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FRANKLIN CAPITAL CORP
Form 8-K
June 17, 2002

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): April 3, 2002

FRANKLIN CAPITAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-9727

13-3419202

(Commission File Number)

(I.R.S. Employer Identification No.)

450 PARK AVENUE, 10TH FLOOR
NEW YORK, NEW YORK

10022

(Address of Principal Executive offices)

(Zip Code)

(212) 486-2323

(Registrant's Telephone Number, Including Area Code)

NOT APPLICABLE

(Former Name or Former Address, if changed Since Last Report)

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ITEMS 2 AND 5. ACQUISITION OR DISPOSITION OF ASSETS AND OTHER EVENTS.

As previously disclosed in a Form 8-K (the "April Form 8-K") filed by Franklin Capital Corporation ("Franklin") on April 12, 2002, on April 3, 2002 Dial Communications Global Media, Inc., a newly formed wholly-owned subsidiary of Excelsior Radio Networks, Inc. ("Excelsior"), completed the acquisition of

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substantially all of the assets of Dial Communications Group, Inc. ("DCGI"), and Dial Communications Group, LLC ("DCGL" and together with DCGI, the "Dial Entities") used in connection with the Dial Entities' business of selling advertising relating to radio programming (the "Acquisition"). Concurrent with the Acquisition, Excelsior issued promissory notes to Change Technology Partners, Inc. and Sunshine II, LLC totaling \$7,000,000 (in the aggregate, the "Notes").

As contemplated in the April Form 8-K, attached hereto is financial information relative to the Acquisition.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a), (b) Included in the following financial information, under the column "Dial Communications", is the historical financial information of DCGL for the periods presented. The following unaudited pro forma combined financial information for Franklin gives effect to the Acquisition and issuance of the Notes. Franklin is registered as a business development company and as such files its financial statements under the Investment Company Act of 1940. The pro forma financial statements reflect the accounting presentation as an Investment Company. The unaudited pro forma combined statements of operations for the three months ended March 31, 2002 give pro forma effect to the Acquisition and issuance of the Notes as if the Acquisition had occurred, and the Notes had been issued, on January 1, 2002. The unaudited pro forma condensed combined balance sheet as of March 31, 2002 gives pro forma effect to the Acquisition and related purchase accounting adjustments as if the Acquisition had occurred, and the Notes had been issued, on March 31, 2002. The unaudited pro forma combined statements of operations for the year ended December 31, 2001 give pro forma effect to the Acquisition and issuance of the Notes as if the Acquisition had occurred, and the Notes had been issued, on January 1, 2001. The pro forma adjustments relating to the Acquisition and Notes are described in the notes to the pro forma combined financial information.

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The unaudited pro forma combined financial information does not purport to represent the results of operations or the financial position of Franklin that would have resulted had the Acquisition been consummated as of the date or for the period indicated, and does not purport to be indicative of the effects that may be expected to occur in the future. The historical financial information set forth below has been derived from, and is qualified by reference to, the financial statements of Franklin previously filed with the Securities and Exchange Commission for the periods presented and should be read in conjunction with those financial statements and notes thereto.

(c) None.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

FRANKLIN CAPITAL CORPORATION

Date: June 17, 2002

By: /s/ Spencer L. Brown

Spencer L. Brown
Senior Vice-President

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FRANKLIN CAPITAL CORPORATION

PRO-FORMA STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31,	2001	DIAL COMMUNICATIONS	ADJ
INVESTMENT INCOME			
Interest on short term investments and money market accounts	\$45,953		
Dividend income	26,744		
Income from majority-owned affiliates	120,000		

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Other income	-	\$4,405,558	(\$
	-----	-----	-----
	192,697	4,405,558	(
	-----	-----	-----
EXPENSES			
Salaries and employee benefits	933,081	2,572,258	(
Professional fees	168,618	11,459	
Rent	126,134	103,417	
Insurance	41,955		
Directors' fees	18,802		
Taxes other than income taxes	40,394		
Newswire and promotion	5,707		
Depreciation and amortization	19,994		
General and administrative	224,697	663,015	
	-----	-----	-----
	1,579,382	3,350,149	(
	-----	-----	-----
Net investment loss from operations	(1,386,685)	1,055,409	(
Net realized gain (loss) on portfolio of investments:			
Investment securities:			
Affiliated	7,613		
Unaffiliated	512,842		

Total investment securities	520,455		
Net realized gain on portfolio of investments	520,455		
Benefit for current income taxes	(1,676)	66,000	
	-----	-----	-----
Net realized loss	(864,554)	989,409	(
	-----	-----	-----
Decrease in unrealized appreciation of investments, net Investment securities:			
Affiliated	279,699		
Unaffiliated	(1,833,455)		

