

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

TRANSPORTATION LOGISTICS INTL INC
Form 10QSB
August 16, 2004

U. S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

TRANSITION REPORT UNDER 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.

(Name of Small Business Issuer in its Charter)

Colorado

84-1191355

(State or Other Jurisdiction of (I.R.S. Employer I.D. No.)
incorporation or organization)

136 Freeway Drive East, East Orange, NJ 07018

(Address of Principal Executive Offices)

Issuer's Telephone Number: (973) 266-7020

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Sections 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that
the Registrant was required to file such reports), and (2) has been subject
to such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares
outstanding of each of the Registrant's classes of common stock, as of the
latest practicable date:

August 13, 2004

Common Voting Stock: 49,733,347

Transitional Small Business Disclosure Format (check one): Yes No

PART 1 - FINANCIAL INFORMATION

Transportation Logistics Int'l Inc. and Subsidiaries
Consolidated Balance Sheet
June 30, 2004

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

| | |
|---|-------------|
| Assets | |
| Cash | \$ 2,477 |
| | ----- |
| Total Assets | \$ 2,477 |
| | ===== |
| Liabilities and Stockholders' Equity | |
| Current Liabilities | |
| Accounts payable and accrued expenses | 137,388 |
| Convertible debenture | 200,000 |
| Notes payable | 100,000 |
| Net liabilities of discontinued operations | 1,265,927 |
| | ----- |
| Total Current Liabilities | 1,703,315 |
| Loan payable | 1,055,294 |
| | ----- |
| Total Liabilities | 2,758,609 |
| | ----- |
| Commitments and Contingencies | - |
| Stockholders' Equity | |
| Preferred stock, \$.01 par value; 5,000,000 shares authorized, and 0 shares issued and outstanding | - |
| Common stock, no par value; 50,000,000 shares authorized, 46,260,686 shares issued and 46,496,338 shares outstanding | 4,764,492 |
| Additional paid-in capital - stock options | 36,748 |
| Retained earnings (deficit) | (5,737,418) |
| Consulting services to be provided | (1,297,417) |
| Less: treasury stock, 235,652 shares at cost | (522,537) |
| | ----- |
| Total Stockholders' Equity | (2,756,132) |
| | ----- |
| Total Liabilities and Stockholders' Equity | \$ 2,477 |
| | ===== |

See Notes to Consolidated Financial Statements

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------------|-------------|---------------------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Revenues | \$ 0 | \$ 0 | \$ 10,350 | \$ 0 |
| Operating Expenses | 0 | 0 | 0 | 0 |
| Gross Profit | 0 | 0 | 10,350 | 0 |
| Operating Expenses | | | | |
| Selling, general and administrative | 13,258 | 0 | 49,521 | 0 |
| Stock issued for consulting services | 244,583 | 61,775 | 267,583 | 123,550 |
| Total Operating Expenses | 257,841 | 61,775 | 317,104 | 123,550 |
| Loss Before Discontinued Operations | (257,841) | (61,775) | (306,754) | (123,550) |
| Income (Loss) from Discontinued Operations | 0 | (281,000) | 0 | (357,046) |
| Net Income (Loss) | \$(257,841) | \$(342,775) | \$(306,754) | \$(480,596) |
| Earnings Per Share | | | | |
| Income (loss) from continuing operations | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.01) |
| Income (loss) from discontinued operations | 0.00 | (0.01) | 0.00 | (0.01) |
| Basic and diluted earnings per share | \$ (0.01) | \$ (0.02) | \$ (0.01) | \$ (0.02) |
| Weighted Average Number of Common Shares Outstanding | | | | |
| Basic and Diluted | 46,496,338 | 40,396,338 | 46,496,338 | 40,396,388 |

