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FUSION NETWORKS HOLDINGS INC

Form 8-K/A

January 16, 2001

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

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 18, 2000

FUSION NETWORKS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Delaware | 0-23900 | 51-0393382 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation) | (Commission file number) | (IRS Employer Identification Number) |

8115 N.W. 29th Street, Miami, Florida 33122

(Address of principal executive offices) (Zip Code)

(305) 477-6701

(Registrant's telephone number, including area code)

(Former name and former address, if changed since last report)

This Form 8-K/A is being filed to reflect the restatement of certain financial statements of the Company included in an amended Form 10-Q for the period ended June 30, 2000 and the resulting revisions to the pro forma financial statements previously filed in connection with the sale by Fusion Networks Holdings, Inc. of IDM Environmental Corp. as reflected on Form 8-K dated August 18, 2000.

Item 7. Financial Statements and Exhibits

(b) Pro Forma Financial Information

| | |
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Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 2000.....6

Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 1999.....7

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

FUSION NETWORKS HOLDINGS, INC.

Dated: January 12, 2001

By: /s/ Gary Goldfarb

Gary Goldfarb
President

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INTRODUCTION TO PRO FORMA FINANCIAL INFORMATION

The pro forma condensed consolidated balance sheet of Fusion Networks Holdings, Inc. as of June 30, 2000 reflects the financial position of the Company assuming the disposition of IDM Environmental Corp. took place on June 30, 2000 and after giving effect to that disposition.

The pro forma condensed consolidated statements of operations for the six months ended June 30, 2000 and the fiscal year ended December 31, 1999 gives effect to the disposition as if such disposition occurred on January 1, 1999 and are based on the operations of the Company for the six months ended June 30, 2000 and the fiscal year ended December 31, 1999. Nonrecurring charges or credits resulting directly from the transaction such as asset write-downs, liability accruals and severance have not been considered in these pro forma statements of operations.

The unaudited pro forma condensed consolidated financial statements have been prepared by the Company based upon assumptions deemed proper by it. The unaudited pro forma condensed consolidated financial statements presented herein are shown for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the Company, or of the financial position or results of operations of the Company that would have actually occurred had the transaction been in effect as of the date or for the period presented.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements and related notes of the Company.

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PRO FORMA FINANCIAL INFORMATION
 FUSION NETWORKS HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
 PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AT JUNE 30, 2000
 (Unaudited)

| | Historical | Proforma Adjustments | Proforma Resu |
|---|--------------|-------------------------|---------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$3,307,159 | (134,909) (2) | \$3,172,250 |
| Accounts receivable | 4,034,981 | (4,034,981) (2) | 0 |
| Notes Receivable | | 58,881 (2) | 58,881 |
| Other loans | 174,820 | 2,890 (2) | 177,710 |
| Recoverable income taxes | 650,242 | (650,242) (2) | 0 |
| Prepaid expenses and other current assets | 2,320,461 | (2,020,078) (2) | 300,383 |
| Total Current Assets | 10,487,663 | (6,778,439) | 3,709,224 |
| Goodwill, net of accumulated amortization | | | 0 |
| Investments in and advances to unconsolidated affiliates | 929,266 | (929,266) (2) | 0 |
| Investment in equity securities | 6,657,000 | | 6,657,000 |
| Investment in affiliate at cost | 1,853,125 | (1,853,125) (2) | 0 |
| Property, plant and equipment, net | 3,273,922 | (1,618,436) (2) | 1,655,486 |
| Other assets | 979,925 | (979,925) (2) | 0 |
| | \$24,180,901 | \$(12,159,191) | \$12,021,710 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities: | | | |
| Current portion of long-term debt | \$12,819 | \$(12,819) (2) | \$ - |
| Accounts payable and accrued expenses | 9,638,208 | (9,128,701) (2) | 509,507 |
| Billings in excess of costs and estimated earnings | 1,130,597 | (1,130,597) (2) | 0 |
| Due to officers | 100,418 | (100,418) (2) | 0 |
| Total Current Liabilities | 10,882,042 | (10,372,535) | 509,507 |
| Long-Term Debt | 4,015,810 | (15,810) | 4,000,000 |
| Total Liabilities | 14,897,852 | (10,388,345) | 4,509,507 |
| Commitments and Contingencies | | | |
| Stockholders' Equity: | | | |
| Common stock, authorized 60,000,000 shares \$.00001 par value, issued and outstanding 37,036,226 at June 30, 2000 and 33,113,333 at December 31, 1999. | 370 | | 370 |
| Additional paid-in-capital | 65,032,705 | (9,209,817) (2) | 55,822,888 |
| Foreign currency translation | 7,271 | | 7,271 |
| Retained earnings | (36,914,297) | 7,354,181 (1) | (29,475,326) |

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| | | | |
|--|--------------|-----------------|--------------|
| | | 1,405,637 (3) | |
| | | (1,320,847) (2) | |
| Accumulated other comprehensive income (loss): | | | |
| Foreign currency translation | 7,271 | | 7,271 |
| Unrealized (loss) on equity securities | (18,843,000) | | (18,843,000) |
| Total Stockholders' Equity | 9,283,049 | (1,770,846) | 7,512,203 |
| | \$24,180,901 | \$ (12,159,191) | \$12,021,710 |

