

ALANCO TECHNOLOGIES INC  
Form 10-Q  
February 14, 2013

ALANCO TECHNOLOGIES, INC.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended December 31, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

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

Commission file number 0-9347

ALANCO TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Arizona

(State or other jurisdiction of incorporation or organization)

86-0220694

(I.R.S. Employer Identification No.)

7950 E. Acoma Drive, Suite 111, Scottsdale, Arizona 85260

(Address of principal executive offices) (Zip Code)

(480) 607-1010

(Registrant's telephone number)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

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 in the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Accelerated filer

Large  
accelerated filer

Non-accelerated    Smaller            X  
filer                reporting company  
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of February 7, 2013 there were 5,010,300 shares of common stock outstanding.

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ALANCO TECHNOLOGIES, INC.

Except for historical information, the statements contained herein are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “expectations,” as they relate to the Company are intended to identify forward-looking statements within the meaning of the “safe harbor” provisions of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature. All such forward-looking statements are based on the expectations of management when made and are subject to, and are qualified by, risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These risks and uncertainties include, but are not limited to, the following factors, among others, that could affect the outcome of the Company's forward-looking statements: general economic and market conditions; the inability to attract, hire and retain key personnel; failure of a future acquired business to further the Company's strategies; the difficulty of integrating an acquired business; unforeseen litigation; unfavorable result of potential litigation; the ability to maintain sufficient liquidity in order to support operations; the ability to maintain satisfactory relationships with lenders; the ability to maintain satisfactory relationships with current and future suppliers; federal and/or state regulatory and legislative action; the ability to implement or adjust to new technologies and the ability to secure and maintain key contracts and relationships. New risk factors emerge from time to time and it is not possible to accurately predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause results to differ materially from those contained in any forward-looking statements. Except as otherwise required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements or the risk factors described in this Annual Report or in the documents we incorporate by reference, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Quarterly Report on Form 10-Q.

## ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2012 AND JUNE 30, 2012

	December 31, 2012 (unaudited)	June 30, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 815,200	\$ 284,300
Accounts receivable trade	4,100	-
Other receivables	35,700	16,800
Notes receivable, current	300,000	250,000
Marketable securities - restricted	1,932,400	3,572,600
Investment in Symbius, at cost	-	162,100
Prepaid expenses and other current assets, net	141,300	97,100
Total current assets	3,228,700	4,382,900
LAND, PROPERTY AND EQUIPMENT, NET	4,327,500	3,524,600
<b>OTHER ASSETS</b>		
Notes receivable, long-term	-	150,000
Prepaid royalties, long-term	50,000	50,000
<b>TOTAL ASSETS</b>	<b>\$ 7,606,200</b>	<b>\$ 8,107,500</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 224,100	\$ 631,000
Contingent payments, current	50,000	50,000
Notes payable	28,000	228,000
	302,100	909,000

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Total current liabilities		
<b>LONG-TERM LIABILITIES</b>		
Contingent payments, long-term	1,087,700	1,075,000
Asset retirement obligation, long-term	410,000	410,000
<b>TOTAL LIABILITIES</b>	<b>1,799,800</b>	<b>2,394,000</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock		
Class A - 75,000,000 no par shares authorized, 5,010,300 issued and outstanding at December 31, 2012 and June 30, 2012, respectively	108,961,900	108,893,600
Class B - 25,000,000 no par shares authorized, none outstanding	-	-
Accumulated Other Comprehensive Income		
Accumulated Deficit	(103,653,400)	(103,563,700)
Total shareholders' equity	5,806,400	5,713,500
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 7,606,200</b>	<b>\$ 8,107,500</b>

