603	$ 216,692
Net income (loss) applicable to common shares	$ (16,259)	$ 5,450	$ (61,816)	$ (30,183)
Basic and diluted net income (loss) per common share	$ (0.03)	$ 0.01	$ (0.11)	$ (0.05)
Weighted average common shares outstanding	$ 566,900	$ 567,400	$ 566,900	$ 567,400

(1) See accompanying notes to unaudited condensed financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
For the year ended December 31, 2004 and the nine months ended September 30, 2005
(Unaudited)

	Preferred B stock		Common stock		Capital in Excess of Par	Treasury	Accumulated
	Shares	Amount	Shares	Amount	Value	stock	Earnings
Balance at December 31, 2004	540,659	$772,929	622,143	$ 62,214	$157,927	$ (83,151)	$ 141,519
Net income for the nine months ended September 30, 2005	-	-	-	-	-	-	186,509
Purchase of treasury stock	-	-	-	-	-	(2,362)	-
Preferred Stock reallocation	-	216,692	-	-	-	-	(216,692)
Balance at September 30, 2005	540,659	$989,621	622,143	$ 62,214	$ 157,927	$ (85,513)	$ 111,336

During the three month period ended March 31, 2005, the Company purchased 1,500 shares of its common stock for $2,362, now included in the treasury.

See accompanying notes to unaudited condensed financial statements.

CROFF ENTERPRISES, INC.

STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2004 and 2005

(Unaudited)

	2004	2005
Cash flows from operating activities:		
Net income	$ 57,787	$ 186,509
Adjustments to reconcile net income to net cash provided by operating activies:		
Depletion and depreciation	$ 31,500	$ 33,000
Loss on abandonment	$ --	56,089
Gain on sale of equipment	$ --	(14,173)
Realized loss on marketable equity securities	$ 38,166	--
Loss on natural gas "put" contracts	$ 7,599	--
Changes in operating assets and liabilities:		
Accounts receivable	$ (25,949)	$ (44,892)
Accounts payable	$ 33,159	$ 2,607
Accrued liabilities	$ 8,195	$ 55,480
Net cash provided by operating activities	$ 150,457	$ 274,620
Cash flows from investing activities:		
Proceeds from sale of equipment	61	$ 48,500
Acquisition of property leases and improvements	$ (352,776)	$ (57,194)
Proceeds from sale of marketable equity securities	$ 51,514	--
Proceeds from sale of mutual fund	$ 77,429	--
Net cash used in investing activities	$ (223,772)	$ 8,694
Net increase (decrease) in cash and cash equivalents	$ (73,315)	$ 265,926
Cash and cash equivalents at beginning of period	$ 154,490	$ 257,667
Cash and cash equivalents at end of period	$ 81,175	$ 523,593

Supplemental disclosure of non-cash investing and financing activities:

During the three month period ended March 31, 2005, the Company purchased 1,500 shares of its common stock for $2,362, now included in the treasury.

See accompanying notes to unaudited condensed financial statements.

CROFF ENTERPRISES, INC

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

Footnote 1 to Balance Sheets and Statement of Operations

Historically, Croff has not operated any oil and natural gas wells, its assets consisting of royalties and non-operated working interests. It recently started operating four wells and has established a working interest reserve for plugging and abandonment costs, less salvage value, in the quarter ended September 30, 2005. This reserve, based on the estimates of management, may not comply with the Financial Accounting Standards Board Rule 143 (FAS 143) and management has been so advised by its auditors. Croff intends to complete a revised schedule compliant with FAS 143 for its year end report on Form 10-K.

Basis of Preparation

The condensed financial statements for the three and nine month periods ended September 30, 2004 and 2005 in this report have been prepared by the Company without audit pursuant to the rules and regulations of the Securities and Exchange Commission and reflect, in the opinion of the management, all adjustments necessary to present fairly the results of the operations of the interim periods presented herein. Certain information in footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations, although the Company believes the disclosures presented herein are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, which report has been filed with the Securities and Exchange Commission. The Annual Report is available from the Company's website at www.croff.com, and online at the Securities and Exchange Commission website at www.sec.gov/edgar.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Current Items

The Company announced on April 8, 2005 that its Board of Directors had voted to seek strategic alternatives for the Company. The Company has continued to seek a merger or acquisition participant, and other strategic steps.

On July 15, 2005, the President and Chairman, through Jensen Development Company and C.S. Finance L.L.C., private companies controlled by the President ("Offerors"), tendered for the Preferred B shares of the Company at a cash price of $3 per share. Offerors collectively owned 253,191 Preferred B shares prior to the tender. The Tender Offer for Preferred B shares of the Company expired on August 19, 2005. The Offerors reported to the Company that 75,050 Preferred B shares were successfully tendered and not withdrawn by the expiration of the Offer. The tendered shares represent approximately 13.9% of the outstanding Class B Preferred stock of Croff Enterprises, Inc.

