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 September 30, 2011

☐ **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 000-27163

SWK Holdings Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**77-0435679**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

5314 North River Run Drive, Suite 350
Provo, Utah 84604
(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: (801) 805-1301

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. ☒ 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:

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☐ 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 ☐ NO

As of November 10, 2011, there were 41,647,394 shares of the registrant's Common Stock, $0.001 par value per share, outstanding.

SWK Holdings Corporation
Form 10-Q
Quarter Ended September 30, 2011

Table of Contents

PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements	3
	Condensed Balance Sheets—September 30, 2011 and December 31, 2010 (unaudited)	3
	Condensed Statements of Operations—Three and Nine Months Ended September 30, 2011 and 2010 (unaudited)	4
	Condensed Statements of Cash Flows—Nine Months Ended September 30, 2011 and 2010 (unaudited)	5
	Notes to the Unaudited Condensed Financial Statements	6
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	13
Item 4.	Controls and Procedures	13
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	14
Item 1A.	Risk Factors	15
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3.	Defaults Upon Senior Securities	15
Item 4.	Removed and Reserved	15
Item 5.	Other Information	15
Item 6.	Exhibits	15
	Signatures	16
	Certifications	17

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

SWK HOLDINGS CORPORATION
CONDENSED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2011	December 31, 2010
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 38,551	$ 39,259
Prepaid expenses and other current assets	19	63
Total current assets	38,570	39,322
Property and equipment, net	5	6
Total assets	$ 38,575	$ 39,328
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 76	$ 201
Warrant liability	-	30
Total current liabilities	76	231
Other long-term liabilities	93	89
Total liabilities	169	320
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $0.001 par value; 250,000,000 shares authorized; 41,647,394 and 41,647,394 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	42	42
Additional paid-in capital	4,320,597	4,320,534
Accumulated deficit	(4,282,233)	(4,281,568)
Total stockholders' equity	38,406	39,008
Total liabilities and stockholders' equity	$ 38,575	$ 39,328

See accompanying notes to the unaudited condensed financial statements.

SWK HOLDINGS CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
	(unaudited)		(unaudited)	
Revenues	$ -	$ -	$ -	$ -
General and administrative expenses	364	381	1,051	1,397
Total costs and expenses	364	381	1,051	1,397
Loss from operations	(364)	(381)	(1,051)	(1,397)
Interest and other income, net	69	147	223	344
Gain on Asset Sale	-	-	167	21
Loss before provision for income tax	(295)	(234)	(661)	(1,032)
Provision for income tax	(1)	(4)	(4)	(6)
Net loss	$ (296)	$ (238)	$ (665)	$ (1,038)
Basic and diluted net loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Shares used in computing basic and diluted net loss per share	41,247	41,237	41,247	41,232

See accompanying notes to the unaudited condensed financial statements.

SWK HOLDINGS CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
	(unaudited)	
Cash flows from operating activities:		
Net loss	$ (665)	$ (1,038)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on Asset Sale	(167)	-
Stock-based compensation	63	(6)
Other non-cash charges	5	-
Decrease in fair value of warrant liability	(30)	(137)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	44	(26)
Accounts payable and other liabilities	(125)	111
Net cash used in operating activities	(875)	(1,096)
Cash flows from investing activities:		
Proceeds from Asset Sale	167	1,448
Purchases of property and equipment	-	(7)
Net cash provided by investing activities	167	1,441
Cash flows from financing activities:		
Proceeds from stock option exercises	-	18
Net cash provided by financing activities	-	18
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(708)	363
Cash and cash equivalents at beginning of period	39,259	38,608
Cash and cash equivalents at end of period	$ 38,551	$ 38,971

See accompanying notes to the unaudited condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1. SWK Holdings Corporation and Summary of Significant Accounting Policies

Nature of Operations

SWK Holdings Corporation and its subsidiaries ("the Company," "SWK," "we," "us," and "our") were incorporated in July 1996 in California and reincorporated in Delaware in September 1999. Prior to December 23, 2009, the Company developed, marketed and supported customer communications software products. The Company sold its products primarily in North America, Europe and Asia, through its direct sales force and third party integrators. Since the completion of the Asset Sale (see Basis of Presentation below), we have been seeking to redeploy our cash to maximize value for our stockholders and are seeking, analyzing and evaluating potential acquisition candidates. Our goal is to redeploy our existing assets to acquire or invest in one or more operating businesses with solid fundamentals and cash flow which could create value for our shareholders, and where existing or prospective taxable income (or the ability to generate capital gains) might be offset by use of our NOL carryforwards. We are using a value-focused strategy and are focusing our acquisition search on U.S.-based businesses. We continue to identify and review candidates for acquisition or other investment on an ongoing basis. We are unable to assure investors that we will find suitable candidates that meet our business criteria or that we will be able to utilize our existing NOL carryforwards.

