

STONEPATH GROUP INC  
Form 11-K  
July 14, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission File Number: 001-16105

A. Full title of the plan and the address of the plan, if different from that of  
the issuer named below:

STONEPATH GROUP, INC. 401(K) PLAN (FORMERLY THE STONEPATH GROUP, INC.  
401(K) PROFIT SHARING PLAN)

B. Name of issuer of the securities held pursuant to the plan and the address of  
its principal executive office:

STONEPATH GROUP, INC.  
1930 6TH AVE. S., SUITE 401  
SEATTLE, WA 98134

STONEPATH GROUP, INC. 401(K) PLAN

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULE

Year Ended December 31, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrative Committee of the  
STONEPATH GROUP, INC. 401(K) PLAN

We have audited the accompanying statements of net assets available for benefits of the Stonepath Group, Inc. 401(k) Plan (the "Plan") as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). 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 net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plymouth Meeting, Pennsylvania  
July 7, 2005

STONEPATH GROUP, INC. 401(K) PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	2004	2003
ASSETS	-----	-----

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Investments	\$ 8,825,500	\$ 8,418,128
Participants' loans receivable	386,942	246,561
	-----	-----
	9,212,442	8,664,689
	-----	-----
Receivables:		
Employer contributions	21,849	35,367
Participants' contributions	75	22,027
Other contributions	-	1,987
	-----	-----
	21,924	59,381
	-----	-----
TOTAL ASSETS	9,234,366	8,724,070
LIABILITIES		
Accrued expenses	24,189	12,024
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 9,210,177	\$ 8,712,046
	=====	=====

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STONEPATH GROUP, INC. 401(K) PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2004
	-----
ADDITIONS	
Additions to net assets attributed to:	
Net appreciation in fair value of investments	\$ 204,777
Interest from participant loans	18,041
	-----
	222,818
	-----
Contributions:	
Employer	621,417
Participants	1,385,765
Rollover	88,934
	-----
	2,096,116
	-----
TOTAL ADDITIONS	2,318,934
	-----

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### DEDUCTIONS

Deductions from net assets attributed to:	
Benefits paid to participants	1,672,231
Administrative expenses	148,572
	-----
TOTAL DEDUCTIONS	1,820,803
	-----
NET INCREASE	498,131
NET ASSETS AVAILABLE FOR	
BENEFITS - BEGINNING OF YEAR	8,712,046
	-----
NET ASSETS AVAILABLE FOR	
BENEFITS - END OF YEAR	\$ 9,210,177
	=====

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### STONEPATH GROUP, INC. 401(K) PLAN

#### NOTES TO FINANCIAL STATEMENTS

(1) DESCRIPTION OF PLAN

The following description of the Stonepath Group, Inc. (the "Company") 401(k) Plan (the "Plan") provides only general information. The effective date of the Plan is January 1, 2003. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL - The Plan is a defined contribution plan covering all full-time employees of the Company who have six months of service and are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

CONTRIBUTIONS - Each year, participants may contribute up to 100% of pretax annual compensation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers eleven pooled separate accounts within the UBS Fiduciary Trust Company common collective trust funds and the Company's stock fund as investment options for participants. The Company contributes 50% of the first 8% of base compensation that a participant contributes to the Plan. The matching Company contribution is participant-directed. Contributions are subject to certain limitations.

PARTICIPANT ACCOUNTS - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's

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contribution and (b) the Plan's earnings, and charged with an allocation of administrative expenses. Allocations of expenses are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

VESTING - Participant's contributions plus actual earnings are 100% vested immediately. Employer contributions made after January 1, 2003, are generally subject to the following vesting schedule:

Years of Service -----	Vested % -----
0	20%
1	40%
2	60%
3	80%
4	100%

PARTICIPANT LOANS - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balances. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 2.0% to 10.5%, which are commensurate with local prevailing rates at the inception of the loan. Principal and interest are paid ratably through payroll deductions.

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### STONEPATH GROUP, INC. 401(K) PLAN

#### NOTES TO FINANCIAL STATEMENTS

PAYMENT OF BENEFITS - On termination of service, a participant will receive a lump sum amount equal to the value of the participant's vested interest in his or her account.

FORFEITED ACCOUNTS - At December 31, 2004 and 2003, forfeited nonvested accounts totaled \$12,282 and \$14,437, respectively. These accounts will be used to pay administrative expenses and reduce Company matching contributions. During the year ended December 31, 2004, forfeitures were used to pay \$26,254 of administrative expenses.

INVESTMENT OPTIONS - Upon enrollment in the Plan, participants may direct employee and Company contributions in the following investment options:

- o UBS Fiduciary Trust Company Common Collective Trust Funds - The participants may invest in various investment options under a common collective trust. A description of each investment option can be found in the Plan document.
- o Stonepath Group, Inc. Stock Fund

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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BASIS OF ACCOUNTING - The financial statements of the Plan are prepared under the accrual method of accounting.

ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION - The value of each investment option within the common collective trust is determined at the close of each business day based on fair value as determined by the respective fund managers. The fair values are generally determined based on quoted market prices of the funds' investment holdings. The value of the Company's stock fund is based on quoted market price.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

PAYMENT OF BENEFITS - Benefits are recorded when paid.

