Sino-Global Shipping America, Ltd.
Form 10-Q
November 04, 2008

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

FORM 10-Q

þ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **September 30, 2008**

¨ 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)

36-09 Main Street
Suite 9C-2
Flushing, NY 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 þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.
See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Our company is authorized to issue 10,000,000 shares of common stock, without par value per share, and 1,000,000 shares of preferred stock, without par value per share. As of the date of this report, we have issued 3,029,032 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 our 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, althou 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 accurately provide shipping agency services;
- its dependence on a limited number of larger customers;
- political and economic factors in the Peoples’ Republic of China (“PRC”);
- our 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 need for our company’s services;
- a weakening of economic conditions which would reduce demand for services provided by our 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 our company’s shipping agency services, operations and financial performance;
- the acceptance in the marketplace of our company’s new lines of services;
- foreign currency exchange rate fluctuations;
- hurricanes or other natural disasters;
- our company’s ability to identify and successfully execute cost control initiatives;
- the impact of quotas, tariffs, or safeguards on the importation or exportation of our company’s customer’s products; or
- other risks outlined above and in other filings made periodically by our company.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update this forward-looking information. Nonetheless, our 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 or Plan of Operation.

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 the 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

We are a shipping agency service provider for foreign ships coming to Chinese ports. Our company, previously known as Sino-Global-Shipping (America) Ltd., was incorporated in New York in February 2001. On September 18, 2007, we amended the Article of Incorporation and Bylaws to merge into a new corporation with the current name of Sino-Global Shipping America, Ltd., in Virginia.

Our principal geographic market is in the PRC. As PRC laws and regulations prohibit or 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 wholly owned by our founder and Chief Executive Officer, Cao Lei, and Chief Financial Officer, Zhang Mingwei, both of whom are PRC citizens. Sino-China holds the licenses and permits necessary to provide shipping services in the PRC. Headquartered in Beijing with six branches in Ningbo, Qingdao, Tianjin, Qinhuangdao, Fangchenggang and Zhoushan, Sino-China provides general shipping agency services in 76 ports in China and serves as a local shipping agent in each of these six port cities. For the ports where it does not have a local license, Sino-China appoints a local agent for its local shipping agency service businesses.

On November 13, 2007, we formed our wholly foreign-owned enterprise, Trans Pacific, in Beijing. Trans Pacific and Sino-China do not have a parent-subsidiary relationship. Instead, each of Trans Pacific and us has contractual arrangements with Sino-China and its shareholders that enable us to substantially control Sino-China. See "Our Corporate Structure - Contractual Arrangements with Sino-China and its Shareholders."

On May 20, 2008, we completed an initial public offering of 1,229,032 ordinary shares at $7.75 offering price. Our shares started trading on the NASDAQ Capital Market the next day.

We formed a wholly-owned subsidiary, Sino-Global Shipping Australia Pty Ltd. ("Sino-Global AUS") in Perth, Australia on July 3, 2008 in order to serve the needs of customers shipping into and out of Western Australia. We established another wholly-owned subsidiary, Sino-Global Shipping (HK) Limited ("Sino-Global HK") on September 22, 2008. We expect that Sino-Global HK will become our control and management center for southern Chinese ports and will enable our company to extend its offering of comprehensive shipping agency services to vessels going to and from one of the world's busiest ports. On August 28, 2008, we also established a new branch in Zhoushan, Jiangsu province, China.

Revenues

For the three months ended September 30, 2007 and 2008, our total revenues amounted to approximately $3.99 million and $5.10 million, respectively. Our total revenues are net of PRC business taxes and related surcharges.

Sino-China's revenues are subject to a 5% business tax as well as an additional 0.5% surcharge after deducting the costs of services. We deduct these amounts from our gross revenues to arrive at our total revenues.

We charge the shipping agency fees in two ways: (1) the fixed fees are predetermined with a customer, and (2) the cost-plus fees are calculated based on the actual costs incurred plus a mark up. 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 rate of service fees we charge;
• the number of ports at which we provide services; and
• the number of customers we serve.

Historically, our services have primarily been driven by the increase in the number of ships and customers, provided that the rate of service fees is determined by market competition. We believe that an increase in the number of ports served generally leads to an increase in the number of ships and customers. We expect that we will continue to earn a substantial majority of our revenues from our shipping agency services. As a result, we plan to continue to focus most of our resources on expanding our business covering more ports in the PRC. In addition, we will allocate our resources in marketing our brand to customers, including ship owners and charters, that transport goods from all ports around the world to China.

Operating Costs and Expenses

Our operating costs and expenses consist of cost of services, general and administrative expenses, selling expenses and other expenses. Our company's total operating costs and expenses increased as a percentage of total revenues for three months ended September 30, 2008 mainly due to increases in cost of services because of the increased value of the Chinese RMB against the U.S. dollar. The general and administrative expenses also increased significantly during the three months ended September 30, 2008, as our company incurred expenses as a public company and in preparation for business expansion. The following table sets forth the components of our company's costs and expenses for the periods indicated.

	For the three months ended September 30,					
	2008		2007		Change	
	US$	%	US$	%	US$	%
Revenues	5,098,677	100.00	3,987,945	100.00	1,110,732	27.85
Costs and expenses						
Costs of services	4,506,565	88.39	3,247,231	81.43	1,259,334	38.78
General and administrative	1,017,750	19.96	345,527	8.66	672,223	194.55
Selling	95,028	1.86	49,151	1.23	45,877	93.34
Other	2,997	0.06	69	0.00	2,928	4,243.48
Total costs and expenses	5,622,340	110.27	3,641,978	91.32	1,980,362	54.38

Costs of Services. Costs of services represent the expenses incurred in the periods when a ship docks in a harbor to load and unload cargo. We typically pay the costs of services on behalf of our customers. We receive revenues from our clients in U.S. dollars and pay the costs of services to the Chinese local port agents in RMB. Our costs of services could also increase if the ports were to raise their charges.

General and Administrative Expenses. Our general and administrative expenses primarily consist of salaries and benefits for our staff, both operating and administrative personnel, depreciation expenses, office renting expenses and expenses for legal, accounting and other professional services. The general and administrative expenses increased significantly in the first quarter of our year due to our public listing, including expenses spent on setting up Trans Pacific, Sino-Global HK and a new branch in Zhoushan for Sino-China, recruiting more quality personnel, spending on traveling and publicity. We have incurred additional general and administrative expenses as we have expanded our operations and operate as a publicly listed company in the United States.

Selling Expenses. Our selling expenses primarily consist of commissions and traveling expenses for our operating staff to the ports at which we provide services. Our selling expenses increased in absolute amount and as a percentage of our total net revenues for the three months ended September 30, 2008, due to the increase in the number of ships to be served and competition in shipping service charges.

