FEEHAN DANIEL R
Form 4
January 20, 2006

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FEEHAN DANIEL R

(Last) (First) (Middle)

1600 W. 7TH STREET

(Street)

FORT WORTH, TX 76102

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CASH AMERICA INTERNATIONAL INC [CSH]

3. Date of Earliest Transaction (Month/Day/Year)
01/20/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CEO and President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $.10	01/20/2006		M		19,375	A	$ 8.375	256,783	D	
Common Stock, par value $.10	01/20/2006		S (1)		19,375	D	$ 23.7436	237,408	D	
Restricted Stock Units								88,920	D	
Common Stock, par								1,172.494	I	Benefit Plans

value $.10

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Options (right to buy)	$ 8.375	01/10/2006		M			19,375	01/21/2000	01/20/2007	Common Stock	19,375

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FEEHAN DANIEL R 1600 W. 7TH STREET FORT WORTH, TX 76102	X		CEO and President	

Signatures

/s/ Daniel R. Feehan	01/20/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Pursuant to Reporting Person's 10b5-1 Trading Plan.

(2) Not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

 to maintain satisfactory relationships with suppliers and customers. General Information on industry segments is incorporated by reference from Note G - Segment Reporting to the Condensed Consolidated Financial Statements. Critical Accounting Policies and Estimates Management's discussion and analysis of financial condition and results of operations are based upon the condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an ongoing basis, estimates are revalued, including those related to areas that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. These areas include allowances for doubtful accounts, inventory valuations, carrying value of goodwill and intangible assets, estimated profit on uncompleted contracts in process, income and expense recognition, income taxes, ongoing litigation, and commitments and contingencies. Our estimates are based upon historical experience, observance of trends in particular areas, information and/or valuations available from outside sources and on various other assumptions that we believe to be reasonable under the circumstances and which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions and conditions. Accounting policies are considered critical when they are significant and involve difficult, subjective or complex judgments or estimates. We considered the following to be critical accounting policies: Principles of consolidation - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. Revenue recognition - The Company recognizes revenue from the Data Storage Segment, net of anticipated returns, at the time products are shipped to customers, or at the time services are provided. Revenue from material long-term contracts (in excess of $250,000 and over a 90-day completion period) in both the Data Storage Segment and the RFID Technology Segment are recognized on the percentage-of-completion method for individual contracts, commencing when significant costs are incurred and adequate estimates are verified for substantial portions of the contract to where experience is sufficient to estimate final results with reasonable accuracy. Revenues are recognized in the ratio that costs incurred bear to total estimated costs. Changes in job performance, estimated profitability and final contract settlements would result in revisions to cost and income, and are recognized in the period in which the revisions were determined. Contract costs include all direct materials, subcontracts, labor costs and those direct and indirect costs related to contract performance. General and administrative costs are charged to expense as incurred. At the time a loss on a contract becomes known, the entire amount of the estimated ultimate loss is accrued. Long-lived assets and intangible assets - The Company reviews carrying values at least annually or whenever events or circumstances indicate the carrying values may not be recoverable through projected discounted cash flows. 15 ALANCO TECHNOLOGIES, INC. Results of Operations (A) Three months ended 12/31/05 versus 12/31/04 Sales Consolidated sales for the quarter ended December 31, 2005 were $1,624,900, a decrease of $460,600, or 22.0%, when compared to $2,085,500 for the comparable quarter of the prior year. The decrease resulted from a sales decrease in the RFID Technology segment of $164,800, or 62.4%, from $263,700 for the quarter ended December 31, 2004 to $98,900 for the current quarter. Sales of the RFID Technology segment decreased due to the lack of revenue during the quarter related to the sale of TSI PRISM contracts. The Data Storage segment decreased sales by 16.2% to $1,526,000 from $1,821,800 reported for the quarter ended December 31, 2004. The 16.2% decrease in Data Storage segment sales resulted primarily from delayed shipments related to international sales. Gross Profit and Operating Expenses Gross profit reported during the quarter amounted to $511,100, a decrease of $172,000, or 25.1%, when compared to $683,100 reported for the same quarter of the prior year. The decrease in gross profit resulted from reduced sales of both the RFID Technology segment and the Data Storage segment. Consolidated gross margins decreased from 32.8% for the quarter ended December 31, 2004 to 31.5% for the current quarter. The decrease in gross margin resulted from the minimal sales of the RFID Technology segment which reduced the gross margin percentage. The gross margin for the Data Storage segment increased to 31.6% from 31.1% for the same quarter of the prior year. Selling, general and administrative expenses for the current quarter increased to $1,539,400, a $9,500 decrease when compared to $1,548,900 incurred in the comparable quarter of fiscal year 2004. Sales, general and administrative expenses related to Data Storage increased