CROFF ENTERPRISES, INC. STATEMENTS OF STOCKHOLDERS’ EQUITY For the year ended December 31, 2

Background on the Tender Offer was reported in the Company's quarterly report for the period ended June 30, 2005.

Immediately following the Tender Offer, the Offerors acquired an additional 29,365 shares, at the same price, from two of Croff's directors in return for promissory notes in lieu of cash. Currently, Gerald L. Jensen and the Offerors own 359,580 Preferred B shares or approximately 66.5% of the outstanding Preferred B shares and the remaining non-tendering shareholders hold approximately 181,079 shares or approximately 33.5%.

Overview

Croff Enterprises, Inc. ("Croff' or the "Company") was incorporated in Utah in 1907. Croff is an independent energy company engaged in the business of oil and natural gas exploration and production, primarily through the acquisition of producing oil and natural gas leases as well as the ownership of perpetual mineral interests. Other companies operate almost all of the wells from which Croff receives revenues and Croff has no control over the factors which determine royalty or working interest revenues, such as markets, prices and rates of production. Today, Croff participates as a working interest owner in approximately 40 wells or units of several wells. Croff holds small royalty interests in approximately 250 wells.

Croff's business strategy is focused on targeting opportunities that are of lower risk with the potential for stable cash flow and long asset life while seeking to keep operating costs low. The Company has no short-term or long-term debt outstanding. Over the last five years, the Company acquired an interest in three wells in Michigan, one well in Montana, six wells in Oklahoma and nine wells in Texas. In 2004 the Company sold its Yorktown Re-entry Program to Tempest Energy Resources LP, retaining a 25% interest in the Area of Mutual Interest (AMI). The first re-entry well in this program was unsuccessful. The Company continues to actively search for oil and natural gas properties that may fit into our overall business strategy.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operation are based upon financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The Company analyzes its estimates, including those related to oil and natural gas revenues, oil and natural gas properties, marketable securities, income taxes and contingencies. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its financial statements and the uncertainties that it could impact results of operations, financial conditions and cash flows. The Company accounts for its oil and natural gas properties under the successful efforts method of accounting. Depletion, depreciation and amortization of oil and natural gas properties and the periodic assessments for impairment are based on underlying oil and natural gas reserve estimates and future cash flows using then current oil and natural gas prices combined with operating and capital development costs. There are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves and in projecting future rates of production and timing of development expenditures.

Historically, oil and natural gas prices have experienced significant fluctuations and have been particularly volatile in recent years. Price fluctuations can result from variations in weather, levels of regional or national production and demand, availability of transportation capacity to other regions of the country and various other factors. Increases or decreases in oil and natural gas prices received could have a significant impact on future results.

Liquidity and Capital Resources

At September 30, 2005, the Company had assets of $1,333,149 and current assets totaled $678,176 compared to current liabilities of $97,564. Working capital at September 30, 2005 totaled $580,612, an increase of 76% compared to $330,243 at December 31, 2004. The Company had a current ratio at September 30, 2005 of approximately 7:1. During the nine month period ended September 30, 2005, net cash provided by operations totaled $231,045, as compared to $150,457, during the same period in 2004. During the first quarter of 2004, the Company sold its portfolio of marketable equity securities and mutual fund for a net realized loss of $38,166. The Company spent a significant portion of its operating capital during the first nine months in 2004 on the Yorktown Re-entry program in Dewitt County, Texas. The Company's cash flow from operations is highly dependent on oil and natural gas prices. The Company had no short-term or long-term debt outstanding at September 30, 2005. In January, 2005, the Company purchased 1,500 shares of its common stock at a cost of $2,362, which is included in the treasury at September 30, 2005.

