TRANSPORTATION LOGISTICS INTL INC
Form 10KSB
May 15, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2002.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ____________ to ___________

Commission File No. 0-25319

TRANSPORTATION LOGISTICS INT'L, INC.
(Exact name of the Registrant as specified in Charter)

Colorado	84-1191355
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID Number)

136 Freeway Drive East, East Orange, NJ 07018
(Address of principal executive offices)

Registrant's Telephone Number, including Area Code: 973-266-7020

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, no par value per share

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

State the issuer's revenues for its most recent fiscal year: $3,620,897.

State the aggregate market value of the voting stock held by non-affiliates of the Registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and ask prices of such stock, as of a specified date within 60 days prior to the date of filing.

The aggregate market value of the Registrant's common stock, no par value, held by non-affiliates as of May 10 2003 was $216,820.

As of May 10, 2003, the number of shares outstanding of the Registrant's common stock was 41,548,338 shares, no par value.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

DOCUMENTS INCORPORATED BY REFERENCE: None

FORWARD-LOOKING STATEMENTS: NO ASSURANCES INTENDED

This Report contains certain forward-looking statements regarding Transportation Logistics, its business and financial prospects. These statements represent Management's present intentions and its present belief regarding the company's future. Nevertheless, there are numerous risks and uncertainties that could cause our actual results to differ from the results suggested in this Report. Among the more significant risks are:

* the fact that Transportation Logistics requires additional capital to sustain its operations through the next year;
* the fact that Transportation Logistics' growth will be limited by its ability to obtain additional capital; and
* the fact that the industry in which Transportation Logistics operates is dominated by large logistics companies, against whom Transportation Logistics must compete.

Because these and other risks may cause the Company's actual results to differ from those anticipated by Management, the reader should not place undue reliance on any forward-looking statements that appear in this Report. Readers should also take note that Transportation Logistics will not necessarily make any public announcement of changes affecting these forward-looking statements, which should be considered accurate on this date only.

PART 1

Item 1. BUSINESS

Transportation Logistics Int'l Inc. is a transportation logistics management company. We organized our company in 1999, and since then have been involved in offering a wide variety of services necessary to facilitate the movement of raw materials and finished products worldwide. The core philosophy that unites our transportation ventures into a unified business plan is the minimization of our commitment to fixed assets.

At the present time, our major operating subsidiary is Xcalibur Xpress, Inc., whose business consists primarily of the delivery of international containerized materiel. After goods arrive at a port, our services are used to be deliver the goods to their consignee, either directly from the port of debarkation or from a railroad head where the goods has been transferred after landing. Similarly, our customers use our intermodal services to transport products manufactured in the U.S. from the factory to a port for shipment to its designated foreign country.

Our intermodal trucking services are performed by Xcalibur Agents located in various cities. The Agents operate under our name, using our insurance and our U.S. Federal Department of Transportation authority. The Agents' business, however, is their own: they hire, fire, dispatch, set their own prices, and perform all operating functions independent of Xcalibur.

Xcalibur does the actual billing to customers under the Xcalibur name, sets all credit limits, and is responsible for all collection efforts. Each Agent is paid a fixed percentage weekly of their gross billings (averaging 86%), with a charge back for credits of any kind issued to customers, in addition to unpaid invoices that have aged over 90 days. Xcalibur is also responsible for approving all drivers, supervising a stringent safety program, insuring all general liability, equipment and cargo, and performing a myriad of other back-office functions.

Our principal markets today consist of the six cities where we have an Agent. They are Newark, NJ, Chicago, IL, Charleston, SC, Savannah, GA, Charlotte, NC, and Jacksonville, FL. We plan to add six more agents in 2003 and ten additional Agents in 2004.

We market our services through three very simple methods:

- Agents who join us bring with them their own "book of business," which usually is between one to two million dollars in sales revenue.

- Xcalibur has developed its own loyal customer following (e.g Weyerhauser Paper) who await our signing an Agent in a new terminal city. They then consign their needs in that city to our Agent, thus enhancing the Agent's revenue and 86% advance, and of course adding to Xcalibur's gross, which results in a good percentage flowing to our bottom line.

- The international shipping industry is dominated by 40 to 45 companies, each of them doing more than one billion dollars in annual revenue. They all know of us and our capabilities.

In sales revenue, we are limited first by the number of cities in which we have representation, then by the limitation of equipment controlled by the Agent in that city, and finally by cash flow requirements, primarily the expense outlays for at least eight weeks until a customer pays for the first weeks work we performed.

Employees

The Company currently employs six individuals, all of whom, other than our Chief Executive Officer, are involved in the business of Xcalibur Xpress. We believe that our relations with our employees are good.

Item 2. PROPERTIES

Transportation Logistics does not own any real property. Its offices and the offices of Xcalibur Xpress are located at the Company's headquarters in East Orange, which we lease on an at will basis.

Item 3. LEGAL PROCEEDINGS

In December 2001 Transportation Logistics commenced action in the United States District Court for the District of New Jersey against Columbine Financial Solutions, Inc. and Lawrence G. Alpert. The action alleges that the defendants breached a contract to purchase 1,200,000 shares of our common stock for $600,000. Since the defendants did pay a total of $214,000, $386,000 in damages are alleged. The defendants have not yet answered the complaint and we have petitioned for a default judgment.

In April 2002 Transportation Logistics commenced action in the United States District Court for the District of New Jersey against Rewico Investment Limited, a U.K. corporation, and Rewico International GMBH. The action alleges that the defendants defrauded Transportation Logistics in connection with its acquisition of the U.S. operations of Rewico in 2000. $546,000_ in damages are alleged, and rescission of the issuance of 2,487,432 shares of Transportation Logistics common stock is demanded. The defendants have not yet answered the complaint.

