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

FORM 10-Q

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

For the Quarterly period ended **March 31, 2014**

OR

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

Commission file number **333-60608**

**JANEL WORLD TRADE, LTD.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**86-1005291**

(I.R.S. Employer  
Identification No.)

**150-14 132<sup>nd</sup> Avenue**

**Jamaica, New York**

(Address of principal executive offices)

**11434**

(Zip Code)

Registrant's telephone number, including area code: **(718) 527-3800**

Inapplicable

(Former name, former address and former fiscal year if changed from last report.)

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  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  No

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

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

The number of shares of Common Stock outstanding as of May 7, 2014 was 27,710,214.

JANEL WORLD TRADE, LTD.

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**JANEL WORLD TRADE LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	<u>MARCH 31, 2014</u>	<u>SEPTEMBER 30, 2013</u>
	(Unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 970,234	\$ 625,584
Accounts receivable, net of allowance for doubtful accounts of \$89,374 at March 31, 2014 and \$394,294 at September 30, 2013	3,462,097	3,615,302
Loans receivable – other	39,910	42,276
Prepaid expenses and sundry current assets	135,288	74,871
Assets of discontinued operations	-	305,454
<b>TOTAL CURRENT ASSETS</b>	<b>4,607,529</b>	<b>4,663,487</b>
<b>PROPERTY AND EQUIPMENT, NET OTHER ASSETS:</b>		
Security deposits	15,901	21,922
<b>TOTAL OTHER ASSETS</b>	<b>60,724</b>	<b>60,724</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,684,154</b>	<b>\$ 4,746,133</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>CURRENT LIABILITIES:</b>		
Note payable – bank	\$ 1,053,234	(a) 1,431,336
Accounts payable – trade	3,062,468	3,031,135
Accrued expenses and other current liabilities	242,184	311,369
Liabilities of discontinued operations	-	72,985
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,357,886</b>	<b>4,846,825</b>
<b>OTHER LIABILITIES:</b>		
Deferred compensation	78,568	78,568
<b>TOTAL OTHER LIABILITIES</b>	<b>78,568</b>	<b>78,568</b>
<b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>247,700</b>	<b>(179,260)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ 4,684,154</b>	<b>\$ 4,746,133</b>

See notes to financial statements

**JANEL WORLD TRADE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
 (Unaudited)

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2014	2013	2014	2013
<b>REVENUES</b>	\$ 10,888,597	\$ 10,120,029	\$ 21,726,294	\$ 21,123,867
<b>COSTS AND EXPENSES:</b>				
Forwarding expenses	9,342,994	8,600,756	18,648,933	18,075,519
Selling, general and administrative	1,546,173	1,676,406	3,295,842	3,345,216
Depreciation and amortization	3,817	4,769	7,589	9,538
<b>TOTAL COST AND EXPENSES</b>	<b>10,892,984</b>	<b>10,281,931</b>	<b>21,952,364</b>	<b>21,430,273</b>
<b>LOSS FROM CONTINUING OPERATIONS</b>	<b>(4,387)</b>	<b>(161,902)</b>	<b>(226,070)</b>	<b>(306,406)</b>
<b>OTHER ITEMS:</b>				
Interest expense, net of interest and dividend income	(22,436)	(32,011)	(47,032)	(60,572)
Realized loss from available for sale securities	-	-	-	(4,716)
<b>TOTAL OTHER ITEMS</b>	<b>(22,436)</b>	<b>(32,011)</b>	<b>(47,032)</b>	<b>(65,288)</b>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>(26,823)</b>	<b>(193,913)</b>	<b>(273,102)</b>	<b>(371,694)</b>
Income taxes	-	4,000	5,000	7,000
<b>LOSS FROM CONTINUING OPERATIONS</b>	<b>(26,823)</b>	<b>(197,913)</b>	<b>(278,102)</b>	<b>(378,694)</b>
Loss from discontinued operations	(13,553)	(91,147)	(24,930)	(111,652)
<b>NET LOSS</b>	<b>\$ (40,376)</b>	<b>\$ (289,060)</b>	<b>\$ (303,032)</b>	<b>\$ (490,346)</b>
Preferred stock dividends	3,750	3,750	7,500	7,500
<b>NET LOSS AVAILABLE TO COMMON STOCKHOLDERS</b>	<b>\$ (44,126)</b>	<b>\$ (292,810)</b>	<b>\$ (310,532)</b>	<b>\$ (497,846)</b>
<b>OTHER COMPREHENSIVE LOSS NET OF TAX:</b>				
Unrealized gain from available for sale securities	-	-	-	1,063
<b>COMPREHENSIVE LOSS</b>	<b>\$ (44,126)</b>	<b>\$ (292,810)</b>	<b>\$ (310,532)</b>	<b>\$ (496,783)</b>
<i>(Loss) per share from continuing operations:</i>				
Basis	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
<i>(Loss) per share from discontinued operations:</i>				
Basis	\$ -	\$ (0.00)	\$ -	\$ (0.00)
Diluted	\$ -	\$ (0.00)	\$ -	\$ (0.00)
<i>Net (loss) per share available to common shareholders:</i>				
Basis	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Basic weighted average number of shares				
Outstanding	27,710,214	21,732,192	26,442,251	21,732,192
Fully diluted weighted average number of shares outstanding	29,345,464	23,367,442	28,077,501	23,367,442

