TRIARC COMPANIES INC
Form 8-K
August 13, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) August 13, 2002

TRIARC COMPANIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	1-2207	38-0471180
(State or other jurisdiction of incorporation of organization)	(Commission File No.)	(I.R.S. Employer Identification No.)

280 Park Avenue
New York, NY 10017
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (212) 451-3000

(Former name or former address, if changed since last report) (Zip Code)

Item 9. Regulation FD Disclosure

On August 13, 2002, Nelson Peltz, chief executive officer, and Francis T. McCarron, chief financial officer, of Triarc Companies, Inc. submitted written certifications to the Securities and Exchange Commission relating to Triarc's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Conformed copies of the written certifications are attached to this Current Report on Form 8-K as Exhibits 99.1 and 99.2 and are incorporated herein solely for purposes of this Item 9.

The information in this Current Report on Form 8-K, including the exhibits, is furnished pursuant to Item 9 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities under that Section. Furthermore, the information in this Current Report on Form 8-K, including the exhibits, shall not be deemed to be incorporated by reference into the filings of Triarc Companies, Inc. under the Securities Act of 1933.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

TRIARC COMPANIES, INC.

By: Stuart Rosen

Stuart I. Rosen
Senior Vice President
and Associate General Counsel

Dated: August 13, 2002

EXHIBIT INDEX

Exhibit Number	Description of Document
99.1	Written certification of the Chief Executive Officer of Triarc Companies, Inc., dated August 13, 2002, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, submitted herewith solely for purposes of incorporation by reference into Item 9 of this Current Report on Form 8-K.
99.2	Written certification of the Chief Financial Officer of Triarc Companies, Inc., dated August 13, 2002, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, submitted herewith solely for purposes of incorporation by reference into Item 9 of this Current Report on Form 8-K.

Exhibit 99.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Triarc Companies, Inc., a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 13, 2002

/s/ Nelson Peltz

Nelson Peltz
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Exhibit 99.2

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Triarc Companies, Inc., a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 13, 2002

/s/ Francis T. McCarron

Francis T. McCarron
Senior Vice President and
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