Basis of Presentation

On December 23, 2009, the Company sold substantially all of its assets to Kay Technology (the "Asset Sale") in exchange for cash consideration of $40.6 million, plus additional escrow funds that were received by the Company during 2010 and 2011. In addition, Kay Technology assumed certain of KANA's (as defined below) liabilities in the transaction. As of September 30, 2011, the Company's only material asset was its cash. The Company no longer has any material operating business.

Unaudited Interim Financial Information

The unaudited condensed financial statements have been prepared by the Company and reflect all normal, recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the interim financial information. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any subsequent quarter or for the year ending December 31, 2011. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted under the rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited condensed financial statements and notes included herein should be read in conjunction with the audited financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on March 30, 2011. The year-end condensed balance sheet data was derived from the Company's audited financial statements, but does not include all disclosures required by generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of the condensed financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. On an ongoing basis, the Company evaluates estimates, including those related to stock-based compensation, warrant liability valuation, useful lives of property and equipment, income taxes and contingencies and litigation, among others. The Company bases estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates under different assumptions or conditions.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less at the date of purchase to be cash equivalents. There were no such investments at September 30, 2011 and all cash was held in savings or checking accounts with financial institutions deemed by the Company to be creditworthy.

Fair Value of Financial Instruments

The carrying values of the Company’s current financial instruments, including cash and cash equivalents, accounts payable and accrued liabilities, approximate their fair values due to their relatively short maturities or payment terms.

Certain Risks and Concentrations

Financial instruments subjecting the Company to concentrations of credit risk have consisted primarily of cash and cash equivalents. Cash and cash equivalents are deposited with financial institutions that management believes are creditworthy. Deposits in these institutions are in excess of federally insured amounts.

Net Loss per Share

Basic net loss per share is computed using the weighted average number of outstanding shares of common stock. Diluted net loss per share is computed using the weighted average number of outstanding shares of common stock and, when dilutive, shares of common stock issuable upon exercise of options and warrants deemed outstanding using the treasury stock method.

For each of the three and nine month periods ended September 30, 2011 and 2010, outstanding stock options and warrants to purchase shares of common stock in an aggregate of approximately 2,495,000 and 2,250,000 shares, respectively, have been excluded from the calculation of diluted net loss per share as all such securities were anti-dilutive.

Note 2. Fair Value Measurement

The Company considers fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value are either observable or unobservable. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity’s pricing based on their own market assumptions. The Company utilizes the following three-level fair value hierarchy to establish the priorities of the inputs used to measure fair value:

Level 1—instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2—instrument valuations are obtained from sources other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3—instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

As of September 30, 2011, our warrant liability was $0. The warrant liability decreased by $2,000 and $30,000 during the three and nine months ended September 30, 2011 respectively, and these amounts were recognized as other income. The fair value was calculated using the Black-Scholes option pricing model.

Note 3. Stockholders’ Equity

(a) Stock Compensation Plans

The Company’s 1999 Stock Incentive Plan (the “1999 Stock Incentive Plan”), as successor to the 1997 Stock Option Plan (the “1997 Stock Option Plan”), provided for options to purchase shares of the Company’s common stock to be granted to employees, independent contractors, officers, and directors. The plan expired in July 2009. Options were granted at an exercise price equivalent to the closing fair market value on the date of grant. All options were granted at the discretion of the Company’s Board of Directors and had a term not greater than 10 years from the date of grant. Options are immediately exercisable when vested and generally vest monthly over four years. On December 23, 2009, in connection with the Asset Sale, all stock options, except those held by non-employee Directors, were accelerated to be fully vested and exercisable. As a result of the termination of all employees on December 23, 2009, all unexercised stock options held by employees were cancelled on March 31, 2010 in accordance with the Asset Purchase Agreement. The only remaining outstanding options as of September 30, 2011 were those held by the Company’s directors.

