

SECTOR 10 INC  
Form 10-K  
July 14, 2016

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended March 31, 2016

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

Commission File No. 000-24370

Sector 10, Inc.

(Name of small business issuer in its charter)

Delaware

State or other jurisdiction of incorporation or organization) 33-0565710 (I.R.S. Employer Identification Number)

222 South Main Street, 5<sup>th</sup> Floor

Salt Lake City, UT 84101

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Include Area Code: (206) 853-4866

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class Name of Each Exchange on Which Registered

None None

Securities Registered Pursuant to Section 15(d) of the Act:

Common Stock, \$0.001 par value

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve (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 ninety (90) days. Yes No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Issuer's revenues for its most recent fiscal year were \$0.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and ask prices of such stock, as of a specified date within the past 60 days:

As of July 8, 2016, the Registrant had 305,778 shares of Common Stock issued and outstanding with an average market value of \$.004 per share for a total market value of \$1,223.

**DOCUMENTS INCORPORATED BY REFERENCE**

List hereunder the following documents if incorporated by reference and the part of the form 10-K (e.g. part I, part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or other information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) under the Securities Act of 1933: None.

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TABLE OF CONTENTS

	Page
PART I	
ITEM 1. DESCRIPTION OF BUSINESS	3
ITEM 2. DESCRIPTION OF PROPERTY	3
ITEM 3. LEGAL PROCEEDINGS	3
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	4
PART II	
ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES	4
ITEM 6. SELECTED FINANCIAL DATA	4
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION	5
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	8
ITEM 8. FINANCIAL STATEMENTS	11
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	21
ITEM 9A. CONTROLS AND PROCEDURES	22
ITEM 9B. OTHER INFORMATION	23
PART III	
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	23
ITEM 11. EXECUTIVE COMPENSATION	25
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	27
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	27

ITEM 14.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	27
ITEM 15.	EXHIBITS	28
	SIGNATURES	28

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This periodic report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management. Statements in this periodic report that are not historical facts are hereby identified as "forward-looking statements".

#### Business

The Company markets the MRU and SRU products and the PLX-3D technology. In 2009, the Company was planning to release the technology and its MRU and SRU products in San Francisco and other cities in the US with the help of the Gage Group and other parties.

In 2009, the outside Manufacturer breached the manufacturing contract. In 2009 and in subsequent years, it was also discovered that the manufacturer and its affiliates had been conducting a technology transfer to other parties. Litigation is pending regarding these matters in Utah state court.

#### Employees

As of March 31, 2016, the Company has 2 employees and no current payroll. A total of 2 persons (CEO and CFO) work part time for the company and also work with the majority shareholder Sector 10 Holdings, Inc. Beginning in May, 2009, the CEO and CFO compensation was accrued on the Company books. No cash compensation was paid during the fiscal year.

The Company is in the midst of litigation that has delayed any funding efforts needed to be in place before operations may continue in a manner consistent with its original strategic plan.

### ITEM 2. DESCRIPTION OF PROPERTIES

The Company's administrative offices are located in an office facility located at 222 South Main Street, 5<sup>th</sup> Floor Salt Lake City, UT 84101. The facility is leased on a month to month basis.

### ITEM 3. LEGAL PROCEEDINGS

The Company is aware of the following situation regarding litigation, pending or threatened, to which it is a party.

Dutro Company, Reality Engineering, William Dutro, Vicki Davis, Lee Allen, Valley Inception, LLC, Incisive Software Corporation and Promixex Corporation.

The Company has filed a claim against the Dutro Group and other defendants to seek relief for the damages incurred by Group's actions. The Dutro Group consists of Dutro Company, Reality Engineering, William Dutro, Vicki Davis, Lee Allen, Valley Inception, LLC, Incisive Software Corporation and Promixex Corporation.

The Company seeks relief and recovery from the breach of contract and the breakup and transfer by the parties of the technology which ended up with The ADT Corp ("ADT") / Tyco Corp ("TYC") under the label of "Surveillint".

The litigation has been ongoing for multiple years and is expected to continue at least into the fiscal year ended March 31, 2017.

Recently the defendants filed a request for a dismissal with prejudice. The request for dismissal was denied. The case is expected to go to trial within the fiscal year ended March 31, 2017

3

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## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's shareholders through the solicitation of proxies, during the Company's fiscal year ended March 31, 2016

## PART II

## ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASER OF EQUITY SECURITIES

The pending litigation has impacted the Company operations which has caused delays in filing various reports. Due to the late filing, the Company Common Stock trading has been moved from the Over the Counter Bulletin Board under the symbol SECI.OB to trading on the Pink Sheets under the symbol SECI.PK. Prior to May 19, 2009, the stock traded under the symbol "SECT.OB." The Company's stock began trading subsequent to its year end of March 31, 2010. Since its inception, the Company has not paid any dividends on its Common Stock, and the Company does not anticipate that it will pay dividends in the foreseeable future. As of July 1, 2016, the Company had approximately 206 shareholders of record.

