

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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FILER

**NATIONAL PATENT DEVELOPMENT CORP**

CIK: **70415** | IRS No.: **131926739** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q/A** | Act: **34** | File No.: **001-07234** | Film No.: **94500271**  
SIC: **8200** Educational services

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 2  
TO  
FORM 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
For the quarter ended September 30, 1993

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: 1-7234

NATIONAL PATENT DEVELOPMENT CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

Delaware 13-1926739

(State or other jurisdiction of incorporation or organization (I.R.S. Employer Identification No.)

9 West 57th Street, New York, NY 10019

(Address of principal executive offices) (Zip code)  
(212) 826-8500

(Registrant's telephone number, including area code)

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      X

No

Number of shares outstanding of each of issuer's classes of common stock as of November 12, 1993:

Common Stock                      18,522,594 shares

Class B Capital                      250,000 shares

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

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Part I. Financial information is hereby amended and restated in its entirety as follows:

PART I. FINANCIAL INFORMATION

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(unaudited)

(in thousands)

	September 30, 1993	December 31, 1992
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,608	\$ 17,921
Restricted cash		1,200
Marketable securities, at lower of cost or market		4,553
Accounts and other receivables, of which \$9,563 and \$9,970 is from government contracts	42,136	41,171
Inventories	21,748	24,353
Costs and estimated earnings in excess of billings on uncompleted contracts, of which \$4,527 and \$5,073 relates to government contracts	12,441	10,702
Prepaid expenses and other current assets	4,696	4,009
Total current assets	91,629	103,909
Investments	27,218	23,168
Property, plant and equipment, at cost	35,112	43,583
Less accumulated depreciation	(19,942)	(22,043)
	15,170	21,540
Intangible assets, net of amortization	30,738	32,968
Investment in financed assets	3,497	5,507
Other assets	3,608	5,557
	\$171,860	\$192,649

See accompanying notes to the consolidated condensed financial statements.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS (Continued)

(unaudited)

(in thousands)

September 30, December 31,  
1993

1992

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Current maturities of long-term debt	\$ 5,746	\$ 7,067
Short-term borrowings	22,357	28,977
Accounts payable and accrued expenses	19,841	18,992
Billings in excess of costs and estimated earnings on uncompleted contracts	6,612	3,996
Total current liabilities	54,556	59,032
Long-term debt less current maturities	48,039	57,085
Notes payable for financed assets	959	3,109
Minority interests and other	2,482	9,600

Stockholders' equity

Common stock	180	159
Class B capital stock	2	2
Capital in excess of par value	103,010	96,713
Deficit	(37,368)	(33,051)
Total stockholders' equity	65,824	63,823
	\$171,860	\$192,649

See accompanying notes to the consolidated condensed financial

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	Three months		Nine months	
	ended September 30,		ended September 30,	
	1993	1992	1993	1992
Revenues				
Sales	\$ 47,250	\$ 52,554	\$147,328	\$149,907
Investment and other income, net	(1,163)			

		(3,803)	2,305	(1,013)
	46,087	48,751	149,633	148,894
Costs and expenses				
Costs of goods sold	39,649	43,890	124,574	125,384
Selling, general & administrative	9,042			
		8,651	27,237	25,885
Research & development	223			
		1,141	2,539	3,371
Interest	2,173	2,878	7,133	8,479
	51,087	56,560	161,483	163,119
Minority interests	45			
		641	2,048	1,900
Gain on disposition of stock of a subsidiary and an affiliate	3,795		3,795	
Loss before income taxes and extraordinary item	(1,160)	(7,168)	(6,007)	(12,325)
Income tax expense	46			
		(116)	(129)	(249)
Loss before extraordinary item	(1,114)	(7,284)	(6,136)	(12,574)
Extraordinary item				
Early extinguishment of debt	1,462			
			1,819	1,383
Net income (loss)	\$ 348	\$ (7,284)	\$ (4,317)	\$ (11,191)
Income (loss) per share				
Loss before extraordinary item	\$ (.06)	\$ (.46)	\$ (.37)	\$ (.80)
Extraordinary item	.08			
			.11	
				.09
Income (loss) per share	\$ .02	\$ (.46)	\$ (.26)	\$ (.71)
Dividends per share	none	none	none	none

See accompanying notes to the consolidated condensed financial statements.



NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)  
(in thousands)

	Nine months	
	ended September 30,	
	1993	1992
Cash flows from operations:		
Net loss	\$ (4,317)	\$ (11,191)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	4,169	4,318
Gains from early extinguishment of debt	(1,819)	(1,383)
Gain from disposition of stock in subsidiaries	(3,795)	
Change in other operating assets and liabilities	2,004	(7,799)
Total adjustments	559	(4,864)
Net cash used for operations	(3,758)	(16,055)
Cash flows from investing activities:		
Marketable securities	651	(1,409)
Additions to property, plant & equipment	(3,245)	(2,792)
Additions to intangible assets	(110)	(587)
Change in investments and other assets, net	(81)	2,453
Net cash used for investing activities	(2,785)	(2,335)
Cash flows from financing activities:		
Proceeds from short-term borrowings	21,624	6,932
Repayments of short-term borrowings	(28,244)	(132)
Decrease in restricted cash	1,200	
Increase in long-term debt	11,801	4,613

Repayment of notes payable for financed assets, net		(29)
Reduction of long-term debt	(8,677)	(1,655)
Exercise of common stock options and warrants	118	190
Proceeds from stock purchase agreement entered into by a previously consolidated subsidiary	1,408	
Net cash provided by (used for) financing activities	(770)	9,919
Net decrease in cash and cash equivalents	(7,313)	(8,471)
Cash and cash equivalents at the beginning of the periods	17,921	28,996
Cash and cash equivalents at the end of the periods	\$ 10,608	\$ 20,525

See accompanying notes to the consolidated condensed financial statements.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

(in thousands)

Nine months

ended September 30,  
1993                      1992

Supplemental disclosures of cash  
flow information:

Cash paid during the periods for:

Interest	\$ 4,615	\$ 5,815
Income taxes	\$ 576	\$ 606

See accompanying notes to the consolidated condensed financial  
statements.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Inventories

Inventories are valued at the lower of cost or market, principally using the first-in, first-out (FIFO) method. Inventories consisting of material, labor, and overhead are classified as follows (in thousands):

	September 30,	December 31,
	1993	1992
Raw materials	\$ 1,221	\$ 2,536
Work in process	642	1,713
Finished goods	17,185	17,316
Land held for resale	2,700	2,788
	\$ 21,748	\$ 24,353

2. Long-term debt

Long-term debt consists of the following (in thousands):

	September 30,	December 31,
	1993	1992
8% Swiss bonds	\$ 8,526	\$ 20,075
Swiss convertible bonds	19,530	25,174
New 5% Swiss bonds	3,006	
Subordinated debentures	6,912	6,932
Other	12,960	9,260
	50,934	61,441
Less current maturities	2,895	4,356
	\$ 48,039	\$ 57,085

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)  
(Unaudited)

2. Long-term debt (Continued)

The Company commenced an Exchange Offer on July 12, 1993, for any and all of its Swiss Franc denominated 8% Bonds Due March 1, 1995, 6% Convertible Bonds due March 7, 1995, 5 % Convertible Bonds due May 9, 1995, 5 % Convertible bonds due March 18, 1996 (collectively, the "Old Swiss Franc Bonds" and 7% Dual Currency Bonds due March 18, 1996 (the "Old U.S. Dollar Bonds" and collectively with the Old Swiss Franc Bonds, the "Old Bonds"). The purpose of the Exchange Offer was to reduce the Company's long-term indebtedness and related interest expense.