to $522,900, an increase of $89,600, or 20.7%, when compared to sales, general and administrative expense for the same quarter of the prior year. The increase in selling, general and administrative expenses for the Data Storage segment resulted from an increase in unallocated engineering project expenses of approximately $33,000 and increased administrative and sales support expense incurred in anticipation of increased revenues. Sales, general and administrative expenses related to the RFID Technology segment decreased from $703,900 for the quarter ended December 31, 2004 to $696,000 for the current quarter. Corporate expenses reported as Sales, general and administrative expense decreased to $320,500, a decrease of $91,200, or 22.2 %, when compared to the $411,700 reported for the same quarter of the prior year. The decrease resulted from a decrease in legal expense. Operating Loss The Operating Loss for the quarter was ($1,028,300) compared to a loss of ($865,800) for the same quarter of the prior year, an increase of $162,500, or 18.7%. The increased Operating Loss resulted from the RFID Technology segment increasing its Operating Loss by $78,500 to ($666,400), an increase of 13.3%, when compared to the Operating Loss reported in the same quarter of the prior year of ($587,900); and the Data Storage segment reporting a Operating Loss of ($41,400), compared to an Operating profit of $133,800 reported in the comparable quarter of the prior year. The Data Storage segment's reduction in operating profit was due primarily to the increase in unallocated engineering project expense and cost increases incurred in anticipation of increased future revenues. Interest Expense, Other Income and Dividends Expense Net interest expense for the quarter amounted to $21,700 compared to interest expense of $11,200 for the same quarter in the prior year. The interest expense increase resulted from increases in the prime rate, and an increase in the minimum borrowing limit of our credit line. Other Income increased to $8,200 from $5,800 reported for the comparable quarter of the prior year. The Company paid quarterly in-kind Series B Preferred Stock dividends with values of $17,300 and $15,000 in the quarters ended December 31, 2005 and 2004, respectively. Net Loss Attributable to Common Stockholders Net Loss Attributable to Common Stockholders for the quarter ended December 31, 2005 amounted to ($1,059,100), or ($.04) per share, compared to a loss of ($886,200), or ($.03) per share, in the comparable quarter of the prior year. Although the Company has reported operating losses in both the RFID 16 ALANCO TECHNOLOGIES, INC. Technology segment and its Data Storage segment, it anticipates improved future operating results in both segments. However, actual results in both the Data Storage segment and the RFID Technology segments may be affected by unfavorable economic conditions and reduced capital spending budgets. If the economic conditions in the United States worsen or if a wider or global economic slowdown occurs, Alanco may experience a material adverse impact on its operating results and business conditions. (B) Six months ended 12/31/2005 versus 12/31/2004 Sales Consolidated Sales for the six months ended December 31, 2005 were $3,226,500, a decrease of $596,200, or 15.6%, compared to $3,822,700 reported for the comparable period of the previous year. The sales decrease is attributed to decreases in both of the Company's two business segments. The Company's Data Storage segment reported sales of $2,990,600, a decrease of $196,900, or 6.1%, for the six months ended December 31, 2005, compared to $3,187,500 reported for the six months ended December 31, 2004. The RFID Technology segment reported sales of $235,900, a 62.9% decrease when compared to $635,200 reported for the comparable period in the prior fiscal year. Gross Profit and Operating Expenses Gross profit generated during the current quarter amounted to $1,056,000, a decrease of $248,500, or 19.0% when compared to the same period of the prior year. Gross margins decreased from 34.1% for the six months ended December 31, 2004 to 32.7% for the current period. The decrease in gross margin resulted primarily from a reduced gross margin in the RFID Technology segment due to low sales volumes. The gross margin in the Data Storage segment increased from 32.8% to 33.2% when comparing the current quarter to the comparable quarter of the previous year. Selling, general and administrative expenses for the six months ended December 31, 2005 increased to $3,136,600, a 2.2% or $69,000 increase, when compared to $3,067,600 incurred in the comparable period of fiscal year 2004. The increase was due to an increase in sales and administrative expenses and increases in unallocated engineering project expenses in the Company's Data Storage segment, offset by a decrease in corporate legal expense. Operating Loss The Operating Loss for the six-month period was ($2,080,600) compared to a loss of ($1,763,100) for the same six-month period of the prior fiscal year, an increase of $317,500 or 18.0%. The increased Operating Loss resulted from the RFID Technology segment increasing its loss by $168,400, or 14.8%, to ($1,304,800), compared to a loss of ($1,136,400) in the prior year, and the Data Storage Segment reporting a loss of ($93,600) compared to a $168,500 operating profit last year. Interest and Dividends Expense Net interest expense for the six months ended December 31, 2005 amounted to $42,200 compared to net interest expense of $27,600 for the same six-month period in the prior year. The increase resulted from increases in the prime rate, and an increase in the minimum borrowing limit of our credit line. The Company paid in-kind Series A and Series B Preferred Stock dividends with values of $283,100 and $251,700 in the six months ended December 31, 2005 and 2004, respectively. Net Loss Attributable to Common Stockholders Net

