Sino-Global Shipping America, Ltd.
Form 10-Q
February 11, 2014

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the three month period ended **December 31, 2013**

¨ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ___________ to ___________.

Commission File Number 001-34024

Sino-Global Shipping America, Ltd.
(Exact name of registrant as specified in its charter)

Virginia	**11-3588546**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. employer identification number)

136-56 39th Avenue, Room #305
Flushing, New York 11354
(Address of principal executive offices and zip code)

(718) 888-1814
(Registrant's telephone number, including area code)

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 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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The Company is authorized to issue 50,000,000 shares of common stock, without par value per share, and 2,000,000 shares of preferred stock, without par value per share. As of the date of this report, the Company has 4,703,841 issued and outstanding shares of common stock and no shares of preferred stock.

SINO-GLOBAL SHIPPING AMERICA, LTD.
FORM 10-Q

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain statements of a forward-looking nature. Such forward-looking statements, including but not limited to projected growth, trends and strategies, future operating and financial results, financial expectations and current business indicators are based upon current information and expectations and are subject to change based on factors beyond the control of the Company. Forward-looking statements typically are identified by the use of terms such as “look,” “may,” “will,” “should,” “might,” “believe,” “plan,” “expect,” “anticipate,” “estimate” and similar words, altho forward-looking statements are expressed differently. The accuracy of such statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including but not limited to the following:

- the ability to timely and proper deliver shipping agency, shipping and chartering and inland transportation management services;
- its dependence on a limited number of major customers and related parties;
- political and economic factors in the Peoples’ Republic of China (“PRC”);
- the Company’s ability to expand and grow its lines of business;
- unanticipated changes in general market conditions or other factors, which may result in cancellations or reductions in the need for the Company’s services;
- a weakening of economic conditions which would reduce demand for services provided by the Company and could adversely affect profitability;
- the effect of terrorist acts, or the threat thereof, on consumer confidence and spending, or the production and distribution of product and raw materials which could, as a result, adversely affect the Company’s shipping agency services, operations and financial performance;
- the acceptance in the marketplace of the Company’s new lines of services;
- foreign currency exchange rate fluctuations;
- hurricanes or other natural disasters;
- the Company’s ability to identify and successfully execute cost control initiatives;
- the impact of quotas, tariffs, or safeguards on the importation or exportation of the Company’s customer’s products; or
- other risks outlined above and in the Company’s other filings made periodically by the Company.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update this forward-looking information. Nonetheless, the Company reserves the right to make such updates from time to time by press release, periodic report or other method of public disclosure without the need for specific reference to this Report. No such update shall be deemed to indicate that other statements not addressed by such update remain correct or create an obligation to provide any other updates.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

See the financial statements following the signature page of this report, which are incorporated herein by reference.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our company's financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors.

Overview

Founded in the United States of America ("US") in 2001, Sino-Global Shipping America, Ltd. ("Sino-Global" or the "Company") is a Virginia corporation with its primary US operations in New York. We provide our customers with comprehensive yet customized shipping agency, shipping and chartering, and inland transportation management services. As a general agent, the Company serves ships coming to and departing from a number of countries and regions, including China, Australia, South Africa, Brazil, Hong Kong, Canada and the US.

Our principal geographic market has historically been the People's Republic of China ("PRC"). As PRC laws and regulations restrict foreign ownership of shipping agency service businesses, we operate our business in the PRC through Sino-Global Shipping Agency, Ltd. ("Sino-China"), a PRC limited liability company founded by our Chief Executive Officer, Mr. Lei Cao, who is a PRC citizen. Sino-China holds the licenses and permits necessary to provide shipping services in the PRC. Sino-China is headquartered in Beijing and has branches in Qingdao, Xiamen and Fangchenggang. Through Sino-China, we provide general shipping agency services in all commercial ports in the PRC.

Our wholly-owned subsidiary, Trans Pacific Shipping Limited ("Trans Pacific Beijing"), a wholly foreign-owned enterprise, is invested in one 90%-owned subsidiary, Trans Pacific Logistics Shanghai Limited ("Trans Pacific Shanghai". Trans Pacific Beijing and Trans Pacific Shanghai are referred to collectively as "Trans Pacific"). Trans Pacific Beijing and Sino-China do not have a parent-subsidiary relationship. Trans Pacific Beijing has contractual arrangements with Sino-China and its shareholders that enable us to substantially control Sino-China. Operationally, Trans Pacific Beijing is set up to deliver inland transportation management services for the Company.