Michael Seeley, the holder of a Convertible Debenture issued by the Company in the principal amount of $200,000, has commenced action in the District Court for the City and County of Denver, State of Colorado, against the Company. The action alleges that the Company has defaulted in payment of the principal and $40,000 in interest accrued on the debenture.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

Our common stock is listed for quotation on the OTC Bulletin Board under the trading symbol "TRPL" The following table sets forth the bid prices quoted for our common stock on the OTC Bulletin Board during the last two years.

	Bid	
Period:	High	Low
Jan. 1, 2001 - Mar. 31, 2001	$ 1.88	$ .34
Apr. 1, 2001 - June 30, 2001	$ .53	$ .30
July 1, 2001 - Sep. 30, 2001	$ .55	$ .12
Oct. 1, 2001 - Dec. 31, 2001	$ .16	$ .01
Jan. 1, 2002 - Mar. 31, 2002	$ .22	$ .06
Apr. 1, 2002 - June 30, 2002	$ .13	$ .05
July 1, 2002 - Sep. 30, 2002	$ .06	$ .02
Oct. 1, 2002 - Dec. 31, 2002	$ .04	$ .01

(b) Shareholders

Our shareholders list contains the names of 99 registered shareholders of record. The number of beneficial shareholders who hold their shares in street name is much greater and cannot be determined at this time.

(c) Dividends

The Company has never paid or declared any cash dividends on its Common Stock and does not anticipate doing so in the foreseeable future. The Company intends to retain any future earnings for the operation and expansion of the business. Any decision as to future payment of dividends will depend on the available earnings, the capital requirements of the Company, its general financial condition and other factors deemed pertinent by the Board of Directors.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

During 2002, the Company discontinued all of the businesses in which it had been engaged at the beginning of the year:

- We sold Transportation Logistics (U.K.) to the individuals from whom we had originally acquired it. They gave us a promissory note for $35,000, 940,867 shares of Transportation Logistics common stock, and a promise to pay us 50% of any profits they realize from operating a global network.

- We surrendered our interest in HumanaForce Logistics LLC, which had provided personnel services to the transportation industry.

- We ceased the operations of Pupil Transportation, Inc. after that subsidiary lost its principal contract to a larger competitor.

- We terminated the operations of our financial services division, as we lacked the capital needed to fund its ongoing operations.

Because these businesses have been discontinued, we have restated our financial results for 2001. As restated, our 2001 statement of operations shows no revenue for 2001, and a loss attributable to the discontinued operations.

In May 2002 we acquired Xcalibur Xpress, Inc., which is now our only operating business. Our financial statements reflect the results of operations of Xcalibur Xpress from May 2002 through the end of the year. Note 18 to the financial statements contains a pro forma summary of our results of operations during 2001 and 2002 if Xcalibur Xpress had been acquired on January 1, 2001 and our other operations had been terminated on that date.

In the seven months after we acquired Xcalibur Xpress, it contributed $3,620,807 in revenue. Because our operations involve little personnel and virtually no hard assets, we realized a gross margin of 35% from that revenue. The gross profit was not sufficient to offset all of the expenses of operating our public company for the year. However, if the non-cash expense of $302,700 that we incurred as a result of issuance of stock to consultants is eliminated, our operating loss would be only $58,186.

Because of the efficiency of the operations of Xcalibur Xpress, we believe that it can be the foundation for rebuilding Transportation Logistics. Our success in that regard will depend, however, on our ability to satisfy the liabilities that remain from our earlier efforts to expand.

Liquidity and Capital Resources

The primary roadblock facing our plans for growth is our need for capital. We are actively seeking additional capital resources, through sale of equity or debt, and hope to increase our available resources. With additional capital resources, we expect to be able to expand the operations of Xcalibur Xpress and to initiate complementary businesses that will permit us to achieve the economies of scale that will facilitate profitability and growth.

Our working capital deficit at December 31, 2002 totaled $24,556, a significant reduction from the deficit of $440,325 with which we started 2002. The improvement occurred as we discontinued the operations which were responsible for the earlier working capital shortfall.

Although our working capital deficit is not great, our cash flow remains insufficient to satisfy the requirements of our existing liabilities. For this reason we require additional capital resources. Management, therefore, is actively engaged in exploring opportunities for equity or debt financing, to obtain the funds needed to sustain our operations through the coming year.

Item 7. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 8. FINANCIAL STATEMENTS

The Company's financial statements, together with notes and the Report of Independent Certified Public Accountants, are set forth immediately following Item 13 of this Form 10-KSB.

PART III

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

This table identifies our management team. Directors serve until the next annual meeting of shareholders and until their successors are elected and qualify. Officers serve at the pleasure of the Board of Directors.

Name	Age	Position with the Company	Director Since
Michael Margolies	75	Chairman, Chief Executive Officer, Chief Financial Officer, Secretary	2000
Stanley Chason	74	Director	2001

Michael Margolies founded our operating company in 1998. Mr. Margolies previously served as Chief Executive Officer of U.S. Transportation Systems, Inc. from its creation in 1975. USTS was a NASDAQ-listed holding company involved in a diversified group of transportation-related businesses (e.g. bus charters, freight-hauling, bus leasing, limousines, etc.). Mr. Margolies left USTS in 1998 when it was sold to Precept Business Services, Inc. for approximately $43 million. He then organized Transportation Logistics in order to apply, in a non-asset-based environment, the skills in organization and consolidation of transportation services that he developed at USTS.

Stanley Chason became a director of Transportation Logistics in November 2001. From 1962 until his retirement in 1984, Mr. Chason held various positions with Gelco Corporation, a company listed on the New York Stock Exchange which is involved in all aspects of vehicle leasing. His last position with Gelco was as Executive Vice President and member of the Board of Directors. Mr. Chason was also Chairman and Chief Executive Officer of the Fleet and Management Services Division of Gelco.

