

FRAWLEY CORP
Form 10-Q
May 12, 2003
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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2002**

OR

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

For the transition period from _____ to _____.

Commission File Number **1-6436**

FRAWLEY CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware

95-2639686

(STATE OR OTHER JURISDICTION OF INCORPORATION)

(I.R.S. EMP I.D. NO)

5737 Kanan Rd. PMB # 188, Agoura Hills, California

91301

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(818) 735-6640

(REGISTRANT S TELEPHONE NUMBER, INCLUDING AREA CODE)

(FORMER NAME, ADDRESS AND FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

Indicated 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 the number of shares outstanding of each of the issuer s classes of common stock, as of the close of the latest practicable date.

Class

Outstanding at September 30, 2002

Common stock, par value \$1

1,222,905

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FRAWLEY CORPORATION AND SUBSIDIARIES

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ITEM I: FINANCIAL STATEMENTS
FRAWLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>SEPTEMBER 30,</u> <u>2002</u>	<u>DECEMBER 31,</u> <u>2001</u>
(Unaudited)		
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	6,000	\$ 135,000
Accounts receivable, net	6,000	
Prepaid expenses and other deposits	41,000	66,000
Current assets of discontinued operations	563,000	542,000
	<u>616,000</u>	<u>743,000</u>
TOTAL CURRENT ASSETS	616,000	743,000
Real estate investments, net	1,291,000	1,276,000
Non-current assets of discontinued operations	8,000	416,000
	<u>1,915,000</u>	<u>2,435,000</u>
TOTAL ASSETS	\$ 1,915,000	\$ 2,435,000
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Notes payable to stockholders	\$ 2,651,000	\$ 2,416,000
Accounts payable and accrued expenses	1,261,000	962,000
Environmental reserve	78,000	209,000
Current liabilities of discontinued operations	406,000	1,481,000
	<u>4,396,000</u>	<u>5,068,000</u>
TOTAL CURRENT LIABILITIES	4,396,000	5,068,000
LONG TERM LIABILITIES		
Environmental reserve	1,424,000	1,424,000
	<u>1,424,000</u>	<u>1,424,000</u>
TOTAL LIABILITIES	5,820,000	6,492,000
STOCKHOLDERS' DEFICIT:		
Preferred stock, par value \$1 per share:		
Authorized, 1,000,000 shares; none issued		
Common stock, par value \$1 per share; Authorized, 6,000,000 shares, issued 1,414,217 shares	1,414,000	1,414,000
Capital surplus	16,986,000	16,986,000
Accumulated deficit	(21,544,000)	(21,696,000)
	<u>(3,144,000)</u>	<u>(3,296,000)</u>
Less common stock in treasury, 191,312 shares (at cost)	(761,000)	(761,000)
	<u>(3,905,000)</u>	<u>(4,057,000)</u>
TOTAL STOCKHOLDERS' DEFICIT	(3,905,000)	(4,057,000)
	<u>\$ 1,915,000</u>	<u>\$ 2,435,000</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 1,915,000	\$ 2,435,000

See notes to consolidated financial statements.

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FRAWLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,	
	2002	2001
REVENUES:		
Net revenues	\$ 1,000	\$ 547,000
COSTS AND EXPENSES:		
Cost of operations		418,000
Selling, general and administrative expenses	55,000	294,000
Interest expense	67,000	88,000
Loss from sale of real estate		27,000
TOTAL COSTS AND EXPENSES	122,000	827,000
LOSS FROM CONTINUING OPERATIONS	(121,000)	(280,000)
LOSS FROM DISCONTINUED OPERATIONS	(45,000)	
NET LOSS	\$ (166,000)	\$ (280,000)
LOSS PER SHARE FROM CONTINUING OPERATIONS	\$ (0.10)	\$ (0.23)
NET LOSS PER SHARE, COMMON	\$ (0.14)	\$ (0.23)
FULLY DILUTED	\$ (0.14)	\$ (0.23)
Weighted average number of common shares outstanding	1,222,905	1,222,905

See notes to consolidated financial statements.

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**FRAWLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

	Nine Months Ended September 30,	
	2002	2001
REVENUES:		
Net operating revenues	\$ 11,000	\$ 1,906,000
COSTS AND EXPENSES:		
Cost of operations		1,356,000
Selling, general and administrative expenses	175,000	823,000
Interest expense	190,000	258,000
Loss from sale of real estate		31,000
TOTAL COST AND EXPENSES	365,000	2,468,000
LOSS FROM CONTINUING OPERATIONS	(354,000)	(562,000)
INCOME FROM DISCONTINUED OPERATIONS	506,000	
NET INCOME/(LOSS)	\$ 152,000	\$ (562,000)
LOSS PER SHARE FROM CONTINUING OPERATIONS	\$ (0.29)	\$ (0.46)
NET INCOME/(LOSS) PER SHARE, COMMON	\$ 0.12	\$ (0.46)
FULLY DILUTED	\$ 0.12	\$ (0.46)
Weighted average number of common shares outstanding	1,222,905	1,222,905

See notes to consolidated financial statements.

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FRAWLEY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ 152,000	\$ (562,000)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Gain on sale of assets	(781,000)	
Loss on sale of real estate		31,000
Depreciation		23,000
Change in net assets of discontinued operations	(28,000)	
Change in net liabilities of discontinued operations	121,000	
Changes in operating assets and liabilities:		
Short and long-term accounts receivable, net	(6,000)	28,000
Prepaid expenses and deposits	25,000	3,000
Accounts payable and accrued expenses	168,000	268,000
Unearned revenue		(4,000)
TOTAL ADJUSTMENTS	(501,000)	349,000
NET CASH USED IN OPERATING ACTIVITIES	(349,000)	(213,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate investments	(15,000)	(5,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt borrowings	235,000	145,000
Proceeds from sale of real estate		