Capital expenditures for the first nine months of 2005 consisted of expenditures for the acquisition of expiring leases in Yorktown, Texas. In July, 2005, Croff (25% interest) and Tempest (75% interest) determined to abandon the Helen Gips #1 and to pull the tubing to use in the Wiggins well. Croff's costs in the Helen Gips #1 wellbore of $52,638 were written off in the June 30, 2005 financial statements. As of September 30, 2005, the Company has capitalized approximately $198,000 related to the 2004 Yorktown Re-Entry Program. The Company's only oil and natural gas assets not pledged to the Preferred B shares is the Yorktown Re-Entry Program in Dewitt County, Texas. This approximate 1,100 acre project was sold or optioned to Tempest Energy Resources LP in the fourth quarter of 2004 with the Company retaining a carried 15% interest in the re-entry wells, and an additional 10% paid participation for a 25% working interest. The first well in this project, the Helen Gips #1, had been started by Croff in 2004 and was completed by Tempest during the first quarter 2005. Tempest and Croff have determined that the formation is too tight and the well will be non-commercial and determined to abandon it. Tempest purchased a second lease in the Area of Mutual Interest (AMI) known as the Wiggins well, a producing Wilcox well, with an additional plugged and abandoned re-entry well. Croff exercised its right to participate with respect to a 25% interest in this lease, but has no carried interest. The Wiggins well is currently producing from the Wilcox formation at a rate of approximately 30 mcf per day. Tempest and Croff have agreed to attempt to re-complete this well in an upper formation of the Wilcox which has not been depleted. The remaining leases in the Yorktown re-entry program, on which Tempest has not exercised its option, are retained by Croff, which is planning to participate with other oil and gas companies to re-enter existing wellbores. As part of the Yorktown Re-entry Program, Croff had purchased 3 ½ inch casing and other equipment for a re-entry well, which equipment Tempest has declined to use. Croff then sold this equipment during the first quarter of 2005 for approximately $48,500, yielding an approximate $14,000 gain over its cost in the casing. The only current commitment of Croff for future capital expenditures is for lease renewals and future drilling or re-entries in the Yorktown program in Dewitt County, Texas.

The Company’s plans for ongoing development, acquisition and exploration expenditures, and possible equity repurchases over and beyond the Company’s operating cash flows will depend entirely on the Company’s ability to secure acceptable financing. Bank borrowings may be utilized to finance the Company’s 2005 capital budget. In addition, the Company will utilize its internal operating cash flows. Future cash flows are subject to a number of variables, including the level of production and oil and natural gas prices. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned levels of capital expenditures or that increased capital expenditures will not be undertaken.

The Company believes that borrowings from financial institutions, projected operating cash flows and the cash on hand will be sufficient to cover its working capital requirements for the next 12 months. In connection with consummating any significant acquisition or funding an exploratory or development drilling program, additional debt or equity financing will be required, which may or may not be available on terms that are acceptable to the Company.

While certain costs are affected by the general level of inflation, factors unique to the oil and natural gas industry result in independent price fluctuations. Over the past five years, significant fluctuations have occurred in oil and natural gas prices. Although it is particularly difficult to estimate future prices of oil and natural gas, price fluctuations have had, and will continue to have, a material effect on the Company. Overall, it is management’s belief that inflation is generally favorable to the Company since it does not have significant operating expenses.

Results of Operations

Three months ended September 30, 2005 compared to three months ended September 30, 2004.

The Company had a net income for the third quarter of 2005 which totaled $101,001 compared to a net income of $54,782 for the same period in 2004. An additional expense of $18,402 was accrued during the third quarter of 2005, to create a reserve for the plugging and abandonment expense, less salvage value, for the Company’s working interest wells. Because this expense has never been accrued, the Company has chosen to add this amount into this quarterly report. General and administrative expenses also increased by approximately $10,000 due to costs of responding to the tender offer for the Preferred B shares and higher accounting and legal fees.

Revenues for the third quarter of 2005 totaled $254,347, a 44% increase from the $176,935 during the same period in 2004. Oil and gas sales for the third quarter of 2005 totaled $247,288, a 40% increase from the same period in 2004. A large increase in oil and natural gas prices, combined with slight increases in oil production levels during the third quarter of 2005, were major factors causing this increase in oil and gas sales compared to the same period in 2004. The Company’s average sale price per barrel of oil in the third quarter of 2005 was approximately $55 per barrel compared to $30 per barrel for the same period in 2004. The Company’s average sale price of natural gas in the third quarter of 2005 was approximately $7 per Mcf (Mcf equates to one thousand cubic feet), compared to $5.20 per Mcf for the same period in 2004. Other income for the three months ended September 30, totaled $7,059 in 2005 and $228 in 2004, reflecting higher interest on money deposits and proceeds from sale of equipment.

Lease operation expense, which includes all production related taxes for the third quarter of 2005 totaled $46,253 and is compared to the $50,278 incurred for the same period in 2004. The decrease was due to less workovers in 2005. Depletion and depreciation expense for the third quarter of 2005 totaled $12,000 and is comparable to the $10,500 incurred for the same period in 2004. There were minimal costs associated with the Yorktown Re-entry Program for the third quarter of 2005, compared with expenses incurred during the third quarter of 2004. Provision for income taxes for the third quarter of 2005 totaled $29,690 compared to $6,397 from the same period in 2004, due to higher pretax income.

Nine Months ended September 30, 2005 compared to nine months ended September 30, 2004.