The Company’s Board of Directors approved the 2010 Stock Incentive Plan (the “2010 Stock Incentive Plan”) in the fourth quarter of 2010. The 2010 Stock Incentive Plan provides for options, restricted stock, and other customary forms of equity to be granted to the Company’s directors, officers, employees, and independent contractors. All forms of equity incentive compensation are granted at the discretion of the Company’s Board of Directors and have a term not greater than 10 years from the date of grant.

The following table summarizes activities under the equity incentive plans for the indicated periods:

	Options Outstanding			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balances, December 31, 2010	229,000	$ 2.52	5.2	$ 4
Options cancelled and forfeited	-	-		
Options exercised	-	-		
Options granted	-	-		
Balances, March 31, 2011	229,000	2.52	4.9	$ 4
Options cancelled and forfeited	-	-		
Options exercised	-	-		
Options granted	-	-		
Balances, June 30, 2011	229,000	2.52	4.7	$ 4
Options cancelled and forfeited	(49,000)	2.52		
Options exercised	-			
Options granted	-			
Balances, September 30, 2011	180,000	$ 2.52	5.7	$ 3
Options vested and exercisable and expected to be vested and exercisable at September 30, 2011	180,000	$ 2.52	5.7	$ 3
Options vested and exercisable at September 30, 2011	180,000	$ 2.52	5.7	$ 3

At September 30, 2011, there were no options available for grant under the 1999 Stock Incentive Plan. On September 30, 2011, the Company had no unrecognized stock-based compensation expense under this Plan. There are 4.1 million shares reserved for equity awards under the 2010 Stock Incentive Plan, and the Company had no unrecognized stock option compensation expense under this Plan. At September 30, 2011, the Company had $94,000 of total unrecognized restricted stock compensation expense, net of estimated forfeitures, that will be recognized over the weighted average remaining period of 1.4 years.

The following table summarizes significant ranges of outstanding and exercisable options as of September 30, 2011:

	Options Outstanding, Vested and Exercisable		
Exercise Prices	Number Outstanding, Vested and Exercisable	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price Per Share
$0.70	20,000	7.8	$0.70
1.24	20,000	6.8	1.24
2.65	10,000	6.1	2.65
2.67	20,000	5.8	2.67
2.95	90,000	4.9	2.95
$3.50	20,000	5.4	3.50
Total	180,000	5.7	$2.52

Employee stock-based compensation for the three and nine months ended September 30, 2011 and 2010 uses the Black-Scholes option pricing model for estimating fair value of options granted under the Company's equity incentive plans. Risk-free interest rates for the options were taken from the Daily Federal Yield Curve Rates on the grant dates for the expected life of the options as published by the Federal Reserve. The expected volatility was based upon historical data and other relevant factors such as the Company's changes in historical volatility and its capital structure, in addition to mean reversion. The expected forfeiture rate of employee stock options for 2011 and 2010 was calculated using the Company's estimated terminations data.

In calculating the expected life of stock options, the Company determines the amount of time from grant date to exercise date for exercised options and adjusts this number for the expected time to exercise for unexercised options. The expected time to exercise for unexercised options is calculated from grant as the midpoint between the expiration date of the option and the later of the measurement date or the vesting date. In developing the expected life assumption, all amounts of time are weighted by the number of underlying options.

No options were granted or exercised in the three or nine months ended September 30, 2011. In the three months ended September 30, 2010, there were no options granted or exercised. In the nine months ended September 30, 2010, there were no options granted and 21,733 options exercised.

Note 4. Comprehensive Loss

Comprehensive loss is equal to net loss, as there were no foreign currency translation adjustments for the three and nine months ended September 30, 2011 and 2010.

