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STONEPATH GROUP INC
Form 8-K
December 30, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): December 29, 2003

Stonepath Group, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	001-16105 (Commission File Number)	65-0867684 (IRS Employer Identification No.)
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1600 Market Street, Suite 1515 Philadelphia, Pennsylvania (Address of Principal Executive Offices)	19103 (Zip Code)
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Registrant's telephone number, including area code: (215) 979-8370

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

(c) Exhibits

99.1 Press release dated December 29, 2003

Item 9. Regulation FD Disclosure.

On December 29, 2003, Stonepath Group, Inc. (the "Company") issued a press release announcing, among other things, the completion of several acquisitions, financial guidance for its forecasted 2004 results of operations and a revision to its 2003 forecasted revenues.

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Item 12. Results of Operations and Financial Condition.

The press release dated December 29, 2003 is attached hereto as Exhibit 99.1.

The Company is in the process of preparing amendments to its 2003 quarterly reports, as well as an amendment to its Annual Report on Form 10-K/A for the year ended December 31, 2002, to restate the consolidated financial statements contained therein to reduce revenue and costs of transportation by a like amount for transactions that were previously reported in error. The periods that will be impacted include the second, third and fourth quarters of 2002, as well as the first, second and third quarters of 2003.

During the third week of December 2003, and in the course of conducting a regularly scheduled review of internal controls and centralization of the financial reporting process, the Company discovered an error in the legacy accounting process of its International Services division. The error was that the Company inadvertently failed to eliminate in the consolidation process certain intercompany transactions between Stonepath Logistics International Services, Inc. (formerly known as "Global Transportation Systems, Inc.") and Global Container Line, Inc., its wholly-owned subsidiary which operates as a non-vessel operating common carrier. This resulted in an overstatement of revenues and a corresponding overstatement of the cost of transportation, with no resulting impact on net revenues, EBITDA or net earnings. The Company has determined that this error had been embedded in the legacy accounting processes of Global Transportation Systems, Inc. for a period which began substantially before its acquisition by the Company in April 2002.

A preliminary analysis of the effects of this restatement on previously reported consolidated revenues and costs of transportation is provided below. The Company expects to file amended periodic reports on Form 10-Q/A and Annual Report on Form 10-K/A for the relevant periods, once it has confirmed all restated amounts with its auditors.

FY 2002	Three Months Ended June 30, 2002			Six
	As Previously Reported	Adjustment	As Restated	As Previously Reported
Total revenue	\$ 32,689,603	\$ (4,213,890)	\$ 28,475,713	\$ 45,755,163
Cost of transportation	23,903,884	(4,213,890)	19,689,994	32,549,853
Net revenue	\$ 8,785,719	\$ -	\$ 8,785,719	\$ 13,205,310
Transportation revenue	\$ 30,176,525	\$ (4,213,890)	\$ 25,962,635	\$ 42,758,978
Cost of transportation	23,903,884	(4,213,890)	19,689,994	32,549,853
Net transportation revenue	6,272,641	-	6,272,641	10,209,125
Net transportation margin	20.8%		24.2%	23.9%

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Customs brokerage	1,748,245	—	1,748,245	1,748,245
Warehousing and other value added services	764,833	—	764,833	1,247,940
	-----	-----	-----	-----
Total net revenue	\$ 8,785,719	\$ —	\$ 8,785,719	\$ 13,205,310
	=====	=====	=====	=====
Net income (loss)	\$ 268,264	\$ —	\$ 268,264	\$ (958,690)
	=====	=====	=====	=====
EBITDA	\$ 773,575	\$ —	\$ 773,575	\$ (82,138)
	=====	=====	=====	=====

	Three Months Ended September 30, 2002			Nine Mo
	As Previously Reported	Adjustment	As Restated	As Previously Reported
	-----	-----	-----	-----
Total revenue	\$ 43,860,010	\$ (5,958,486)	\$ 37,901,524	\$ 89,615,173
Cost of transportation	31,863,934	(5,958,486)	25,905,448	64,413,787
	-----	-----	-----	-----
Net revenue	\$ 11,996,076	\$ —	\$ 11,996,076	\$ 25,201,386
	=====	=====	=====	=====
Transportation revenue	\$ 40,512,880	\$ (5,958,486)	\$ 34,554,394	\$ 83,271,858
Cost of transportation	31,863,934	(5,958,486)	25,905,448	64,413,787
	-----	-----	-----	-----
Net transportation revenue	8,648,946	—	8,648,946	18,858,071
Net transportation margin	21.3%		25.0%	22.6%
Customs brokerage	2,204,007	—	2,204,007	3,952,252
Warehousing and other value added services	1,143,123	—	1,143,123	2,391,063
	-----	-----	-----	-----
Total net revenue	\$ 11,996,076	\$ —	\$ 11,996,076	\$ 25,201,386
	=====	=====	=====	=====
Net income	\$ 1,991,482	\$ —	\$ 1,991,482	\$ 1,032,792
	=====	=====	=====	=====
EBITDA	\$ 2,715,318	\$ —	\$ 2,715,318	\$ 2,633,180
	=====	=====	=====	=====