Revenues for the nine months ended September 30, 2005 totaled $652,943, a 62% increase from the revenues of $402,935 at September 30, 2004. Net income for the nine months ended September 30, totaled $186,509 in 2005 and $57,787 in 2004. The increase in revenues and net income is due to significantly increased prices for crude oil and natural gas. Production did not increase materially, although a few new royalty interests were added. During the first quarter of 2004, the Company sold its portfolio of marketable equity securities and mutual funds for a net realized loss of $38,166 and sold its remaining contracts for natural gas “put” contracts for a net realized loss of $ 7,599.

Oil and gas sales for the nine months ended September 30, 2005 totaled $627,274, a 40% increase from the $446,849 for the same period in 2004. The increase in oil and gas sales in 2005 compared to 2004 is primarily attributed to significantly increased oil and natural gas prices. Small interests in new wells in Utah and New Mexico on the Company’s mineral acreage gave a small production increase.

Lease operation expense, which includes all production related taxes for the nine months ended September 30, 2005 totaled $209,016 a 33% increase from $156,981 in 2004. Included in the 2005 lease operating expense is approximately $52,638 for the write off of the Helen Gips well. Otherwise, lease operating costs were relatively stable compared to the nine month period ending September 30, 2004.

Depletion and depreciation expense for the nine months ended September 30, 2005 totaled $33,000 compared to the $31,500 incurred for the same period in 2004. The Company has ceased to separately classify expenses in the Yorktown drilling program in 2005.

General and administrative expenses, including overhead expense paid to related party, for the nine months ended September 30, 2005 totaled $160,476 compared to $124,887 for the same period in 2004. Overhead expense paid to related party for the nine months ended September 30, 2005 totaled $36,371 compared to $36,000 incurred for the same period in 2004. This increase in overhead expenses is primarily attributed to the costs of the audit increasing, and the extra legal and accounting expenditures of the Company responding to a tender offer for the Preferred B shares.

Provision for income taxes for the nine months ending September 30, 2005 totaled $45,540 compared to $6,877 for the same period in 2004. This increase is due to expected higher income in 2005 and is also attributable to an overpayment of the Company’s 2003 federal income taxes which was taken as a credit during the second quarter of 2004.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) 123R, "Share-Based Payment." This revised standard addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB 25. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. SFAS 123R will be effective for all interim or annual periods beginning after June 15, 2005. The adoption of this announcement in July 2005 is not expected to have a material impact on the Company’s financial condition or results of operations as the Company currently does not receive employee services in exchange for either equity instruments of the Company or liabilities that are based on the fair value of the Company's equity instruments or that may be settled by the issuance of such equity instruments.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29". This standard requires exchanges of productive assets to be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. The Statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company has not entered into these types of nonmonetary asset exchanges during the last five years. Accordingly, the adoption of this pronouncement is not expected to have a material impact on the Company’s current financial condition or results of operations.

Quantitative and Qualitative Disclosures Regarding Market Risk

The Company’s major market risk exposure is in crude oil and natural gas prices. Realized pricing is primarily driven by the prevailing domestic price for oil and natural gas. Historically, prices received for oil and natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. Natural gas prices averaged approximately $4/mcf during 2004 and increased to approximately $7/mcf during the nine months ended September 30, 2005. Oil prices ranged from a monthly average of approximately $30 per barrel in 2004 to a monthly high of approximately $55 per barrel during the first nine months 2005. A decline in prices of oil or natural gas could have a material adverse effect on the Company’s financial condition and results of operations.

Item 3. CONTROLS AND PROCEDURES

Croff's principal executive officer, also acting as principal financial officer, has evaluated the effectiveness of Croff's "disclosure controls and procedures," as such term is defined in Rule 13a-14(c) and 15d-14(c) of the Securities and Exchange Act of 1934, as amended, within 90 days of the filing date of this Quarterly Report on Form 10-Q. Based upon his evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, since the date the controls were evaluated.

Part II. Other Information

Item 5. Material Subsequent Events

The Company plans to participate in the recompletion of the Kawitt Zone in the Wiggins well, located in Dewitt County, Texas, scheduled for November, 2005. This is the second attempted recompletion of a well through the Tempest-Croff Re-entry program. The Company sold a 75% working interest in certain leases in this program to Tempest Energy Resources LP in November, 2004, retaining a 25% working interest, of which 15% was carried in the reentry wells. The first attempted re-entry, the Helen Gips, was unsuccessful and the Company wrote off these costs during the second quarter of 2005. Croff is not carried on the Wiggins well and will pay its 25% of expenses. Croff is also negotiating with two other oil and gas companies to re-enter the Dixel Gips well, on a lease which Tempest had under option but declined to purchase. No agreement has yet been signed.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits – The following documents are filed as exhibits to this Quarterly Report on Form 10-Q:

1. Schedule 14D9 filed July 6, 2005 in response to Tender Offer for Preferred B shares.*
2. Schedule 14D9/A filed July 20, 2005 in response to Tender Offer for Preferred B shares.*
3. Schedule 14D9/A filed July 20, 2005 in response to Tender Offer for Preferred B shares.*
4. Schedule 14D9 filed July 27, 2005 in response to Tender Offer for Preferred B shares.*

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
31.2 Certification of Acting Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
32.1 Certification of Chief Executive Officer, dated November 14, 2005, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2 Certification of Acting Chief Financial Officer, dated November 14, 2005, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002.**

* Previously filed with the SEC
** Filed herewith

(b) For the period ended September 30, 2005, the Company filed no reports on Form 8-K.