Item 10. EXECUTIVE COMPENSATION

This table itemizes the compensation we paid to Michael Margolies, who served as our Chief Executive Officer during 2002. There was no other officer whose salary and bonus for services rendered during the year ended December 31, 2002 exceeded $100,000.

	Compensation Year	Salary	Stock Grant
Michael Margolies.......	2002	$ 0	(1)
	2001	0	
	2000	0	

(1) Mr. Margolies received a restricted stock grant of 10,000,000 shares during 2002. The terms of the grant are described below.

Restricted Stock Grant Program

On May 28, 2002 the Company granted 10,000,000 shares of its common stock to Michael Margolies, its Chief Executive Officer, pursuant to the Company's Restricted Stock Grant Program (the "Program"). The grant represented the entirety of the 10,000,000 shares included in the Program. The shares issued under the Program are subject to the following restrictions:

1. After 2002 and each of the following four fiscal years (2003 through 2006) one-fifth of the shares granted (the "At-Risk Shares") will be forfeited if the Company's' revenue during the year does not exceed the following thresholds:

2002 - $ 4,000,000
2003 - $ 6,000,000
2004 - $ 8,000,000
2005 - $ 10,000,000
2006 - $ 12,000,000

2. All of the restricted shares shall be forfeited if Mr. Margolies' employment by the Company terminates prior to the date the restrictions lapse.

3. The shares granted under the Program cannot be sold, assigned, pledged, transferred or hypothecated in any manner, by operation of law or otherwise, other than by writ or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process. These restrictions will lapse with respect to any At-Risk Shares that are not forfeited as described above. In addition, the restrictions will lapse with respect to all unforfeited shares if in any year the Company's revenue exceeds $12,000,000.

4. The restrictions shall also lapse as to all restricted shares on the first to occur of (i) the termination of Mr. Margolies' employment with the Company by reason of his disability, (ii) Mr. Margolies' death, (iii) termination of Mr. Margolies'employment by the Company without good reason, or (iv) a change of control of the Company. The Program defines "Change of Control" as an acquisition by a person or group of more than 50% of the Company's outstanding shares, a transfer of the Company's property to an entity of which the Company does not own at least 50%, or the election of directors constituting a majority of the Board who have not been approved by the existing Board.

Compensation of Directors

Our directors are reimbursed for out-of-pocket expenses incurred on our behalf, but receive no additional compensation for service as directors.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to us with respect to the beneficial ownership of our common stock as of the date of this prospectus by the following:

* each shareholder known by us to own beneficially more than 5% of our common stock;

* each officer named in the Executive Compensation table above.

* each of our directors; and

* all directors and executive officers as a group.

There are 41,548,338 shares of our common stock outstanding on the date of this Report. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed below have sole voting power and investment power with respect to their shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission.

In computing the number of shares beneficially owned by a person and the percent ownership of that person, we include shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days. We do not, however, include these "issuable" shares in the outstanding shares when we compute the percent ownership of any other person.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership(2)	Percentage of Class
Michael Margolies	21,834,939(3)	52.6%
Stanley Chason	2,500	0.1%
All Officers and Directors As a Group (2 persons)	21,837,439	52.5%
Rewico Investment Limited City House 9, Cranbrook Road Ilford, Essex UK IG14EA	2,487,432	6.0%

(1) Except as noted, the address of all shareholders is c/o Transportation Logistics Int'l, Inc., 136 Freeway Drive East, East Orange, NJ 07018
(2) All shares are owned of record unless otherwise indicated
(3) Includes 2,618,350 shares owned by the Margolies Family Trust. The Trustee of the Margolies Family Trust is Mr. Margolies' spouse, and the beneficiaries of the Trust are Mr. Margolies' spouse and children. Also includes 10,000,000 shares which are subject to the terms of the Restricted Stock Grant Program.

Equity Compensation Plan Information

The information set forth in the table below regarding equity compensation plans (which include individual compensation arrangements) was determined as of December 31, 2002.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders.....	0	-	0
Equity compensation plans not approved by security holders*....	0	-	812,500
Total................	0	-	812,500

* Our Board of Directors has adopted three equity compensation plans without shareholder approval. The three plans are identical in their material terms. They permit the Board to award to employees, directors or consultants (other than consultants whose services to Transportation Logistics are related to capital-raising transactions) stock, restricted stock, stock options or performance shares.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

From time to time, Transportation Logistics has borrowed money from the Margolies Family Trust. The trustee of the Margolies Family Trust is the wife of our Chairman, and the beneficiaries of the Trust are his wife and children. The balance due from Transportation Logistics to the Trust at December 31, 2002 was $908,793. The loan does not bear interest. Although there is no agreement as to when the loan will be repaid, the Trust has waived payment until after 2003. Accordingly, the loan is classified as a "long-term liability" on our balance sheet.

Item 13. EXHIBIT LIST AND REPORTS ON FORM 8-K

(a) Financial Statements

(b) Exhibit List

3-a Articles of Amendment and Restatement of the Articles of Incorporation - filed as an exhibit to the Annual Report on Form 8-K for the year ended December 31, 2000 and incorporated herein by reference.

3-b Restated By-laws - filed as an exhibit to the Current Report on Form 8-K dated November 17, 2000 and incorporated herein by reference.

10-a 2002 Stock and Stock Option Plan - filed as an exhibit to the Registration Statement on Form S-8 (333-81232) and incorporated herein by reference.

10-b 2002 Stock Incentive Plan - filed as an exhibit to the Registration Statement on Form S-8 (333-84750) and incorporated herein by reference.