Note 5. Commitments and Contingencies

(a) Litigation

In July 2001, the Company, its underwriters, and certain officers and directors were named as defendants in a securities class action lawsuit. This case is one of several hundred similar cases that have been consolidated into a single action. The complaint alleges misstatements and omissions concerning underwriters' compensation in connection with the Company's initial public offering. In February 2003, the Court denied a motion to dismiss that would have disposed of the claims against the Company. A settlement proposal, which did not admit wrongdoing, had been approved by the Board and preliminarily approved by the Court. While the parties' request for court approval of the settlement was pending, in December 2006 the Court of Appeals reversed the District Court's finding that six focus cases could be certified as class actions. In April 2007, the Court of Appeals denied the plaintiffs' petition for rehearing, but acknowledged that the District Court might certify a more limited class. At a June 26, 2007 status conference, the Court terminated the proposed settlement as stipulated among the parties. Plaintiffs filed an amended complaint on August 14, 2007. On September 27, 2007, plaintiffs filed a motion for class certification in the six focus cases, which was withdrawn on October 10, 2008. On November 13, 2007 defendants in the six focus cases filed a motion to dismiss the complaint for failure to state a claim, which the Court denied in March 2008. Plaintiffs, the issuer defendants (including the Company), the underwriter defendants, and the insurance carriers for the defendants, engaged in mediation and settlement negotiations. They reached a settlement agreement, which was submitted to the District Court for preliminary approval on April 2, 2009. As part of this settlement, the Company's insurance carrier agreed to assume the Company's entire payment obligation under the terms of the settlement. On June 10, 2009, the District Court granted preliminary approval of the proposed settlement agreement. After a September 10, 2009 hearing, the District Court gave final approval to the settlement on October 5, 2009. Several objectors have filed notices of appeal to the United States Court of Appeal for the Second Circuit from the District Court's order granting final approval of the settlement. On May 17, 2011, the Second Circuit granted the motion to dismiss one objector's appeal for violations of the Court's rules and remanded the other appeal to the District Court to determine whether objector Hayes was a class member. On August 25, 2011, the District Court issued its decision determining that Hayes was not a class member. On September 30, 2011, objector Hayes filed a notice of appeal from the District Court's decision. Although the District Court has granted final approval of the settlement agreement, there can be no guarantee that it will not be reversed on appeal. The Company believes that it has meritorious defenses to these claims. If the settlement is not implemented and the litigation continues against the Company, the Company would continue to defend against this action vigorously.

In October 2007, a lawsuit was filed in the United States District Court for the Western District of Washington by Ms. Vanessa Simmonds against certain of the underwriters of the Company's initial public offering. The plaintiff alleges that the underwriters violated section 16(b) of the Securities Exchange Act of 1934, as amended, by engaging in short-swing trades, and seeks disgorgement of profits from the underwriters in amounts to be proven at trial. On February 28, 2008, Ms. Simmonds filed an amended complaint. The suit names the Company as a nominal defendant, contains no claims against the Company and seeks no relief from the Company. This lawsuit is one of more than fifty similar actions filed in the same court. On July 25, 2008, the underwriter defendants in the various actions filed a joint motion to dismiss the complaints for failure to state a claim. In addition, certain issuer defendants in the various actions filed a joint motion to dismiss the complaints for failure to state a claim. The Company entered into a stipulation with the plaintiff, entered as an order by the Court, that the Company is not required to answer or otherwise respond to the amended complaint. Accordingly, the Company did not join the motion to dismiss filed by certain issuers. On March 12, 2009, the Court dismissed the complaint in this lawsuit with prejudice. On April 10, 2009, the plaintiff filed a notice of appeal of the District Court's order, and thereafter the underwriter defendants filed a cross appeal to a portion of the District Court's order that dismissed thirty (30) of the cases without prejudice following the moving issuers' motion to dismiss. On May 22, 2009 the Ninth Circuit issued an order granting the parties' joint motion to consolidate the 54 appeals and 30 cross-appeals. On December 2, 2010, the Ninth Circuit affirmed dismissal of the lawsuits against the 30 issuer defendants on the grounds of inadequate demand, but ordered the district court to dismiss these lawsuits with prejudice. The Ninth Circuit reversed dismissal on statute of limitations grounds, but remanded all of the remaining cases to the district court with instructions to allow the underwriter defendants and/or the remaining issuer defendants to file motions to dismiss for inadequate demand. On December 16, 2010, plaintiff and the underwriter defendants separately petitioned for a rehearing and a rehearing en banc, which petitions were denied on January 18, 2011. On January 25 and 26, 2011, the Ninth Circuit granted the motions of the underwriter defendants and of the plaintiff to stay the issuance of the court's mandate pending those parties' respective petitions for writ of certiorari to the United States Supreme Court. The plaintiffs and the underwriter defendants filed petitions for writ of certiorari on April 5, 2011 and April 15, 2011, respectively. On June 27, 2011, the Supreme Court granted the underwriter defendants' petition for writ of certiorari and denied the plaintiff's petition for writ of certiorari. Oral argument in the Supreme Court has been scheduled for November 28, 2011.

The ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact on the Company's results of operations, balance sheets and cash flows due to defense costs, and divert management resources.

Note 6. Information About Geographic Areas

The Company considers itself to be in a single industry segment, as it is a shell company. There were no sales for the three and nine months ended September 30, 2011 or 2010.

All long-lived assets as of September 30, 2011 and December 31, 2010 were based in the United States.

Note 7. Warrant Liability

Effective January 1, 2009, the Company adopted authoritative guidance issued by the FASB eliminating an exemption to derivative treatment for certain financial instruments. As a result of adopting this guidance, warrants to purchase 1,914,586 shares of the Company's common stock previously treated as equity pursuant to the derivative treatment exemption were no longer afforded equity treatment. These warrants have exercise prices ranging from $1.97 to $2.45 and expire in September or October 2012. Effective January 1, 2009, the Company reclassified the fair value of these warrants to purchase common stock from equity to a liability, as if these warrants were a derivative liability since their date of issue. On January 1, 2009, the Company reclassified the effects of prior accounting for the warrants in the amount of $1.8 million from additional paid-in capital to accumulated deficit, and $0.1 million from additional paid-in capital to warrant liability. The fair value is calculated using the Black-Scholes option pricing model. The fair value of these warrants as of September 30, 2011 was $0.

Note 8. Income Taxes

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. A reconciliation of the beginning and ending amount of unrecognized tax benefits, which is included in other long-term liabilities in the balance sheet as of September 30, 2011 is as follows (in thousands):

Beginning balance at January 1, 2011	$	89
Additions for tax positions related to the current period		4
Ending balance at September 30, 2011	$	93

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

In addition to historical information, this report contains 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. The forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our business and industry, and our beliefs and assumptions. Words such as "anticipate," "believe," "estimate," "expects," "intend," "plan," "will" and variations of these words and similar expressions identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in "Risk Factors" and elsewhere in this report. Forward-looking statements that were believed to be true at the time made may ultimately prove to be incorrect or false.

The following discussion should be read in conjunction with our Annual Report on Form 10-K filed on March 30, 2011, and the consolidated financial statements and notes thereto. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Overview

SWK Holdings Corporation, a Delaware corporation (the "Company" or "SWK"), was known until December 23, 2009 as KANA Software, Inc. ("KANA") and was headquartered in Menlo Park, California. As used in this report, "we," "us," "our," and words of similar meaning refer to SWK Holdings Corporation.

From 1996 to December 23, 2009, the Company engaged in the development, marketing and support of customer communications software products.

Following an extensive strategic process, on October 26, 2009, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Kay Technology Corp., Inc. ("Kay Technology"), an affiliate of Accel-KKR Capital Partners III, L.P. ("AKKR"). Pursuant to this agreement, on December 23, 2009, the Company sold substantially all of its assets to Kay Technology (the "Asset Sale") in exchange for cash consideration of $40.6 million. In addition, Kay Technology assumed certain of KANA's liabilities in the transaction. Of the $40.6 million in consideration, $38.6 million was paid in cash to the Company at closing and $1.0 million was paid into escrow to satisfy SWK's indemnification obligations for certain specified contingencies. An additional $1.0 million was paid into escrow to satisfy our obligations under any potential downward "true-up" adjustments to the purchase price following the closing (the "Purchase Price Escrow"). During the second quarter of 2010, we received the full amount of the $1.0 million Purchase Price Escrow. In December 2010 and March 2011, we received approximately $482,000 and $167,000, respectively, from the indemnification escrow; the remainder of this escrow was paid to Kay Technology for allowable expenses in resolving the matters covered by the escrow. As of September 30, 2011, no further proceeds are expected to be received from the Asset Sale as no other funds remain in escrow.