.

SIGNATURE

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

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
President,
Chief Executive Officer

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
Acting Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, Gerald L. Jensen, certify that :

- As Chief Executive Officer, I have reviewed this quarterly report on Form 10-Q of Croff Enterprises, Inc.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- As Chief Executive Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - ♦ Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - ♦ Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - ♦ Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
- As Chief Executive Officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:
  - ♦ All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - ♦ Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
President,
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Gerald L. Jensen, certify that :

- As Acting Chief Financial Officer, I have reviewed this quarterly report on Form 10-Q of Croff Enterprises, Inc.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- As Acting Chief Financial Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - ♦ Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - ♦ Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - ♦ Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- As Acting Chief Financial Officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - ♦ All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - ♦ Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
Acting Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Croff Enterprises, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald L. Jensen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) This Report on form 10Q for the period ended September 30, 2005 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) I further certify to the best of my knowledge that the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Croff Enterprises, Inc.

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
President,
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Croff Enterprises, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald L. Jensen, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) This Report on form 10Q for the period ended September 30, 2005 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) I further certify to the best of my knowledge that the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Croff Enterprises, Inc.

CROFF ENTERPRISES, INC.

Date: November 14, 2005

By: /s/ Gerald L. Jensen

Gerald L. Jensen,
Acting Chief Financial Officer

sp;

(400,000

)

Net rent paid

$I,103,000

As of September 30, 2004, future minimum rental commitments required under the Company's operating leases that have initial or remaining noncancellable lease terms in excess of one year are as follows:

Years Ended

September 30

,

J005	$I,576,000
J006	I,542,000
J007	I,565,000
J008	I,552,000
J009	I,501,000
Thereafter	9,627,000
	I7,363,000
Less sublease rentals	(4,743,000
	)
	$I2,620,000

The Company is also a guarantor on a Small Business Administration loan to a franchisee for approximately $273,000.

- Financing Transactions

:

The Company was a co-maker on a $2,000,000 line of credit to a third party entity, established for the purchase of land and development of new restaurants for subsequent sale in sale-leaseback transactions and leased to franchisees. The proceeds of the sale leaseback transactions were used for the reduction of the line of credit. In addition to the land

and buildings under development, the sole member of Smart Development, LLC provided a $400,000 certificate of deposit as collateral for the line of credit. At September 30, 2004, the line of credit was paid in full and the Company elected not to renew.

- Managed Limited Partnerships

:

Drive Thru is the general partner of a limited partnership that was formed to develop Drive Thru restaurants. Limited partner contributions have been used to construct new restaurants. Drive Thru, as a general partner, generally receives an allocation of approximately 50% of the profit and losses and a fee for its management services. The limited partners' equity has been recorded as a minority interest in the accompanying consolidated financial statements.

- Income Taxes

:

Deferred tax assets (liabilities) are comprised of the following at September 30, 2004:

	Current	Long Term
Deferred assets (liabilities):		
Partnership basis difference	$	$ 96,000
Tax effect of net operating loss carryforward		I,556,000
Deferred liabilities		I84,000
Property and equipment basis differences		(3,000)
Other accrued liability difference	I2,000	–
Net deferred tax assets	I2,000	I,833,000
Less valuation allowance*	(12,000)	(1,833,000)
Net deferred tax assets	$ -	$

* The valuation allowance increased by $245,000 during the year ended September 30, 2004.

The Company has net operating loss carryforwards of approximately $4,172,000 for income tax purposes which expire from 2007 through 2024. The use of these net operating loss carryforwards may be restricted due to changes in ownership.

