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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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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  
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Gary Goldfarb  
President

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
<b>ASSETS</b>			
<b>Current Assets:</b>			
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
<b>Total Current Assets</b>	<b>10,487,663</b>	<b>(6,778,439)</b>	<b>3,709,224</b>
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
	<b>\$24,180,901</b>	<b>\$(12,159,191)</b>	<b>\$12,021,710</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
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
<b>Total Current Liabilities</b>	<b>10,882,042</b>	<b>(10,372,535)</b>	<b>509,507</b>
Long-Term Debt	4,015,810	(15,810)	4,000,000
<b>Total Liabilities</b>	<b>14,897,852</b>	<b>(10,388,345)</b>	<b>4,509,507</b>
<b>Commitments and Contingencies</b>			
<b>Stockholders' Equity:</b>			
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.