STONEPATH GROUP INC
Form 8-K/A
August 07, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): June 20, 2003

Stonepath Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	001-16105	65-0867684
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1600 Market Street, Suite 1515 Philadelphia, Pennsylvania	19103
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (215) 979-8370

Not Applicable

(Former Name or Former Address, if Changed Since Last Report

General Explanation

The purpose of this Report is to amend the Registrant's Current Report on Form 8-K dated June 20, 2003 (the "Initial Report") that was filed with the Securities and Exchange Commission on July 7, 2003, which reported on the acquisition by the Company of the operations and certain of the assets of Regroup Express, LLC. This Report amends the Initial Report so as to provide the information required under Item 7(a) and 7(b) of Form 8-K.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Acquired Business.

(i) Audited Financial Statements of Regroup Express, LLC

Independent Auditors' Report

Balance Sheets, December 31, 2002 and 2001

Statements of Operations, Years ended December 31, 2002 and 2001

Statements of Members' Equity, Years ended December 31, 2002 and 2001

Statements of Cash Flows, Years ended December 31, 2002 and 2001

Notes to Financial Statements

(ii) Unaudited Financial Statements of Regroup Express, LLC

Balance Sheet, March 31, 2003

Statements of Operations for the three months ended March 31, 2003 and 2002

Statement of Members' Equity for the three months ended March 31, 2003

Statements of Cash Flows for the three months ended March 31, 2003 and 2002.

(b) Pro Forma Financial Information.

(i) Unaudited Pro Forma Condensed Consolidated Financial Statements of Stonepath Group, Inc.

Pro Forma Balance Sheet, March 31, 2003

Pro Forma Statements of Operations, Three Months Ended March 31, 2003 and Year Ended December 31, 2002

(c) Exhibits (referenced to Item 601 of Regulation S-K).

2.6 Asset Purchase Agreement by and among Stonepath Logistics Government Services, Inc. (f/k/a "Transport Specialists, Inc."), Regroup Express L.L.C. and Jed J. Shapiro and Charles R. Cain, the sole members of Regroup Express L.L.C., dated June 4, 2003***

23 Independent Auditors' Consent

99.1 Press Release dated June 23, 2003***

*** Exhibits previously filed with the Current Report on Form 8-K dated June 20, 2003 and filed on July 7, 2003.

FINANCIAL STATEMENTS PROVIDED UNDER ITEM 7(a)

Independent Auditors' Report

The Members
Regroup Express, LLC:

We have audited the accompanying balance sheets of Regroup Express, LLC as of December 31, 2002 and 2001, and the related statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regroup Express, LLC as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Philadelphia, Pennsylvania
May 9, 2003, except
as to note 9, which is
as of June 3, 2003

REGROUP EXPRESS, LLC
Balance Sheets
December 31, 2002 and 2001

Assets	2002

Cash and cash equivalents	$ 429,41
Due from Transgroup, less allowances of approximately $745,000 and $44,000 in 2002 and 2001, respectively	1,318,77
Prepaid expenses	96,01
Total current assets	1,844,19
Property and equipment, net	106,13
Other assets	3,65
Total assets	$ 1,953,98
Liabilities and Members' Equity	
Accounts payable and accrued expenses	$ 70
Accrued payroll	41,84
Current portion of long-term debt	28,12
Total current liabilities	70,66
Long-term debt, net of current portion	45,06
Total liabilities	115,73
Members' equity	1,838,24
Total liabilities and members' equity	$ 1,953,98

See accompanying notes to financial statements.

REGROUP EXPRESS, LLC
Statements of Operations
Years ended December 31, 2002 and 2001

	2002
Net revenues	$ 4,163,293
Selling, general, and administrative expenses	2,310,556
Operating income	1,852,737
Other income (expense)	32
Net income	$ 1,852,769

See accompanying notes to financial statements.

REGROUP EXPRESS, LLC
Statements of Members' Equity
Years ended December 31, 2002 and 2001

Members' equity, January 1, 2001

Net income

Distributions to members

Members' equity, December 31, 2001

Net income

Distributions to members

Members' equity, December 31, 2002

See accompanying notes to financial statements.