See notes to financial statements

**JANEL WORLD TRADE LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(unaudited)

	CAPITAL STOCK		PREFERRED STOCK		TREASURY	ADDITIONAL	ACCUMULATED	ACCUMULATED	TOTAL
	SHARES	\$	SHARES	\$	STOCK	PAID-IN	DEFICIT	OTHER	
						CAPITAL		COMPREHENSIVE	
								LOSS	
<b>BALANCE-SEPTEMBER 30, 2013</b>	<b>20,017,906</b>	<b>\$20,018</b>	<b>1,063,525</b>	<b>\$ 1,064</b>	<b>\$ -</b>	<b>\$ 4,797,611</b>	<b>\$ (4,997,953)</b>		<b>- \$(179,260)</b>
Net loss	-	-	-	-	-	-	(303,032)	-	(303,032)
Dividends to preferred shareholders	-	-	-	-	-	-	(7,500)	-	(7,500)
Sale of common stock	7,692,308	7,693	-	-	-	492,307	-	-	500,000
Stock options issued	-	-	-	-	-	237,492	-	-	237,492
<b>BALANCE - MARCH 31, 2014</b>	<b>27,710,214</b>	<b>\$27,711</b>	<b>1,063,525</b>	<b>\$ 1,064</b>	<b>\$ -</b>	<b>\$ 5,527,410</b>	<b>\$ (5,308,485)</b>		<b>- \$ 247,700</b>

See notes to financial statements

**JANEL WORLD TRADE, LTD. AND SUBSIDIARIES**  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

	<b>SIX MONTHS ENDED MARCH 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES:</b>		
Net (loss)	\$ (303,032)	\$ (490,346)
Add (loss) from discontinued operations	24,930	111,652
<i>Adjustments to reconcile net (loss) to net cash provided by operating activities:</i>		
Bad debt reserve	304,920	(22,401)
Depreciation and amortization	7,589	9,538
Issuance of stock options	237,492	-
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(149,349)	1,356,541
Prepaid expenses and sundry current assets	(60,417)	17,850
Accounts payable and accrued expenses	(37,853)	(1,305,066)
<b>NET CASH PROVIDED BY (USED IN) CONTINUING OPERATIONS</b>	<b>24,280</b>	<b>(322,232)</b>
<b>NET CASH PROVIDED BY DISCONTINUED OPERATIONS</b>	<b>207,539</b>	<b>74,626</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>231,819</b>	<b>(247,606)</b>
<b>INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(1,567)	(1,874)
Sale of marketable securities	-	61,915
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(1,567)</b>	<b>60,041</b>
<b>FINANCING ACTIVITIES:</b>		
Preferred dividends paid	(7,500)	(7,500)
Repayments under bank line of credit	(1,431,336)	-
Borrowings under bank line of credit	1,053,234	300,000
Proceeds from the sale of common stock	500,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>114,398</b>	<b>292,500</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>344,650</b>	<b>104,935</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>	<b>625,584</b>	<b>773,868</b>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 970,234</b>	<b>\$ 878,803</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<i>Cash paid during the period for:</i>		
Interest	\$ 47,032	\$ 71,551
Income taxes	\$ 10,500	\$ 25,500
<i>Non-cash financing activities:</i>		
Dividends declared to preferred shareholders	\$ 7,500	\$ 7,500
Unrealized gain on marketable securities	\$ -	\$ 1,063

See notes to financial statements

**JANEL WORLD TRADE, LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2014  
(Unaudited)

**1 BASIS OF PRESENTATION**

The attached consolidated financial statements have been prepared pursuant to the rules and regulations of Article 10 of regulation S-X and instructions to Form 10-Q of the Securities and Exchange Commission. As a result, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The Company believes that the disclosures made are adequate to make the information presented not misleading. The consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Form 10-K as filed with the Securities and Exchange Commission on or about January 14, 2014.