The consideration offered by the Company for each SFr. 1,000 principal amount of Old Swiss Franc Bonds validly tendered and not withdrawn prior to the Expiration Date (August 19, 1993) was: a) 5% U.S. dollar denominated Convertible Bonds of the Company due August 31, 1999 (the "New Bonds") in a principal amount of \$130 and convertible into 30 shares of the Company's Common Stock ("Common Stock"), b) 54 shares of Common Stock, c) 26 shares of Common Stock of Interferon Sciences, Inc. (the "ISI Common Stock"), d) 26 shares of Common Stock of GTS Duratek, Inc. (the "Duratek Common Stock") and e) \$43 in cash.

The consideration offered by the Company for each \$1,000 principal amount of Old U.S. Dollar Bonds validly tendered and not withdrawn prior to the Expiration Date was: a) New Bonds in a principal amount of \$200 and convertible into 46 shares of Common Stock, b) 81 shares of Common Stock, c) 39 shares of ISI Common Stock, d) 39 shares of Duratek Common Stock and e) \$60 in cash.

On the Expiration Date the Company accepted the following amounts of Old Bonds for exchange: SFr. 3,640,000 of the 6% Bonds due March 7, 1995, SFr. 1,125,000 of the 5 % Bonds due May 9, 1995, SFr. 2,765,000 of the 5 % Bonds due March 18, 1996, SFr. 16,761,000 of the 8% Bonds due March 1, 1995 and \$882,000 of the 7% Bonds due March 18, 1996. Under the terms of the Offer, the Company issued the following amounts of consideration to the exchanging bondholders a) 1,385,586 shares of Common Stock, valued at \$5,582,000, b) 667,134 shares of ISI Common Stock, valued at \$2,536,000, c) 667,134 shares of Duratek Common Stock, valued at \$2,536,000, d) \$3,340,080 principal amount of New Bonds which will be convertible into 767,833 shares of the Common Stock, and e) \$1,099,368 in cash. The Company recorded an original issue discount on the New Bonds of 10%, based upon exchange values estimated by the Swiss exchange agent.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

2. Long-term debt (Continued)

As a result of the Exchange Offer, the Company realized a gain of \$3,795,000 from the issuance of the ISI and Duratek Common Stock, included in "Investment and other income, net", on

the Consolidated Condensed Statements of Operations, and an extraordinary gain from the early extinguishment of debt of \$1,227,000. In addition, as a result of the inclusion of a portion of the Company's shares of common stock of ISI as part of the consideration in the Exchange Offer, the Company currently owns less than 50% of ISI, and therefore now accounts for the results of ISI on the equity basis. The Company's investment in ISI of \$5,727,000, or 6,975,000 shares of ISI common stock, is included in "Investments" on the Consolidated Condensed Balance Sheet.

### 3. Revolving credit and term agreements

a) In April, 1993, each of the Five Star Group, Inc. ("Five Star") and MXL Industries, Inc. ("MXL") entered into a revolving credit and term loan agreement (the "Five Star Loan Agreement" and "MXL Loan Agreement"). The Five Star Loan Agreement provided for a \$20,000,000 revolving credit facility (the "Five Star Revolving Credit Facility") and a \$5,000,000 term loan (the "Five Star Term Loan"). The Five Star Revolving Credit Facility is a three year committed facility which allows Five Star to borrow amounts equal to 40% of Eligible Inventory (as defined) and 75% of Eligible Receivables (as defined). As of September 30, 1993, \$12,126,000 was borrowed under the Five Star Revolving Credit Facility and Five Star had additional availability of \$1,925,000.