Taxation

Because we and Sino-China are incorporated in different jurisdictions, we file separate income tax returns. We are subject to income and capital gains taxes in the United States. Additionally, dividend payments made by our company are subject to withholding tax in the United States.

PRC Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC GAAP. Sino-China is registered as a PRC domestic company and governed by the Enterprise Income Tax Laws of the PRC. Its taxable incomes are subject to an enterprise income tax rate of 33%. The 5th Session of the 10th National People's Congress amended the Enterprise Income Tax Law of PRC that became effective on January 1, 2008. The newly amended Enterprise Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. This change has reduced our income tax rate from 33% to 25% since January 1, 2008. In addition, according to the amended detailed implementation and administrative rules, the new income tax law broadens the tax reductions in terms of categories and extents for the domestic companies. We expect the new income tax law will bring with it a positive impact on our company's net profit in 2009 and onwards.

PRC Business Tax

Revenues from services provided by Sino-China are subject to PRC business tax of 5% and additional surcharges of 0.5%. We pay business tax on gross revenues generated from our shipping agency services minus the costs of services, which are paid on behalf of our customers.

Critical Accounting Policies

We receive revenues from our clients in U.S. dollars and pay these costs to the Chinese local port agents in RMB. Our costs of services increased from 81.43% for the three months ended September 30, 2007 to 88.39% for the three months ended September 30, 2008 as a percentage of our total revenues, in line with the devaluation of U.S. dollars against Chinese RMB in the same periods. We prepare the condensed 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.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our condensed consolidated financial statements.

Revenue Recognition

Revenue comprises the value of charges for the services in the ordinary course of our company's activities and disbursements made on behalf of customers. Revenues are recognized from shipping agency services upon completion of services, which generally coincides with the date of departure of the relevant vessel from port. Advance payments and deposits received from customers prior to the provision of services and recognition of the related revenues are presented as current liabilities.

Some contracts are signed with a term that revenues are recognized as a mark up of actual expenses incurred. In a situation where the services are completed but the information on the actual expenses is not available at the end of the fiscal period, we estimate revenues and expenses based on our previous experience of the revenues of the same kind of vessels, port charges on the vessel's particulars/movement and costs rate of the port. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Accounts Receivable."

Fair Value of Financial Instruments. The carrying amounts reported in the condensed consolidated financial statements for current assets and current liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying value of the long-term debt approximates fair value based on market rates and terms currently available to our company.

We decided not to elect the fair value option permitted by Statement of Financial Accounting Standards ("SFAS") No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115", for our financial assets and liabilities not already reported at fair value. We elected the one year deferral allowed for adopting SFAS 157, "Fair Value Measurements," for non-financial assets and liabilities.

Consolidation of Variable Interest Entities

Sino-China is considered to be a VIE and we are the primary beneficiary. On November 14, 2007, our company entered into agreements with Sino-China, pursuant to which we receive 90% of Sino-China's net income. We do not receive any payment from Sino-China unless Sino-China recognizes net income during its fiscal year. These agreements do not entitle us to any consideration if Sino-China incurs a net loss during its fiscal year. In accordance with the agreements, Sino-China pays consulting and marketing fees equal to 85% and 5%, respectively, of its net income to our new wholly foreign-owned subsidiary, Trans Pacific, and Trans Pacific supplies the technology and personnel needed to service Sino-China. Sino-China was designed to operate in China for the benefit of our company.

The accounts of Sino-China are consolidated in the accompanying condensed consolidated financial statements pursuant to Financial Accounting Standards Board Interpretation No. 46 (Revised), "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51". As a VIE, Sino-China's sales are included in our total sales, its income from operations is consolidated with our company's, and our net income from continuing operations before non-controlling interest in income includes all of Sino-China's net income. Our non-controlling interest in its income is then subtracted in calculating the net income attributable to our company. Because of the contractual arrangements, our company had a pecuniary interest in Sino-China that requires consolidation of our and Sino-China's financial statements.

Mr. Cao Lei owned more than 70% of both Sino-China and our company before completion of the offering and was able to cause our company and Sino-China to enter into the 2007 agreements at any point in time. Accordingly, for all periods presented, our company has consolidated Sino-China's income because the entities are under common control in accordance with SFAS 141, "Business Combinations". For this reason, we have included 90% of Sino-China's net income in our net income as discussed above as though the 2007 agreements were in effect from the inception of Sino-China, and only the 10% of Sino-China's net income not paid to our company represents the non-controlling interest in Sino-China's income.

Accounts Receivable

Accounts receivable are recognized initially at fair value less allowances for doubtful accounts. We maintain allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments in the relevant time period. We review the accounts receivable on a periodic basis and record general and specific allowances when there is doubt as to the collectibility of individual balances. In evaluating the collectibility of individual receivable balances, we consider many factors, including the age of the balance, customer's historical

payment history, its current credit-worthiness and current economic trends. Receivables are considered past due after 365 days. The amount of the provision, if any, is recognized in the condensed consolidated statement of operations within “General and administrative expenses”. We have determined that an allowance of $2,896 was required at September 30, 2008. Accounts are written off after exhaustive efforts at collection. For the three months ended September 30, 2008, the management wrote off uncollected accounts of $45,813.

When a client requests our shipping agency services, we communicate with port officials and our service partners rely on our prior experience for similar vessels with similar needs in the same ports to obtain an estimate for the cost of services. We then calculate our shipping agency fees in two ways: (1) the fixed fees are predetermined with a customer, and (2) the cost-plus fees are calculated based on the actual costs incurred plus a mark up.

We generally obtain advance payment of our shipping agency fees prior to undertaking to provide service to our clients. This significantly reduces the amount of accounts receivable when the shipping agency fees are recognized. To the extent our estimates are insufficient, we bill our clients for the balance to be paid within 30 days.

We use advance payments to pay a number of fees on behalf of our clients before their ships arrive in port, including harbor, berthing, mooring/unmooring, tonnage, immigration, quarantine and tug hire fees. We record the amounts we receive as Advances from Customers and the amounts we pay as Advances to Suppliers. We recognize revenues and expenses once the client's ship leaves the harbor and the client pays any outstanding amounts. In some cases, a delay in receiving bills will require us to estimate the Service Revenues and Costs of Services in accordance with the rate and formulas approved by the Ministry of Communications. When this happens, we record the difference between Service Revenues (as so recognized) and Advances from Customers as Accounts Receivable and the difference between Cost of Services and Advances to Suppliers as Accounts Payable. To the extent we recognize revenues and costs in this way, our Accounts Receivable and Accounts Payable will reflect this estimation until we receive the bills and information we require to adjust revenues and expenses to reflect our actual Service Revenues and Cost of Services. Any adjustment to actual from the estimated Revenues and Cost of Services recorded has been and is expected to be immaterial.