Loss Attributable to Common Stockholders for the six months ended December 31, 2005 amounted to ($2,389,100), or ($.09) per share, compared to a loss of ($2,031,600), or ($.08) per share, in the comparable period of the prior year. Although the Company has reported increased operating losses in both the RFID Technology segment and its Data Storage segment, it anticipates improved future operating results in both segments as markets improve. However, actual results in both the Data Storage segment and the RFID Technology segments, may be affected by unfavorable economic conditions and reduced capital spending budgets. If the economic conditions in the United States worsen or if a wider or global economic slowdown occurs, Alanco may experience a material adverse impact on its operating results and business conditions. 17 ALANCO TECHNOLOGIES, INC. Liquidity and Capital Resources The Company's current assets at December 31, 2005 exceeded current liabilities by $2,334,300, resulting in a current ratio of 2.7 to 1. At June 30, 2005 the Company's current assets exceeded current liabilities by $2,845,600, reflecting a current ratio of 3.12 to 1. The decrease in the current ratio at December 31, 2005 when compared to June 30, 2005 resulted primarily from funding operating losses during the period. Accounts receivable of $769,400 at December 31, 2005, reflects a decrease of $322,000, or 29.5%, when compared to the $1,091,400 reported as consolidated accounts receivable at June 30, 2005. The accounts receivable balance at December 31, 2005 represented forty-three days' sales in receivables compared to forty days' sales at June 30, 2005. The Data Storage segment reported 26.3 days' sales while days' sales in the RFID Technology segment amounted to 247 days due to a contract holdback and a disputed balance. Both issues are anticipated to be rectified during the current quarter. Consolidated inventories at December 31, 2005 amounted to $2,267,300, an increase of $364,700, or 19.2%, when compared to $1,902,600 at June 30, 2005. December 31, 2005 reflects an inventory turnover of 1.9 compared to an inventory turnover of 2.5 reported at June 30, 2005. Although the December 31, 2005 inventory balance of $2,267,300 reflects a significant increase from the inventory balance at June 30, 2005 of $1,902,600, it reflects a slight increase from the $2,260,400 reported as of December 31, 2004. The current inventory levels reflect management's continued anticipated revenue increases for both the Data Storage segment and the RFID Technology segment. At December 31, 2005, the Company had an outstanding balance of $1,000,000 under a $1.5 million formula-based revolving bank line of credit agreement with interest calculated at prime plus 2%. The line of credit agreement formula is based upon current asset values and is used to finance working capital. At December 31, 2005, the Company had $500,000 available under the line of credit. See Line of Credit Footnote I for additional discussion of the existing line of credit agreement. Cash used in operations for the six-month period ended December 31, 2005 was $1,988,600, an increase of $354,600 when compared to cash used in operations of $1,634,000 for the comparable period ended December 31, 2004. The increase resulted primarily from increases in operating losses and inventory levels during the current period. During the six months ended December 31, 2005, the Company reported cash flows from investing activities of $37,100, compared to $18,200 reported for the six months ended December 31, 2004. The increase is primarily the result of reduced purchases of property, plant and equipment and a reduction in assets held for sale. Cash provided by financing activities for the six months ended December 31, 2005 consisted of $1,173,600 in net proceeds received from the exercise of options and warrants, and $170,500 of additional borrowing against the credit line. Cash provided by financing activities during the same period in the prior fiscal year included the net proceeds from the sale of common and preferred stock of $1,112,400, offset by net repayment on borrowings during the period of $3,500. Cash and cash equivalents at December 31, 2005 amounted to $129,000. In addition, the Company had $500,000 available under its line of credit agreement (see Note 1 - Line of Credit) and subsequent to December 31, 2005, the Company completed the sale of 1,500,000 units consisting of one share of its Class A Common Stock together with a 3-year warrant to purchase one-half share of the Company's Common Stock at a price of $.85 per share ("Unit") for a unit sale of price of $.60. The Company received $837,000, net of commission, from the offering (See Note K - Subsequent Events). The Company believes that additional cash resources will be required for working capital to achieve planned operating results for fiscal year 2006 and, if working capital requirements exceed current availability, the Company anticipates raising capital through additional borrowing, the exercise of stock options and warrants and/or the sale of stock in a private placement. The additional capital would supplement the projected cash flows from operations and the line of credit agreement in place at December 31, 2005. If additional working capital is required and the Company is unable to raise the required additional capital, it may materially affect the ability of the Company to achieve its financial plan. The Company has raised a significant amount of capital in the past and believes it has the ability, if needed, to raise the additional capital to fund the planned operating results for fiscal year 2006. 18 ALANCO TECHNOLOGIES, INC. See Footnote F - Equity for additional information related to working capital raised by the