10-c Purchase Agreement dated May 23, 2002 between Transportation Logistics Int'l, Inc. and Rickey L. Kelly - filed as an exhibit to the Current Report on Form 8-K dated May 23, 2002 and incorporated herein by reference.

10-d Executive Employment Agreement dated May 23, 2002 between Xcalibur Xpress Inc. and Rickey L. Kelly - filed as an exhibit to the Current Report on Form 8-K dated May 23, 2002 and incorporated herein by reference.

21 Subsidiaries - Transportation Logistics Int'l, Inc., a New York corporation
Xcalibur Express, Inc.

(c) Reports on Form 8-K

None

Item 14 CONTROLS AND PROCEDURES

Michael Margolies, our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report. Based on his evaluation, he concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to him by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Mr. Margolies performed his evaluation.

Independent Auditors' Report

To the Board of Directors and Stockholders of
Transportation Logistics Int'l Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Transportation Logistics Int'l Inc. and Subsidiaries as of December 31, 2002, and the related consolidated statements of operations, comprehensive income, shareholders equity, and cash flows for the years ended December 31, 2002 and 2001. 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 audit.

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 audit 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 Transportation Logistics Int'l Inc. and Subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the years ended December 31, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's significant operating loss raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rosenberg Rich Baker Berman & Company

Rosenberg Rich Baker Berman & Company

Bridgewater, New Jersey
April 20, 2003

Transportation Logistics Int'l Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2002

Assets	
Current Assets	
Cash and equivalents (NOTE 1 and 8)	$ 2,757
Accounts receivable, net of allowance for doubtful accounts of $20,000 (NOTES 1 and 8)	1,143,891
Unbilled receivables	77,473
Prepaid expenses	38,996
Total Current Assets	1,263,117
Property and equipment, at cost, less accumulated depreciation of $1,313	

(NOTES 1 and 2)	5,437
Total Assets	1,268,554
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable and accrued expenses	115,013
Convertible debenture (NOTE 15)	200,000
Notes payable to bank (NOTES 1 and 11)	797,490
Current maturities of long-term debt (NOTE 13)	25,000
Other current liabilities	7,700
Net liabilities of discontinued operations (NOTE 6)	142,470
Total Current Liabilities	1,287,673
Long-term debt, net of current maturities (NOTE 13)	5,833
Loan payable (NOTE 12)	908,793
Total Liabilities	2,292,299
Commitments and Contingencies (NOTE 14)	
Stockholders' Equity	
Preferred stock, $.01 par value; 5,000,000 shares authorized, and 0 shares issued and outstanding (NOTE 1)	-
Common stock, no par value; 50,000,000 shares authorized, 40,631,990 shares issued and 40,396,338 shares outstanding (NOTE 1)	3,659,492
Additional paid-in capital - stock options (NOTE 4)	36,748
Retained earnings	(3,101,948)
Consulting services to be provided (NOTE 9)	(1,095,500)
Less: treasury stock, 235,652 shares at cost	(522,537)
Total Stockholders' Equity	(1,023,745)
Total Liabilities and Stockholders' Equity	$ 1,268,554

See notes to the consolidated financial statements.

Transportation Logistics Int'l Inc. and Subsidiaries
Consolidated Statements of Operations

	Year Ended December 31,	
	2002	2001 (Restated)

Operating Revenues (NOTES 7 and 12)	$3,620,807	$ -
Direct Operating Expenses	2,364,058	-
Gross Profit	1,256,749	-
Operating Expenses		
Selling, general and administrative	1,313,622	-
Depreciation and amortization (NOTE 1)	1,313	-
Stock issued for consulting services	302,700	446,775
Total Operating Expenses	1,617,635	446,775
Operating (Loss)	(360,886)	(446,775)
Other Income (Expense)		
Interest expense	(16,542)	-
Total Other Income (Expense)	(16,542)	-
(Loss) Before Income Taxes	(377,428)	(446,775)
(Provision) Benefit for Income Taxes (NOTE 3)	-	-
(Loss) Before Discontinued Operations	(377,428)	(446,775)
Discontinued Operations (NOTE 7)		
Loss from discontinued operations of subsidiary (net of tax effect of $0)	(382,623)	(1,440,032)
Net (Loss)	$ (760,051)	$(1,886,807)
Earnings (Loss) Per Share (NOTE 1)		
(Loss) from continuing operations	$ (0.01)	$ (0.02)
(Loss) from discontinued operations	(0.01)	(0.07)
Basic and diluted earnings (loss) per share	$ (0.02)	$ (0.09)
Weighted Average Number of Common Shares Outstanding (Restated)		
Basic	34,374,627	21,624,816
Diluted	34,374,627	21,624,816

See notes to the consolidated financial statements.

Transportation Logistics Int'l Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2002	Year Ended December 31, 2001 (Restated)
Net (Loss)	$ (760,051)	$ (1,886,807)
Other Comprehensive Income		
Foreign Currency Translation Adjustment	54,706	(63,348)
Other Comprehensive (Loss) Income Before Tax	54,706	(63,348)
Income Tax Expense Related to Other Comprehensive Income	-	-
Other Comprehensive (Loss) Income Net of Tax	54,706	(63,348)
Comprehensive (Loss)	$ (705,345)	$ (1,950,155)

See notes to the consolidated financial statements.