REGROUP EXPRESS, LLC
Statements of Cash Flows
Years ended December 31, 2002 and 2001

	2002
Cash flows from operating activities:	
Net income	$ 1,852,769
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	27,091
Changes in assets and liabilities:	
Due from Transgroup	(981,907
Prepaid expenses	(96,015
Other assets	(2,500
Accounts payable and accrued expenses	(785
Accrued payroll	23,368
Net cash provided by operating activities	822,021
Cash flows from investing activities:	
Acquisition of property and equipment	(34,144
Net cash used in investing activities	(34,144
Cash flows from financing activities:	
Payments on long-term debt	(16,375
Change in bank overdraft	--
Distributions to members	(712,197
Net cash used in financing activities	(728,572
Net increase in cash	59,305
Cash and cash equivalents, beginning of year	370,106
Cash and cash equivalents, end of year	$ 429,411
Interest paid	$ 205
Long-term debt incurred for the purchase of vehicle	59,219

See accompanying notes to financial statements.

REGROUP EXPRESS, LLC

Notes to Financial Statements

December 31, 2002 and 2001

(1) Summary of Significant Accounting Policies

(a) Description of Business

Regroup Express, LLC (the Company) is involved in the domestic and international freight forwarding and project management service business. The Company entered into a Transportation Services Agreement with Transgroup Express, Inc. (Transgroup), an unrelated entity, in November 1995. Transgroup provides transportation services to independent transportation companies. In conjunction with this agreement, the Company acts as the exclusive agent for Transgroup in the mid-Atlantic region. As an exclusive agent, the Company prepares shipping documentation and paperwork on behalf of Transgroup and ships freight using Transgroup's licenses. The Company services a customer base of manufacturers, distributors, national retail chains, and the United States government.

(b) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. A significant item subject to such estimates and assumptions includes the allowance for doubtful accounts. Actual results could differ from management's estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with a federally insured financial institution. All highly liquid investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents. From time to time throughout the year, balances in these accounts may exceed federally insured amounts, but management does not consider this to be significant concentration of credit risk.

(d) Property and Equipment

Property and equipment are stated at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful life of furniture and fixtures is seven years, while computer equipment and vehicles are depreciated over five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

(e) Impairment of Long-Lived Assets

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, on January 1, 2002. The adoption of SFAS No. 144 did not affect the Company's financial statements.

In accordance with SFAS No. 144, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash

(Continued)

flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Prior to the adoption of SFAS No. 144, the Company accounted for long-lived assets in accordance with SFAS No. 121, Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.

Based upon management's current assessment, the estimated remaining amortization period of long-lived assets is appropriate and the remaining balance is fully recoverable.

(f) Revenue Recognition

The Company derives its revenues from arranging for freight forwarding services for its customers through Transgroup. Revenues are recognized when shipping documentation is complete and the freight is delivered to the carrier.

(g) Income Taxes

The Company is a limited liability company, which is classified as a partnership for tax purposes, and is not subject to federal and state income taxes. The Company's taxable income is reported by its members.

(h) Fair Value of Financial Instruments

At December 31, 2002 and 2001, the carrying values of the Company's financial instruments (cash and cash equivalents, due from Transgroup, and long-term debt) approximated their fair values.

(i) Compensation of Members

The two members of the Company are also the president and the managing director of the Company. In performing the roles of president and managing director, the members do not receive compensation, and as such there is no expense related to these individuals reflected in the accompanying statements of operations.

(3) Transactions with Transgroup Express, Inc.

Transgroup is responsible for the collection of the trade receivables from the ultimate customers of the transportation services and the payment of the associated transportation costs. In connection with this process, Transgroup charges the Company an accounting and factoring fee for each transaction based on an agreed-upon percentage depending on the customer. On a periodic basis, Transgroup provides payment to the Company which is net of the accounting and factoring fees.

Accounting and factoring fee expense incurred by the Company were approximately $1,187,000 and $751,000 for the years ended December 31, 2002 and 2001, respectively. Such amounts are reflected in net revenues.

(Continued)

The Company bears the credit risk for the collection by Transgroup of the trade receivable from the ultimate customer, up to an amount equal to the trade receivable less the accounting and factoring fees withheld by Transgroup related to the applicable transaction.

The allowance of $745,000 and $44,000 at December 31, 2002 and 2001, respectively, is the Company's best estimate of the amount of probable credit losses in the trade receivables for which Transgroup has not yet collected from the ultimate customer.