Property and Equipment

We state property and equipment at historical cost less accumulated depreciation and amortization. Historical cost comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. We provide for depreciation and amortization in amounts sufficient to expense the related cost of depreciable assets for operations over their estimated useful lives. Depreciation and amortization are calculated on a straight-line basis to write off the cost of assets to their residual values over their estimated useful lives as follows:

Buildings	20 years
Motor vehicles	5-10 years
Furniture and office equipment	3-5 years

We calculate gains and losses on disposals by comparing proceeds with carrying amounts of the related assets and include these gains and losses in the consolidated statements of operations. We consider the carrying value of a long-lived asset to be impaired when the anticipated undiscounted cash flows from such asset is less than its carrying value. If impairment is identified, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. We have determined that there were no impairments for the three months ended September 30, 2008. Had we early adopted SFAS 157, "Fair Value Measurements," for our company's property and equipment, the result of our assessment of the impairment of these assets may have been different.

Translation of Foreign Currency

The accounts of our company and Sino-China and each of its branches are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Our functional currency is the U.S.

dollar, while Sino-China reports its financial position and results of operations in Renminbi. The accompanying condensed consolidated financial statements are presented in U.S. dollars. Foreign currency transactions are translated into U.S. dollars using the fixed exchange rates in effect at the time of the transaction. Generally foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations. We translate foreign currency financial statements of Sino-China, Trans Pacific and Sino-Global AUS in accordance with Statement SFAS No. 52, “Foreign Currency Translation”. Assets and liabilities are translated at current exchange rates quoted by the People’s Bank of China at the balance sheet dates and revenues and expenses are translated at average exchange rates in effect during the periods. Resulting translation adjustments are recorded as other comprehensive income (loss) and accumulated as a separate component of equity included in Non-controlling interest.

2009 Growth

In our 2008 Annual Report, we predicted that our 2009 revenues would increase about 50% to 65% from the 2008 fiscal year, reaching total revenues ranging from $22.64 million to $24.89 million in 2009 fiscal year. For the first three months ended September 30, 2008, we achieved total revenues of $5.1 million, about 20% of our 2009 target, or about 2% lower than our prorated prediction for the quarter. However, as our Australian office started operating in October 2008, we expect that our growth rate for the remaining months of the year will remain in line with our predictions. The financial crisis has brought with it negative impact to the world economy in general and to the PRC's economy in particular. We anticipate our growth will slow down considering the down trend in economic environments. Nevertheless, we maintain our growth target based on our strategic business development plan. We recently formed wholly owned subsidiaries in Australia and Hong Kong and a branch office in Zhoushan, PRC. We are in the process of establishing several more branches in China and offices internationally. We believe that the current financial crisis may provide some opportunities in business expansion. If the financial crisis becomes manageable in the short period or if we are able to capitalize on opportunities that are presented to us, we believe we may achieve our 2009 growth objective.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. Our business has evolved rapidly since we commenced operations in 2001. Our limited operating history makes it difficult to predict future operating results. We believe that period-to-period comparisons of operating results should not be relied upon as indicative of future performance.

	For the three months ended September30,	
	2008	**2007**
	US$	**US$**
Revenues	5,098,677	3,987,945
Costs and expenses		
Costs of services	4,506,565	3,247,231
General and administrative	1,017,750	345,527
Selling	95,028	49,151
Other	2,997	69
Total costs and expenses	5,622,340	3,641,978
Operating income (loss)	(523,663)	345,967
Financial income (expense), net	15,759	(24,077)
	15,759	(24,077)
Net income (loss) before income taxes and non-controlling interest in income	(507,904)	321,890
Income taxes	72,630	119,388
Income (loss) before non-controlling interest in income	(580,534)	202,502
Non-controlling interest in income	(150,301)	11,784
Net income (loss)	(430,233)	190,718

Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

Revenues. Our total revenues increased by 27.85% from $3,987,945 in the three months ended September 30, 2007 to $5,098,677 in the comparable three months in 2008. The number of ships that generated revenues for us decreased from 79 to 61, representing a decrease of 22.78% for the comparable three months in 2007 and 2008, respectively. We provided repair services for some ships and other owners' affairs. Of the 79 ships for which we provided services in the first quarter in 2007, there were 28 small ships (Handysize) that generated lower revenues compared to the large ships (Capesize). For the first quarter in 2008, we serviced one Handysize and 60 Capesizes.

Total Operating Costs and Expenses. Our total operating costs and expenses increased by 54.38% from $3,641,978 in the three months ended September 30, 2007 to $5,622,340 in the three months ended September 30, 2008. This increase was primarily due to increases in our costs of services and in our general and administrative expenses.

- *Cost of Services.* Our cost of services increased by 38.78% from $3,247,231 in the three months ended September 30, 2007 to $4,506,565 in the three months ended September 30, 2008. Costs of services increased faster than revenues, resulting in the 6.51% decrease in gross margin from 18.12% down to 11.61% for the three months comparative periods ended September 30, 2007 and 2008, respectively. This is largely due to the revaluation of Chinese currency against the U.S. dollar. The average foreign exchange rate increased by approximately 7.85%, from RMB7.5108 to $1.00 for the three months ended September 30, 2007 to RMB6.8183 to $1.00 for the three months ended September 30, 2008.

- *General and Administrative Expenses*. Our general and administrative expenses increased by 194.55% from $345,527 in the three months ended September 30, 2007 to $1,017,750 in the comparable three months in 2008. This change was

primarily due to (1) increase of $194,954 in salaries and human resource expenses for high quality staff, (2) increase of $189,796 spent on legal fees, audit fees, investor relations and other expenses for our company's public listing, (3) increase of $70,135 in renting more office space, (4) increase of $62,491 in travel for business development, (5) writing off bad debts of $45,825, and (6) the expenses in Trans Pacific and newly established Australian office.

Our general and administrative expenses will increase in the near term for Sarbanes-Oxley Section 404 compliance and business expansion. Meanwhile, we will tighten the budget and cut the non-operating expenses.

Ÿ *Selling Expenses*. Our selling expenses increased by 93.34% from $45,877 for the three months ended September 30, 2007 to $95,028 in the three months ended September 30, 2008, due to the increase of commission and travel expenses.

Operating Profit (Loss). We had an operating loss of $523,663 for the three months ended September 30, 2008, compared to an operating profit of $345,967 in the same three month period in 2007. Operating profit decreased 251.36% largely due to the increase in costs of services and general and administrative expenses.