Transportation Logistics Int'l Inc. and Subsidiaries
Consolidated Statement of Shareholders' Equity
Years Ended December 31, 2002 and 2001

	Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Addi Paid Capi Stoc
Balance December 31, 2000	-	-	20,865,000	1,600,517	122,281	8,642	(456,675)	29
Issuance of common stock for consulting services	-	-	640,000	391,775	-	-	-	
Issuance of common stock for legal settlement	-	-	294,205	55,000	-	-	-	
Issuance of common stock for cash	-	-	428,000	214,000	-	-	-	

Foreign currency translation	-	-	-	-	-	(63,348)	-	
Issuance of stock warrants	-	-	-	-	-	-	-	7
Elimination of goodwill of CDA purchased by Humanaforce	-	-	-	-	(577,371)	-	-	
Net loss year ended December 31, 2001	-	-	-	-	(1,886,807)	-	-	
Balance December 31,2001	-	$ -	22,227,205	$2,261,292	$(2,341,897)	$(54,706)	$(456,675)	$36
Foreign currency translation		-	-	-	-	54,706	-	
Issuance of common stock for consulting services	-	-	9,110,000	798,200	-	-	-	
Shares issued for other compensation	-	-	10,000,000	600,000	-	-	-	
Shares surrendered in connection with sale of TLI (UK)	-	-	(940,867)	-	-	-	(65,862)	
Net loss for the years ended December 31, 2002	-	-	-	-	(760,051)	-	-	
Amortization of prepaid consulting services	-	-	-	-	-	-	-	
Balance December 31, 2002	-	$ -	40,396,338	$3,659,492	$(3,101,948)	$ -	$ (522,537)	$36

See notes to the consolidated financial statements.

Transportation Logistics Int'l Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2002	2001
		(Restated)

Cash Flows From Operating Activities		
Continuing Operations		
(Loss) Income before income taxes	$ (377,428)	$ (446,775)
Stock issued for services/consulting	302,700	391,775
Depreciation and amortization	1,313	-
Stock issued for legal settlement	-	55,000
Adjustments to Reconcile Net Income to Net Cash Used In Operating Activities		
(Increase) in accounts receivable	(1,221,364)	-
(Increase) in prepaid expenses	(38,996)	-
(Increase) in other assets	-	-
Increase in accounts payable and accrued expenses	115,013	-
Increase in other liabilities	7,700	-
Cash (Used in) Continuing Operations	(1,211,062)	-
Discontinued Operations		
Income before income taxes	(382,623)	(1,440,032)
Adjustments to reconcile income (loss) to net cash provided by (Used In) discontinued operations		
(Increase) decrease in net assets of discontinued operations	1,342,796	134,061
Cash Provided By Discontinued Operations	960,173	(1,305,971)
Net Cash Used in Operating Activities	(250,889)	(1,305,971)
Cash Flows From Financing Activities		
Issuance of capital stock	-	214,000
Proceeds from issuance of convertible debentures	-	200,000
Loan payable, net	243,855	488,928
Repayment of long-term debt	(205,000)	231,094
Proceeds from long-term debt	191,124	-
Net Cash Provided by Financing Activities	229,979	1,134,022
Net Increase (Decrease) in Cash and Equivalents	(20,910)	(171,949)
Cash and Equivalents at Beginning of Period	23,667	195,616
Cash and Equivalents at End of Period	$ 2,757	$ 23,667

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:

Interest	$ 16,542	$ 59,152
Income taxes	$ -	$ -

See notes to the consolidated financial statements.

Transportation Logistics Int'l Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Transportation Logistics Int'l, Inc. (TLI or the Company) is an international logistics management company which owned and operated several subsidiaries, each of which does business within the various facets of transportation including intermodal trucking, factoring receivables and employee leasing for logistic companies. In 2002 the Company discontinued all of the operations except intermodal trucking.

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a substantial loss, and has a working capital deficit as of December 31, 2002. The Company's continued existence is dependent upon its ability to secure adequate financing. The Company plans to raise additional capital in the future; however there are no assurances that such plan will be successful. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Effective April 1, 1999 the Company was assigned all of the issued and outstanding capital stock of Transportation Logistics Int'l (UK), a United Kingdom corporation, Pupil Transportation, Inc., a New Jersey corporation and CDA North America, Inc., a New York corporation (the subsidiaries) from Transportation Equities, Inc. (assignor). The Company was sold in 2002.

Effective March 26, 1999 the Company acquired all the shares and assets of Transportation Logistics Int'l UK (TLIUK) formerly Avair Freight Services Ltd. (UK), an international freight brokerage company, deemed to be effective March 26, 1999. The Company issued 100,000 common shares (524,000 restated common shares) to the former shareholders of Avair Freight Services (UK) Ltd.

Effective June 4, 2001, the Company entered into an operating agreement with Humanaforce Logistics, LLC and Subsidiaries. In accordance with the operating agreement the Company has a 51% interest in Humanaforce Logistics, LLC and Subsidiaries. The Company ceased operations in October 2002.

Effective May 23, 2002, the Company acquired all of the outstanding capital stock of Xcalibur Express, Inc., which provides intermodal trucking and delivery, warehousing and third party logistics for its clients. The capital stock was acquired in exchange for (1) the Company's understanding to provide financial services to Xcalibur Express and (2) the agreement by the Company to forebear immediate collection of $200,000 owed by Xcalibur Express to the Company.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period.

Actual results could differ from these estimates.

Principles of Consolidation

The accompanying consolidated balance sheet at December 31, 2002 includes the accounts of the Company and its wholly owned subsidiaries Transportation Logistics Int'l (UK), Pupil Transportation, Inc. Excalibur Express, Inc. and its majority owned subsidiary Humanaforce Logistics, LLC and Subsidiaries. All material inter-company accounts and transactions have been eliminated.

Property and Equipment

Property and equipment are valued at cost. Gains and losses on disposition of property are reflected in income. Depreciation is computed using the straight-line method over three to five year estimated useful lives of the assets. Repairs and maintenance which do not extend the useful life of the related assets are expensed as incurred. Depreciation expense charged to operations in 2002 and 2001 was $1,313 and $0 (restated), respectively.