	Three Months Ended December 31, 2002			Yea
	As Previously Reported	Adjustment	As Restated	As Previously Reported
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Total revenue	\$ 50,034,046	\$ (6,772,987)	\$ 43,261,059	\$139,649,219
Cost of transportation	36,925,237	(6,772,987)	30,152,250	101,339,024
	-----	-----	-----	-----
Net revenue	\$ 13,108,809	\$ -	\$ 13,108,809	\$ 38,310,195
	=====	=====	=====	=====
Transportation revenue	\$ 47,099,960	\$ (6,772,987)	\$ 40,326,973	\$130,371,818
Cost of transportation	36,925,237	(6,772,987)	30,152,250	101,339,024
	-----	-----	-----	-----
Net transportation revenue	10,174,723	-	10,174,723	29,032,794
Net transportation margin	21.6%		25.2%	22.3%
Customs brokerage	2,337,253	-	2,337,253	6,289,505
Warehousing and other value added services	596,833	-	596,833	2,987,896
	-----	-----	-----	-----
Total net revenue	\$ 13,108,809	\$ -	\$ 13,108,809	\$ 38,310,195
	=====	=====	=====	=====
Net income	\$ 1,347,537	\$ -	\$ 1,347,537	\$ 2,380,329
	=====	=====	=====	=====
EBITDA	\$ 1,945,297	\$ -	\$ 1,945,297	\$ 4,578,477
	=====	=====	=====	=====

FY 2003

Three Months Ended March 31, 2003

	As Previously Reported	Adjustment	As Restated
	-----	-----	-----
Total revenue	\$ 45,365,204	\$ (6,783,941)	\$ 38,581,263
Cost of transportation	33,181,564	(6,783,941)	26,397,623
	-----	-----	-----
Net revenue	\$ 12,183,640	\$ -	\$ 12,183,640
	=====	=====	=====
Transportation revenue	\$ 42,573,538	\$ (6,783,941)	\$ 35,789,597
Cost of transportation	33,181,564	(6,783,941)	26,397,623
	-----	-----	-----
Net transportation revenue	9,391,974	-	9,391,974
Net transportation margin	22.1%		26.2%
Customs brokerage	1,863,591	-	1,863,591
Warehousing and other value added services	928,075	-	928,075
	-----	-----	-----
Total net revenue	\$ 12,183,640	\$ -	\$ 12,183,640

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	=====	=====	=====
Net loss	\$ (7,305)	-	\$ (7,305)
	=====	=====	=====
EBITDA	\$ 623,041	\$ -	\$ 623,041
	=====	=====	=====

	Three Months Ended June 30, 2003			Six Mo
	As Previously Reported	Adjustment	As Restated	As Previously Reported
	-----	-----	-----	-----
Total revenue	\$ 54,407,172	\$ (7,963,637)	\$ 46,443,535	\$ 99,772,376
Cost of transportation	40,302,074	(7,963,637)	32,338,437	73,483,638
	-----	-----	-----	-----
Net revenue	\$ 14,105,098	\$ -	\$ 14,105,098	\$ 26,288,738
	=====	=====	=====	=====
Transportation revenue	\$ 50,655,146	\$ (7,963,637)	\$ 42,691,509	\$ 93,228,684
Cost of transportation	40,302,074	(7,963,637)	32,338,437	73,483,638
	-----	-----	-----	-----
Net transportation revenue	10,353,072	-	10,353,072	19,745,046
Net transportation margin	20.4%		24.3%	21.2%
Customs brokerage	2,178,492	-	2,178,492	4,042,083
Warehousing and other value added services	1,573,534	-	1,573,534	2,501,609
	-----	-----	-----	-----
Total net revenue	\$ 14,105,098	\$ -	\$ 14,105,098	\$ 26,288,738
	=====	=====	=====	=====
Net income	\$ 129,443	\$ -	\$ 129,443	\$ 122,138
	=====	=====	=====	=====
EBITDA	\$ 719,676	\$ -	\$ 719,676	\$ 1,342,717
	=====	=====	=====	=====

	Three Months Ended September 30, 2003			Nine Mon
	As Previously Reported	Adjustment	As Restated	As Previously Reported
	-----	-----	-----	-----
Total revenue	\$ 77,343,013	\$ (12,089,997)	\$ 65,253,016	\$177,115,389
Cost of transportation	58,686,895	(12,089,997)	46,596,898	132,170,533
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Net revenue	\$ 18,656,118 =====	\$ - =====	\$ 18,656,118 =====	\$ 44,944,856 =====
Transportation revenue	\$ 72,072,997	\$ (12,089,997)	\$ 59,983,000	\$165,301,681
Cost of transportation	58,686,895 -----	(12,089,997) -----	46,596,898 -----	132,170,533 -----
Net transportation revenue	13,386,102	-	13,386,102	33,131,148
Net transportation margin	18.6%		22.3%	20.0%
Customs brokerage	3,252,198	-	3,252,198	7,294,281
Warehousing and other value added services	2,017,818 -----	- -----	2,017,818 -----	4,519,427 -----
Total net revenue	\$ 18,656,118 =====	\$ - =====	\$ 18,656,118 =====	\$ 44,944,856 =====
Net income	\$ 2,075,103 =====	\$ - =====	\$ 2,075,103 =====	\$ 2,197,241 =====
EBITDA	\$ 3,078,754 =====	\$ - =====	\$ 3,078,754 =====	\$ 4,421,471 =====

The information in this report, being furnished pursuant to Item 9 and Item 12 of Form 8-K, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

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: December 29, 2003

By: /s/ Dennis L. Pelino

Name: Dennis L. Pelino

Title: Chairman and Chief Executive Officer

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Exhibit Index

Exhibit Number

Description

99.1

Press Release dated December 29, 2003