Total income tax expense for the years ended 2004 and 2003 differed from the amounts computed by applying the U.S. Federal statutory tax rates to pre-tax income as follows:

		2004		2003
Total expense (benefit) computed by applying the U.S. Statutory rate (34%)		$ (226,000)		$ (72,000)
State income tax, net of federal tax benefit		(22,000)		(7,000)
Effect of change in valuation allowance		J45,000		K90,000
Recovery of previously fully reserved deferred tax asset related to utilization of net operating loss				(193,000)
Other		K,000	)	(118,000
Provision for income taxes		$	-	$

• Related Parties

:

A significant stockholder has entered into two franchise and management agreements with the Company. The Company also leases office space from this stockholder under a lease agreement which exists until 2005. Rent paid to the stockholder in 2004 and 2003 for office space was $45,000 for each year. Rent paid to the stockholder in 2003 for a restaurant lease that expired in 2003 was $40,000. The stockholder is also a guarantor of 50% of the outstanding loan balance on a Merrill Lynch line of credit that was repaid in full subsequent to the fiscal year end. The total outstanding balance on this debt at September 30, 2004 and 2003 was $34,000 and $90,000, respectively. The stockholder's construction division has performed remodeling for the Company. The Company believes these transactions were executed at fair market value. Two of the Company's Board members are principals of the stockholder.

• Stockholders' Equity

:

Preferred Stock

The Company has the authority to issue 5,000,000 shares of preferred stock. The Board of Directors has the authority to issue such preferred shares in series and determine the rights and preferences of the shares as may be determined by the Board of Directors.

Stock Option Plans

The Company has a stock option plan (the 2001 Stock Option Plan) whereby 70,500 shares are available for future grants as either incentive stock options or non-statutory stock options. No further shares are available for future grants under the Companys 1992 Incentive Stock Option Plan and the 1992 Non-Statutory Stock Option Plan.

Incentive Stock Options

The following is a summary of activity under the Companys stock option plans for the years ended September 30, 2004 and 2003.

	2004			2003		
	Number Of Shares		Weighted Average Exercise Price	Number Of Shares		Weighted Average Exercise Price
Outstanding, beginning of year	L41,531		$J.84	L23,771		$J.58
Canceled	(400)		$K.15	(4,990)		$J.44
Exercised	(40,761)		$J.19	(5,410)		$J.28
Granted	J8,740		$K.60	J8,160		$J.70
Outstanding, end of year	L29,110		$J.86	L41,531		$J.84

Subsequent to September 30, 2004, the Company granted 40,275 options to employees at an exercise price of $3.11.

For incentive stock options granted during 2004 and 2003, the weighted average fair value per option was approximately $2.78 and $2.24, respectively. All options granted in 2004 and 2003 had an exercise price equal to the market price on the date of grant.

Options will become exercisable as follows:

Year Ending September 30,	Number of Shares	Weighted Average Exercise Price
Options exercisable at 2004	K01,578	$J.86
2005	L4,654	$I.92
2006	M2,116	$J.10
2007	I9,346	$K.10
	I1,416	$K.60

		2008		
	-	L29,110 Total		

If not previously exercised, options outstanding at September 30, 2004 will expire as follows:

Year Ending September 30,		Number of Shares		Weighted Average Exercise Price
		M5,750 2007		$J.50
		J5,800 2008		$J.50
		I15,396 2009		$K.24
		O4,591 2010		$K.12
		I2,488 2011		$I.38
		90,030 2012		$I.75
		J6,515 2013		$J.70
		J8,540 2014		$K.60
		L29,110 Total		

Non-Qualified Stock Options

- The Company has also granted non-qualified options which are summarized as follows for the years ended September 30, 2004 and 2003:

		2004				2003		
		Number of Shares		Weighted Average Exercise Price		Number of Shares		Weighted Average Exercise Price

Outstanding, beginning of year	95,049		$J.04	I18,000		$J.01
	I2,000 Granted		$K.60	I2,000		$J.70
	Exercised		$	(34,951)		$J.18
	(7,000 Cancelled)		$J.31	–		
Outstanding, end of year	I00,049		$J.21	95,049		$J.04

Subsequent to September 30, 2004, the Company granted 12,000 options at an exercise price of $3.11 to directors.

For non-qualified stock options granted during 2004 and 2003, the weighted average fair value per option was approximately $2.15 and $1.79, respectively. All non-qualified stock options were granted at an exercise price equal to market price on the date of grant.

All outstanding non-qualified options were exercisable at September 30, 2004. If not previously exercised, non-qualified options outstanding at September 30, 2004 will expire as follows:

Year Ending September 30,	Number of Shares	Weighted Average Exercise Price
2005	I2,000	$K.12
2006	I2,000	$I.38
2007	M2,049	$I.75
2008	I2,000	$J.70
2009	I2,000	$K.60
Total	100,049	

Stock Purchase Warrants

In prior years, the Company granted 25,000 warrants at an exercise price of $4.00. All warrants expired in March 2004.

- Retirement Plan

:

The Company has a 401(k) profit sharing plan (the Plan). Eligible employees may make voluntary contributions to the Plan, which are matched by the Company, in an amount equal to 25% of the employee's contribution up to 6% of their compensation. The amount of employee contributions is limited as specified in the Plan. The Company may, at its discretion, make additional contributions to the Plan or change the matching percentage. The Company made matching contributions of $19,000 and $15,000 in fiscal 2004 and fiscal 2003, respectively. All matching contributions are made in cash.