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Income Taxes

The Company and its wholly owned subsidiaries file a consolidated Federal income tax return. Transportation Logistics Int'l, Inc. uses the asset and liability method in providing income taxes on all transactions that have been recognized in the consolidated financial statements. The asset and liability method requires that deferred taxes be adjusted to reflect the tax rates at which future taxable amounts will be settled or realized. The effects of tax rate changes on future deferred tax liabilities and deferred tax assets, as well as other changes in income tax laws, are recognized in net earnings in the period such changes are enacted. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized.

Financial Instruments

The following methods and assumptions were used by the Company to estimate the fair values of financial instruments as disclosed herein:

Cash and Equivalents: The carrying amount approximates fair value because of the short period to maturity of the instruments.

Accounts Receivable/Payable: The carrying amount approximated fair value.

Revenue Recognition

Revenue from freight brokerage is recognized upon delivery of goods, and direct expenses associated with the cost of transportation are accrued concurrently. Revenue from driver temporary services and leasing is recognized when earned based upon standard billing rates charged by the hours worked. Factoring revenue is recognized when the service is provided. Direct expenses associated with the cost of driver leasing are accrued concurrently. Revenue from subcontracted transportation services is recognized upon completion of each trip. Direct expenses associated with the cost of transportation are accrued concurrently.

Monthly provision is made for doubtful receivables, discounts, returns and allowances.

Long-lived Assets

In March, 1995 the Financial Accounting Standards Board issued SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets for Long-Lived Assets to be Disposed of". SFAS 121 required that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and long-lived assets and certain identifiable intangibles to be disposed of to be reported at the lower of carrying amount or fair value less cost to sell. SFAS No. 121 also establishes the procedures for review of recoverability and measurement of impairment, if necessary, of long-lived assets and certain identifiable intangibles to be held and used by an entity. Management has determined that no impairment of the respective carrying value has occurred as of December 31, 2002.

Acquisition of TLI Bangladesh

Effective March 31, 2000 the Company acquired all of the issued and outstanding common stock of TLI Bangladesh, and international freight brokerage company, through an acquisition through the issuance of 36,450 common shares (190,800 restated common shares) of TLI common stock. The total value of the acquisition is approximately $9,000 (exclusive of acquisition costs). The acquisition was accounted for as a purchase in accordance with Accounting Principles Board Opinion No. 16. The Company ceased operations in 2001.

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs during the periods ended December 31, 2002 and 2001 amounted to $2,531 and $4,301, respectively.

Foreign Currency Transactions

In the normal course of business the Company has accounts receivable and accounts payable that are transacted in foreign currencies. The Company accounts for transaction differences, in accordance with Statement of Financial Standard No. 52, "Foreign Currency Translation", and accounts for the gains and losses in operations.

Comprehensive Income

For foreign operations outside the United States that prepare financial statements in currencies other than the U.S. dollar, results of operations and cash flows are translated at average exchange rates. Translation adjustments are included as a separate component of accumulated other comprehensive income (loss) in shareholders' equity. The foreign currency translation at December 31, 2002 and 2001 was $54,706 and ($63,348), respectively.

Earnings Per Share

The Company computes earnings per share in accordance with Statements of Financial Accounting Standard ("SFAS") No. 128. Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Common equivalent shares have been excluded from the computation of diluted EPS since their affect is antidilutive.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at cost, less accumulated depreciation and amortization, consists of the following:

Furniture and equipment	$ 6,750
Subtotal	6,750
Less accumulated depreciation and amortization	1,313
Total	$ 5,437

NOTE 3 - INCOME TAXES

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. In addition deferred taxes are also recognized from operating losses that are available to offset future federal and state income taxes.

The deferred tax assets are attributable to net operating losses.

Deferred taxes consist of the following:

Total deferred tax assets, non current	$ 1,000,000
Total valuation allowance	(1,000,000)
Net deferred tax assets	$ -

During 2002 and 2001 the valuation allowance increased $400,000 and $600,000, respectively.

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 3 - INCOME TAXES, Continued

The reconciliation of income tax computed at the U.S. Federal statutory rates to income tax expense is as follows:

	December 31, 2002	December 31, 2001
Tax at US statutory rate	34%	34 %

State income taxes, net of federal benefit	6%	6 %
Foreign taxes	-	(21)%
Other reconciling items and valuation allowance	(40)%	(19)%
Income tax provision	0%	(0)%

As of December 31, 2002, the Company has approximately $2,500,000 available net operating loss carryforwards which may be used to reduce Federal and State taxable income and tax liabilities in future years. The net operating loss carryforward expires in 2021.

NOTE 4 - STOCKHOLDERS' EQUITY

Stock and Stock Option Plan

On November 15, 2000, the Company adopted its 2000 Stock and Stock Option Plan (the "Plan"). The Plan provides that certain options to purchase the Company's common stock granted thereunder are intended to qualify as "incentive stock options" within the meaning of Section 422A of the United States Internal Revenue Code of 1986, while non-qualified options may also be granted under the Plan. The initial plan provides for authorization of up to 2,000,000 shares. The option price per share of stock purchasable under an Incentive Stock Option shall be determined at the time of grant but shall not be less than 100% of the Fair Market Value of the stock on such date, or, in the case of a 10% Stockholder, the option price per share shall be no less than 110% of the Fair Market Value of the stock on the date an Incentive Stock Option is granted to such 10% Stockholder.

Qualified and Non-Qualified Shares Under Option as of December 31, 2002

	Options	Weighted Average Option Price
Outstanding, January 1, 2002	$ 195,000	$ 1.75
Granted during the year		-
Canceled during the year	195,000	1.75
Exercised during the year	-	-
Outstanding, December 31, 2002	$ -	$ -
Eligible for exercise, end of year	$ -	$ -

At December 31, 2002, there were 812,500 shares reserved for future grants.