**2 CHANGES IN ACCOUNTING PRINCIPLE – RECLASSIFICATION**

Effective with the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, management elected to reclassify certain revenues in its consolidated statements of income. Previously, the Company classified its payments of customs duties on behalf of customers as forwarding expenses, and the Company's collections of those customs duties from customers as revenues. These payments and collections of customs duties have been removed from revenues and forwarding expenses. These reclassifications have resulted in a decrease to revenues and a corresponding decrease to forwarding expenses of \$7,149,767 and \$13,675,067 for the three and six months ended March 31, 2013, respectively; with no change to previously reported net income (loss). In management's judgment, the revised methodology makes the presentation more useful and informative and better reflects industry practice.

**3 DEFERRED COMPENSATION**

Deferred compensation of \$78,568 represents compensation due to an officer of the Company upon termination, retirement or death. This amount has not changed since 1992 and was accrued during the years 1984 through 1992.

**4 NOTE PAYABLE – BANK**

On March 27, 2014, the Company and its wholly-owned subsidiaries, The Janel Group Of New York, Inc., The Janel Group of Illinois, Inc., The Janel Group of Georgia, Inc., The Janel Group of Los Angeles, Inc., and Janel Ferrara Logistics, LLC (collectively, the "Janel Borrowers"), entered into a Loan and Security Agreement with Presidential Financial Corporation ("Presidential") with respect to a three year \$3.5 million (limited to the borrowing base and reserves) revolving line of credit facility (the "Presidential Facility"). The Presidential Facility replaces The Janel Group of New York's previous line of credit agreement with Community National Bank ("CNB"). Under the new Presidential Facility, the Janel Borrowers may borrow up to \$3.5 million limited to 70% of the Janel Borrowers' aggregate outstanding eligible accounts receivable, subject to adjustment as set forth in the Loan and Security Agreement. Interest will accrue at an annual rate equal to five percent above the greater of (a) the prime rate of interest quoted in The Wall Street Journal from time to time, or (b) 3.25%. The Janel Borrowers' obligations under the Presidential facility are secured by all of the assets of the Janel Borrowers. The new credit facility will expire on March 26, 2017 (subject to earlier termination as provided in the Loan and Security Agreement) unless renewed. On March 31, 2014, \$1,282,673 of the Presidential Facility was used to repay the outstanding balances under the line of credit facility with CNB.



**5 LOANS RECEIVABLE – OTHER**

On August 28, 2013, in connection with the sale of certain assets of the Company’s New Jersey business (refer to Note 5, below), the Company issued a \$42,000 promissory note to Nicholas V. Ferrara, a former employee and director of the Company. The promissory note bears interest at a rate of 8.0% beginning September 1, 2013. Principal and interest shall be due and payable in 36 equal and consecutive monthly installments in the amount of \$1,343 beginning January 1, 2014.

**6 DISCONTINUED OPERATIONS**

On August 28, 2013, the Company, and its wholly-owned subsidiary, The Janel Group of New York, Inc. (collectively, the “Seller”), entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with Allports Logistics Anchor Warehouse, LLC (the “Purchaser”), an entity affiliated with Nicholas V. Ferrara, a former director of the Company. Under the terms of the Agreement, the Purchaser purchased certain of the Seller’s assets (the “NJ Assets”) used by the Seller in the Company’s Hillside, New Jersey freight forwarding and logistics operations (the “NJ Business”). The Company had originally acquired its New Jersey operations from an affiliate of Mr. Ferrara in two transactions in 2008 and 2010. The sale price of the NJ Assets consisted of \$401,067 in cash, and the assumption of all future lease obligations with respect to the three office and warehouse facilities from which the Company conducted its New Jersey operations. At the closing of the sale on August 30, 2013, the Seller used the cash portion of the purchase price to repay outstanding obligations secured by the NJ Assets, including the \$229,241 outstanding balance on the Seller’s term loan from CNB, and an aggregate \$58,245 on two outstanding equipment financing arrangements. Simultaneously with the closing Mr. Ferrara (i) paid the Company \$110,000 for the release of restrictions on competition which were agreed to as part of the 2008 portion of the acquisition of the NJ Business and (2) returned to the Company the 1,714,286 restricted common shares that were previously issued as part of the 2010 portion of the acquisition of the NJ Business (the restricted common shares were subject to an earn out, however, none of the restricted common shares were earned). All of the expenses of the NJ Business from and after the closing are the responsibility of the Purchaser. The Company retained its pre-closing accounts receivable and accounts payable with respect to the NJ Business and the net proceeds on these accounts receivable and payable were used to further reduce the Company’s obligations to Community National Bank.