See Notes to Consolidated Financial Statements

-3-

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

Six Months Ended
June 30,

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

| | ----- 2004 ----- | 2003 ----- |
|---|------------------------|---------------|
| Cash Used in Operating Activities | | |
| Continued | \$ (34,171) | \$ 0 |
| Discontinued | - | (2,757) |
| | ----- | ----- |
| Net Cash Used in Operating Activities | (34,171) | (91,213) |
| Cash Flows From Financing Activities | | |
| Proceeds from loan payable, net | 35,084 | 0 |
| | ----- | ----- |
| Net Cash Provided by Financing Activities | 35,084 | 0 |
| | ----- | ----- |
| Net (Decrease) in Cash and Equivalents | 913 | (2,757) |
| Cash and Equivalents at Beginning of Period | 1,564 | 2,757 |
| | ----- | ----- |
| Cash and Equivalents at End of Period | \$ 2,477 | \$ - |
| | ===== | ===== |

-4-

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

BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

DISCONTINUATION OF OPERATIONS

As of June 30, 2003 the Company had discontinued all of its operations. Historical results have been restated, therefore, to reflect the discontinuation.

ACQUISITION OF ADVANCED MEDICAL DIAGNOSTICS, LLC

On June 1, 2004 the Company. acquired the entire membership interest in Advanced Medical Diagnostics LLC ("AMD"). AMD is engaged in the business of manufacturing and distributing the "Advanced Medical Diagnostics HIV (1 & 2) Rapid Test." The membership interests in AMD were acquired by the Company in exchange for 100,000 shares of the Company's common stock. The Company also agreed to issue 500,000 shares of its common stock to the management of AMD as employment incentives.

-5-

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Effective as of June 30, 2003, the Company terminated the operations of Xcalibur Xpress, the only operation which had been continuing prior to that date. The Company liquidated the assets of Xcalibur Xpress and used the proceeds to reduce its debts. In its financial statements for the first half of 2003 the Company recorded a \$281,000 "loss from discontinued operations of subsidiary."

The only revenue recorded by the Company for the first half of 2004 was \$10,350 that it was paid for consulting services rendered. At the present time the Company has only one business operation: its newly acquired subsidiary, Advanced Medical Diagnostics LLC. However, Advanced Medical Diagnostics has not generated any revenue to date.

The Company intends to negotiate for one or more acquisitions of operating companies in the field of transportation and logistics or in the field of medicine. Any such acquisition, however, will involve the issuance of a large number of shares of capital stock. Moreover it is unlikely that the Company will be able to achieve any acquisition unless management is able to negotiate compromises with the Company's principal creditors.

Liquidity and Capital Resources

The Company has no operating assets and \$2,758,609 in net liabilities. The Company will be unable to satisfy its liabilities unless its creditors agree to compromise their claims in connection with the Company's acquisition of an operating business.

ITEM 3. CONTROLS AND PROCEDURES

Michael Margolies, our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures as of June 30, 2004. 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.

PART II - OTHER INFORMATION

Item 6. Exhibits and reports on Form 8-K.

Reports on Form 8-K. Report dated June 1, 2004 concerning acquisition of Advanced Medical Diagnostics, LLC

Exhibits:

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

31 Rule 13a-14(a) Certification
32 Rule 13a-14(b) Certification

-6-

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 thereunto duly authorized.

TRANSPORTATION LOGISTICS INT'L, INC.

Date: August 13, 2004

By: /s/ Michael Margolies

Michael Margolies, Chief Executive Officer,
Chief Financial Officer, Chief Accounting
Officer

* * * * *

EXHIBIT 31: Rule 13a-14(a) Certification

I, Michael Margolies, certify that:

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

2. Based on my knowledge, this 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 report;

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

4. The small business issuer'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 small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Edgar Filing: TRANSPORTATION LOGISTICS INTL INC - Form 10QSB

c) Disclosed in this report any change in the small business issuer's internal controls over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: August 13, 2004

/s/ Michael Margolies

Michael Margolies, Chief Executive Officer

* * * * *

EXHIBIT 32: Rule 13a-14(b) 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.

Date: August 13, 2004

/s/ Michael Margolies

Michael Margolies (Chief Executive Officer)