To support the Company's integrated international and domestic shipping agency network and broaden our service platform into other related businesses, we have established the following wholly-owned subsidiaries:

- ***Sino-Global Shipping Australia***: This entity serves the needs of customers shipping into and out of Western Australia. Through the Company's relationship with Monson Agencies Australia (one of the largest shipping agency service providers in Australia), we are able to provide general shipping agency services to all ports in Australia.

- ***Sino-Global Shipping Hong Kong***: This is the Company's control and management center for southern Chinese ports. It gives us the ability to offer comprehensive shipping agency services to vessels going to and from the PRC as well as customized shipping and chartering services. Through our relationship with Forbes & Company Limited ("Forbes"), a listed company on the Bombay Stock Exchange and one of the largest shipping and chartering service providers in India, we are able to provide general shipping agency services to all ports in India.

- ***Sino-Global Shipping Canada***: This entity provides services for ships loading commodities at Canadian ports and delivering them to the PRC. It currently provides shipping agency services to Baosteel's vessels in Canada.

- ***Sino-Global Shipping New York***: This entity is established to facilitate the development of an integrated international and local shipping agency network and help generate new business referral activities.

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Business Segments

The Company is engaged in the delivery of the following services: shipping agency services, shipping and chartering services, and inland transportation management services. Historically, we have been in the business of providing shipping agency services, but during fiscal 2014 (and with the support of our largest shareholder), we have expanded our service delivery platform to include shipping and chartering services (launched during the quarter ended September 30, 2013) and inland transportation management services (launched during the quarter ended December 31, 2013). These new services are part of the Company's strategic initiatives to diversify its service offering, broaden its service platform, and improve its operating profit.

The following tables present summary information by segment for the six and three months ended December 31, 2013 and 2012:

	Six Months Ended December 31,2013				Six Months Ended December 31,2012			
	Shipping Agency Service	Shipping and Chartering Services	Inland Transportation Management Services	Consolidated	Shipping Agency Service	Shipping and Chartering Services	Inland Transportation Management Services	Consolidated
Revenues	$ 3,402,564	$ 1,937,196	$ 450,090	$ 5,789,850	$ 14,311,829	$ -	$ -	$ 14,311,829
Cost of revenues	$ 2,773,460	1,291,048	$ 64,063	$ 4,128,571	$ 13,124,226	$ -	$ -	$ 13,124,226
Gross profit	$ 629,104	646,148	$ 386,027	$ 1,661,279	$ 1,187,603	$ -	$ -	$ 1,187,603
Gross margin	18.49 %	33.35 %	85.77 %	28.69 %	8.30 %	-	-	8.30 %

	Three Months Ended December 31,2013				Three Months Ended December 31,2012			
	Shipping Agency Service	Shipping and Chartering Services	Inland Transportation Management Services	Consolidated	Shipping Agency Service	Shipping and Chartering Services	Inland Transportation Management Services	Consolidated
Revenues	$ 1,971,903	$ 50,196	$ 450,090	$ 2,472,189	$ 6,429,761	$ -	$ -	$ 6,429,761
Cost of revenues	$ 1,660,657	$ 16,048	$ 64,063	$ 1,740,768	$ 6,006,063	$ -	$ -	$ 6,006,063
Gross profit	$ 311,246	$ 34,148	$ 386,027	$ 731,421	$ 423,698	$ -	$ -	$ 423,698
Gross margin	15.78 %	68.03 %	85.77 %	29.59 %	6.59 %	-	-	6.59 %

Revenues

(1) Revenues from Shipping Agency Business

We provide two types of shipping agency services: loading/discharging services and protective services. For protective agency services, we charge fixed fees while our customers are responsible for the payment of port costs and expenses. For loading/discharging agency services, we receive the total amount from our customers and pay the port charges on our customers' behalf. Under these circumstances, we generally require payments in advance from customers and bill them the balances within 30 days after the transactions are completed. We believe the most significant factors that directly or indirectly affect our shipping agency service revenues are:

- the number of ships to which we provide port loading/discharging services;
- the size and types of ships we serve;

- the type of services we provide, for example loading/discharging, protective, owner's affairs, shipping and chartering service;
- the rate of service fees we charge;
- the number of ports at which we provide services; and the number of customers we serve.