746,903 1,017,393 ----------------------- ----------------------- Operating Loss (133,898) (624,928) Other Income Interest income 1,015 28,712 Equity in undistributed earnings of investee company (Note 4) 24,352 - ----------------------- ----------------------- 25,367 28,712 Loss from Continuing Operations (108,531) (596,216) Loss from Discontinued Operations - (232,115) ----------------------- ----------------------- Net Loss Available to Common Stockholders $ (108,531) $ (828,331) ======================= ======================= Loss per share attributable to common stockholders: $ Loss from continuing operations $ (0.01) (0.03) Loss from discontinued operations - (0.01) ----------------------- ----------------------- Total basic and diluted $ (0.01) $ (0.04) ======================= ======================= Weighted average number of common shares outstanding: Basic and diluted 21,360,010 21,360,010 ======================= ======================= F-2 XIN NET CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND THE YEARS ENDED DECEMBER 31, 2001 AND 2000 (Unaudited) Accumulated Stock Additional Other Common Amount At Paid In Accumulated Comprehensive Stated in U.S. dollars Shares Par Value Capital Deficit Income Total --- Balance, December 31, 1999 21,360,000 $ 21,360 $ 7,214,025 $ (1,318,945) $ (107,219) $ 5,809,221 Exercise of Warrant for cash at $2.00 10 - 20 20 per share in September 2000 Net loss (3,607,724) (3,607,724) Translation Adjustments (45,037) (45,037) --- Balance, December 31, 2000 (4,926,669) 21,360,010 21,360 7,214,045 (152,256) 2,156,480 Net loss (1,510,903) (1,510,903) Translation Adjustments 3,667 3,667 --- Balance, December 31, 2001 (6,437,572) 21,360,010 21,360 7,214,045 (148,589) 649,244 Net loss (108,531) (108,531) Translation Adjustments 612 612 --- Balance, March 31, 2002 21,360,010 $ 21,360 $ 7,214,045 $ (6,546,103) $ (147,977) $ 541,325 === F-3 XIN NET CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001 (Unaudited) Stated in U.S. dollars 2002 2001 --- Cash flows from operating activities Net loss $(108,531) $ (828,331) Adjustments to reconcile net loss to net cash Provided by (Used in) operating activities Depreciation and amortization 57,029 66,815 Translation adjustments 612 2,789 Equity income of The Link Group, Inc. (24,352) - Changes in assets and liabilities (Increase) Decrease in accrued interest receivables (332) 2,462 Increase in prepaid expenses and other current assets (1,052) (125,396) (Increase) Decrease in inventory (45) 3,682 (Increase) Decrease in net assets of discontinued operations - 30,565 (Increase) Decrease in deferred costs (31,656) 23,162 Increase (Decrease) in accounts payable (21,958) 176,750 Increase (Decrease) in deferred revenue (42,812) 228,369 ------------------- -------------------- Net cash used in operating activities (173,097) (419,133) ------------------- -------------------- Cash flows from investing activities Purchases of property and equipment (49,926) (72,301) Reduction in investment 1,292 1,333 Reduction in loan to ProtectServe Pacific Ltd. 360,400 - Investment in The Link Group, Inc. (600,300) - ------------------- -------------------- Net cash flows used in investing activities (288,534) (70,968) ------------------- -------------------- Cash flows from financing activities Principal payments on capital lease obligations (15,056) (20,365) ------------------- -------------------- Net cash flows used in financing activities (15,056) (20,365) ------------------- -------------------- Decrease in cash and cash equivalents (476,687) (510,466) Cash and cash equivalents - beginning of period 1,360,071 2,619,288 ------------------- -------------------- Cash and cash equivalents - end of period $ 883,384 $ 2,108,822 =================== ==================== Supplemental Information : Cash paid for : $ Interest 2,971 $ 3,019 Income taxes - - F-4 XIN NET CORP. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2002 (Unaudited) 1. Basis of Presentation The accompanying unaudited financial statements have been prepared in conformity with generally accepted accounting principles. However, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of the management all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2001 included in its Annual Report on Form 10-KSB. The unaudited condensed consolidated financial statements include Xin Net Corp. and its subsidiaries. Significant inter-company transactions and accounts have been eliminated. 2. Property and Equipment Property and equipment consists of the following : March 31, 2002 December 31, 2001 Office equipment $ 219,799 $ 229,349 Equipment 904,407 757,625 Computer software 83,299 83,299 Furniture 27,976 27,976 -- Total 1,235,481 1,098,249 Less : Accumulated depreciation (528,468) (384,078) -- Net book value $ 707,013 $ 714,171 == The depreciation expense charged to continuing operations for the three-month period ended March 31, 2002 is $57,029. F-5 XIN NET CORP. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2002 (Unaudited) 3. Capital Lease Obligation The Company leases computer equipment, through its wholly owned subsidiary company Infornet Investment Corp., repayable at approximately $5,330 (CND 8,407) per month to June 30, 2002. The liability includes imputed interest at an average rate of 6.12% per annum. Total minimum lease payments For the year ended March 31 2003 $ 44,457 Less : Amount representing interest (673) ----------------------- Present value of minimum lease payment 43,784 Less : Current portion (43,784) ----------------------- $ - ======================= 4. Investment in The Link Group, Inc. ("Link") Pursuant to a Subscription Agreement dated January 18, 2002, the Company paid $600,300 in a private placement of Link for 14,500,000 (pre-reverse one for four split) common shares at $0.0414 per share, as well as 10,875,000 special warrants convertible into 10,875,000 post-reverse one for four split common shares on or before January 31, 2004 at no additional consideration. The Company exercised the 10,875,000 special warrants on March 12, 2002. An option to purchase an additional 7,500,000 post-reverse one for four split common shares at $0.04 per share, or $300,000, until February 15, 2002, was also granted to the Company, which was not exercised. By an agreement dated January 21, 2002, Link agreed to purchase all of the outstanding shares of Protectserve Pacific Ltd. ("PSP") through the issuance of 37,500,000 (post-reverse one for four split) common shares. Link has the right to buy back its shares at $0.001 per share from these individuals if PSP's after tax profit is less than Hong Kong $9 million dollars ("HKD") for the twelve months ending December 31, 2002. The buy back formula is for every HKD $333,333 that PSP falls short of the HKD $9 million after tax profit, Link can buy back one million (post-reverse one for four split) common shares from these individuals. F-6 XIN NET CORP. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2002 (Unaudited) 4. Investment in The Link Group, Inc. ("Link") - Continued On February 18, 2002, the shareholders of Link approved the reverse split of the issued and outstanding common shares of Link at the ratio of one for four, thereby making the Company's total Link shares held equal to 15,370,675 shares, representing 28.8% of the total issued and outstanding shares of Link. The Company therefore accounted for its investment in Link on the equity basis, which is carried at cost, adjusted for the Company's proportionate share of their undistributed earnings or losses as follow: Original cost of 15,370,675 shares of The Link Group, Inc. $ 800,300 Equity in undistributed earnings of investee company 24,352 ---------- Investment - at equity $ 824,652 ========== 5. Basic and Diluted Earnings (Loss) Per Share Basic earnings (loss) per share are computed by dividing net earnings (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net earnings available to common stockholders by the weighted-average number of common shares outstanding during the period increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued. The following table sets forth the computations of shares and net loss used in the calculation of basic and diluted loss per share for the three-month periods ended March 31, 2002 and 2001: F-7 XIN NET CORP. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2002 (Unaudited) 5. Basic and Diluted Loss Per Share - Continued Three months ended 3/31/2002 3/31/2001 Net loss from continuing operations $(108,531) $ (596,216) Weighted-average shares outstanding 21,360,010 21,360,010 Effect of dilutive securities : Dilutive options - - Dilutive warrants - - -------------------------------- Dilutive potential common shares - - -------------------------------- Adjusted weighted-average shares and assumed conversions 21,360,010 21,360,010 Basic loss from continuing operations per share $ (0.01) $ (0.03) ================================= Diluted loss from continuing operations per share $ (0.01) $ (0.03) ================================= Due to the loss for the three-month periods ended March 31, 2002 and 2001, the effect of outstanding options and warrants was not included as the effect would be anti-dilutive. 6. Total Amount Advanced to Joint Venture As at March 31, 2002, the total amount advanced to the joint venture project is $3,151,527. 7. Segment and Geographic Data The Company's reportable segments are geographic areas that provide internet-related services and products to the Chinese markets. Summarized financial information concerning the Company's reportable segments is shown in the following table. The "Other" column includes corporate related items, and, as it relates to segment profit (loss), income and expenses not allocated to reportable segments. F-8 XIN NET CORP. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2002 (Unaudited) 7. Segment and Geographic Data - Continued China Canada Other Total For three months ended March 31, 2002 ------------------------------------ Revenue from continuing Operations $ 1,008,590 - - $ 1,008,590 Operating loss (70,177) (5,309) (58,412) (133,898) Total assets 2,553,326 6,763 1,005,778 3,565,867 For three months ended March 31, 2001 ------------------------------------ Revenue from continuing Operations $ 675,831 - - $ 675,831 Operating loss (585,249) (3,117) (36,562) (624,928) Total assets 3,146,529 34,123 1,450,740 4,631,392 F-9 ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS The information presented here should be read in conjunction with Xin Net Corp.'s consolidated financial statements and related notes. In addition to historical information, the following discussion and other parts of this document contain certain forward-looking information. When used in this discussion, the words "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected due to a number of factors beyond the Company's control. The Company does not undertake to publicly update or revise any of its forward-looking statements even if experience or future changes show that the indicated results or events will not be realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Readers are also urged to carefully review and consider the Company's discussions regarding the various factors, which affect its business, included in this section and elsewhere in this report. LIQUIDITY AND CAPITAL RESOURCES The Company had net cash, receivables and investments of $947,202 at March 31, 2002. The Company has no other capital resources other than the ability to use its common stock to achieve additional capital raising. It did not raise any additional capital during the first quarter of 2002. It has equipment of $707,013 on the books, which is not necessarily liquid at such value. It has an investment in The Link Group, Inc. valued at $824,652. Other than cash capital, its other assets would be illiquid. At the end of the quarter, it had $2,034,202 in current assets. It had Current liabilities of $3,024,542, which included deferred revenues of $1,818,888 and a security deposit of $500,000 from the sale of its Internet Access Provision business in June 2001. (The Company is experiencing some delays in obtaining new funding; it plans to close the sale of its Internet Access Provision services when this issue is resolved). The cash capital at the end of the quarter of $883,384 will be used to fund continued operations, which management believes is adequate to satisfy its cash requirements for at least the next twelve months. The trend of operating losses could continue due to costs of equipment, design of new value-added services, start up operations for new locations and advertising & marketing which precede development of additional revenue for the Company. Net cash flows used in operating activities decreased to $173,097 in the first quarter in 2002 from $419,133 in the corresponding quarter in 2001. The single most important item which contributed to this result was the decrease in net loss to $108,531 in the first quarter in 2002, as compared to $828,331 ($596,216 due to continuing operations and $232,115 due to discontinued operations) in first quarter 2001. Net cash flow used in investing increased to $288,534 in first quarter 2002 as compared $70,968 in first quarter 2001 primarily due to an investment of $600,300 in The Link Group, Inc., combined with the repayment of a $360,400 loan to the Company by ProtectServe Pacific Ltd. Purchases of equipment decreased to $49,926 in first quarter 2002 from $72,301 in first quarter 2001. Net cash flow used in financing activities decreased to $15,056 in first quarter 2002, compared to $20,365 in first quarter 2001. Changes in Financial Condition: At the end of the first quarter 2002 Company assets had decreased to $3,565,876 compared to $3,753,612 at year-end 2001. The current assets totaled $2,034,202 at the end of first quarter 2002 compared to $2,839,441 at year-end 2001. Total liabilities at end of first quarter 2002 were $3,024,542 compared to $3,104,368 at year-end 2001. At March 31,2002 the Company had $883,384 in cash compared to $1,360,071 at year-end 2001; approximately half of the cash used in the first quarter 2002 was due to the Company "net" investment in The Link Group, Inc. Net cash, investments and receivables at March 31, 2002 totaled $947,202. Need for Additional Financing: The Company believes it has sufficient capital to meet its short-term cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of