The Company follows Accounting Principles Board Opinion 25, Accounting for Stock Issued to Employees, to account for its stock option plan. An alternative method of accounting for stock options is SFAS 123, Accounting for Stock-Based Compensation. Under SFAS 123, employee stock options are valued at grant date using the Black-Scholes valuation model, and this compensation cost is recognized ratably over the vesting period. Had compensation cost for the Company's stock option plan been determined as prescribed by SFAS 123, there would have been no effect on the pro forma income statements for 2002 and 2001.

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 4 - STOCKHOLDERS' EQUITY, Continued

For stock transactions with other than employees, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock Based Compensation". Accordingly, compensation expense of $0 and $7,448 has been recognized for stock options and warrants during 2002 and 2001, respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions for grants in 2001 and 2000: dividend yield of 0% and 0%; expected volatility of 242.4% and 105.05%, risk-free interest rate of 4.5% per annum and expected lives of 10 and 5 years, respectively.

NOTE 5 - TRANSACTIONS WITH RELATED PARTIES

Effective April 2001, the Company rents its student transportation service facilities from a corporation owned in majority by the Chairman of the Board. Rent is on a month to month lease. Rent was $0 and $40,000 for 2002 and 2001, respectively.

NOTE 6 - DISCONTINUED OPERATIONS

Effective April 19, 2002 the Company sold Transportation Logistic Int'l to four individuals, including James Thorpe, who had been a Member of the Board of Directors and President of the Company. The purchase price consisted of (a) $35,000 to be paid between November 2002 and April 2003 and (b) 940,867 shares of its common stock which were surrendered by Mr. Thorpe. As part of the transaction TLI (UK) and its purchasers agreed that if within the next two years they participated in the Translogistics Network or any similar cooperative global network of logistics provided, then 50% of the profits they derive from the network during the next five years will be paid to the Company. Net sales during 2002 and 2001 was $858,842 and $2,289,505, respectively.

In September 2002, the Company ceased providing employee leasing options through its 51% subsidiary Human Force Logistics, LLC and Subsidiaries. Net sales of Human Force Logistics, LLC was $3,857,071 and $6,130,071 in 2002 and 2001, respectively.

In December 2002, the Company ceased its operations of student transportation services through its subsidiary Pupil Transportation, Inc. Net sales of Pupil Transportation, Inc. was $2,328,074 and $2,446,157 in 2002 and 2001, respectively.

In 2002 the Company ceased its financial services (factoring) division. Net sales of the financial services division was $686,129 and $2,526,383 in 2002 and 2001, respectively.

The 2001 income statement has been restated to reflect these changes.

NOTE 7 - EMPLOYMENT AND CONSULTANT AGREEMENTS

The Company has employment and consultant agreements with certain employees and consultants expiring at various times through April 2004. Such agreements provide for minimum compensation levels and for incentive bonuses which are payable if specified management goals are attained.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of non-interest bearing cash deposit and accounts receivable.

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits.

The Company provides credit in the normal course of business. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

NOTE 9 - CONSULTING SERVICES TO BE PROVIDED

Consulting services to be provided are recorded in connection with common stock issued to consultants for future services and are amortized over the period of the agreement, ranging from one to three years.

NOTE 10 - NON CASH INVESTING AND FINANCING ACTIVITIES

In 2001, the Company issued 640,000 shares of common stock for consulting services valued at $391,775.

In 2001, the Company issued 294,205 shares of common stock to settle a legal issue valued at $55,000.

NOTE 11 - NOTES PAYABLE TO BANK

The Company has the following short-term notes payable:

Note Payable to Bank - the Company has a line of credit of 1,200,000 with interest at prime plus 4% due April 30, 2003, secured by Company assets and the personal guarantee of the Company's Chairman. The borrowing shall not exceed 60% of eligible accounts receivable. The Company is in default of the covenants.	$ 797,490
	$ 797,490

NOTE 12 - LOAN PAYABLE

The loan payable of $908,793 is from a family trust, of which the wife of the chairman of the Company is the trustee. The loan is unsecured with no specific repayment terms and will not be repaid until after 2003.

NOTE 13 - LONG-TERM DEBT

Long-term debt is comprised of the following:

Interest at 5.116% payable in monthly installments

of $2,083 due October 2007.	$ 120,833
Less current maturities	25,000
Long-term debt, net of current maturities	$ 95,833

Total maturities of long-term debt is as follows:

Year ending December 31,	
2003	$ 25,000
2004	25,000
2005	25,000
2006	25,000
2007	20,833
	$120,833

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14 - LITIGATION

The Company, several related companies, its chairman and certain employees are defendants in a lawsuit filed by an alleged acquisition candidate for alleged breach of contract. The complaint does not specify an amount for damages. The Company believes the suit is completely without merit and intends to vigorously defend its position.

The Company, several related companies, its chairman and its subsidiaries are defendants in a lawsuit filed by one of its former vendors. At this stage in the proceedings, the probable outcome is unknown. The Company has a counter claim based upon defective services provided by the vendor. The Company believes the settlement of the lawsuit will not exceed amounts already recorded in the financial statements.