Our shipping agency business continued to be negatively impacted by the softening of the Chinese economy and its import of iron ore as well as the decline in the number of loading/discharging agency services we provided in 2013. As a result, our shipping agency revenues decreased from $14.3 million for the six months ended December 31, 2012 to $3.4 million for the same period in 2013; and decreased from $6.4 million for the three months ended December 31, 2012 to approximately $2.0 million for the same period in 2013. In addition, the number of ships we served decreased from 223 to 160 for the six months ended December 31, 2012 and 2013, respectively.

	For the six months ended December 31,				For the three months ended December 31,			
	2013	2012	Change	%	2013	2012	Change	%
Number of ships served								
Loading/discharging	40	132	(92)	(69.7)	26	59	(33)	(55.9)
Protective	120	91	29	31.9	70	40	30	75.0
Total	160	223	(63)	(28.3)	96	99	(3)	(3.0)

Historically, our revenues have been primarily driven by the number of ships and customers we serve, provided that the service fees are determined by market competition. To stabilize our shipping agency business, we have shifted our focus to protective agency services, initiated actions to streamline our operations and reduce our overhead. We believe our current efforts to formalize and broaden our integrated international and domestic shipping agency network will strengthen our service revenues and raise our overall profit margin.

(2) Revenues from Shipping and Chartering Services

During September 2013, we executed our first shipping and chartering service agreement with Tianjin Zhi Yuan Investment Group Co., Ltd. ("Zhiyuan"), a company that is owned by Mr. Zhong Zhang, the largest shareholder of our Company. In accordance with the agreement, we assisted Zhiyuan in the transportation of approximately 51,000 tons of chromite ore from South Africa to China.

The Zhiyuan shipping and chartering service agreement resulted in revenues in excess of $1.9 million and gross profit of approximately $0.6 million for the six months ended December 31, 2013.

(3) Revenues from Inland Transportation Management Services

In September 2013, we executed an inland transportation management service contract with Zhiyuan whereby we would provide certain advisory services and help control its potential commodities loss during the transportation process. During the quarter ended December 31, 2013, the inland transportation management services generated approximately $450,000 of service fees, net of taxes.

Operating Costs and Expenses

Our operating costs and expenses consist of cost of revenues, general and administrative expenses, and selling expenses. In light of our budgetary control, we were able to reduce our total operating costs and expenses by approximately $9.6 million for the six months and approximately $4.7 million for three months ended December 31, 2013 as compared to the same period of last year.

The following tables set forth the components of our Company's costs and expenses for the periods indicated.

	For the six months ended December, 31											
	2013			2012				Change				
	US$		%	US$		%		US$		%		
Revenues	5,789,850		100.0	%	14,311,829	100.0	%	(8,521,979)		-59.5	%	
Cost of revenues	4,128,571		71.3	%	13,124,226	91.7	%	(8,995,655)		-68.5	%	
Gross margin	28.7	%			8.3	%		20.4	%			
General and administrative expenses	1,495,842		25.8	%	2,004,611	14.0	%	(508,769)		-25.4	%	
Selling expenses	128,525		2.2	%	183,426	1.3	%	(54,901)		-29.9	%	
Total Costs and Expenses	5,752,938		99.3	%	15,312,263	107.0	%	(9,559,325)		-62.4	%	

	For the three months ended December, 31										
	2013				2012			Change			
	US$		%		US$	%		US$		%	
Revenues	2,472,189		100.0	%	6,429,761	100.0	%	(3,957,572)		-61.6	%
Cost of revenues	1,740,768		70.4	%	6,006,063	93.4	%	(4,265,295)		-71.0	%
Gross margin	29.6	%			6.6	%		23.0	%		
General and administrative expenses	599,678		24.3	%	1,008,338	15.7	%	(408,660)		-40.5	%
Selling expenses	77,437		3.1	%	96,918	1.5	%	(19,481)		-20.1	%
Total Costs and Expenses	2,417,883		97.8	%	7,111,319	110.6	%	(4,693,436)		-66.0	%

Cost of Revenues

Our cost of revenues as a percentage of our total revenues decreased from 91.7% to 71.3% for the six months and from 93.4% to 70.4% for the three months ended December 31, 2012 and 2013, respectively. Consequently, our gross margin increased from 8.3% to 28.7% for the six months and from 6.6% to 29.6% for the three months ended on December 31, 2012 and 2013, respectively. The improvement in our overall gross margin was due mainly to the launch of the shipping and chartering service and the inland transportation management services during the first and second quarter of fiscal 2014, with the support of our largest shareholder and Zhiyuan.