(4) Business and Credit Concentrations

A substantial portion of the Company's net revenues are generated from freight forwarding services that are provided to Zany Brainy and the United States government through Transgroup. Net revenues generated from the Zany Brainy and United States government customer relationships totaled approximately $1,739,000 and $1,310,000, respectively, in 2002 and $999,000 and $1,266,000, respectively, in 2001.

On January 13, 2003, FAO, Inc., the parent of Zany Brainy, filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). On April 4, 2003, the Bankruptcy Court held a confirmation hearing on the Debtors' First Amended Joint Plan of Reorganization. At the conclusion of this hearing, the Bankruptcy Court confirmed FAO, Inc.'s Plan of Reorganization. On April 23, 2003, FAO, Inc. completed all necessary elements to effectiveness of the Plan of Reorganization and emerged from Chapter 11 bankruptcy protection.

Transgroup has an agreement with FAO, Inc. and certain of its subsidiaries that would provide for the payment of approximately $1,433,000, in thirty-six equal monthly payments, of the prepetition trade receivables due from Zany Brainy which have not yet been collected by Transgroup. The payments are contingent on the agreement being approved by the Bankruptcy Court, which has not yet been completed. Based on the agreement, the Company has established a reserve of approximately $703,000 related to the Zany Brainy receivables held by Transgroup for which the Company bears the credit risk.

(5) Property and Equipment

Property and equipment as of December 31, 2002 and 2001 consist of the following:

	2002	
Computer equipment	$ 26,451	$
Furniture and fixtures	14,809	
Leasehold improvements	4,110	
Vehicles	104,548	
	149,918	
Less accumulated depreciation	(43,784)	
	$ 106,134	$

Depreciation expense was $27,091 and $9,154 for the years ended December 31, 2002 and 2001, respectively.

(Continued)

REGROUP EXPRESS, LLC

Notes to Financial Statements

December 31, 2002 and 2001

(6) Long-Term Debt

Long-term debt as of December 31, 2002 and 2001 consists of the following:

	2002	

Note payable to bank due in monthly installments of $1,277, interest at 0.9%, due November 2003, secured by vehicle	$ 13,972	$
Note payable to bank due in monthly installments of $1,377, interest at 4.5%, due December 2006, secured by vehicle	59,219	
	73,191	
Less current portion	(28,126)	
	$ 45,065	$

Scheduled maturities of long-term debt are as follows:

2003	$ 28,126
2004	14,793
2005	15,474
2006	14,798
2007 and thereafter	--
	$ 73,191

(7) Retirement Plan

The Company has a defined contribution profit sharing and salary deferral plan that covers all employees who meet the plan's eligibility requirements. Employees may contribute up to the maximum allowed by law. Matching contributions by the Company were $19,880 and $7,606 for the years ended December 31, 2002 and 2001, respectively.

(8) Commitments and Contingencies

(a) Operating Lease

The Company leases office space under operating leases that expire during 2004. Future minimum lease payments under noncancellable operating leases as of December 31, 2002 are as follows:

2003	$ 23,698
2004	18,857
	$ 42,555

Rent expense includes annual increases in the base rent as well as a pro rata allocation of real estate taxes and building operating expenses that are passed through to the Company. Total rent expense was $26,279 and $25,705 for the years ended December 31, 2002 and 2001, respectively.

(Continued)

REGROUP EXPRESS, LLC

Notes to Financial Statements

December 31, 2002 and 2001

(b) Litigation

The Company is involved in various claims and lawsuits that arise in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

(9) Subsequent Events

On June 3, 2003, the Company entered into a definitive agreement for the sale of certain assets of the Company to Transport Specialists, Inc., an indirect wholly owned subsidiary of Stonepath Group, Inc. (STG), a publicly traded corporation. The purchase consideration will consist of cash of $3,700,000 and shares of STG common stock valued at $1,000,000. In addition, STG agreed to pay up to an additional $22,500,000 over a five-year earn-out period based upon the future financial performance of the Company. The acquisition is subject to customary closing conditions.