See accompanying notes to the condensed consolidated financial statements





## ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED DECEMBER 31, (unaudited)

	2012	2011
NET REVENUES	\$ 43,800	\$ -
Cost of sales	93,900	-
GROSS PROFIT (LOSS)	(50,100)	-
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Corporate expenses	134,200	235,800
Alanco Energy Services	183,200	-
Amortization of stock-based compensation	34,100	-
	351,500	235,800
OPERATING LOSS	(401,600)	(235,800)
OTHER INCOME & EXPENSES		
Interest income (expense), net	5,800	1,000
Gain on sale of marketable securities, net	210,200	38,700
NET LOSS	(185,600)	(196,100)
Gain on redemption of Series B Preferred Stock	-	443,200
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (185,600)	\$ 247,100
NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED		
Net loss	\$ (0.04)	\$ (0.04)
Gain on redemption of Series B Preferred Stock	\$ -	\$ 0.09
Net income (loss) per share attributable to common shareholders	\$ (0.04)	\$ 0.05
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,010,300	4,973,100

See accompanying notes to the condensed consolidated financial statements



ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF  
 COMPREHENSIVE INCOME (LOSS)  
 FOR THE THREE MONTHS ENDED DECEMBER 31, (unaudited)

	2012	2011
Net Income (Loss)	\$ (185,600)	\$ (196,100)
Reclassification adjustment for gain included in Net Income (Loss)	(210,200)	(38,700)
Net unrealized gain (loss) on marketable securities held at December 31,	(7,200)	753,100
Net unrealized gain on marketable securities sold during the period	140,400	186,000
Comprehensive Income (Loss)	\$ (262,600)	\$ 704,300

See accompanying notes to the condensed consolidated financial  
 statements

## ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF  
OPERATIONS  
FOR THE SIX MONTHS ENDED DECEMBER 31, (unaudited)

	2012	2011
NET REVENUES	\$ 145,000	\$ -
Cost of sales	158,400	-
GROSS PROFIT (LOSS)	(13,400)	-
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Corporate expenses	330,300	533,500
Alanco Energy	267,700	-
Services		
Amortization of stock-based compensation	68,300	7,800
	666,300	541,300
OPERATING LOSS	(679,700)	(541,300)
OTHER INCOME & EXPENSES		
Interest income (expense), net	12,000	800
Gain on sale of Symbius investment	86,800	-
Gain on sale of marketable securities, net	491,000	38,700
Other income, net	200	-
NET LOSS	(89,700)	(501,800)
Preferred stock dividends	-	(30,500)
Gain on redemption of Series B Preferred Stock	-	443,200
NET LOSS	\$ (89,700)	\$ (89,100)
ATTRIBUTABLE TO COMMON SHAREHOLDERS		
NET LOSS PER SHARE - BASIC AND DILUTED		

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Net loss	\$	(0.02)	\$	(0.10)
Preferred stock dividends	\$	-	\$	(0.01)
Gain on redemption of Series B Preferred Stock	\$	-	\$	0.09
Net loss per share attributable to common shareholders	\$	(0.02)	\$	(0.02)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,010,300	4,962,500
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See accompanying notes to the condensed consolidated financial  
statements

ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME (LOSS)  
FOR THE SIX MONTHS ENDED DECEMBER 31, (unaudited)

	2012	2011
Net Income (Loss)	\$ (89,700)	\$ (501,800)
Reclassification adjustment for gain included in Net Income (Loss)	(491,000)	(38,700)
Net unrealized gain (loss) on marketable securities held at December 31,	325,300	(476,800)
Net unrealized gain on marketable securities sold during the period	280,000	186,000
Comprehensive Income (Loss)	\$ 24,600	\$ (831,300)

See accompanying notes to the condensed consolidated financial statements

## ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012 (unaudited)

	COMMON STOCK		ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	TOTAL
	SHARES	AMOUNT	INCOME	DEFICIT	
Balances, June 30, 2012	5,010,300 \$	108,893,600 \$	383,600 \$	(103,563,700) \$	5,713,500
Value of stock-based compensation	-	68,300	-	-	68,300
Unrealized gain on marketable securities, net of tax	-	-	114,300	-	114,300
Net loss	-	-	-	(89,700)	(89,700)
Balances, December 31, 2012	5,010,300 \$	108,961,900			