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PRO FORMA FINANCIAL INFORMATION
FUSION NETWORKS HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2000
(Unaudited)

| | Historical | Proforma Adjustments | Proforma Results |
|---|----------------|-------------------------|---------------------|
| Contract Income | \$1,978,209 | \$ (1,978,209) (3) | \$ - |
| Direct Job Costs | 1,304,730 | (1,304,730) (3) | - |
| Gross Profit (Loss) | 673,479 | (673,479) | 0 |
| Costs and Expenses: | | | |
| General and administrative expenses | 5,130,776 | (1,888,689) (3) | 3,242,087 |
| Product development and engineering | 2,518,082 | | 2,518,082 |
| Sales and marketing | 881,530 | | 881,530 |
| Write-down of Goodwill | 7,354,181 | (7,354,181) (1) | - |
| Depreciation and amortization | 214,396 | (66,101) (3) | 148,295 |
| | 16,098,965 | (9,308,971) | 6,789,994 |
| Loss from Operations | (15,425,486) | (8,635,492) | (6,789,994) |
| Other Income (Expense): | | | |
| Loss on disposal of property, plant and equipment | (74,382) | 74,382 (3) | - |
| Loss on sale of subsidiary | | (1,320,847) (2) | (1,320,847) |
| Miscellaneous income (expense) | (72,740) | - | (72,740) |
| Interest income (expense) | 32,280 | 49,944 (3) | 82,224 |
| | (114,842) | (1,196,521) | (1,311,363) |
| Loss before Credit for Income Taxes | (15,540,328) | (7,438,971) | (8,101,357) |
| Provision (Credit) for Income Taxes | - | - | - |
| Net Loss | (\$15,540,328) | (\$7,438,971) | (\$8,101,357) |

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| | | |
|-----------------------------------|------------|------------|
| Loss per Share: | | |
| Basic loss per share | \$ (0.44) | \$ (0.23) |
| | ===== | ===== |
| Diluted loss per share | \$ (0.44) | \$ (0.23) |
| | ===== | ===== |
| Basic common shares outstanding | 35,074,780 | 35,074,780 |
| Diluted common shares outstanding | 35,074,780 | 35,074,780 |

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PRO FORMA FINANCIAL INFORMATION
 FUSION NETWORKS HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
 PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Unaudited)

| | Historical | Proforma Adjustments | Proforma Results |
|-------------------------------------|----------------|-------------------------|---------------------|
| | ----- | ----- | ----- |
| Contract Income | - | | - |
| Direct Job Costs | - | | - |
| | ----- | | ----- |
| Gross Profit (Loss) | 0 | | 0 |
| | ----- | | ----- |
| Costs and Expenses: | | | |
| General and administrative expenses | 386,742 | | 386,742 |
| Product development and engineering | 1,038,671 | | 1,038,671 |
| Sales and marketing | 164,249 | | 164,249 |
| Consulting expenses | 19,575,000 | | 19,575,000 |
| Merger Expenses | 238,350 | | 238,350 |
| | ----- | | ----- |
| | 21,403,012 | | 21,403,012 |
| | ----- | | ----- |
| Loss from Operations | (21,403,012) | | (21,403,012) |
| Other Income (Expense): | | | |
| Interest income (expense) | 29,040 | | 29,040 |
| | ----- | | ----- |
| | 29,040 | | 29,040 |
| | ----- | | ----- |
| Loss before Credit for Income Taxes | (21,373,972) | | (21,373,972) |
| Provision (Credit) for Income Taxes | - | - | - |
| | ----- | ----- | ----- |
| Net Loss | (\$21,373,972) | | (\$21,373,972) |
| | ===== | | ===== |
| Loss per Share: | | | |
| Basic loss per share | \$ (0.64) | | \$ (0.64) |
| | ===== | | ===== |
| Diluted loss per share | \$ (0.64) | | \$ (0.64) |

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| | | |
|-----------------------------------|------------|------------|
| Basic common shares outstanding | 33,113,333 | 33,113,333 |
| Diluted common shares outstanding | 33,113,333 | 33,113,333 |

See Notes to Pro Forma Consolidated Financial Data

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FUSION NETWORKS HOLDINGS, INC.
Notes to Pro Forma Consolidated Financial Statements
June 30, 2000

- (1) To eliminate the write down of goodwill of \$ 7,354,181 associated with the merger of IDM. The write-down of the goodwill was recorded during the quarter ended June 30, 2000 to reflect the sale of IDM to the principal officers and directors of IDM the "purchasers".
- (2) To record the sale of the net assets of IDM, the issuance of a note receivable from the purchasers to the company of \$ 58,881, and the corresponding loss of (\$ 1,320,847) associated with the sale.
- (3) To eliminate the net loss of \$1,405,637 of IDM from the date of acquisition to June 30, 2000 included in the consolidated statement of operations for the period ended June 30, 2000.