- Subsequent Events

:

Lines of Credit Cancellations

In November 2004, the Company paid in full and cancelled both Merrill Lynch lines of credit. Therefore, the total outstanding balance of $305,000 at September 30, 2004 is included in the current portion of long-term debt.

Item 8. Changes In and Disagreements with Accountants on Accounting and

Financial Disclosure.

During the two most recent fiscal years, Good Times Restaurants has not had any changes in or disagreements with its independent accountants on matters of accounting or financial disclosure.

Item 8a. Controls and Procedures

We maintain a system of disclosure controls and procedures that are designed for the purposes of ensuring that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Controller, who currently performs the functions of principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Controller, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Controller concluded that our disclosure controls and procedures are effective for the purposes discussed above as of the end of the period covered by this report. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls during the fourth quarter of the fiscal year ended September 30, 2004.

Item 8b. Other Information

On November 15, 2004, the Audit Committee of the Board of Directors of Good Times Restaurants Inc. approved in advance certain non-audit services to be performed by Hein & Associates, Good Times' independent auditor. These non-audit services are to consist primarily of corporate income tax compliance services.

PART III

Item 9 Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the

Exchange Act

The information required by this Item concerning our directors and executive officers is incorporated by reference to the information provided under the captions "Election of Directors" and "Nominees for Election of Directors" and "Executive Officers" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

The information required by this Item concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the information provided under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

Item 10 Executive Compensation

The information required by this Item is incorporated by reference to the information provided under the captions "Directors' Compensation" and "Executive Compensation" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

Item 11 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item concerning security ownership of certain beneficial owners and management is incorporated by reference to the information provided under the caption "Stock Ownership of Principal Stockholders and Management" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

The information required by this Item concerning securities authorized for issuance under equity compensation plans is incorporated by reference to the information provided under the caption "Disclosure with Respect to the Company's Equity Compensation Plan" in Part II - Item 5 - Market for Common Equity and Related Stockholder Matters, included in this Form 10-K.

Item 12 Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the information provided under the caption "Certain Relationships and Related Transactions" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

Item 13.

Exhibits

The following exhibits are furnished as part of this report:

Exhibit

Description

3.1 Articles of Incorporation of the Registrant (previously filed on November 30, 1988 as Exhibit 3.1 to the registrant's Registration Statement on Form S-18 (File No. 33-25810-LA) and incorporated herein by reference)

3.2 Amendment to Articles of Incorporation of the Registrant dated January 23, 1990 (previously filed on January 18, 1990 as Exhibit 3.1 to the registrant's Current Report on Form 8-K (File No. 000-18590) and incorporated herein by reference)

3.3 Amendment to Articles of Incorporation (previously filed as Exhibit 3.5 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1996 and (File No. 000-18590) incorporated herein by reference)

3.4 Restated Bylaws of Registrant dated November 7, 1997 (previously filed as Exhibit 3.6 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997 (File No. 000-18590) and incorporated herein by reference)

4.1 Shareholder Rights Plan dated as of February 24, 1998 (previously filed as Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

4.2 Amendment No. 1 to Shareholder Rights Plan dated effective as of September 21, 1999 (previously filed as Exhibit 4.1 to the registrant's Current Report on Form 8-K dated October 14, 1999 (File No. 000-18590) and incorporated herein by reference)

4.3 Amendment No. 2 to Shareholder Rights Plan dated effective as of October 31, 2001 (previously filed as Exhibit 4.3 to the registrant's Current Report on Form 8-K dated November 15, 2001 (File No. 000-18590) and incorporated herein by reference)

10.1 Form of Promissory Note dated November 3, 1995 by and between AT&T Commercial Finance Corporation, Boise Co-Development Limited Partnership, Good Times Good Times Inc. as general partner, and Good Times Restaurants Inc. as guarantor in the amount of $254,625 (previously filed as Exhibit 10.34 to the registrant's Annual Report on Form 10-KSB/A for the fiscal year ended September 30, 1995 (File No. 000-18590) and incorporated herein by reference)

10.2 Form of Promissory Note dated November 3, 1995 by and between AT&T Commercial Finance Corporation, Boise Co-Development Limited Partnership, Good Times Good Times Inc. as general partner, and Good Times Restaurants as guarantor in the amount of $104,055 (previously filed as Exhibit 10.35 to the registrant's Annual Report on Form 10-KSB/A for the fiscal year ended September 30, 1995 (File No. 000-18590) and incorporated herein by reference)