1934. But if losses continue it may have to seek loans or equity placements to cover longer term cash needs to continue operations and expansion. The Company signed a funding agreement with the iBanc Group, Inc. in November 2001. If and when this agreement comes to fruition, a sum of 5-6 million will be made available to the Company. There is no assurance, however, that such funds will become available. No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover operations expenses. If future revenue declines, or operations are unprofitable, it will be forced to develop another line of business, or to finance its operations through the sale of assets it has, or enter into the sale of stock for additional capital, none of which may be feasible when needed. The Company has no specific management ability, nor financial resources or plans to enter any other business as of this date. From the aspect of whether it can continue toward the business goal of maintaining and expanding the joint venture for internet services in China, it may use all of its available capital without generating a profit. The effects of inflation have not had a material impact on its operation, nor is it expected to in the immediate future. Although the Company is unaware of any major seasonal aspect that would have a material effect on the financial condition or results of operation, the first quarter of each fiscal year is always a financial concern. It is not uncommon for companies to shut down their operation or operate on a skeletal crew during the Chinese New Year holiday. Therefore in effect, the first quarter really has only two months for generating revenue. Market Risk: The Company's investments in The Link Group, Inc. will be subject to market volatility. It does not hold any derivatives or other investments that are subject to market risk. The carrying values of any financial instruments, approximate fair value as of those dates because of the relatively short-term maturity of these instruments which eliminates any potential market risk associated with such instruments. RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2002 AS COMPARED TO THE QUARTER ENDED MARCH 31, 2001. Revenues in first quarter 2002 rose by 49% to $1,008,590 in the form of net sales from its joint venture with Xin Hai Technology Ltd, as compared to net sales of $675,831 in first quarter 2001. The Company had cost of revenues of $395,585 in first quarter 2002, as compared to $283,366 in first quarter 2001. Gross profit in first quarter 2002 was $613,005 compared to $392,465 in first quarter 2001. The Company incurred operating expenses of $746,903 in first quarter 2002 compared to operating expenses of $1,017,393 in first quarter 2001. Operating loss for first quarter 2002 decreased substantially to $133,898 in contrast to the first quarter 2001 operating loss of $624,928. The company had interest and equity income of $25,367 in first quarter 2002 and $28,712 in first quarter 2001. The net loss in first quarter 2002 was $108,531 ($0.01/share) compared to the net loss in first quarter 2001 of $828,331 ($0.04/share). Revenues (excluding those generated by Internet Access Provision services, which the Company stopped providing as of June 2001) increased from $675,831 in first quarter 2001 to $1,008,590 in first quarter 2002, up 49%, as a result of the Company's continued efforts in expanding its customer base due to sales and marketing strategies in the areas of domain name registration and e-solutions services. Operating expenses decreased to $746,903 in first quarter 2002 from $1,017,393 in first quarter 2001. This result, achieved against the backdrop of an increase in revenues of almost 50%, was made possible by the cost-cutting measures which the Company implemented throughout 2001. Except for amortization, which increased to $57,029 in the first quarter of 2002 from $46,287 in the corresponding quarter in 2001, all expense categories saw a decrease: advertising and promotion to $30,955 from $134,750; general and administrative to $137,599 from $160,605; rent to $96,574 from $117,609; salaries, wages and benefits to $347,251 from $424,453, and telephone and communications to $77,535 from $133,689. Future Trends: The Company will continue its cost-saving measures and ongoing efforts to increase revenues in order to achieve profitability. However the Company cannot assure that any profit on revenues can occur in the future. It may have to continue, through its joint venture business, to advertise and promote its services and develop additional value-added services. Operating losses may continue. If the Company acquires additional capital, for example through sale of stock in private placements or through investors exercising warrants, it may be able to advertise and promote its services more aggressively and expand its business more rapidly. PART II OTHER INFORMATION Item 1. Legal Proceedings - None. Item 2. Changes in securities - None. Item 3. Defaults upon senior securities - None. Item 4. Submission of matters to a vote of security holders - None. Item 5. Other information - None. Item 6. Exhibits and reports on Form 8-K (a) The following are filed as Exhibits to this Quarterly Report. The numbers refer to the Exhibit Table of Item 601 of Regulation S-K: None. (b) Reports on Form 8-K filed during the three months ended March 31, 2002. (incorporated by reference) None. Signatures Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized. Dated: May 14, 2002

XIN NET CORP. by: /s/ Ernest Cheung ---------------------------- Ernest Cheung, Secretary/Director