As a result of the above, the Company elected to discontinue the operations of the NJ Business. Also, during June 2012 the Company elected to discontinue the operations of the food sales segment. The assets, liabilities and operations associated with the NJ Business and the food sales segment are summarized below.

	March 31, 2014	September 30, 2013
<b><i>ASSETS AND LIABILITIES IN DISCONTINUED OPERATIONS:</i></b>		
<b>ASSETS:</b>		
Accounts receivable, net	-	305,454
<b>TOTAL ASSETS</b>	<b>-</b>	<b>305,454</b>
<b>LIABILITIES:</b>		
Accounts payable	-	57,780
Accrued expenses	-	15,205
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>72,985</b>

	THREE MONTHS ENDED	
	March 31, 2014	March 31, 2013
<b><u>TOTAL DISCONTINUED OPERATIONS:</u></b>		
REVENUES	\$ -	\$ 3,916,754
<b>COSTS AND EXPENSES:</b>		
Cost of sales	(27,884)	3,031,500
Selling, general and administrative expenses	41,437	871,961
Depreciation and amortization	-	99,267
<b>TOTAL COSTS AND EXPENSES</b>	<b>13,553</b>	<b>4,002,728</b>
Interest expense	-	5,173
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<b>\$ (13,553)</b>	<b>\$ (91,147)</b>
<b><u>NEW JERSEY DISCONTINUED OPERATIONS:</u></b>		
REVENUES	\$ -	\$ 3,916,754
<b>COSTS AND EXPENSES:</b>		
Cost of sales	(27,884)	3,031,500
Selling, general and administrative expenses	36,617	862,722
Depreciation and amortization	-	99,267
<b>TOTAL COSTS AND EXPENSES</b>	<b>8,733</b>	<b>3,993,489</b>
Interest expense	-	5,173
<b>LOSS FROM NEW JERSEY DISCONTINUED OPERATIONS</b>	<b>\$ (8,733)</b>	<b>\$ (81,908)</b>
<b><u>FOOD SALES DISCONTINUED OPERATIONS:</u></b>		
REVENUES	\$ -	\$ -
<b>COSTS AND EXPENSES:</b>		
Cost of sales	-	-
Selling, general and administrative expenses	4,820	9,239
Depreciation and amortization	-	-
<b>TOTAL COSTS AND EXPENSES</b>	<b>4,820</b>	<b>9,239</b>
Interest expense	-	-
<b>LOSS FROM FOOD SALES DISCONTINUED OPERATIONS</b>	<b>\$ (4,820)</b>	<b>\$ (9,239)</b>

	SIX MONTHS ENDED	
	March 31, 2014	March 31, 2013
<b><u>TOTAL DISCONTINUED OPERATIONS:</u></b>		
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ 8,258,103</b>
<b>COSTS AND EXPENSES:</b>		
Cost of sales	(27,884)	6,480,544
Selling, general and administrative expenses	52,814	1,680,054
Depreciation and amortization	-	198,178
<b>TOTAL COSTS AND EXPENSES</b>	<b>24,930</b>	<b>8,358,776</b>
Interest expense	-	10,979
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<b>\$ (24,930)</b>	<b>\$ (111,652)</b>
<b><u>NEW JERSEY DISCONTINUED OPERATIONS:</u></b>		
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ 8,258,103</b>
<b>COSTS AND EXPENSES:</b>		
Cost of sales	(27,884)	6,480,544
Selling, general and administrative expenses	36,617	1,670,815
Depreciation and amortization	-	198,178
<b>TOTAL COSTS AND EXPENSES</b>	<b>8,733</b>	<b>8,349,537</b>
Interest expense	-	10,979
<b>LOSS FROM NEW JERSEY DISCONTINUED OPERATIONS</b>	<b>\$ (8,733)</b>	<b>\$ (102,413)</b>
<b><u>FOOD SALES DISCONTINUED OPERATIONS:</u></b>		
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>COSTS AND EXPENSES:</b>		
Cost of sales	-	-
Selling, general and administrative expenses	16,197	9,239
Depreciation and amortization	-	-
<b>TOTAL COSTS AND EXPENSES</b>	<b>16,197</b>	<b>9,239</b>
Interest expense	-	-
<b>LOSS FROM FOOD SALES DISCONTINUED OPERATIONS</b>	<b>\$ (16,197)</b>	<b>\$ (9,239)</b>