Financial Income, Net. Our net financial income is $15,759 for the three months ended September 30, 2008, compared to our net financial expense of $24,077 for the three months ended September, 2007. The net financial income comes largely from the interest income from the money deposits in banks, mitigated by the foreign exchange losses recognized in financial statement consolidation. As described in above in Translation of Foreign Currency, foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations.

Net Income. As a result of the foregoing, we had loss before non-controlling interest in income of $507,904 for the three months ended September 30, 2008, compared to income before non-controlling interest in income of $321,890 for the three months ended September 30, 2007. After deduction of non-controlling interest in income and income taxes, net loss was $430,233 for the three months ended September 30, 2008, compared to net income of $190,718 for the three months ended September 30, 2007.

Liquidity and Capital Resources

Cash Flows and Working Capital

To date, we have financed our operations primarily through cash flows from operations. As of September 30, 2008, we had $9,300,292 in cash and cash equivalents, of which $200,556 was held by Sino-China. Our cash and cash equivalents primarily consist of cash on hand and cash in banks.

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

	For the three months ended September 30,	
	2008	**2007**
	US$	**US$**
Net cash provided by (used in) operating activities	(160,411)	332,811
Net cash used in investing activities	(144,800)	(219,936)
Net cash provided by (used in) financing activities	(6,535)	182,100
Net increase (decrease) in cash and cash equivalents	(302,958)	90,453
Cash and cash equivalents at beginning of period	9,603,250	526,091
Cash and cash equivalents at end of year	9,300,292	616,544

Operating Activities

Since May 2003, we began to expand our business by setting up additional branches throughout China. As of September 30, 2008, we had six branch offices conducting our shipping agency services in China and three operating offices in the USA, Australia and Hong Kong. Our sales were increased for the three months ended September 30, 2008 compared to September 30, 2007, but our gross margin declined mainly attributable to the increased costs of services that resulted from RMB revaluation. Net cash used in operating activities was $160,411 for the three months ended September 30, 2008, compared to net cash provided by operating activities of $332,811 for the three months ended September 30, 2007. The decrease of net cash in operating activities is mainly attributable to several factors, including (i) a net loss of $430,233 and (ii) an increase in accounts payable of $2,006,734. This was mitigated by the decrease in accounts receivable of $1,383,879.

Investing Activities

Net cash used in investing activities was $144,800 compared to that of $219,936 for the three months ended September 30, 2008 and 2007, respectively. We made capital expenditures of $144,800 and $218,436 for the three months ended September 30, 2008 and 2007, representing 2.84% and 5.52% of our total revenues, respectively. We expect that our capital expenditures will increase in the near term as our business continues to grow and as we improve our financial and accounting systems and infrastructure.

Financing Activities

Net cash provided by financing activities was $6,535 for the three months ended September 30, 2008 for the repayment of long term debt.

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. We cannot assure you that financing will 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. If we are unable to obtain additional equity or debt financing as required, our business, operations and prospects may suffer.

Contractual Obligations and Commercial Commitments

We have leased certain office premises under non-cancelable leases. In December 2007, we leased additional office premises under two non-cancelable leases which expire through January 13, 2010 for approximately $317,000 per year. In February 2008, we leased additional office space which expires through January 31, 2009 for approximately $10,800 per year. Rent expense under operating leases for the years ended June 30, 2008 and June 30, 2007 were $233,237 and $93,920, respectively. In August 2008, we leased one apartment and additional office for operating in Perth, Australia, which expire through August 30, 2009 for approximately $25,675 per year and August 31, 2009 for approximately $27, 305 per year. We leased one office in Zhoushan, China which expires through July 31, 2011 for approximately $27,866 for the total three years.

Below is a summary of our company’s contractual obligations and commitments at September 30, 2008:

Payment Due by Period

	Total	Less than 1 year	1-3 years	More than 3 years
Contractual Obligations				
Operating leases	$ 588,271	$ 433,450	$ 154,821	$ **--**
Long-term debt	$ 60,900	$ 29,210	$ 31,690	$ **--**
Total Obligations	**$ 649,171**	**$ 462,660**	**$ 186,511**	$ --

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The Labor Contract Law of the PRC, effective as of January 1, 2008, requires employers to assure the liability of the severance payments if employees are terminated and have been working for the employers for at least two years prior to January 1, 2008. The employers will be liable for one month for severance pay for each year of the service provided by the employees. As of June 30, 2008, our company has estimated its severance payments of approximately $163,861, which has not been reflected in our condensed consolidated financial statements.

Company Structure

We conduct our operations primarily through our wholly-owned subsidiaries, Trans Pacific, Sino-AUS and Sino-HK and our variable interest entity, Sino-China. As a result, our ability to pay dividends and to finance any debt we may incur depends upon dividends paid by Trans Pacific and management fees paid by Sino-China. If Trans Pacific incurs debt on its own behalf in the future, the instruments governing its debt may restrict its ability to pay dividends to us. In addition, Trans Pacific is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, wholly foreign-owned enterprises like Trans Pacific are required to set aside at least 10% of their after-tax profit each year to fund a statutory reserve until the amount of the reserve reaches 50% of such entity's registered capital.

To the extent Trans Pacific does not generate sufficient after-tax profits to fund this statutory reserve, its ability to pay dividends to us may be limited. Although these statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, these reserve funds are not distributable as cash dividends except in the event of a solvent liquidation of the companies. Other than as described in the previous sentences, China's State Administration of Foreign Exchange ("SAFE") has approved the company structure between our company and Trans Pacific, and Trans Pacific is permitted to pay dividends to our company. See "Risk Factor - We may not pay dividends", "Risk Factor - Changes in China's political and economic policies could harm our business" and "Dividend Policy".

On November 13, 2007, we established a wholly foreign-owned enterprise, Trans Pacific, with a registered capital of $100,000. Under the current regulations in China, we can only transfer the funds raised from the initial public offering into China through Trans Pacific. Therefore, with Board approval, we applied to SAFE to increase Trans Pacific's registered capital to $10 million. Our application for registered capital increase was approved in August 2008. In accordance with the requirements of the China's Company Law, a company could invest 20% of registered capital within three months after the government's approval date and the balance of the registered capital in two years. Accordingly, we plan to initially inject $2.9 million to Trans Pacific, increasing its registered capital from $100,000 to $3 million. The increased registered capital will be used to implement our strategic plan specified in our Registration Statement for the initial public offering.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our condensed consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements which defines fair value, establishes a framework for measuring

fair value and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, delaying the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis. In October 2008, the FASB issued Financial Statement Position ("FSP") No. 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active, which clarifies the application of SFAS No. 157 in a market that is not active and provides key considerations in determining fair value of a financial asset when the market for that financial asset is not active. The delayed portions of SFAS No. 157 will be adopted by our company beginning July 1, 2009, as permitted. We are currently evaluating SFAS No. 157 to determine the impact, if any, on our condensed consolidated financial statements.