At the closing of the Asset Sale, the Company amended its certificate of incorporation to change its name from Kana Software, Inc. to SWK Holdings Corporation and relocated its headquarters to Provo, Utah. Since the completion of the Asset Sale, we have been seeking to redeploy our cash to maximize value for our stockholders and are seeking, analyzing and evaluating potential acquisition candidates. Our goal is to redeploy our existing assets to acquire or invest in one or more operating businesses with solid fundamentals and cash flow which could create value for our shareholders, and where existing or prospective taxable income (or the ability to generate capital gains) might be offset by use of our NOL carryforwards. We are using a value-focused strategy and are focusing our acquisition search on U.S.-based businesses. We continue to identify and review candidates for acquisition or other investment on an ongoing basis. We are unable to assure that we will find suitable candidates that meet our business criteria or that we will be able to utilize our existing NOL carryforwards.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission on March 30, 2011. We believe there have been no new critical accounting policies or material changes to our existing critical accounting policies and estimates during the three and nine months ended September 30, 2011 compared to those discussed in our Annual Report on Form 10-K for the year ended December 31, 2010.

Recent Accounting Pronouncements

Information with respect to Recent Accounting Pronouncements may be found in Note 1 to the Notes to the Unaudited Condensed Financial Statements in "Part I. Financial Information — Item 1. Financial Statements" of this Quarterly Report on Form 10-Q.

Revenues

The Company had no revenues for the three and nine months ended September 30, 2011 or 2010 as a result of the Asset Sale.

General and Administrative Expenses

General and Administrative. General and administrative expenses consist primarily of compensation and related costs for management, staff, Board of Directors, legal and audit expenses, and corporate governance. General and administrative expenses decreased by 4% to $364,000 for the three months ended September 30, 2011 from $381,000 for the three months ended September 30, 2010. Expenses increased in the three months ended September 30, 2011 from the three months ended June 30, 2011 due to the annual shareholders meeting and higher professional fees incurred in the third quarter. General and administrative expenses decreased by 25% to $1.1 million for the nine months ended September 30, 2011 from $1.4 million for the nine months ended September 30, 2010, largely due to the higher professional fees incurred after the Asset Sale, and higher Board fees in 2010. As of September 30, 2011, we had 3 general and administrative employees compared to 3 such employees as of September 30, 2010.

Gain on the Sale of Assets

The Company recorded a $167,000 gain from the collection of escrow funds from the Asset Sale for the nine months ended September 30, 2011. No such gain was recorded in the three months ended September 30, 2011 and a $21,000 gain was recorded in the nine months ended September 30, 2010. No further funds remain in escrow.

Interest and Other Income

Interest and other income consists primarily of interest income and the change in fair value of warrant liability. Income from the decrease in the fair value of our warrants was approximately $2,000 for the three months ended September 30, 2011 compared to income of $76,000 for the three months ended September 30, 2010. Income from the decrease in the fair value of our warrants was approximately $30,000 for the nine months ended September 30, 2011 compared to income of $137,000 for the nine months ended September 30, 2010. Interest income consists of interest earned on cash and cash equivalents. Interest income was approximately $67,000 for the three months ended September 30, 2011 and $71,000 for the three months ended September 30, 2010. Interest income was approximately $191,000 for the nine months ended September 30, 2011 and approximately $208,000 for the nine months ended September 30, 2010. The decrease in interest income was due to lower cash and cash equivalents balances in the three and nine months ended September 30, 2011 compared to the same period in 2010.

Provision for Income Taxes

We have a history of net operating losses on a consolidated basis from inception through September 30, 2011. Accordingly, we have recorded a valuation allowance for the full amount of our gross deferred tax assets, as the future realization of the tax benefit for accounting purposes is not currently more likely than not.

Liquidity and Capital Resources

As of September 30, 2011, we had $38.6 million in cash, compared to $39.3 million in cash and cash equivalents at December 31, 2010. As of September 30, 2011, we had working capital of $38.5 million, compared to working capital of $39.1 million as of December 31, 2010. Additionally, our net losses since the Asset Sale has been partially offset by gains from our escrow collections. No further funds remain in escrow, and as such, our net losses and use of cash may increase from historical levels since the Asset Sale if we are not successful in acquiring or investing in a business.

Primary Driver of Cash Flow

Our ability to generate cash in the future depends primarily upon our success in acquiring one or more businesses. Since the timing of any acquisition is difficult to predict, we may not be able to generate positive cash flow in any particular future period. In addition, the interest rate that we receive on our cash will affect our ability to cover our administrative expenses. Given low current interest rates, we do not anticipate that our interest income will be sufficient to cover our administrative expenses for the foreseeable future.

Operating Cash Flow

We had negative cash flow from operating activities of $0.9 million for the first nine months of 2011, which included a $0.7 million net loss, a $0.2 million gain from the collection of escrow funds from the Asset Sale, and a $0.1 million decrease in payables. Our operating activities used $1.1 million of cash in the first nine months of 2010.