## 7 SALE OF COMMON STOCK

On October 6, 2013, the Company entered into a Securities Purchase Agreement (the "Agreement") with Oaxaca Group LLC, (the "Investor"), for the sale to the Investor of an aggregate 7,692,308 shares of the Company's common stock at a purchase price of \$0.065 per share, or an aggregate of \$500,000. On October 30, 2013 the transaction closed. As part of the purchase, the Investor received warrants to purchase an aggregate 12,500,000 shares of common stock at \$0.08 per share. The warrants expire five years after the closing date. The Agreement contains anti-dilution protections for the Investor. In addition, under the terms of the Agreement, the Company agreed that, at the Investor's option, the Company will present two nominees nominated by the Investor to become members of the Company's Board of Directors either through an action by written consent or through the vote of the Company's stockholders at the next meeting of the Company's stockholders, and from and after such time the size of the Company's Board of Directors will be limited to no more than four members, unless approved by the Investor. Furthermore, the Company agreed that it will not take certain actions without the approval of the Investor

## 8 STOCK OPTIONS

On October 30, 2013 options to purchase 4,750,000 shares of common stock at an exercise price of \$0.065 per share were granted to key employees of the Company.

The fair value of the options, determined by using a Black-Scholes Option Pricing Model, was \$237,492. This amount was fully expensed in the quarter ended December 31, 2013.

## 9 LEGAL PROCEEDINGS

- (1) Janel is occasionally subject to claims and lawsuits which typically arise in the normal course of business. While the outcome of these claims cannot be predicated with certainty, management does not believe that the outcome of any of these legal matters will have a material adverse effect on the Company's financial position or results of operations.
- (2) Janel and/or one or more of its subsidiaries have been named as a defendant in the following lawsuits involving the Company's food segment which the Company sold in 2012.
  - On June 22, 2012 (amended September 5, 2012), Fratelli Masturzo S.R.L., Clematis, S.R.L., Fratelli Longobardi S.R.L. and Pancrazio S.P.A. filed a law suit in the Supreme Court of the State of New York County of Queens against The Janel Group of New York, Inc., Ferrara International Logistics, Inc., Tutto Italia USA, LLC and Paul Sorvino Foods, Inc. (Case No. 018503/2012). The complaint alleges the non-payment of food product purchases totaling \$186,728. On February 26, 2013, the Company filed an answer on behalf of The Janel Group of New York, Inc. and Ferrara International Logistics, Inc. denying the allegations. On June 27, 2013, the court denied the plaintiffs' motion for a default judgment.
  - On June 27, 2012, Allegiance Retail Services, LLC and Foodtown, Inc. filed a law suit in the Supreme Court of New Jersey against Janel Ferrara Logistics, LLC d/b/a Paul Sorvino Foods. (Case No. UNN-L-2301-12). The complaint alleges the non-payment of invoices for the placing, merchandising, marketing and promoting of food products totaling \$103,856. On March 27, 2013, the Company filed an answer denying the allegations and counterclaiming for breach of contract and for the return of amounts previously paid for the placing, merchandising, marketing and promoting of food products, and other damages, including costs of suit.