Company during the six months ended December 31, 2005, necessary to achieve planned operating results for the current fiscal year results. Item 3 - CONTROLS AND PROCEDURES The Company maintains disclosure controls and procedures designed to ensure that it is able to collect the information it is required to disclose in the reports it files with the Securities and Exchange Commission (SEC), and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on various evaluations of the Company's disclosure controls and procedures, some of which occurred during the 90 days prior to the filing date of this report, the Chief Executive and Chief Financial Officers believe that these controls and procedures are effective to ensure that the Company is able to collect, process and disclose the information it is required to disclose in the reports it files with the SEC within the required periods. The Company also maintains a system of internal controls designed to provide reasonable assurance that: transactions are executed in accordance with management's general or specific authorization; transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles, and (2) to maintain accountability for assets. Access to assets is permitted only in accordance with management's general or specific authorization; and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the date of the most recent evaluation of the Company's internal controls by the Chief Executive and Chief Financial Officers, there have been no significant changes in such controls or in other factors that could have significantly affected those controls, including any corrective actions with regard to significant deficiencies and material weaknesses. PART II. OTHER INFORMATION Item 1. LEGAL PROCEEDINGS The Company continues to be a defendant in litigation that relates to the acquisition, in May of 2002, of substantially all the assets of Technology Systems International, Inc., a Nevada corporation. No significant new activity has occurred subsequent to our report of litigation in our Form 10-KSB filed for the year ended June 30, 2005. Due to internal governance issues affecting the plaintiff, the litigation has been indefinitely stayed. The Company's management, in consultation with legal counsel, believes the plaintiff's claims are without merit and the Company will aggressively defend against the action. Litigation previously reported as arising from an expired property lease between the Company's subsidiary, Arraid, Inc., and Arraid Property L.L.C., a Limited Liability Company, is continuing. The Company's management, in consultation with legal counsel, believes the plaintiff's claims are without merit and the Company is aggressively defending against this action. The Company intends to pursue legal expense reimbursement from both the Company's insurance carrier (where appropriate) and the Plaintiffs in the litigation matters. Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS During the six months ended December 31, 2005, the Company issued 165,900 shares of Series A Preferred Stock and 3,400 Shares of Series B Preferred Stock as dividend in-kind payments, 1,990,000 shares of Class A Common Stock for the exercise of existing warrants and options and 225,000 shares of Common Stock for services rendered. Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS At the Annual Meeting of Shareholders held on January 20, 2006, the following proposals were voted upon and approved by the stockholders. 