ADMINISTRATIVE EXPENSES - Certain expenses of the Plan are paid by the sponsor and are not included in the Plan's financial statements.

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### STONEPATH GROUP, INC. 401(K) PLAN

#### NOTES TO FINANCIAL STATEMENTS

#### (3) INVESTMENTS

The following investments represent 5% or more of the Plan's net assets available for benefits:

	December 31,	
	2004	2003
UBS Fiduciary Trust Company		
Common Collective Trust Funds		
Large Company Growth Portfolio	\$ 1,941,406	\$ 2,222,634
Mid-Cap Growth Portfolio	\$ 1,010,242	\$ 1,069,980
Guaranteed Investment Contracts Portfolio	\$ 898,003	\$ 894,322
Small Company Value Portfolio	\$ 717,207	\$ 466,740
Balanced Portfolio	\$ 695,491	\$ 643,318
Conservative Bond Portfolio	\$ 686,635	\$ 649,380
Large Company Value Portfolio	\$ 664,145	\$ 334,737
International Growth Portfolio	\$ 650,967	\$ 607,664
S&P 500 Index	\$ 462,180	\$ 318,835
Stonepath Group, Inc. Stock Fund	\$ 502,764	\$ 779,625

During the year ended December 31, 2004, the Plan's investments

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(including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$204,777 as follows:

UBS Fiduciary Trust Company	
Common Collective Trust	\$ 595,442
Stonepath Group, Inc. Stock Fund	(390,665)
	-----
	\$ 204,777
	=====

(4) PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

(5) TRANSACTIONS WITH PARTIES-IN-INTEREST

As of December 31, 2004 and 2003, the Plan held 414,519 and 339,063 shares, respectively, of Stonepath Group, Inc. common stock (employer securities) in the Stonepath Group, Inc. stock fund with a fair value of \$502,764 and \$779,625, respectively. Included in the fair value of the Stonepath Group, Inc. stock fund at December 31, 2004 and 2003, is an amount of \$3,000 and \$13,553, respectively, that Stonepath Group, Inc. provided to the Plan to aid efficient administration and trading. During the year ended December 31, 2004, the Plan purchased 110,019 shares of Stonepath Group, Inc. common stock at a cost of \$183,271, and sold 29,550 shares of Stonepath Group, Inc. common stock for \$47,380. During the year ended December 31, 2004, 5,013 shares of Stonepath Group, Inc. common stock with a value of \$11,332 were transferred out of the Plan.

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### STONEPATH GROUP, INC. 401(K) PLAN

#### NOTES TO FINANCIAL STATEMENTS

Certain Plan investments are units of common collective trusts and money market funds managed by UBS Fiduciary Trust Company, the Plan's Trustee. Transactions with UBS Fiduciary Trust Company qualify as party-in-interest transactions. Fees paid by the Plan for asset management services amounted to \$91,039 for the year ended December 31, 2004.

(6) TAX STATUS

The Plan has adopted a prototype standardized 401(k) profit-sharing plan and trust sponsored by UBS Fiduciary Trust Company. The prototype plan has obtained a determination letter, dated April 11, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. UBS Fiduciary Trust Company believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code; therefore, no provision for

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income taxes has been included in the Plan's financial statements.

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SUPPLEMENTAL SCHEDULE

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SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2004

EIN: 65-0867684

Plan Number: 001

(a)	(b)	(c)	(d)	
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Cur v
UBS Fiduciary Trust Company Common Collective Trust Funds				
*	GIC Portfolio	30,962.280 shares	(1)	\$ 89
*	Conservative Bond Portfolio	22,473.683 shares	(1)	68
*	Balanced Portfolio	16,070.577 shares	(1)	69
*	Large Company Growth Portfolio	184,878.046 shares	(1)	1,94
*	Large Company Value Portfolio	11,562.688 shares	(1)	66
*	Mid-Cap Growth Portfolio	119,611.129 shares	(1)	1,01
*	Small Company Value Portfolio	28,389.543 shares	(1)	71
*	International Growth Portfolio	46,834.988 shares	(1)	65
*	International Value Portfolio	21,561.658 shares	(1)	35
*	Fixed Income Index Portfolio	16,233.160 shares	(1)	23
*	S&P 500 Index	31,029.105 shares	(1)	46
*	Stonepath Group, Inc. Stock Fund	414,519.000 shares	(1)	50
*	Participant Loans	Interest ranging from 2.0% to 10.5%	\$0	38
				\$ 9,21
*	Party-in-interest as defined by ERISA			

(1) Cost information may be omitted as Plan assets are participant-directed.

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EXHIBIT LISTING

EXHIBIT NO. -----	DOCUMENT -----
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 14, 2005

Stonepath Group, Inc.  
401(k) Plan

By: /s/ Christopher A. Foster  
-----  
Christopher A. Foster, Authorized  
Signatory for Advisory Committee, as  
Plan Administrator

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INDEX OF EXHIBITS

EXHIBIT  
NO.  
-----

DOCUMENT  
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23.1 Consent of Independent Registered Public Accounting Firm (filed herewith)