- On January 29, 2013, UGO Foods Corporation filed a law suit in the Supreme Court of the State of New York County of Queens against Janel World Trade, Ltd., The Janel Group of New York, Inc., Mann Global Enterprises, LLC as Successor in interest of Janel Ferrara Logistics, LLC. (Case No. 700302/2013). The complaint alleges the non-payment of food product purchases totaling \$41,281. On February 27, 2013, the Company filed an answer on behalf of Janel World Trade, Ltd. and The Janel Group of New York, Inc. denying the allegations.
- On January 29, 2013, Branch Banking and Trust Corporation filed a law suit in the Supreme Court of the State of New York County of New York against The Janel Group of New York, Inc., Mann Global Enterprises, LLC as Successor of Janel Ferrara Logistics, LLC. (Case No. 650322/2013). The complaint alleges the non-payment of food product purchases totaling \$41,652. On February 27, 2013, the Company filed an answer on behalf of The Janel Group of New York, Inc. denying the allegations.
- On October 2, 2013, Casa OiliO Sperlonga, S.p.A. and Casa Oilio North America, LLC filed a law suit in the Superior Court of the State of New Jersey County of Union against Ferrara International Logistics, Inc., Nicholas V. Ferrara, Gusto Italia, LLC, Janel-Ferrara Group, Janel-Ferrara Logistics, LLC, Janel Group of New York, Inc., Janel World Trade, Ltd., Mann Global Enterprises, LLC, Michael W. O’Gorman, and Tutto Italia USA, LLC (Case No. UNN-L-3511-13). The complaint alleges the non-payment of food product purchases totaling \$1,046,241. On December 17, 2013, the Company filed an answer on behalf of Janel World Trade, Ltd., The Janel Group of New York, Inc., Janel Ferrara Logistics, LLC, and Janel Ferrara Group denying the allegations.
- On March 27, 2014, Corex-SPA filed a law suit in the Supreme Court of the State of New York County of Nassau against The Janel Group of New York, Inc. (Case No. 601372/2014). The complaint alleges a default under an agreement for goods sold delivered work labor services rental in the amount of \$104,858. On April 21, 2014, the Company filed an answer on behalf of The Janel Group of New York, Inc. and filed a motion to dismiss the complaint as it fails to state a cause of action.

(3) On April 27, 2012, the Company’s subsidiary, Janel Group of Illinois, Inc. (“Janel Illinois”), filed a law suit in the Circuit Court for Cook County, Illinois (Case No. 2012 L 4574) against Q Marketing Group, Ltd. and its principals, Eduardo and Marie Gordon, for non-payment of invoices for freight services, and on September 14, 2012 obtained a default judgment against the defendants. In an effort to collect on the judgment, Janel Illinois filed to register the Illinois default judgment with the New York Supreme Court, and on August 1, 2013 the defendants filed an answer with unspecified counterclaims against Janel Illinois (Supreme Court of New York for Queens County, Index No. 702364/13) seeking damages of \$500,000, punitive damages of \$1,000,000 and sanctions of \$10,000. On December 13, 2013 the Company filed a motion for summary judgment with the Supreme Court of New York for Queens County on its claims. The Company believes that the defendants have no meritorious defenses or counterclaims against the Illinois judgment and will vigorously continue to pursue payment from the defendants.

## 10 SUBSEQUENT EVENTS

Management has evaluated events occurring after the date of these financial statements through the date that these financial statements were issued. There have been no events that would require adjustment to or disclosure in the financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used throughout this Report, "we," "our," "Janel", "the Company" and similar words refers to Janel World Trade, Ltd.

### FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements reflecting our current expectations with respect to our operations, performance, financial condition, and other developments. These forward-looking statements may generally be identified by the use of the words "may", "will", "believes", "should", "expects", "anticipates", "estimates", and similar expressions. These statements are necessarily estimates reflecting management's best judgment based upon current information and involve a number of risks and uncertainties. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made, and readers are advised that various factors could affect our financial performance and could cause our actual results for future periods to differ materially from those anticipated or projected. While it is impossible to identify all such factors, such factors include, but are not limited to, those risks identified in our periodic reports filed with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K.

### OVERVIEW

Janel is a non-asset based third party logistics services company, engaged in full-service cargo transportation logistics management, including freight forwarding – via air, ocean and land-based carriers, customs brokerage services, and warehousing and distribution services. From April 2011 until June 2012, we operated a vertical sales and supply chain food industry business segment including supplier selection, manufacturing, transportation, import, distribution, marketing and sales within the food industry. During the June 2012 quarter the Company divested itself of and discontinued the food industry segment and now operates as one reportable business segment.

Our headquarters are in Jamaica, New York and we operate through a network which includes five company-owned offices in the United States and independent international agents in approximately 52 countries around the world.