Total investment securities	(1,553,756)		
Decrease in unrealized appreciation of investments	(1,553,756)		

Decrease increase in net assets from operations	(2,418,310)	989,409	(
	-----	-----	-----
Preferred dividends	115,150		

Net (decrease) increase in net assets attributable to common stockholders	(\$2,533,460)	\$989,409	(
	=====	=====	=====
Basic and diluted net (decrease) increase in net assets per share attributable to common stockholders	(\$2.34)	\$0.91	(
	=====	=====	=====

FRANKLIN CAPITAL CORPORATION

PRO-FORMA STATEMENTS OF OPERATIONS
(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31,	2002	DIAL COMMUNICATIONS
INVESTMENT INCOME		
Dividend income	\$ -	
Interest income	1,549	
Management fees	90,000	
Other income	-	\$1,095,307
	-----	-----
	91,549	1,095,307
	-----	-----
EXPENSES		
Salaries and employee benefits	181,776	523,498
Professional fees	35,925	34,029
Rent	35,154	27,605
Insurance	11,148	
Directors' fees	500	
Taxes other than income taxes	18,896	
Newswire and promotion	1,000	
Depreciation and amortization	4,243	
Interest expense	8,850	
General and administrative	48,498	123,045
	-----	-----
	345,990	708,177
	-----	-----
Net investment loss from operations	(254,441)	387,130
Net realized (loss) gain on portfolio of investments:		
Investment securities:		
Affiliated	-	
Unaffiliated	(23,507)	

Total investment securities	(23,507)	
Net realized (loss) gain on portfolio of investments	(23,507)	

Provision for current income taxes	-	14,050
	-----	-----
Net realized loss	(277,948)	373,080

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Increase (decrease) in unrealized appreciation of investments:

Investment securities:

Affiliated	-
Unaffiliated	37,833

Total investment securities	37,833
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Increase (decrease) in unrealized appreciation of investments

37,833

Net decrease in net assets from operations

(240,115)

373,080

Preferred dividends

28,788

Net decrease in net assets attributable to common stockholders

(\$268,903)

\$373,080

Basic and diluted net decrease attributable to common stockholders per share

(\$0.25)

\$0.34

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FRANKLIN CAPITAL CORPORATION

PRO-FORMA BALANCE SHEET

	MARCH 31, 2002 (UNAUDITED)	DIAL COMMUNICATIONS
ASSETS		
Marketable investment securities, at market value (cost: March 31, 2002 - \$57,660)	\$62,175	
Investments, at fair value (cost: March 31, 2002 - \$3,757,830)		
Excelsior Radio Networks, Inc.	2,250,000	
Other investments	1,358,915	
	3,608,915	
Cash and cash equivalents	116,737	\$659,116
Accounts receivable		679,347
Other assets	99,937	120,438

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TOTAL ASSETS	\$3,887,764 =====	\$1,458,901 =====	(

LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Notes payable	\$1,000,000		
Accounts payable and accrued liabilities	234,922	\$217,482	
	-----	-----	
TOTAL LIABILITIES	1,234,922	217,482	
	-----	-----	
Commitments and contingencies			
STOCKHOLDERS' EQUITY			
Convertible preferred stock, \$1 par value, cumulative 7% dividend:			
5,000,000 shares authorized; 16,450 shares issued and outstanding at March 31, 2002 (Liquidation preference \$1,645,000)	16,450		
Common stock, \$1 par value: 5,000,000 shares authorized; 1,505,888 shares issued:1,074,700 shares outstanding at March 31, 2002	1,505,888		
Paid-in capital - common stock	10,271,610		
Unrealized depreciation of investments	(144,400)		
Accumulated deficit	(6,477,350)	1,241,419	
	-----	-----	
	5,172,198	1,241,419	
Deduct common stock held in treasury, at cost, 431,188 shares at March 31, 2002	(2,519,356)		

Net assets	2,652,842	1,241,419	
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,887,764 =====	\$1,458,901 =====	(

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Notes to Pro Forma Combined Financial Information:

1. Adjustment to reflect Franklin filing under the Investment Act of 1940. Franklin's majority-owned investment Excelsior purchased the assets of Dial. Dial will be consolidated into Excelsior. Since Franklin files under the Investment Act of 1940, Franklin reflects its investment in Excelsior and does not consolidate Excelsior.

2. Adjustment to reflect the receipt by Franklin of \$300,000 for Franklin's obligations in connection with any Franklin common stock that may be issued pursuant to the terms of the purchase agreement or the promissory notes issued in consideration of the purchase of Dial. Any common stock issued in the future would be recorded as an entry to common stock and additional paid in capital.