In June 2008, the FASB ratified the consensus reached on Emergence Issue Task Force (“ EITF”) Issue No. 07-05, Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock . EITF Issue No. 07-05 clarifies the determination of whether an instrument (or an embedded feature) is indexed to an entity’s own stock, which would qualify as a scope exception under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. EITF Issue No. 07-05 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption for an existing instrument is not permitted. We are currently evaluating the impact of the pending adoption of EITF Issue No. 07-05 on our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

Previously, our exposure to interest rate risk primarily relates to the interest income generated by excess cash invested in demand deposits and liquid investments with original maturities of three months or less. On August 29, 2008, China’s SAFE imposed a new rule, Hui Zong Fa (2008) No. 142, which further tightens foreign investments into China and the use of these funds in investment in China. As such, we have to deposit part of funds from the initial public offering in the United States, China and other countries where we have subsidiaries with original maturities more than three months.

Foreign Exchange Risk

Our revenues and costs of services are denominated in both RMB and U.S. dollars. There has been significant international pressure on the Chinese government to permit the free floatation of the RMB resulting in an appreciation of the RMB against the U.S. dollar increased from RMB7.6155 to $1.00 up to RMB6.8591 to $1.00 on June 30, 2007 and 2008, respectively. The continuing increase of the exchange rate of the RMB against the U.S. dollar has severe impact on our inter-company transactions and balances. We had a foreign currency translation gain of $36,812 and $238,798 for the year ended June 30, 2007 and 2008. Our future gain or loss on foreign currency translation however depend on the trend of RMB revaluation, the proportion of cash and cash equivalents depositing in Sino-China and the volume of inter-company transactions.

As we have large amounts of cash on deposit, we will balance the money funds in U.S. dollar, RMB, Australian dollar. As we are U.S. company and our reporting currency is U.S. dollar, we will continue to deposit our cash from operation transactions and unused funds in the United States.

Item 4/4T. Controls and Procedures.

Disclosure Controls and Procedures

As of September 30, 2008, our company carried out an evaluation, under the supervision and with the participation of management, including our company’s chief executive officer and chief financial officer, of the effectiveness of the design and operation of our company’s disclosure controls and procedures. Based on the foregoing, the chief executive officer and chief financial officer concluded that our company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective.

Changes in Internal Control over Financial Reporting.

There were no changes in our company’s internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) during the quarter ended September 30, 2008 that have materially affected, or are

reasonably likely to materially affect, our company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) None.

(b) The annual report filed on September 29, 2008 for the fiscal year ended June 30, 2008 (SEC Accession No. 0001144204-08-055056) is incorporated herein by reference, subject to the replacement of the table under Item 5 thereof with the following table showing the use of proceeds from our initial public offering.

Description of Use	Proposed Expenditure Amount	Actual Expenditures through September 30, 2008
Organization of our company and creation of contractual arrangements among our company, Sino-China and Trans Pacific	$ 100,000	$ 57,134
Business expansion in 15 to 35 main ports in China	5,930,941	118,268
Sarbanes-Oxley compliance	500,000	—
Marketing of company across China, United States and internationally	244,621	86,344
Develop information exchange system	400,000	—
Train staff	163,081	—
Fixed asset purchase	407,702	144,800
Miscellaneous expenses	407,702	8,734
Total	**$ 8,154,048**	**$ 415,280**

(c) Our company has not repurchased any of our common stock during the period ended September 30, 2008.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed herewith:

Exhibit Index

Number	Exhibit
3.1	Articles of Incorporation of Sino-Global Shipping America, Ltd.*
3.2	Bylaws of Sino-Global Shipping America, Ltd.*
4.1	Specimen Certificate for Common Stock*
10.1	Exclusive Management Consulting and Technical Services Agreement by and between Trans Pacific and Sino-China.*
10.2	Exclusive Marketing Agreement by and between Trans Pacific and Sino-China.*
10.3	Proxy Agreement by and among Cao Lei, Zhang Mingwei, our company and Sino-China.*
10.4	Equity Interest Pledge Agreement by and among Trans Pacific, Cao Lei and Zhang Mingwei.*
10.5	Exclusive Equity Interest Purchase Agreement by and among our company, Cao Lei, Zhang Mingwei and Sino-China.*
10.6	First Amended and Restated Exclusive Management Consulting and Technical Services Agreement by and between Trans Pacific and Sino-China.*
10.7	First Amended and Restated Exclusive Marketing Agreement by and between Trans Pacific and Sino-China.*
10.8	Agency Agreement by and between our company and Beijing Shou Rong Forwarding Service Co., Ltd.*
13.1	Annual report of our company on Form 10-KSB for the year ended June 30, 2008.**
14.1	Code of Ethics of our company.**
21.1	List of subsidiaries of our company.***
31.1	Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.***
31.2	Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.***
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***
32.2	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.***

* Incorporated by reference to our company's Registration Statement on Form S-1, Registration Nos. 333-150858 and 333-148611.

** Incorporated by reference to our company's Form 10-KSB filed on September 29, 2008, File No. 001-34024.

*** Filed herewith.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SINO-GLOBAL SHIPPING AMERICA, LTD.

November 4, 2008	By:	/s/ Zhang Mingwei Zhang Mingwei Chief Financial Officer (Principal Financial and Accounting Officer)

SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

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SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008 US$ (Unaudited)	June 30, 2008 US$ (Audited)
Assets		
Current assets		
Cash and cash equivalents	9,300,292	9,603,250
Advances to suppliers	241,475	114,570
Accounts receivable, less allow ance for doubtful accounts of $2,895 as of September 30, 2008 and $48,708 as of June 30, 2008	2,603,375	1,265,309
Other receivables	189,585	213,515
Prepaid expenses and other current assets	82,330	30,455
Total current assets	12,417,057	11,227,099
Security deposits	94,702	92,188
Property and equipment, net	1,156,100	1,068,527
Total Assets	13,667,859	12,387,814
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	29,210	28,450
Advances from customers	983,087	955,316
Accounts payable	3,059,792	1,053,058
Accrued expenses	72,775	73,023
Income taxes payable	3,842	168,011
Other current liabilities	96,768	108,531
Total Current Liabilities	4,245,474	2,386,389
Long-term debt less current maturities	31,690	38,984
Total Liabilities	4,277,164	2,425,373
Non-Controlling interest	107,342	260,001
Commitments and contingency		
Shareholders' equity		
Capital stock	7,709,745	7,709,745
Additional paid-in capital	1,498,033	1,498,033
Retained earnings	1,356,784	1,787,017
Accumulated other comprehensive income (loss)	2,373	(8,773)
Unearned Compensation	(1,283,582)	(1,283,582)
	9,283,353	9,702,440
Total Liabilities and Shareholders' Equity	13,667,859	12,387,814

The accompanying notes are an integral part of these condensed consolidated financial statements.

SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended September 30,	
	2008	**2007**
	US$	**US$**
Revenues	5,098,677	3,987,945
Costs and expenses		
Costs of services	(4,506,565)	(3,247,231)
General and administrative expense	(1,017,750)	(345,527)
Selling expense	(95,028)	(49,151)
Other	(2,997)	(69)
	(5,622,340)	(3,641,978)
Operating Income (loss)	(523,663)	345,967
Financial income (expense), net	15,759	(24,077)
	15,759	(24,077)
Net income (loss) before taxes	(507,904)	321,890
Income taxes	(72,630)	(119,388)
Net income (loss) from continuing operations before non-controlling interest in income	(580,534)	202,502
Non-controlling interest in income (loss)	(150,301)	11,784
Net income (loss)	(430,233)	190,718
Earnings (loss) per share		
-Basic	(0.19)	0.11
-Diluted	(0.19)	0.11
Weighted average number of shares used in computation		
-Basic	2,247,839	1,800,000
-Diluted	2,247,839	1,800,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

CONSOLIDATED STAEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended September 30,	
	2008	**2007**
	US$	**US$**
Operating Activities		
Net income (loss)	(430,233)	190,718
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	57,227	33,526
Non-controlling interest in income (loss)	(150,301)	11,784
Provision for doubtful accounts	45,813	-
Changes in assets and liabilities		
Increase in advances to supplier	(126,905)	(1,678,000)
Increase in accounts receivable	(1,383,879)	(2,704,807)
Decrease (Increase) in other receivables	23,930	(94,206)
Decrease (Increase) in prepaid expense and other current assets	(51,875)	699
Increase in security deposits	(2,514)	-
Increase in advances from customers	27,771	2,424,513
Increase in accounts payable	2,006,734	1,915,501
Decrease in accrued expenses	(248)	(269)
Increase in income taxes payable	(164,169)	107,487
(Decrease) increase in other current liabilities	(11,762)	125,865
Net cash provided by (used in) operating activities	(160,411)	332,811
Investing Activities		
Capital expenditures and other additions	(144,800)	(218,436)
Payments to related party	-	(1,500)
Net cash used in investing activities	(144,800)	(219,936)
Financing Activities		
Payments of bank loans	-	(44,828)
Payments of long-term debt	(6,535)	-
Capital contribution of non-controlling interest	-	226,928
Net cash provided by (used in) financing activities	(6,535)	182,100
Effect of exchange rate fluctuations on cash and cash equivalents	8,788	(204,522)
Net increase (decrease) in cash and cash equivalents	(302,958)	90,453
Cash and cash equivalents at beginning of period	9,603,250	526,091

Cash and cash equivalents at end of period	9,300,292	616,544
Supplemental information		
Interest paid	1,340	543
Income taxes paid	234,000	30,814

The accompanying notes are an integral part of these condensed consolidated financial statements.

SINO-GLOBAL SHIPPING AMERICA, LTD. AND AFFILIATE

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

Sino-Global Shipping America, Ltd. (the "Company"), previously known as Sino-Global-Shipping (America) Ltd., was incorporated under section 402 of the Business Corporation Laws of the United States of America in New York on February 2, 2001.

On September 18, 2007, the Company amended the Articles of Incorporation and Bylaws to merge into a new Corporation, Sino-Global Shipping America, Ltd. in Virginia.

The Company formed a wholly foreign-owned enterprise, Trans Pacific Shipping Limited ("Trans Pacific"), in Beijing on November 13, 2007. Trans Pacific and Sino-China do not have a parent-subsidiary relationship. Instead, Trans Pacific operates with Sino-China through a variety of contractual agreements as described in Note 2(a).

The Company is listed on the NASDAQ Capital Market as a result of its Initial Public Offering (IPO) on May 20, 2008.

The Company formed a wholly-owned subsidiary, Sino-Global Shipping Australia Pty Ltd. ("Sino-Global AUS") in Perth, Australia on July 3, 2008 in order to serve the needs of customers shipping into and out of Western Australia. The Company established another wholly-owned subsidiary, Sino-Global Shipping (HK) Limited ("Sino-Global HK") on September 22, 2008. Sino-Global HK will become the Company's control and management center for southern Chinese ports and will enable the Company to extend its offering of comprehensive shipping agency services to vessels going to and from one of the world's busiest ports. The Company also established a new branch in Zhoushan, Jiangsu province, China on August 28, 2008.

The Company's principal geographic market is in the People's Republic of China ("PRC"). As PRC laws and regulations prohibit or restrict foreign ownership of shipping agency service businesses, the Company provides its services in the PRC through Sino-Global Shipping Agency Ltd. ("Sino-China"), a Chinese legal entity, which holds the licenses and permits necessary to operate shipping services in the PRC. Sino-China is located in Beijing and has branches in Ningbo, Qingdao, Tianjin, Qinhuangdao and Fangchenggang. Sino-China holds four local shipping service licenses in China to serve as a local shipping agent in Ningbo, Qingdao, Tianjin, and Fangchenggang. Sino-China has applied for a local shipping agent license in Qinhuangdao. The Company provides general shipping agency services in 76 ports in China and one port in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The agency relationship between the Company and Sino-China and its branches is governed by a series of contractual arrangements pursuant to which the Company has substantial control over Sino-China.

Sino-China is considered a variable interest entity ("VIE"), and the Company is the primary beneficiary. On November 14, 2007, the Company through Trans Pacific entered into agreements with Sino-China, pursuant to which the Company receives 90% of Sino-China's net income. The Company does not receive any payment from Sino-China

unless Sino-China recognizes net income during its fiscal year. These agreements do not entitle the Company to any consideration if Sino-China incurs a net loss during its fiscal year. In accordance with these agreements, Sino-China pays consulting and marketing fees equal to 85% and 5%, respectively, of its net income to the Company's new wholly owned foreign subsidiary, Trans Pacific, and Trans Pacific supplies the technology and personnel needed to service Sino-China. Sino-China was designed to operate in China for the benefit of the Company.