General and Administrative Expenses

Our general and administrative expenses primarily consist of salaries and benefits for our staff (both operating and administrative personnel), business promotion, office rental, meeting fees, expenses for legal, accounting and other professional services. The decline in our general and administrative expenses for the six and three months ended December 31, 2013 as compared to the same period of 2012 was due primarily to tight budgetary control and lower overhead (and lower headcount) as we reorganized and streamlined the core shipping agency business.

Selling Expenses

Our selling expenses primarily consist of commissions for our operating staff to the ports at which we provide services. In line with our decline in revenues from the shipping agency business, our selling expenses decreased by approximately $55,000 for the six months and $20,000 for the three months ended December 31, 2013 as compared with the comparable period of 2012.

Critical Accounting Policies

We prepare the condensed unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). These accounting principles require us to make judgments, estimates and assumptions on the reported amounts of assets and liabilities at the end of each fiscal period, and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable.

There have been no material changes during the quarter ended December 31, 2013 in the Company's significant accounting policies to those previously disclosed in the June 30, 2013 annual report.

2014 Trends

Fiscal 2014 is a transition year as we reorganized and streamlined our core shipping agency business and leveraged our relationship with Zhiyuan to expand our service platform. Our top priority in fiscal 2014 is to cut costs and focus on earnings and profitability. In accordance with our revised strategic plan, we have implemented various programs and are in the process of developing other business initiatives designed to strengthen our working capital and operating cash flows as well as our ability to deliver sustainable quarterly earnings. During the six months ended December 31, 2013, we have:

- diversified our business and expanded our service platform to include the following services: shipping and chartering services, and inland transportation management services;
- monetized our business relationship with Zhiyuan and executed our first shipping and chartering service agreement during the fiscal first quarter and launched our inland transportation management service during the fiscal second quarter;
- reduced our general and administrative expenses; and
- increased our gross margin and operating profit.

As we continue to streamline our business and make our business more scalable, we expect to continue to improve our cash earnings and profitability in fiscal 2014.

Results of Operations

Six Months Ended December 31, 2013 Compared to Six Months Ended December 31, 2012

Revenues. Our shipping agency business continued to be negatively impacted by the softening of the Chinese economy and its import of iron ore. Our total revenues decreased by $8,521,979 or 59.5% from $14,311,829 for the six months ended December 31, 2012 to $5,789,850 for the comparable six months period in 2013. The number of ships we served decreased from 223 to 160 for the six months ended December 31, 2012 and 2013, respectively.

For the six months ended December 31, 2013, we provided protective services to 120 ships, as compared to 91 ships for the same period in 2012. In contrast, we only provided loading/discharging services to 40 ships for the six months ended December 31, 2013 as compared to 132 ships for the same period in 2012.

The revenue decline, however, was partially offset by revenues from our shipping and chartering services and inland transportation management services that were launched in the first and second quarter, respectively. During the six months ended December 31, 2013, we recognized revenues of approximately:

- $1.94 million from our shipping and chartering business; and
- $450,000 from our inland transportation management business.

Total Operating Costs and Expenses. Our total operating costs and expenses decreased by $9,559,325 or 62.4% from $15,312,263 for the six months ended December 31, 2012 to $5,752,938 for the six months ended December 31, 2013. This decrease was primarily due to decrease in our costs of revenues and general and administrative expenses, as discussed below.

· ***Cost of Revenues.*** Our cost of revenues decreased by 68.5% from $13,124,226 for the six months ended December 31, 2012 to $4,128,571 for the six months ended December 31, 2013. The decline was primarily driven by lower cost generated from the shipping agency business, partially offset by the launch of the shipping and chartering services in the first quarter and inland transportation management services in the second quarter.