NOTE 15 - CONVERTIBLE DEBENTURES

On June 14, 2001, the Company issued a convertible debenture for $200,000 which bears interest at the rate of 20% per annum and is due one year from the date of issue. In accordance with the agreement the debenture is convertible into common stock of the Company at a conversion rate of $.75 from the date of issuance through September 30, 2001. The conversion period has been extended. In addition, the debenture includes warrants to purchase 20,000 shares of common stock at $1.50 that expire on June 30, 2003.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

Standards Implemented

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4,44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," effective May 15, 2002. SFAS No. 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and classified as an extraordinary item, net of tax, and makes certain other technical corrections. SFAS No. 145 did not have a material effect on the company's Consolidated Financial Statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses significant issues relating to the implementation of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and develops a single accounting model, based on the framework established in SFAS No. 121 for long-lived assets to be disposed of by sale, whether such assets are or are not deemed to be a business. SFAS No. 144 also modifies the accounting and disclosure rules for discontinued operations. The standard was adopted on January 1, 2002, and did not have a material impact on the company's Consolidated Financial Statements.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the use of the purchase method of accounting for business combinations and prohibits the use of the pooling of interests method. Under the previous rules, the company used the purchase method of accounting. SFAS No. 141 also refines the definition of intangible assets acquired in a purchase business combination. As a result, the purchase price allocation of current business combinations may be different than the allocation that would have resulted under the old rules. Business combinations must be accounted for using SFAS No. 141 effective July 1, 2001.

SFAS No. 142 eliminates the amortization of goodwill, requires annual impairment testing of goodwill and introduces the concept of indefinite life intangible assets. The company adopted SFAS No. 142 on January 1, 2002. The new rules also prohibit the amortization of goodwill associated with business combinations that closed after June 30, 2001. The adoption of SFAS No. 141 and 142 did not have a material effect on the company's Consolidated Financial Statements.

Transportation Logistics Int'l Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS, Continued

New Standards to be Implemented

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 provides accounting and reporting guidance for legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction or normal operation of a long-lived asset. SFAS No. 143 requires the recording of an asset and a liability equal to the present value of the estimated costs associated with the retirement of long-lived assets where a legal or contractual obligation exists. The asset is required to be depreciated over the life of the related equipment or facility, and the liability is required to be accreted each year based on a present value interest rate. The standard is effective for the company on January 1, 2003. The company has reviewed the provisions of this standard, and its adoption is not expected to have a material effect on the company's Consolidated Financial Statements.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 supersedes EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity (Including Certain Costs Incurred in a Restructuring)," and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Such liabilities should be recorded at fair value and updated for any changes in the fair value of each period. The company is currently evaluating the possible effect on future Consolidated Financial Statements.

NOTE 17 - RESTRICTED STOCK GRANT PROGRAM

On May 28, 2002 the Company granted 10,000,000 shares of its common stock to Michael Margolies, its Chief Executive Officer, pursuant to the Company's Restricted Stock Grant Program (the "Program"). The grant represented the entirety of the 10,000,000 shares included in the Program. The shares issued under the Program are subject to the following restrictions:

1. After this fiscal year and each of the following four fiscal years (2002 through 2006) one-fifth of the shares granted (the "At-Risk Shares") will be forfeited if the Company's revenue during the year does not exceed the following thresholds:

2002 -	$ 4,000,000
2003 -	$ 6,000,000
2004 -	$ 8,000,000
2005 -	$ 10,000,000
2006 -	$ 12,000,000

2. All of the restricted shares shall be forfeited if Mr. Margolies' employment by the Company terminates prior to the date the restrictions lapse.

3. The shares granted under the Program cannot be sold, assigned, pledged, transferred or hypothecated in any manner, by operation of law or otherwise, other than by writ or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process. These restrictions will lapse with respect to any At-Risk Shares that are not forfeited as described above. In addition, the restrictions will lapse with respect to all unforfeited shares if in any year the Company's revenue exceeds $12,000,000.

4. The restrictions shall also lapse as to all restricted shares on the first to occur of (i) the termination of Mr. Margolies' employment with the Company by reason of his disability, (ii) Mr. Margolies' death, (iii) termination of Mr. Margolies' employment by the Company without good reason, or (iv) a change of control of the Company. The Program defines "Change of Control" as an acquisition by a person or group of more than 50% of the Company's outstanding shares, a transfer of the Company's property to an entity of which the Company does not own at least 50%, or the election of directors constituting a majority of the Board who have not been approved by the existing Board.

NOTE 18 - ACQUISITION

Effective May 23, 2002, the Company acquired all of the capital stock of Xcalibur Express, Inc. The capital stock was acquired in exchange for (1) the Company's understanding to provide financial services to Xcalibur Express and (2) the agreement by the Company to forebear immediate collection of $200,000 owed by Xcalibur Express to the Company. The following represents the unaudited proforma results as if the business combination had occurred at the beginning of the respective year in which the Company was acquired as well as the beginning of the immediate preceding year.

	Year Ended December 31,	
	2002	2001

Net Sales	$5,745,646	$ 6,531,698
Loss from continuing operations	$ (600,299)	$ (440,279)
Loss per share from continuing operations	$ (.02)	$ (.02)
Net loss	$ (982,922)	$(1,880,311)
Net loss per share	$ (.03)	$ (.09)

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Michael Margolies
Michael Margolies, Chief Executive Officer

In accordance with the Exchange Act, this Report has been signed below on May14, 2003 by the following persons, on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Michael Margolies Michael Margolies	Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer
/s/ Stanley Chason Stanley Chason	Director

CERTIFICATION

I, Michael Margolies, certify that:

1. I have reviewed this annual report on Form 10-KSB of Transportation Logistics Int'l, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Michael Margolies

Michael Margolies, Chief Executive Officer
and Chief Financial Officer

* * * * *

EXHIBIT 99

Section 906 Certification

The undersigned officer certifies that this report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Transportation Logistics Int'l, Inc.

A signed original of this written statement required by Section 906 has been provided to Transportation Logistics Int'l, Inc. and will be retained by Transportation Logistics Int'l, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

May 15, 2003

/s/ Michael Margolies

Michael Margolies (Chief executive
officer and chief financial officer)