

ALANCO TECHNOLOGIES INC  
Form 10-Q  
November 16, 2015

ALANCO TECHNOLOGIES, INC.

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, 2015

\_\_\_\_ 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. X 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). X 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):

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Large Accelerated filer  
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)  
YesXNo

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

As of November 10, 2015 there were 4,982,400 shares of common stock outstanding.

ALANCO TECHNOLOGIES, INC.

INDEX

Page  
Number

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of 4  
September 30, 2015 (Unaudited)  
and June 30, 2015

Condensed Consolidated Statements of 5  
Operations (Unaudited)  
For the three months ended September  
30, 2015 and 2014

Condensed Consolidated Statement of Changes 6  
in Shareholders' Equity (Unaudited)  
For the three months ended September  
30, 2015

Condensed Consolidated Statements of Cash  
Flows (Unaudited)  
For the three months ended September 7  
30, 2015 and 2014

Notes to Condensed Consolidated Financial Statements 8  
(Unaudited)

Note A – Basis of Presentation,  
Accounting Policies and  
Recent Accounting  
Pronouncements  
Note B – Stock-Based Compensation  
Note C – Note Receivable  
Note D – Land, Property and  
Equipment  
Note E – Earnings Per Share  
Note F – Equity  
Note G – Contingent Payments  
Note H - Asset Retirement Obligation  
Note I - Commitments and  
Contingencies  
Note J - Related Party Transactions  
Note K - Subsequent Events  
Note L – Liquidity and Going Concern

Item 2. Management's Discussion and Analysis of  
Financial Condition

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and Results of Operations 16

Item 3. Quantitative and Qualitative Disclosures About 20  
Market Risk

Item 4. Controls and Procedures 21

PART II. OTHER INFORMATION

Item 1. Legal Proceedings 21

Item 2. Unregistered Sales of Equity Securities and Use 21  
of Proceeds

Item 6. Exhibits 22

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 profitably run current operations sufficient to cover overhead; the inability to attract, hire and retain key personnel; 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 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 Quarterly 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 SEPTEMBER 30, 2015 AND JUNE 30, 2015

	September 30, 2015 (unaudited)	June 30, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 525,200	\$ 788,900
Accounts receivable - trade, net	54,700	45,900
Other receivables - related party	6,600	4,200
Note receivable, current - related party	60,000	60,000
Prepaid expenses and other current assets	33,200	164,500
Total current assets	679,700	1,063,500
LAND, PROPERTY AND EQUIPMENT, NET	3,893,100	3,938,600
<b>OTHER ASSETS</b>		
Note receivable, long-term - related party	245,600	262,800
Trust account - asset retirement obligation	72,100	67,400
<b>TOTAL ASSETS</b>	<b>\$ 4,890,500</b>	<b>\$ 5,332,300</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 118,100	\$ 151,100
Accrued expenses	167,700	191,800
Contingent payments, current	25,000	50,000
Total current liabilities	310,800	392,900

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LONG-TERM LIABILITIES			
Contingent payments, long-term	633,600		603,900
Asset retirement obligation	429,700		429,700
TOTAL LIABILITIES	1,374,100		1,426,500
SHAREHOLDERS' EQUITY			
Preferred Stock - no shares issued or outstanding	-		-
Common Stock			
Class A - 75,000,000 no par shares authorized, 4,982,400 shares issued and outstanding at September 30, 2015			
and June 30, 2015	109,173,200		109,159,300
Accumulated Deficit	(105,656,800)		(105,253,500)
Total shareholders' equity	3,516,400		3,905,800
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,890,500	\$	5,332,300

See accompanying notes to the condensed consolidated financial statements

## ALANCO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF  
OPERATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, (unaudited)

	2015	2014
NET REVENUES	\$ 114,300	\$ 225,300
Cost of revenues	260,400	186,300
GROSS PROFIT (LOSS)	(146,100)	39,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Corporate expenses	93,700	61,100
Alanco Energy Services	157,000	199,500
Stock-based compensation	13,900	15,000
	264,600	275,600
OPERATING LOSS	(410,700)	(236,600)
OTHER INCOME		
Interest income	7,400	11,500
Gain on sale of marketable securities	-	46,700
Other income	-	200
NET LOSS	\$ (403,300)	\$

Opt;

MARGIN-RIGHT:

Opt"

Ownership  
of More than Five  
Percent on Behalf  
of Another Person:

See disclosure in Items 2 and 4 hereof. Certain funds listed in Item 2(a) are known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares covered by this Statement that may be deemed to be beneficially owned by the Reporting Persons.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person:



See disclosure in Item 2 hereof.

Item 8. Identification and Classification of Members of the Group:

This Item 8 is not applicable.

Item 9. Notice of Dissolution of Group:

This Item 9 is not applicable.

Item 10. Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 23, 2012

/s/ Brian Jackelow

Brian Jackelow, attorney-in-fact for Scott A. Bommer, individually and (a) as managing member of SAB Capital Advisors, L.L.C., and (b) as managing member of SAB Capital Management, L.L.C., for itself and as the general partner of SAB Capital Management, L.P.

EXHIBIT INDEX

Ex.		Page No.
1	Joint Acquisition Statement	11
2	Power of Attorney	12

JOINT ACQUISITION STATEMENT  
PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13G, is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13G, shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Date: January 23, 2012

/s/ Brian Jackelow  
Brian Jackelow, attorney-in-fact for Scott A.  
Bommer, individually and (a) as managing member  
of SAB Capital Advisors, L.L.C., and (b) as  
managing member of SAB Capital Management,  
L.L.C., for itself and as the general partner of SAB  
Capital Management, L.P.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that I, Scott A. Bommer, hereby make, constitute and appoint each of Michael Casey, Brian Jackelow, and Alessandro De Giorgis, acting individually, as my agent and attorney-in-fact for the purpose of executing in my name, (a) in my personal capacity or (b) in my capacity as managing member of or in other capacities with SAB Capital Advisors, L.L.C., a Delaware limited liability company, and each of its affiliates or entities advised or controlled by me or SAB Capital Advisors, L.L.C., all documents, certificates, instruments, statements, filings and agreements (“documents”) to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities, futures contracts or other investments, and any other documents relating or ancillary thereto, including, without limitation, all documents relating to filings with the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the “Act”), and the rules and regulations promulgated thereunder, including, without limitation: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act, including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(k), and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3, Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of these attorneys-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

This Power of Attorney shall remain in effect until revoked, in writing, by the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, this 9th day of August 2006.

/s/ Scott A. Bommer  
Scott A. Bommer