The following chart sets out the Open, High, Low, Close, Volume and Adjusted Close Price for the stock for the period from March 31, 2015 until March 31, 2016. The dates represent the last trading date for the respective month:

<u>Date</u>	Volume	Open	High	Low	Close
3/31/2016	0	0.004	0.004	0.004	0.004
2/27/2016	0	0.065	0.065	0.065	0.065
1/31/2016	0	0.004	0.004	0.004	0.004
12/31/2015	0	0.004	0.004	0.004	0.004
11/30/2015	0	0.004	0.004	0.004	0.004
10/31/2015	0	0.050	0.050	0.050	0.050
9/30/2015	0	0.050	0.050	0.050	0.050
8/31/2015	0	0.050	0.050	0.050	0.050
7/31/2015	0	0.050	0.050	0.050	0.050
6/30/2015	0	0.050	0.050	0.050	0.050
5/31/2015	0	0.050	0.050	0.050	0.050
4/30/2015	0	0.050	0.050	0.050	0.050
3/31/2015	0	0.070	0.070	0.070	0.070

The Company's transfer agent is OTC Stock Transfer, Inc. of Salt Lake City, Utah.

## ITEM 6. SELECTED FINANCIAL DATA

None

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

The Company's cash balance is insufficient to satisfy the Company's cash requirements for the next 12 months. Due to issues surrounding Dutro Group and other pending litigation, the ability to deliver products to customers has been delayed. Litigation involving various parties continues and is expected to continue for the foreseeable future. The impact of the issues surrounding the litigation impact the Company's ability to obtain funding needed to operate the Company according to their strategic plans.

Our notes to the financial statements disclose that the cash flow of the Company has been absorbed in operating activities, has incurred net losses for the fiscal year and has a working capital deficiency. Due to the pending litigation and the current restructuring, the Company operations are not likely to produce positive cash flow until at least the fiscal year ended March 31, 2018. These factors raise substantial doubt about our ability to continue as a going concern. Our going concern uncertainty may affect our ability to raise additional capital, and may also affect our relationships with suppliers and customers. Investors should carefully examine our financial statements and read the notes to the financial statements.

Results of Operations for the year ended March 31, 2016 as compared to the year ended March 31, 2015.

Revenues -

The Company had no revenues for the fiscal year ended March 31, 2016.

The Company had no revenues for the fiscal year ended March 31, 2015.

Other Income-

The Company had no other income for the fiscal year ended March 31, 2016.

The Company had no other income for the fiscal year ended March 31, 2015.

Cost of Sales -

The Company had no cost of sales or other operating expenses for the fiscal year ended March 31, 2016.

The Company had no cost of sales or other operating expenses for the fiscal year ended March 31, 2015.

General and Administrative Expenses -

General and administrative expenses were \$828,441 for the fiscal year ended March 31, 2016. These expenses are made up of wages - \$654,000, professional fees - \$80,000, payroll taxes - \$65,400, insurance expenses - \$16,322, registration/filing fees - \$9,670, transfer fees & franchise fees - \$3,049.

General and administrative expenses were \$815,830 for the fiscal year ended March 31, 2015. These expenses are made up of wages - \$594,000, professional fees - \$122,500, payroll taxes - 59,400, inventory write-down - \$18,409, insurance expenses - \$14,266, registration/filing /transfer fees/financing & franchise fees - 7,255.



Depreciation Expense –

Depreciation expense was \$0 for the fiscal year ended March 31, 2016.

Depreciation expense was \$0 for the fiscal year ended March 31, 2015.

Interest expense

The Company had interest expense of \$308,777 for the year ended March 31, 2016.

The Company had interest expense of \$258,657 for the year ended March 31, 2015.

Other expense

The Company had no other expense for the year ended March 31, 2016.

The Company had no other expense for the year ended March 31, 2015.

Liquidity and Capital Resources

Cash and cash equivalents -

We believe our bank balance of \$0 with a deficit in working capital of \$7,292,044 as of March 31, 2016 is not sufficient to meet our working capital requirements for the coming year.

Total assets -

We currently have \$0 assets for the year ended March 31, 2016.

Working capital -

As of this filing date, the Company is in the midst of litigation and in the process of restructuring its operations in order to raise capital and continue in its efforts to manufacture and distribute its products. The restructuring will not be complete until the litigation has been completed. Potential funding for operations is not expected until sometime in the fiscal year ended March 31, 2017 or beyond.

Our auditors are of the opinion that our continuation as a going concern is in doubt. Our continuation as a going concern is dependent upon continued financial support from our shareholders and other related parties. **THE FINANCIAL STATEMENTS, RELATED NOTES AND THE OTHER INFORMATION INCLUDED IN THIS REPORT HAVE NOT BEEN REVIEWED BY THE COMPANY'S OUTSIDE ACCOUNTANT PRIOR TO THE FILING OF THIS REPORT.**

Liabilities -

Current liabilities as of March 31, 2016 were \$7,292,044. The balance was composed of accounts payable and accrued liabilities of \$6,568,429 and note payable to outside investors of \$723,615.

Current liabilities as of March 31, 2015 were \$6,154,827. The balance was composed of accounts payable and accrued liabilities of \$5,431,212 and note payable to outside investors of \$723,615.

Long term liabilities as of March 31, 2016 were \$0.

Long term liabilities as of March 31, 2015 were \$0.

6

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Total liabilities as of March 31, 2016 were \$7,292,044.

Total liabilities as of March 31, 2015 were \$6,154,827.

Cash flows -

	Year Ended March 31, 2016	Year Ended March 31, 2015
Sources and Uses of Cash		
Net cash provided by / (used in)		
Operating activities	\$ 0	\$ 0
Investing activities	0	0
Financing activities	0	0