

FRAWLEY CORP  
Form 10-Q  
August 10, 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 June 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)

(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.

Common stock, par value \$1  
(Class)

1,222,905  
Outstanding at June 30, 2006

Total Number of Pages 14

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FRAWLEY CORPORATION AND SUBSIDIARIES

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

	JUNE 30, 2006 (Unaudited)	DECEMBER 31, 2005
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 23,000	\$ 7,000
Accounts receivable, net	4,000	-
Prepaid expenses and other current assets	1,000	24,000
<b>TOTAL CURRENT ASSETS</b>	<b>28,000</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>\$ 501,000</b>	<b>\$ 859,000</b>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>CURRENT LIABILITIES</b>		
Notes payable to stockholders	\$ 2,063,000	\$ 2,338,000
Accounts payable and accrued expenses	140,000	287,000
Environmental reserve	115,000	115,000
Interest payable to related parties	1,736,000	1,651,000
Deposits	384,000	374,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,438,000</b>	<b>4,765,000</b>
<b>LONG TERM LIABILITIES</b>		
Environmental reserve	1,070,000	1,220,000
<b>TOTAL LIABILITIES</b>	<b>5,508,000</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	(22,869,000)	(22,988,000)
	(4,246,000)	(4,365,000)
Less common stock in treasury, 191,312 shares (at cost)	(761,000)	(761,000)

TOTAL STOCKHOLDERS' DEFICIT	(5,007,000)	(5,126,000)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 501,000	\$ 859,000

See notes to consolidated financial statements.

FRAWLEY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three Months Ended JUNE 30	
	2006	2005
<b>REVENUES:</b>		
Net revenue	\$ 2,000	\$ -
<b>COSTS AND EXPENSES:</b>		
Selling, general and administrative expenses	39,000	44,000
Interest expense	53,000	55,000
<b>TOTAL COSTS AND EXPENSES</b>	<b>92,000</b>	<b>99,000</b>
<b>NET LOSS</b>	<b>\$ (90,000)</b>	<b>\$ ( 99,000)</b>
<b>NET LOSS PER SHARE, COMMON</b>	<b>\$ (0.07)</b>	<b>\$ (0.08)</b>
<b>FULLY DILUTED</b>	<b>\$ (0.07)</b>	<b>\$ (0.08)</b>
<b>Weighted average number of Common shares outstanding</b>		
	1,222,905	1,222,905

See notes to consolidated financial statements.