REGROUP EXPRESS, LLC
Balance Sheet
March 31, 2003

Assets	
Cash and cash equivalents	$
Due from Transgroup, less allowances of approximately $745,000	
Prepaid expenses	

Total current assets	
Property and equipment, net	
Other assets	

Total assets	$
	===
Liabilities and Members' Equity	
Accounts payable and accrued expenses	$
Accrued payroll	
Current portion of long-term debt	

Total current liabilities	
Long-term debt, net of current portion	

Total liabilities	
Members' equity	

Total liabilities and members' equity	$

REGROUP EXPRESS, LLC
Statements of Operations
Three months ended March 31, 2003 and March 31, 2002

	March 31, 2003	Mar 2
Net revenues	$ 396,467	$ 3
Selling, general, and administrative expenses	284,784	3
Operating income	111,683	
Other income	663	
Net income	$ 112,346	$

REGROUP EXPRESS, LLC
Statement of Changes in Members' Equity
Three months ended March 31, 2003

Members' equity, January 1, 2003	$ 1,838,247
Net income	112,346
Distributions to members	(262,328)
Members' equity, March 31, 2003	$ 1,688,265

REGROUP EXPRESS, LLC
Statements of Cash Flows
Three months ended March 31, 2003 and March 31, 2002

	March 31, 2003	March 200
Cash flows from operating activities:		
Net income	$ 112,346	$ 55
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,201	2
Changes in assets and liabilities:		
Due from Transgroup	(259,662)	(9
Other assets	(2,875)	
Accounts payable and accrued expenses	59,370	6
Accrued payroll	(23,408)	4
Net cash provided by (used in) operating activities	(108,028)	60
Cash flows from financing activities:		
Payments on long-term debt	(7,278)	(5
Distributions to members	(262,328)	(300
Net cash used in financing activities	(269,606)	(305
Net decrease in cash	(377,634)	(244
Cash and cash equivalents, beginning of period	429,411	370
Cash and cash equivalents, end of period	$ 51,777	$ 125

PRO FORMA FINANCIAL INFORMATION PROVIDED UNDER ITEM 7(b)
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

BASIS OF PRESENTATION

On June 20, 2003, through its indirect wholly owned subsidiary, Stonepath Logistics Government Services, Inc. ("SLGS"), Stonepath Group, Inc.(the "Company") acquired the business of Regroup Express LLC, a Virginia limited liability company ("Regroup").

The business acquired from Regroup provides time-definite domestic and international transportation services including air and ground freight forwarding, ocean freight forwarding, major project logistics as well as local pick up and delivery services. The customers of the acquired business include U.S. government agencies and contractors, select companies in the retail industry and other commercial businesses.

The assets acquired from Regroup consist primarily of its goodwill and other intangible assets, such as its intellectual property, employee base, operating methods and systems, customer relationships and ongoing operations. Certain leases were assumed and personal property was acquired, consisting primarily of office equipment. Accounts receivable were not acquired and accounts payable and other obligations were not assumed. The consideration paid by the Company at the closing of the transaction was $4.7 million, which amount was paid through a combination of $3.7 million in cash and $1.0 million of the Company's common stock. Members of Regroup will be entitled to an earn-out arrangement over a period of five years providing for a total base purchase price of up to $17.2 million, contingent upon the future financial performance of SLGS following the acquisition. Members of Regroup may also be entitled to an additional earn-out payment to the extent its pre-tax earnings exceed $17.5 million during the earn-out period. The funds required for the cash payment at the closing were obtained by the Company from its credit facility with LaSalle Business Credit, Inc. The consideration was determined based on arms-length negotiations between the parties.

The contingent payments will be accounted for as additional cost of Regroup when the earnings contingency is resolved and the consideration is issued or becomes issuable. Accordingly, the purchase price allocation presented herein is preliminary and includes only the $4.7 million paid at closing plus approximately $300 thousand of capitalized closing costs.

The following unaudited pro forma condensed consolidated balance sheet at March 31, 2003 presents the Company's acquisition of Regroup as if it had occurred on March 31, 2003. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2002 and the three months ended March 31, 2003 presents the Company's acquisition of Regroup as if it had occurred on January 1, 2002. The detailed assumptions used to prepare the unaudited pro forma condensed consolidated financial information are contained in the accompanying explanatory notes.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations which would have actually been reported had the transaction been consummated at the dates mentioned above or which may be reported in the future. This unaudited pro forma condensed consolidated financial information is based upon the respective historical financial statements of the Company and Regroup and should be read in conjunction with those statements and the related notes.