The Five Star Term Loan is repayable in 10 quarterly payments of approximately \$417,000 commencing October 31, 1993, and a final payment of approximately \$833,000 on July 1, 1996. The Five Star Revolving Credit Agreement and the Five Star Term Loan are secured by all of the assets of Five Star and 1,359,375 shares of common stock of Interferon Sciences, Inc. and 1,062,500 shares of common stock of General Physics Corporation, which were contributed to Five Star in connection with the forgoing transactions.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. Revolving credit and term agreements (Continued)

The MXL Loan Agreement provides for a \$1,500,000 revolving credit facility (the "MXL Revolving Credit Facility") and a \$4,500,000 term loan (The "MXL Term Loan"). The MXL Revolving Credit Facility is a three year committed facility which allows MXL to borrow amounts equal to 20% of Eligible Inventory (as defined) and 80% of Eligible Receivables (as defined). As of September 30, 1993, there were no borrowings under the MXL Revolving Credit Facility. The MXL Term Loan is repayable in 11 quarterly payments commencing on October 31, 1993 with a final payment of \$750,000 on July 1, 1996. The facilities are secured by all of the assets (other than certain equipment) of MXL and by 816,625 shares of common stock of Interferon Sciences, Inc. and 637,500 shares of common stock of General Physics Corporation, which were contributed to MXL in connection with the forgoing transactions.

The Five Star Revolving Credit Facility and Five Star Term Loan and the MXL Revolving Credit Agreement and MXL Term Loan are guaranteed by the Company. The Company's guaranty is secured by 5,477,282 shares of common stock of Interferon Sciences, Inc. and 71,407 shares of common stock of General Physics Corporation.

The use of proceeds of the Five Star Term Loan and the MXL Term Loan are as follows:

Loan to the Company to repay short-term debt	\$3,100,000
Loan to the Company	2,300,000
Available to repurchase Swiss Debt Obligations	4,100,000
Total Term Loans of Five Star and MXL	\$9,500,000

b) On June 30, 1993, GPS Technologies, Inc. (GPS) entered into a three year \$10,000,000 credit facility. The credit facility is secured by the accounts receivable and fixed assets of GPS. The initial \$5,000,000 of the credit facility is fixed at an interest rate of 7.98% and the second \$5,000,000 of the credit facility bears interest at a rate equal to 1.25% in excess of the bank's prime rate. At September 30, 1993, \$5,073,000 was borrowed under



the credit facility.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

During the quarter ended September 30, 1993, the Company completed an Exchange Offer for a significant portion of its Swiss Denominated Debt (see Note 2 to the Notes to the Consolidated Condensed Financial Statements). As a result of the Exchange Offer the Company's long-term debt was reduced by approximately \$12,000,000 and interest expense will be reduced by approximately \$2,000,000 per year. In addition, as a result of the inclusion of a portion of the Company's shares of common stock of Interferon Sciences, Inc. (ISI) as part of the consideration in the Exchange Offer, the Company currently owns less than 50% of ISI, and therefore now accounts for the results of ISI on the equity basis. The Company realized an extraordinary gain on the early extinguishment of debt relating to the Exchange Offer of \$1,227,000.

The Company incurred a loss before income taxes and extraordinary item of \$1,160,000 and \$6,007,000 for the quarter and nine months ended September 30, 1993, as compared with a loss of \$7,168,000 and \$12,325,000 for the corresponding periods of 1992. The decrease in the Company's loss before income taxes and

extraordinary item is due to several factors. Included in investment and other income, net for the quarter and nine months ended September 30, 1993, is \$(1,442,000) and \$(61,000), respectively, of foreign currency transaction losses compared to losses of \$(5,069,000) and \$(4,399,000) for the corresponding periods of 1992. In addition, the Company recorded \$475,000 and \$2,392,000 of reserves taken and losses realized on certain assets and investments during the quarter and nine months ended September 30, 1992. As a result of the Exchange Offer discussed above, the Company realized a gain of \$3,795,000 from the issuance of a portion of the Company's shares of common stock of ISI and Duratek during the third quarter of 1993. In addition, the Company achieved reduced interest expense at the corporate level for the periods in 1993, as a result of reduced short-term borrowings at lower interest rates, and reduced long-term debt. At September 30, 1993, there was an aggregate of SFr. 36,095,000 of Swiss denominated indebtedness outstanding, of which SFr. 33,988,000 represents principal amount outstanding and SFr. 2,107,000 represents interest accrued thereon. Foreign currency valuation fluctuations may adversely affect the results of operations and financial condition of the Company. At September 30, 1993, the Company had not hedged its Swiss Franc obligations. If the value of the Swiss Franc to the U.S. dollar increases, the Company will recognize transaction losses on its Swiss Franc