The accounts of Sino-China are consolidated in the accompanying financial statements pursuant to Financial Accounting Standards Board Interpretation No. 46 (Revised), "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51". As a VIE, Sino-China's sales are included in the Company's total sales, its income from operations is consolidated with the Company's, and the Company's net income from continuing operations before non-controlling interest in income includes all of Sino-China's net income. The Company's non-controlling interest in its income is then subtracted in calculating the net income attributable to the Company. Because of the contractual arrangements, the Company had a pecuniary interest in Sino-China that requires consolidation of the Company's and Sino-China's financial statements.

The Company has consolidated Sino-China's income because the entities are under common control in accordance with SFAS 141, "Business Combinations". For this reason, the Company has included 90% of Sino-China's net income in the Company's net income as discussed above as though the 2007 agreements were in effect from the inception of Sino-China, and only the 10% of Sino-China's net income not paid to the Company represents the non-controlling interest in Sino-China's income.

(b) Fair Value of Financial Instruments

The carrying amounts reported in the condensed consolidated financial statements for current assets and current liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying value of the long-term debt approximates fair value based on market rates and terms currently available to the Company.

The Company decided not to elect the fair value option as prescribed by FASB Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115", for its financial assets and liabilities not already reported at fair value. The Company elected the one year deferral allowed for adopting SFAS 157, "Fair Value Measurements", for non-financial assets and liabilities.

(c) Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with US GAAP 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are adjusted to reflect actual experience when necessary. Significant accounting estimates reflected in the Company's condensed consolidated financial statements include revenue recognition, allowance for doubtful accounts, the useful lives of property and equipment and unearned compensation.

Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

(d) Translation of Foreign Currency

The accounts of the Company and Sino-China and each of its branches are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US dollars ("$") while Sino-China reports its financial position and results of operations in Renminbi ("RMB"). The accompanying condensed consolidated financial statements are presented in US dollars. Foreign currency transactions are translated into US dollars using the fixed exchange rates in effect at the time of the transaction. Generally foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations. The Company translates foreign currency financial statements of Sino-China, Sino-Global AUS and Trans Pacific in accordance with Statement of Financial Accounting Standard ("SFAS") No. 52, "Foreign Currency Translation". Assets and liabilities are translated at current exchange rates quoted by the People's Bank of China at the balance sheet dates and revenues and expenses are translated at average exchange rates in effect during the years. Resulting translation adjustments are recorded as other comprehensive income (loss) and accumulated as a separate component of equity included in Non-controlling interest.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, and other highly liquid investments which are unrestricted as to withdrawal or use, and which have maturities of three months or less when purchased. The Company maintains cash and cash equivalents with various financial institutions mainly in the PRC and the United States. Cash balances in the United States are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

(f) Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Historical cost comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20 years
Motor vehicles	5-10 years
Furniture and office equipment	3-5 years

The carrying value of a long-lived asset is considered impaired by the Company when the anticipated undiscounted cash flows from such asset is less than its carrying value. If impairment is identified, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Management has determined that there were no impairments at the balance sheet date.

(g) Revenue recognition

The Company charges shipping agency fees in two ways: (1) fixed fees that are predetermined with the customer, and (2) cost-plus fees that are calculated based on the actual costs incurred plus a markup. The Company generally requires payments in advance from customers and bills them on the balance within 30 days after the transactions are completed. Revenues are recognized from shipping agency services upon completion of services, which coincides with the date of departure of the relevant vessel from port. Advance payments and deposits received from customers prior to the provision of services and recognition of the related revenues are presented as current liabilities.

Some contracts contain a provision stating that revenues are recognized for actual expenses incurred plus a profit margin. When the services are completed but the information on the actual expenses is not available at the end of the fiscal period, we estimate revenues and expenses based on our previous experience with similar vessels and port charges.

In accordance with EITF 99-19, the Company reports its revenue on the gross amounts billed to customers based on several criteria: (1) the Company assumes all credit risk for the amounts billed to customers, (2) the Company has multiple suppliers for services ordered by customers and discretion to select the supplier that provides the services, and (3) the Company determines the nature, type or specifications of the services ordered by customers and the Company is responsible for fulfilling these services.

(h) Accounts receivable

Accounts receivable are presented at net realizable value. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and records general and specific allowances when there is doubt as to the collectibility of individual balances. In evaluating the collectibility of individual receivable balances, the Company considers many factors, including the age of the balance, customer’s historical payment history, its current credit-worthiness and current economic trends. Receivables are considered past due after 365 days. Management has determined that an allowance of $2,896 was required at September 30, 2008. Accounts are written off after exhaustive efforts at collection. For the three months ended September 30, 2008, the management wrote off uncollected accounts of $45,813.

(i) Taxation

Because the Company and Sino-China are incorporated in different jurisdictions, they file separate income tax returns. The Company uses the liability method of accounting for income taxes in accordance with US GAAP. Deferred taxes, if any, are recognized for the future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements.

Effective July 1, 2007, the Company adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48, “Accounting for Uncertainty in Income Taxes (“FIN 48”). — an interpretation of SFAS No. 109, “Accounting for Income Taxes.” The Interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position would be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The implementation of FIN 48 resulted in no material liability for unrecognized tax benefits and no material change to the beginning retained earnings of the Company. As of September 30, 2008, the Company did not have a liability for any unrecognized tax benefits. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the three months ended September 30, 2008, the Company did not incur any interest or penalties.

PRC Enterprise Income Tax

PRC domestic companies are governed by the Enterprise Income Tax Laws of the PRC and profits are generally subject to an enterprise income tax rate of 25%. Sino-China's income tax is accrued at the end of every quarter based on taxes payable for the current period and paid in the following month.

PRC Business Tax and Surcharges

Revenues from services provided by Sino-China and its branches are subject to the PRC business tax of 5% and some surcharges. Business tax and surcharges are paid on gross revenues generated from our shipping services.

In addition, under the PRC regulations, Sino-China is required to pay the city construction tax (7%) and education surcharges (3%) based on the calculated business tax payments.

Sino-China has complied with EITF 06-3 and reports its revenues net of PRC's business tax and surcharges for all the periods presented in the consolidated statements of operations.

New Corporate Income Tax Law

The 5th Session of the 10th National People's Congress amended the PRC Corporate Income Tax Law that became effective on January 1, 2008. The newly amended Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%, which reduces the Company's income tax rate from 33% to 25% in 2008. In addition, according to the amended detailed implementation and administrative rules, the new PRC Corporate Income Tax Law will broaden the tax restrictions in terms of categories and extents for domestic companies.