10.3 Registration Rights Agreement dated May 31, 1996 regarding registration rights of the common stock issuable upon conversion of the Series A Convertible Preferred Stock (previously filed as Exhibit 10.15 to the registrant's Annual Report on Form 10-KSB/A for the fiscal year ended September 30, 1995 (File No. 000-18590) and incorporated herein by reference)

10.4 Amendment and Agreement regarding Series A Convertible Preferred Stock by and between Good Times Restaurants Inc. and The Bailey Company dated December 3, 1997, effective as of October 31, 1997 (previously filed as Exhibit 10.13 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997 (File No. 000-18590) and incorporated herein by reference)

10.5 Indemnification by Dr. Kenneth Dubach to Good Times Good Times Inc. dated December 10, 1996 with respect to the promissory note of the Boise Co-Development Limited Partnership dated November 3, 1995 in the original amount of $254,625 and the promissory note dated November 3, 1995 in the original amount of $104,055 (previously filed as Exhibit 10.14 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997 (File No. 000-18590) and incorporated herein by reference)

10.6 Office lease (previously filed as Exhibit 10.12 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

10.7 The Bailey Company Guaranty Agreement (previously filed as Exhibit 10.13 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

10.8I992 Incentive Stock Option Plan, as amended (previously filed as Exhibit 4.9 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

10.9I992 Non-Statutory Stock Option Plan, as amended (previously filed as Exhibit 4.10 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

10.10 The Bailey Company Private Placement Letter Agreement dated March 12, 1999 (previously filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1999 (File No. 000-18590) and incorporated herein by reference)

10.11 Warrant dated April 15, 1999 Issued to The Bailey Company, LLLP for the Purchase of 25,000 Shares of Common Stock of Good Times Restaurants Inc. (previously filed as Exhibit 4.2 to Amendment No. 4 to Schedule 13D filed on June 7, 1999 by The Bailey Company, LLLP, The Erie County Investment Co., and Paul T. Bailey (File No. 005-42729) and incorporated herein by reference)

10.12 Merrill Lynch Commitment Letter dated November 17, 1999 for Line of Credit (previously filed as Exhibit 10.18 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1999 (File No. 000-18590) and incorporated herein by reference)

10.13 GE Capital Term Note dated November 14, 2001 (previously filed as Exhibit 10.15 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2001 (File No. 000-18590) and incorporated herein by reference)

10.14 GE Capital Note dated November 14, 2001 (previously filed as Exhibit 10.1 to the registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001 (File No. 000-18590 and incorporated herein by reference)

10.15J001 Stock Option Plan (previously filed as Exhibit 99.1 to the registrant's Registration Statement on Form S-8 filed on August 20, 2002 (Registration No. 333-98407) and incorporated herein by reference

10.16 Employment Agreement dated October 3, 2001 between Registrant and Boyd E. Hoback

10.17 Wells Fargo Credit Agreement (previously filed as Exhibit 10.17 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2003 (File No. 000-18590) and incorporated herein by reference)

10.18 *Form of Option Agreement

10.19 *Form of Option Grant Notice

10.20 *Cash Bonus Plan for Boyd Hoback

14.1 Code of Ethics (previously filed as Exhibit 14.1 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2003 (File No. 000-18590) and incorporated herein by reference)

21.1 Subsidiaries of registrant (previously filed as Exhibit 21.1 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998 (File No. 000-18590) and incorporated herein by reference)

23.1 *Consent of HEIN & ASSOCIATES LLP

31.1 *Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350

31.2 *Certification of Controller pursuant to 18 U.S.C. Section 1350

32.1 *Certification of Chief Executive Officer and Controller pursuant to 18 U.S.C. Section 1350

*Filed herewith.

Item 14 Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the information provided under the caption "Independent Accountants" in our definitive proxy statement for the 2005 annual meeting of stockholders to be filed within 120 days from September 30, 2004.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOOD TIMES RESTAURANTS INC.

Date: December 29, 2004

/s/ Boyd E. Hoback

Boyd E. Hoback

President and Chief Executive Officer

In accordance with the Exchange Act, 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	Date
/s/ Geoffrey R. Bailey	December 29, 2004
Geoffrey R. Bailey, Chairman of the Board	
/s/ Boyd E. Hoback	December 29, 2004
Boyd E. Hoback, President and Chief Executive	

Officer and Director

/s/ Susan M. Knutson	December 29, 2004
Susan M. Knutson, Controller (principal accounting and financial officer)	
/s/ Dan W. James II	December 29, 2004
Dan W. James II, Director	
/s/ David E. Bailey	December 29, 2004
David E. Bailey, Director	
/s/ Thomas P. McCarty	December 29, 2004
Thomas P. McCarty, Director	
/s/ Alan A. Teran	December 29, 2004
Alan A. Teran, Director	
/s/ Richard J. Stark	December 29, 2004