- ***General and Administrative Expenses.*** Our general and administrative expenses decreased by $508,769 or 25.4% from $2,004,611 for the six months ended December 31, 2012 to $1,495,842 for the six months ended December 31, 2013. This decrease was driven mainly by a reduction in salaries and benefits of approximately $292,000, reduction in professional service fees of approximately $131,000 and a decrease in the conference fees of approximately $66,000.

- ***Selling Expenses.*** Our selling expenses decreased by $54,901 or 29.9% from $183,426 for the six months ended December 31, 2012 to $128,525 for the six months ended December 31, 2013, mainly due to lower commission payments related to the decline in revenues.

Operating Income. We had an operating income of $36,912 for the six months ended December 31, 2013, compared to operating loss of $1,000,434 for the comparable six months in 2012. The turnaround was due mainly to (a) net profit from the newly developed shipping and chartering services as well as the inland transportation management services, and (b) reduction in general and administrative expenses.

Financial Income, net. Our net financial income was $39,722 for the six months ended December 31, 2013, compared to $29,734 for the six months ended December 31, 2012. The net financial income was derived largely from the foreign exchange gains recognized in the financial statement consolidation.

Taxation. Our income tax benefits were $4,733 for the six months ended December 31, 2013, compared to income tax expense of $79,100 for the six months ended December 31, 2012. The income tax benefit was due to the valuation allowance for deferred tax assets.

Net Income. As a result of the foregoing, we had net income of $111,739 for the six months ended December 31, 2013, compared to net loss of $1,008,011 for the six months ended December 31, 2012. After deduction of non-controlling interest, net income attributable to Sino-Global was $774,517 for the six months ended December 31, 2013, as compared to net loss of $481,819 for the six months ended December 31, 2012. With other comprehensive loss foreign currency translation, comprehensive income attributable to Sino-Global was $781,937 for the six months ended December 31, 2013, as compared to comprehensive loss of $484,267 for the six months ended December 31, 2012.

Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012

Revenues. Our total revenues decreased by 61.6% from $6,429,761 for the three months ended December 31, 2012 to $2,472,189 for the comparable three months in 2013. The number of ships that generated revenues for us decreased from 99 for the three months ended December 31, 2012 to 96 for the comparable period of fiscal 2013. The revenue decline was due to the delivery of protective agency services for more ships, which generate significantly lower revenues per ship than our loading/discharging services. For the three months ended December 31, 2013, we provided protective services to 70 ships, compared to 40 ships for the same period of 2012. We provided loading/discharging service to 26 and 59 ships for the three months ended December 31, 2013 and 2012, respectively. However, the decline in revenues generated from the shipping agency services was partially offset by revenues from our inland transportation management service agreement with Zhiyuan that brought us revenue of approximately $450,000 for the three months ended December 31, 2013.

Total Operating Costs and Expenses. Our total operating costs and expenses decreased by $4,693,436 or 66.0% from $7,111,319 for the three months ended December 31, 2012 to $2,417,883 for the three months ended December 31, 2013. This decrease was primarily due to decreases in our costs of revenues and general and administrative expenses, as discussed below.

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Cost of Revenues. Our cost of revenues decreased by $4,265,295 or 71.0% from $6,006,063 for the three months ended December 31, 2012 to $1,740,768 for the three months ended December 31, 2013. The decline was primarily driven by lower cost generated from the shipping agency business, partially offset by the launch of the inland transportation management services in the fiscal second quarter.

· ***General and Administrative Expenses***. Our general and administrative expenses decreased by $408,660 or 40.5% from $1,008,338 for the three months ended December 31, 2012 to $599,678 for the three months ended December 31, 2013. This decrease was mainly due to (1) decreased salaries and benefits for our staff of $110,322, (2) a decrease of $65,647 in entertainment fees (3) decreased meeting expense of $64,741.

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- ***Selling Expenses***. Our selling expenses decreased by $19,481 or 20.10% from $96,918 for the three months ended December 31, 2012 to $77,437 for the three months ended December 31, 2013, mainly due to lower commission payments related to the sales decrease.

Operating Income. We had an operating income of $54,306 for the three months ended December 31, 2013, compared to operating loss of $681,558 for the comparable three months in 2012. The turnaround was due mainly to (a) net income from the newly developed inland transportation management services business, and (b) reduction in general and administrative expenses.