19 ALANCO TECHNOLOGIES, INC. Proposal #1 Election of Directors For Withhold Total Voting --- -------- ------------ Harold S. Carpenter 30,205,909 288,583 30,494,492 Robert R. Kauffman 30,200,040 294,452 30,494,492 James T. Hecker 30,239,851 254,641 30,494,492 Thomas C. LaVoy 30,243,751 250,741 30,494,492 John A. Carlson 30,200,990 293,502 30,494,492 Steven P. Oman 30,210,890 290,602 30,501,492 Donald E. Anderson 30,905,009 289,483 31,194,492 Proposal #2 Approval of the Alanco 2005 Stock Option Plan. Shares ------ For 16,114,596 Against 892,054 Abstain 122,396 Broker not voted 13,466,446 Proposal #3 Approval of the Alanco 2005 Directors and Officers Stock Option Plan. Shares ------ For 16,289,307 Against 809,089 Abstain 30,650 Broker not voted 10,752,276 Proposal #4 Authorize the Board of Directors, only if necessary, to reverse split the Company's outstanding Class A Common Stock up to a 10 to 1 reverse split. Shares ------ For 29,821,107 Against 750,143 Abstain 24,242 Item 6. EXHIBITS 31.1 Certification of Chief Executive Officer 31.2 Certification of Chief Financial Officer 32.1 Certification of Chief Executive Officer and Chief Financial Officer 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 thereunder duly authorized. ALANCO TECHNOLOGIES, INC. (Registrant) /s/ John A. Carlson ------------------ John A. Carlson Executive Vice President and Chief Financial Officer 20 ALANCO TECHNOLOGIES, INC. EXHIBIT 31.1 Certification of Chairman and Chief Executive Officer of Alanco Technologies, Inc. I, Robert R. Kauffman, certify that: 1. I have reviewed this quarterly report on Form 10-QSB of Alanco Technologies, Inc.; 2. 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. 3. 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 period presented in this report; 4. The registrant's other certifying officer(s) and I are 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: (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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 (c) 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 5. The registrant's other certifying officer(s) and I have disclosed, based on our 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 (or persons performing the equivalent functions): (a) 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 (b) 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. Date: February 13, 2006 /s/ Robert R. Kauffman --------------------- Robert R. Kauffman Chairman and Chief Executive Officer 21 ALANCO TECHNOLOGIES, INC. EXHIBIT 31.2 Certification of Vice President and Chief Financial Officer of Alanco Technologies, Inc. I, John A. Carlson, certify that: 1. I have reviewed this quarterly report on Form 10-QSB of Alanco Technologies, Inc.; 2. 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. 3. 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 period presented in this report; 4. The registrant's other certifying officer(s) and I are 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: (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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 (c) 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 5. The registrant's other certifying officer(s) and I have disclosed, based on our 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 (or persons performing the equivalent functions): (a) 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 (b) 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. Date: February 13, 2006 /s/ John A. Carlson --------------------- John A. Carlson Executive Vice President and Chief Financial Officer 22 ALANCO TECHNOLOGIES, INC. EXHIBIT 32.1 Certification of Chief Executive Officer and Chief Financial Officer of Alanco Technologies, Inc. This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies this quarterly report of Form 10-QSB (the "Report") for the period ended December 31, 2005 of Alanco Technologies, Inc. (the "Issuer"). Each of the undersigned, who are the Chief Executive Officer and Chief Financial Officer, respectively, of Alanco Technologies, Inc., hereby certify that, to the best of each such officer's knowledge: (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer. Dated: February 13, 2006 /s/ Robert R. Kauffman ---------------------- Robert R. Kauffman Chief Executive Officer /s/ John A. Carlson ---------------------- John A. Carlson Chief Financial Officer 23