Investing Cash Flow

The Company's investing activities provided $0.2 million and $1.4 million of cash for the first nine months of 2011 and 2010, respectively, which consisted of collections on Asset Sale escrow in both years.

Financing Cash Flow

Our financing activities generated $0 in the first nine months of 2011 compared $18,000 for the first nine months of 2010. Financing activities consist of proceeds from stock option exercises in 2010.

Existence and Timing of Contractual Obligations

As of September 30, 2011, the Company had no outstanding debt commitments.

The Company subleases approximately 2,300 square feet on a month-to-month basis for our executive offices under an agreement with Nightwatch Capital Advisors, LLC, a company of which John Nemelka, our Interim Chief Executive Officer is the Managing Principal, and Paul Burgon, our Interim Chief Financial Officer, is a Principal and the Chief Financial Officer. The rent under this sublease is approximately $4,200 per month.

Off-Balance-Sheet Arrangements

As of September 30, 2011, the Company did not have any off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Outlook

As of September 30, 2011, the Company had no operating business. The Company does not expect to generate any income other than interest income until it consummates a business combination or develops other sources of income. The Company estimates that its capital resources are adequate to fund its limited operating activities for twelve months from the balance sheet date.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Interim Chief Executive Officer and the Interim Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of the Interim Chief Executive Officer and Interim Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation our Interim Chief Executive Officer and Interim Chief Financial Officer have concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In July 2001, the Company, its underwriters, and certain officers and directors were named as defendants in a securities class action lawsuit. This case is one of several hundred similar cases that have been consolidated into a single action. The complaint alleges misstatements and omissions concerning underwriters' compensation in connection with the Company's initial public offering. In February 2003, the Court denied a motion to dismiss that would have disposed of the claims against the Company. A settlement proposal, which did not admit wrongdoing, had been approved by the Board and preliminarily approved by the Court. While the parties' request for court approval of the settlement was pending, in December 2006 the Court of Appeals reversed the District Court's finding that six focus cases could be certified as class actions. In April 2007, the Court of Appeals denied the plaintiffs' petition for rehearing, but acknowledged that the District Court might certify a more limited class. At a June 26, 2007 status conference, the Court terminated the proposed settlement as stipulated among the parties. Plaintiffs filed an amended complaint on August 14, 2007. On September 27, 2007, plaintiffs filed a motion for class certification in the six focus cases, which was withdrawn on October 10, 2008. On November 13, 2007 defendants in the six focus cases filed a motion to dismiss the complaint for failure to state a claim, which the Court denied in March 2008. Plaintiffs, the issuer defendants (including the Company), the underwriter defendants, and the insurance carriers for the defendants, engaged in mediation and settlement negotiations. They reached a settlement agreement, which was submitted to the District Court for preliminary approval on April 2, 2009. As part of this settlement, the Company's insurance carrier agreed to assume the Company's entire payment obligation under the terms of the settlement. On June 10, 2009, the District Court granted preliminary approval of the proposed settlement agreement. After a September 10, 2009 hearing, the District Court gave final approval to the settlement on October 5, 2009. Several objectors have filed notices of appeal to the United States Court of Appeal for the Second Circuit from the District Court's order granting final approval of the settlement. On May 17, 2011, the Second Circuit granted the motion to dismiss one objector's appeal for violations of the Court's rules and remanded the other appeal to the District Court to determine whether objector Hayes was a class member. On August 25, 2011, the District Court issued its decision determining that Hayes was not a class member. On September 30, 2011, objector Hayes filed a notice of appeal from the District Court's decision. Although the District Court has granted final approval of the settlement agreement, there can be no guarantee that it will not be reversed on appeal. The Company believes that it has meritorious defenses to these claims. If the settlement is not implemented and the litigation continues against the Company, the Company would continue to defend against this action vigorously.

