

SECURITY CAPITAL CORP/DE/  
Form 10-Q  
May 15, 2002

## UNITED STATES

# 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 March 31, 2002.**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from            to            .**

1-7921

(Commission file number)

## Security Capital Corporation

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13-3003070**

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

**Three Pickwick Plaza, Suite 310, Greenwich, CT. 06830**  
(Address of principal executive offices, including zip code)

**(203) 625-0770**

(Registrant's telephone number, including area code)

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N.A.

(Former address, if changed since last report)

Indicate 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

As of May 14, 2002, there were 6,450,587 outstanding shares of Class A Common Stock, par value \$ .01, and 380 outstanding shares of Common Stock, par value \$ .01, of the registrant.

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Security Capital Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

	March 31, 2002 (Unaudited)	December 31, 2001 (Note 1)
(in thousands, except share and per share amounts)		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,171	\$ 11,562
Accounts receivable (less allowances for doubtful accounts of \$614 and \$850, respectively)	12,770	11,111
Inventories	4,894	4,557
Deferred tax assets	1,153	1,364
Other current assets	1,684	1,660
Total current assets	25,672	30,254
Property and equipment (less accumulated depreciation of \$3,491 and \$2,943, respectively)	5,292	5,385
Goodwill (less accumulated amortization of \$7,149 and \$7,149, respectively)	60,290	60,290
Franchise agreements (less accumulated amortization of \$1,240 and \$1,135, respectively)	7,510	7,615
Other intangible assets (less accumulated amortization of \$1,679 and \$1,539, respectively)	2,555	2,453
Deferred tax assets	408	626
Other assets	769	662
Total assets	\$ 102,496	\$ 107,285
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt and other obligations	\$ 7,898	\$ 9,591
Accounts payable	2,619	2,549
Accrued expenses and other liabilities	5,871	5,977
Unearned revenues	17,191	12,103
Notes payable	3,425	6,600
Total current liabilities	37,004	36,820
Long-term debt	27,299	33,873
Other long-term obligations	3,868	2,887
Total liabilities	68,171	73,580
Minority interests	3,725	3,553
Redeemable convertible preferred stock (liquidation value \$5,000)	2,962	2,867
Stockholders' equity:		
Common stock, \$.01 par value, 7,500 shares authorized, 380 shares issued and outstanding		
Class A common stock, \$.01 par value, 10,000,000 shares authorized, 6,458,309 shares issued, 6,450,587 shares outstanding	65	65
Additional paid-in capital	66,433	66,528
Accumulated deficit	(38,775)	(39,223)
Less: treasury stock, at cost, 7,722 shares	(85)	(85)

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Total stockholders' equity		27,638		27,285
Total liabilities and stockholders' equity	\$	102,496	\$	107,285

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Security Capital Corporation and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31,	
	2002	2001 (as restated, see Note 1)
	(in thousands except per share amounts)	
<b>Revenues:</b>		
Employer cost containment-related services	\$ 15,268	\$ 11,495
Seasonal products	2,894	2,779
Educational services	2,275	1,822
<b>Total revenues</b>	<b>20,437</b>	<b>16,096</b>
<b>Cost of revenues:</b>		
Employer cost containment-related services	1,568	1,067
Seasonal products	1,744	1,298
Educational services	373	321
<b>Total cost of revenues</b>	<b>3,685</b>	<b>2,686</b>
<b>Gross profit</b>	<b>16,752</b>	<b>13,410</b>
Selling, general and administrative expenses	13,605	11,324
Amortization and depreciation	711	1,439
<b>Operating income</b>	<b>2,436</b>	<b>647</b>
Interest expense	(1,235)	(1,355)
Other expense	(33)	(194)
<b>Income (loss) before income taxes and minority interest</b>	<b>1,168</b>	