

FRAWLEY CORP  
Form 10-Q  
November 13, 2006

**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, 2006

OR

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 1-6436

**FRAWLEY CORPORATION**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION)

95-2639686  
(I.R.S. EMP I.D. NO)

5737 Kanan Rd. PMB # 188, Agoura Hills, California  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

91301  
(ZIP CODE)

(818)735-6640  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

&#160;

(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 by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.):

Edgar Filing: FRAWLEY CORP - Form 10-Q

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.

Common stock, par value \$1  
(Class)

1,222,905  
Outstanding at September 30, 2006

Total Number of Pages 15

---

FRAWLEY CORPORATION AND SUBSIDIARIES

INDEX

PART I:	FINANCIAL INFORMATION	PAGE NO.
	Item 1: Financial Statements	
	Consolidated Balance Sheets September 30, 2006 and December 31, 2005	3
	Consolidated Statements of Operations Three Months ended September 30, 2006 and 2005	4
	Consolidated Statements of Operations Nine Months Ended September 30, 2006 and 2005	5
	Consolidated Statements of Cash Flows Nine Months Ended September 30, 2006 and 2005	6
	Notes to Consolidated Financial Statements	7
	Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations	8
PART II:	OTHER INFORMATION	
	Item 1: Legal Proceedings	9-10
	Item 5: Other Information	10
	Item 6: Exhibits and Reports on Form 8-K	11
	SIGNATURES	12

**ITEM I: FINANCIAL STATEMENTS**  
**FRAWLEY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	SEPTEMBER 30, 2006 (Unaudited)	DECEMBER 31, 2005
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,000	\$ 7,000
Accounts receivable, net	4,000	-
Prepaid expenses and other current assets	-	24,000
<b>TOTAL CURRENT ASSETS</b>	<b>6,000</b>	<b>31,000</b>
Real estate investments, net	457,000	812,000
Investment in partnership	16,000	16,000
<b>TOTAL ASSETS</b>	<b>\$ 479,000</b>	<b>\$ 859,000</b>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>CURRENT LIABILITIES</b>		
Notes payable to stockholders	\$ 2,084,000	\$ 2,338,000
Accounts payable and accrued expenses	179,000	287,000
Environmental reserve	78,000	115,000
Interest payable to related parties	1,788,000	1,651,000
Deposits	378,000	374,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,507,000</b>	<b>4,765,000</b>
<b>LONG TERM LIABILITIES</b>		
Environmental reserve	1,070,000	1,220,000
<b>TOTAL LIABILITIES</b>	<b>5,577,000</b>	<b>5,985,000</b>
<b>STOCKHOLDERS' DEFICIT:</b>		
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	17,209,000	17,209,000
Accumulated deficit	(22,960,000)	(22,988,000)
	(4,337,000)	(4,365,000)
Less common stock in treasury,		

Edgar Filing: FRAWLEY CORP - Form 10-Q

191,312 shares (at cost)	(761,000)	(761,000)
TOTAL STOCKHOLDERS' DEFICIT	(5,098,000)	(5,126,000)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 479,000	\$ 859,000

See notes to consolidated financial statements.

FRAWLEY CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (UNAUDITED)

	Three Months Ended SEPTEMBER 30	
	2006	2005
<b>REVENUES:</b>		
Net revenue	\$ -	\$ 1,000
<b>COSTS AND EXPENSES:</b>		
Selling, general and administrative expenses	40,000	52,000
Interest expense	51,000	57,000
<b>TOTAL COSTS AND EXPENSES</b>	<b>91,000</b>	<b>109,000</b>
<b>NET LOSS</b>	<b>\$ (91,000)</b>	<b>\$ (108,000)</b>
<b>NET LOSS PER SHARE, COMMON</b>	<b>\$ (0.07)</b>	