Financial Income, net. Our net financial income was $15,855 for the three months ended December 31, 2013, compared to $32,302 for the three months ended December 31, 2012. The net financial income was derived largely from the foreign exchange gains recognized in the financial statements consolidation.

Taxation. Our income tax expense was $17,767 for the three months ended December 31, 2013, compared to income tax benefits of $78,100 for the three months ended December 31, 2012. The income tax expense in 2013 was a direct result of profits generated from the shipping and chartering business and the inland transportation management services.

Net Income. As a result of the foregoing, we had a net income of $82,766 for the three months ended December 31, 2013, compared to net loss of $565,854 for the three months ended December 31, 2012. After deduction of non-controlling interest, net income attributable to Sino-Global was $499,122 for the three months ended December 31, 2013, compared to net loss of $291,586 for the three months ended December 31, 2012. With other comprehensive income foreign currency translation, comprehensive income attributable to Sino-Global was $518,428 for the three months ended December 31, 2013, compared to comprehensive loss of $285,251 for the three months ended December 31, 2012.

Liquidity and Capital Resources

Cash Flows and Working Capital

We have financed our operations primarily through cash flows from operations and a common stock transaction in April 2013. As of December 31, 2013, we had $2,465,342 in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash on hand and cash in banks. We deposited approximately 51.3% of our cash in banks located in New York, Canada and Hong Kong and deposited 47.4% of cash in banks located in China.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the six months ended December31,			
	2013		2012	
Net cash used in operating activities	$	(342,535)	$	(3,492,864)
Net cash used in investing activities	$	(193,369)	$	(50,066)
Net cash used in financing activities	$	-	$	(4,776)
Net decrease in cash and cash equivalents	$	(583,489)	$	(3,547,527)
Cash and cash equivalents at the beginning of Period	$	3,048,831	$	4,433,333
Cash and cash equivalents at the end of Period	$	2,465,342	$	885,806

The following table sets forth a summary of our working capital:

	June 30, 2013	Diff.	%

	December 31, 2013							
Total Current Assets	$	3,983,395	$	7,145,165	$	(3,161,770)	-44.25	%
Total Current Liabilities	$	1,311,694	$	4,404,905	$	(3,093,211)	-70.22	%
Working Capital	$	2,671,701	$	2,740,260	$	(68,559)	-2.50	%
Current Ratio		3.04		1.62		1.42	87.65	%

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Operating Activities

Net cash used in operating activities was $342,535 for the six months ended December 31, 2013, as compared to net cash used in operating activities of $3,492,864 for the comparable period in 2012. The decrease in our operating cash outflows was attributable mainly to the reorganization of our shipping agency business and the launch of the shipping and chartering business and the inland transportation management business during the six months ended December 31, 2013.

Investing Activities

Net cash used in investing activities was $193,369 compared to net cash used in investing activities of $50,066 for the six months ended December 31, 2013 and 2012, respectively. The addition to fixed assets of $193,369 and $50,066 for the six months ended December 31, 2013 and 2012, representing 4.1% and 0.6% of our total assets, respectively.

Financing Activities

There are no cash flows used in financing activities for the six months ended December 31, 2013. We used $4,776 in financial activities for the six months ended December 31, 2012.

Working Capital

Total current assets decreased by $3,161,770 or 44.3% from $7,145,165 as at June 30, 2013 to $3,983,395 as at December 31, 2013. Total current liabilities decreased by $3,093,211 or 70.2% from $4,404,905 as at June 30, 2013 to $1,311,694 as at December 31, 2013. The decrease was due mainly to the settlement of approximately $2.28 million of accounts receivable and related payable as payments were made directly by our customer to the local shipping agents. Our working capital of approximately $2.67 million was about $70,000 or 2.50% lower than the $2.74 million as at June 30, 2013.

Our current ratio increased from 1.62 at June 30, 2013 to 3.04 at December 31, 2013. The increase in current ratio was mainly attributable to initiatives to strengthen our working capital, the introduction of new services, and the settlement of related accounts receivable and payable during the six months ended December 31, 2013.

We believe that current cash, cash equivalents, and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including cash needs for working capital and capital expenditures, for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities or borrow from banks. However, financing may not be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our shareholders. The incurrence of debt would divert cash from working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that would restrict our operations and our ability to pay dividends to our shareholders.

Contractual Obligations and Commercial Commitments