(j) Earnings per share

Earnings per share is calculated in accordance with SFAS No. 128, "Earnings Per Share". Basic earnings per share is computed by dividing net income attributable to holders of common shares by the weighted average number of common shares outstanding during the years. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares. Convertible, redeemable preference shares are included in the computation of diluted earnings per share on an "if-converted" basis, when the impact is dilutive. Contingent exercise price resets are accounted for in a manner similar to contingently issuable shares. Common share equivalents are excluded from the computation of diluted earnings per share if their effects would be anti-dilutive.

Earnings per share data has been retroactively adjusted for all periods presented to reflect the recapitalization of the Company further discussed in Note 9.

(k) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements which defines fair value, establishes a framework for measuring

fair value and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, delaying the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis. In October 2008, the FASB issued Financial Statement Position ("FSP") No. 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active, which clarifies the application of SFAS No. 157 in a market that is not active and provides key considerations in determining fair value of a financial asset when the market for that financial asset is not active. The delayed portions of SFAS No. 157 will be adopted by the Company beginning July 1, 2009, as permitted. The Company is currently evaluating SFAS No. 157 to determine the impact, if any, on its condensed consolidated financial statements.

In June 2008, the FASB ratified the consensus reached on Emergence Issue Task Force (“ EITF”) Issue No. 07-05, Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock . EITF Issue No. 07-05 clarifies the determination of whether an instrument (or an embedded feature) is indexed to an entity’s own stock, which would qualify as a scope exception under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. EITF Issue No. 07-05 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption for an existing instrument is not permitted. The Company is currently evaluating the impact of the pending adoption of EITF Issue No. 07-05 on its condensed consolidated financial statements.

3. OTHER RECEIVABLES / OTHER CURRENT LIABILITIES

(a) Other Receivable

Other receivables represent mainly amounts to be received from customers for advance payments made to the port agent for reimbursed charges to be incurred in connection with the costs of services and temporary loans to employees.

(b) Other Current Liabilities

Other current liabilities represent mainly advance payments received from customers for reimbursed port agent charges to be incurred and miscellaneous accrued liabilities.

4. ADVANCES TO SUPPLIERS/ADVANCES FROM CUSTOMERS.

(a) Advances to Suppliers

Advances to suppliers represent costs of services and fees paid to suppliers in advance in connection with the agency services fees income to be recognized.

(b) Advances from Customers

Advances from customers represent money received from customers in advance in connection with the agency services fees income to be recognized.

5. PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	September 30, 2008 US$ (Unaudited)	**June 30, 2008 US$ (Audited)**
Land and building	72,913	72,479
Motor vehicles	1,203,232	1,085,139
Computer equipment	106,459	90,990
Office equipment	37,029	28,188
Furniture & Fixtures	20,460	19,088
System softw are	17,729	17,623
Leasehold improvement	81,467	80,983
Total	1,539,290	1,394,490

Less : Accumulated depreciation and amortization	383,190	325,963
Property and equipment, net	1,156,100	1,068,527

6. LONG-TERM DEBT

Long-term debt consists of the following:

	September 30, 2008 US$ (Unaudited)	June 30, 2008 US$ (Audited)
Payable to bank, collateralized by a Company automobile, payable in monthly installments of $2,743, including interest at 8.18% through September 2010	60,900	67,434
	60,900	67,434
Less - Current maturities	29,210	28,450
	31,690	38,984

Future annual matureities are as follows:

	Amount US$
Year ending September 30,	
2009	$ 29,210
2010	31,690
Thereafter	-
	$ 60,900

Interst expense was approximately $1,340 for the three months ended September 30, 2008.

7. NON-CONTROLLING INTEREST

Non-controlling interest consists of the following:

	September 30, 2008 US$ (Unaudited)	June 30, 2008 US$ (Audited)
Paid-in capital	356,400	356,400
Additional paid-in capital	1,044	1,044
Accumulated other comprehensive income (loss)	(29,932)	(27,572)
Accumulated deficit	(222,987)	(72,688)
Other adjustments	2,817	2,817
	107,342	260,001

8. COMMITMENTS AND CONTINGENCY

(a) Office leases

The Company leases certain office premises under non-cancelable leases. In December 2007, the Company leased additional office premises under two non-cancelable leases which expire through January 13, 2010 for approximately

$317,000 per year. In February 2008, the Company leased additional office space which expires through January 31, 2009 for approximately $10,800 per year. Rent expense under operating leases for the years ended June 30, 2008 and June 30, 2007 were $233,237 and $93,920, respectively. In August 2008, the Company leased one apartment and additional office for operating in Perth, Australia, which expires through August 30, 2009 for approximately $25,675 per year and August 31, 2009 for approximately $27, 305 per year. The Company leased one office in Zhoushan, China which expires through July 31, 2011 for approximately $27,866 for the total three years. Future minimum lease payments under non-cancelable operating leases agreements were as follows:

	Amount US$
Period ending September 30,	
2009	433,450
2010	136,186
2011	18,635
Thereafter	-
	588,271

(b) Contingency

The Labor Contract Law of the People's Republic of China, effective as of January 1, 2008, requires employers to assure the liability of the severance payments if employees are terminated and have been working for the employers for at least two years prior to January 1, 2008. The employers will be liable for one month for severance pay for each year of the service provided by the employees. As of September 30, 2008, the Company has estimated its severance payments of approximately $163,861, which has not been reflected in its consolidated financial statements.

9. CAPITAL STOCK

The predecessor of the Company incorporated in New York State had 200 shares of common stock issued and outstanding, without par value. Upon the merger into a Virginia shell corporation on September 18, 2007, each share of common stock in the predecessor company was exchanged for 9,000 shares of common stock in the Company. The New York State company ceased to exist after the merger. As of December 31, 2007, the authorized capital stock of the Company consists of 10,000,000 shares of common stock, no par value, 1,800,000 of which are issued and outstanding, and 1,000,000 shares of preferred stock, without par value, none of which are issued and outstanding.

On May 20, 2008, the Company completed its initial public offering of 1,229,032 ordinary shares at $7.75 offering price and realized gross proceeds of $10,775,000 before cash offering costs of $1,602,684.

10. MAJOR CUSTOMER

For the three months ended September 30, 2008, approximately 69% of the Company's revenues were from two customers. For the three months ended September 30, 2007, approximately 42% of the Company's revenues were from one customer. The Company provides services to one customer under an exclusive agency agreement that is terminable on three months' notice and that expires on December 31, 2009.

11. SUBSEQUENT EVENTS

In October 2008, the Board approved a stock repurchase program, under which the Company may repurchase up to 10% of its outstanding common stock on the open market or in privately negotiated transactions for a period of 12 months, beginning in October 2008.