STONEPATH GROUP, INC.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
Year ended December 31, 2002
(amounts in thousands, except share and per share information)

	Historical Statements		Pro
	Stonepath	Regroup	Adjus
Total revenues	$ 139,649	$4,163	$14,2
Cost of transportation	101,339		13,1
Net revenue	38,310	4,163	1,1
Selling, general and administrative costs	34,770	2,310	1,1 (3 1

Income from operations	3,540	1,853	2
Other income (expense)	128	-	(1
Income before income taxes	3,668	1,853	1
Income taxes	102	-	
Net income	3,566	1,853	
Preferred stock dividends	15,020	-	
Net income attributable to common stockholders	$ 18,586	$1,853	$
Basic earnings per common share	0.84		
Diluted earnings per common share	0.12		
Basic weighted average common shares outstanding	22,154,861		
Diluted weighted average common shares outstanding	29,232,568		

(a) To reflect revenues, cost of purchased transportation services and the accounting and factoring fees charged under an agency agreement with another logistics services organization on a gross basis.

(b) To eliminate accounting and factoring fees associated with agent operations, net of incremental compensation to former owners and additional personnel.

(c) To reflect amortization of acquired identifiable intangibles.

(d) To reflect incremental interest expense at 4.0% associated with borrowings for the $3.7 million in cash paid at closing.

(e) To reflect state tax expense.

STONEPATH GROUP, INC.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
Three months ended March 31, 2003
(amounts in thousands, except share and per share information)

Historical Statements

Pro

	Stonepath	Regroup	Adj
Total revenues	$ 45,365	$397	$
Cost of transportation	33,182	-	
Net revenues	12,183	397	
Selling, general and administrative costs	11,173	285	
Litigation settlement	750	-	
Income from operations	260	112	
Other income (expense)	30	-	
Income before income taxes	290	112	
Income taxes	15	-	
Net income	$ 275	$112	$
Basic earnings per common share	$ 0.01		
Diluted earnings per common share	$ 0.01		
Basic weighted average common shares outstanding	24,764,810		
Diluted weighted average common shares outstanding	32,313,842		

(a) To reflect revenues, cost of purchased transportation services and the accounting and factoring fees charged under an agency agreement with another logistics services organization on a gross basis.

(b) To eliminate accounting and factoring fees associated with agent operations, net of incremental compensation to former owners and additional personnel.

(c) To reflect amortization of acquired identifiable intangibles.

(d) To reflect incremental interest expense at 4.0% associated with borrowings for the $3.7 million in cash paid at closing.

(e) To reflect state tax expense.

STONEPATH GROUP, INC.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
March 31, 2003
(amounts in thousands)

	Historical Statements		Pro Forma Adjustment	
	Stonepath	Regroup		
Current assets:				
Cash and cash equivalents	$ 2,669	$ 52	$(3,700)	(a
			(52)	(b
			3,700	(d
Accounts receivable, net	19,411	1,578	(1,578)	(b
Other current assets	1,288	96	(96)	(b
Total current assets	23,368	1,726	(1,726)	
Goodwill and acquired intangibles, net	26,790	-	4,980	(c
Furniture and equipment, net	4,748	100	(80)	(b
Other assets	1,228	7	(7)	(b
	$ 56,134	$1,833	$ 3,167	
Current liabilities:				
Accounts payable	$ 8,663	$ 60	$ (60)	(b
Earn-out payable	1,061	-	-	
Accrued expenses	3,656	18	(18)	(b
			300	(e
Other current liabilities	-	31	(31)	(b
			3,700	(d
Total current liabilities	13,380	109	3,891	
Long-term debt	-	36	(36)	(b
Total liabilities	13,380	145	3,855	
Stockholders' equity				
Common stock	28	-	1	(a
Additional paid in capital	201,808	-	999	(a
Members' equity	-	1,688	(1,688)	(b
Accumulated deficit	(158,989)	-	-	
Deferred compensation	(93)	-	-	
Total stockholders' equity	42,754	1,688	(688)	
	$ 56,134	$1,833	$ 3,167	

(a) To reflect payment of $3.7 million in cash and $1.0 million in Company stock paid at closing.

(b) To reflect the elimination of assets, liabilities and equity balances not acquired in the asset purchase.

(c) To reflect goodwill and other acquired intangibles.

(d) To reflect $3.7 million of incremental borrowings in connection with the transaction.

(e) To reflect approximately $300 thousand of capitalized closing costs.

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 by the undersigned hereunto duly authorized.

STONEPATH GROUP, INC.

Date: August 7, 2003   By: Dennis L. Pelino

Name: Dennis L. Pelino
Title: Chairman and Chief Executive Officer