In October 2007, a lawsuit was filed in the United States District Court for the Western District of Washington by Ms. Vanessa Simmonds against certain of the underwriters of the Company's initial public offering. The plaintiff alleges that the underwriters violated section 16(b) of the Securities Exchange Act of 1934, as amended, by engaging in short-swing trades, and seeks disgorgement of profits from the underwriters in amounts to be proven at trial. On February 28, 2008, Ms. Simmonds filed an amended complaint. The suit names the Company as a nominal defendant, contains no claims against the Company and seeks no relief from the Company. This lawsuit is one of more than fifty similar actions filed in the same court. On July 25, 2008, the underwriter defendants in the various actions filed a joint motion to dismiss the complaints for failure to state a claim. In addition, certain issuer defendants in the various actions filed a joint motion to dismiss the complaints for failure to state a claim. The Company entered into a stipulation with the plaintiff, entered as an order by the Court, that the Company is not required to answer or otherwise respond to the amended complaint. Accordingly, the Company did not join the motion to dismiss filed by certain issuers. On March 12, 2009, the Court dismissed the complaint in this lawsuit with prejudice. On April 10, 2009, the plaintiff filed a notice of appeal of the District Court's order, and thereafter the underwriter defendants filed a cross appeal to a portion of the District Court's order that dismissed thirty (30) of the cases without prejudice following the moving issuers' motion to dismiss. On May 22, 2009 the Ninth Circuit issued an order granting the parties' joint motion to consolidate the 54 appeals and 30 cross-appeals. On December 2, 2010, the Ninth Circuit affirmed dismissal of the lawsuits against the 30 issuer defendants on the grounds of inadequate demand, but ordered the district court to dismiss these lawsuits with prejudice. The Ninth Circuit reversed dismissal on statute of limitations grounds, but remanded all of the remaining cases to the district court with instructions to allow the underwriter defendants and/or the remaining issuer defendants to file motions to dismiss for inadequate demand. On December 16, 2010, plaintiff and the underwriter defendants separately petitioned for a rehearing and a rehearing en banc, which petitions were denied on January 18, 2011. On January 25 and 26, 2011, the Ninth Circuit granted the motions of the underwriter defendants and of the plaintiff to stay the issuance of the court's mandate pending those parties' respective petitions for writ of certiorari to the United States Supreme Court. The plaintiffs and the underwriter defendants filed petitions for writ of certiorari on April 5, 2011 and April 15, 2011, respectively. On June 27, 2011, the Supreme Court granted the underwriter defendants' petition for writ of certiorari and denied the plaintiff's petition for writ of certiorari. Oral argument in the Supreme Court has been scheduled for November 28, 2011.

The ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact on the Company's results of operations, balance sheets and cash flows due to defense costs, and divert management resources.

ITEM 1A. RISK FACTORS.

Information regarding the Company's risk factors appears in "Part I. – Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on March 30, 2011. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4.

REMOVED AND RESERVED.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Provided Herewith**
31.01	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.02	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.01	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
32.02	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X

* These certifications accompany this Quarterly Report on Form 10-Q. They are not deemed "filed" with the Securities and Exchange Commission and are not to be incorporated by reference in any filing of SWK Holdings Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

SIGNATURES

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.

November 11, 2011

SWK Holdings Corporation

/s/ John F. Nemelka
John F. Nemelka
Interim Chief Executive Officer
(Principal Executive Officer)

/s/ Paul V. Burgon
Paul V. Burgon
Interim Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.01

CERTIFICATION

I, John F. Nemelka, Interim Chief Executive Officer of the registrant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SWK Holdings Corporation;

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 periods presented in this report;

4. The registrant’s other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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.

5. The registrant’s other certifying officer 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.

Dated: November 11, 2011

/s/ John F. Nemelka

John F. Nemelka
Interim Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, Paul Burgon, Interim Chief Financial Officer of the registrant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SWK Holdings Corporation;

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 periods presented in this report;

4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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.

5. The registrant's other certifying officer 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.

Dated: November 11, 2011

/s/ Paul V. Burgon

Paul V. Burgon
Interim Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of SWK Holdings Corporation (the "Registrant") on Form 10-Q for the quarterly period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Nemelka, Interim Chief Executive Officer of the Registrant, certify, in accordance with Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) The Report, to which this certification is attached as Exhibit 32.01, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 11, 2011

/s/ John F. Nemelka
John F. Nemelka
Interim Chief Executive Officer

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.02

**CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of SWK Holdings Corporation (the "Registrant") on Form 10-Q for the quarterly period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul Burgon, Interim Chief Financial Officer of the Registrant, certify, in accordance with Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) The Report, to which this certification is attached as Exhibit 32.02, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 11, 2011

/s/ Paul V. Burgon
Paul V. Burgon
Interim Chief Financial Officer

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.