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obligations. On September 30, 1993, the value of the Swiss Franc to the U.S. dollar was approximately 1.425 to 1. There can be no assurance that the Company will be able to swap or hedge obligations denominated in foreign currencies at prices acceptable to the Company or at all. The Company will continue to review this policy on a continuing basis.

#### Sales

For the quarter ended September 30, 1993, consolidated sales decreased by \$5,304,000 to \$47,250,000 from the \$52,554,000

recorded in the corresponding quarter of 1992. For the nine months ended September 30, 1993, consolidated sales decreased by \$2,579,000 to \$147,328,000 from \$149,907,000 recorded for the nine months ended September 30, 1992. The decreased sales for the 1993 periods were primarily the result of the Health Care Group (ISI) having no sales of ALFERONR N Injection to the Purdue Frederick Company (Purdue) in 1993. In addition, The Electronics Group and the Physical Science Group also had reduced sales. The reduced sales for the periods within the Physical Science Group was the result of decreases in revenues generated by the consulting and staff augmentation segment of Duratek business. The above decreases for the nine months ended September 30, 1993 were partially offset by increased sales experienced by the Distribution Group for the period.

#### Gross margin

Consolidated gross margin of \$7,601,000, or 16%, for the quarter ended September 30, 1993 decreased by \$1,063,000 when compared to the consolidated gross margin of \$8,664,000, or 16%, for the quarter ended September 30, 1992. For the nine months ended September 30, 1993, consolidated gross margin of \$22,754,000 or 15% of consolidated sales decreased by \$1,769,000 when compared to \$24,523,000 or 16% of consolidated sales earned in the nine months ended September 30, 1992. The decreased gross margin for the quarter is primarily attributable to reduced gross margins achieved by the Optical Plastics Group and the Physical Science Group, as a result of reduced sales, and changes in their respective product and customer mix. The reduced gross margin for the nine months ended September 30, 1993 was primarily the result of the suspension of production by ISI of ALFERONR N Injection, and the effect of ongoing facility costs incurred by ISI during the period.

#### Selling, general and administrative expenses

For the quarter and nine months ended September 30, 1993, selling, general and administrative expenses (SG&A) of \$9,042,000 and \$27,237,000 was \$391,000 and \$1,352,000 higher than the \$8,651,000 and \$25,885,000 of SG&A expenses incurred during the quarter and nine months ended September 30, 1992. The increase

for the quarter and nine months ended September 30, 1993 was primarily attributable to increased costs incurred by the Distribution and Physical Science Groups. The increase was partially offset by reduced SG&A in the Health Care Group due to ISI being accounted for on the equity basis during the third quarter, as a result of the Exchange Offer, in which the Company's interest in ISI fell below 50%.

#### Research and development

For the quarter and nine months ended September 30, 1993, research and development expense was \$223,000 and \$2,539,000, compared to \$1,141,000 and \$3,371,000 for the quarter and nine months ended September 30, 1992. The reduced research and development expense for the periods was due to ISI being accounted for on the equity basis during the third quarter of 1993, as a result of the Exchange Offer, in which the Company's interest in ISI fell below 50%.

#### Interest expense

For the quarter and nine months ended September 30, 1993, interest expense was \$2,173,000 and \$7,133,000, compared to \$2,878,000 and \$8,479,000 for the third quarter and nine months ended September 30, 1992. The decreased interest expense for these periods was the result of reduced short-term borrowings, at lower rates of interest on the Company's variable rate obligations, and reduced long-term debt.

#### Investment and other income, net

Investment and other income, net of \$2,632,000 and \$6,100,000 for the quarter and nine months ended September 30, 1993, increased by \$6,435,000 and \$7,113,000, respectively, as compared to \$(3,803,000) and \$(1,013,000) for the corresponding periods of 1992. The change was principally due to the following factors; \$(1,442,000) and \$(61,000) of foreign currency transaction losses recognized during the quarter and nine months ended September 30, 1993, compared to losses of \$(5,069,000) and \$(4,399,000) for the corresponding periods of 1992. In addition, the Company recorded \$475,000 and \$2,392,000 of reserves taken and losses realized on certain assets and long-term investments accounted for by the cost method during the quarter and nine months ended September 30, 1992. In addition, for the quarter and nine months ended September 30, 1993, the Company realized reduced revenues

relating to interest income, and equity in the income of 20% to 50% owned subsidiaries, as compared to the quarter and nine months ended September 30, 1992. During the quarter ended September 30, 1993 the Company realized a \$3,795,000 gain from the issuance of ISI and Duratek common stock as a result of the Exchange Offer (see Note 2 of the Notes to the Consolidated Condensed Financial Statements).

## NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

### LIQUIDITY AND CAPITAL RESOURCES

The Company believes that it has sufficient cash, cash equivalents and marketable securities and borrowing availability under existing and potential lines of credit to satisfy its cash requirements until the first scheduled maturity of its Swiss Franc denominated indebtedness on March 1, 1995. However, in order for the Company to meet its long-term cash needs, which include the repayment of \$19,734,000 of Swiss Franc denominated indebtedness scheduled to mature in 1995 and \$8,322,000 of Swiss Franc denominated indebtedness which is scheduled to mature in 1996, the Company must obtain additional funds. The Company has reduced and is continuing to reduce its long-term debt through the issuance of equity securities in exchange for long-term debt and is also exploring new credit arrangements on an ongoing basis. However, there is no assurance that the Company will be able to obtain any new credit arrangements.

At September 30, 1993, the Company had cash, cash equivalents and marketable securities totaling \$10,608,000. Of these amounts, approximately \$8,680,000 is held by the parent company and is available for the general corporate purposes of the parent.

In April 1993, the Company entered into new revolving credit and term loan agreements (See Note 3 to the Notes to the Consolidated Condensed Financial Statements). As a result of the new agreements, the Company repaid approximately \$3,100,000 of short-term borrowing and received approximately \$2,300,000 of cash for general corporate purposes.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

QUALIFICATION RELATING TO FINANCIAL INFORMATION

September 30, 1993

The financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally accepted accounting

principles because certain note information included in the Company's Annual Report has been omitted; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods. The results for the 1993 interim period are not necessarily indicative of results to be expected for the entire year.

NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

1. \$25,000,000 Secured Revolving Credit and Term Loan Agreement by and among Five Star Group, Inc., National Westminster Bank, USA, United Jersey Bank/Central, N.A., and National Westminster Bank, N.J., as agent, dated April 29, 1993.
2. \$6,000,000 Secured Revolving Credit and Term Loan Agreement by and among MXL Industries, Inc., National Westminster Bank, USA, United Jersey Bank/Central, N.A., and National Westminster Bank, N.J., as agent, dated April 29, 1993.

b. Reports on Form 8-K

There were no reports on Form 8-K filed for the period ended September 30, 1993.



NATIONAL PATENT DEVELOPMENT CORPORATION AND SUBSIDIARIES

September 30, 1993

SIGNATURES

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

NATIONAL PATENT DEVELOPMENT  
CORPORATION

DATE: January 3, 1994

BY: /s/Jerome I. Feldman  
Jerome I. Feldman  
President and Chief  
Executive Officer

DATE: January 3, 1994

BY: /s/Scott N. Greenberg  
Scott N. Greenberg  
Vice President,  
Chief Financial Officer