As a non-asset based third party logistics provider, we do not own any transportation assets and fulfill our transportation needs by purchasing transportation services from direct (asset-based) carriers and from other transportation providers who generally provide us with favorable rates with priority handling of our shipments. By consolidating multiple shipments from our customers we are able to negotiate favorable pricing from these transportation providers and can offer lower rates to our customers than they could obtain on their own. This non-asset based approach provides us with a variable cost structure and allows for a high level of operating flexibility. Our investment in assets is limited to the purchase of office, warehouse and computer equipment and the leasing of office and warehouse space for our company owned offices.

Historically, Janel's quarterly operating results have been subject to seasonal trends. The fiscal first quarter has traditionally been the weakest and the fiscal third and fourth quarters have traditionally been the strongest. This pattern has been the result of, or influenced by, numerous factors including climate, national holidays, consumer demand, economic conditions and other similar and subtle forces. This historical seasonality has also been influenced by the growth and diversification of Janel's international network and service offerings.

A significant portion of Janel's revenues are derived from customers in industries with shipping patterns closely tied to consumer demand and from customers with shipping patterns dependent upon just-in-time production schedules. Many of Janel's customers may ship a significant portion of their goods at or near the end of a quarter. Therefore, the timing of Janel's revenues are, to a large degree, affected by factors beyond the Company's control, such as shifting consumer demand for retail goods and manufacturing production delays. The Company cannot accurately forecast many of these factors, nor can it estimate the relative impact of any particular factor and, as a result, there is no assurance that historical patterns will continue in the future.

### RESULTS OF OPERATIONS

The following discussion and analysis addresses the results of operations for the three and six months ended March 31, 2014, as compared to the results of operations for the three and six months ended March 31, 2013. The discussion and analysis then addresses the liquidity and financial condition of the Company, and other matters. As noted above, during the June 2012 quarter, the Company divested itself of the food segment and therefore only has one reportable business segment.

Effective with our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, the Company changed its accounting principle with regard to customs duty and no longer includes customs duty as a component of revenue or forwarding expense. The net effect of this change is a reduction to revenue with a corresponding equal reduction to forwarding expense, with no change to previously reported net income (loss). In management's judgment, the revised methodology makes the presentation more useful and informative and better reflects industry practice. Refer to Note 2 to the Consolidated Financial Statements.

### **Three months ended March 31, 2014 and 2013**

*Revenue.* Total revenue from continuing operations for the three months ended March 31, 2014 was \$10,888,597, as compared to \$10,120,029 for the same period of fiscal 2013, an increase of \$768,568 or 7.6%. This increase is mainly the result of higher ocean import shipping activity when compared to the prior year. Net revenue (revenue minus forwarding expense) from continuing operations for the three months ended March 31, 2014 was \$1,545,603, an increase of \$26,330 as compared to net revenue of \$1,519,273 for the three months ended March 31, 2013.

*Forwarding Expense.* Forwarding expense from continuing operations is primarily comprised of the fees paid by Janel directly to cargo carriers to handle and transport its actual freight shipments on behalf of its customers between initial and final terminal points, and includes any trucking and warehousing charges related to the shipments.

For the three months ended March 31, 2014, forwarding expense from continuing operations increased by \$742,238, or 8.6%, to \$9,342,994 as compared to \$8,600,756 for the three months ended March 31, 2013 and as a percentage of revenue increased to 85.8% for fiscal 2014, from 85.0% for the three months ended March 31, 2013, an 0.8 percentage point increase. This percentage increase is principally the result of higher forwarding expense on ocean import shipping activity when compared to the prior year.

*Selling, General and Administrative Expense.* For the three months ended March 31, 2014 and 2013, selling, general and administrative expenses from continuing operations were \$1,546,173 and \$1,676,406, respectively, a decrease of \$130,233, or 7.8% when compared to the prior year mainly due to staff and payroll cost reductions. For the same reasons, as a percentage of revenue, selling, general and administrative expenses decreased by 2.4 percentage points to 14.2% from 16.6% of revenue for the three months ended March 31, 2014 and 2013, respectively.

*Depreciation and Amortization.* For the three months ended March 31, 2014 and 2013, depreciation and amortization expenses from continuing operations were \$3,817 and \$4,769, respectively, a decrease of \$952, or 20.0%, and is mainly the result of a minimal amount of capital expenditure.

*Interest Expense.* For the three months ended March 31, 2014 and 2013, interest expense from continuing operations was \$22,436 and \$32,011, respectively, a decrease of \$9,575. This decrease is primarily the result of lower interest costs due to lower borrowings under our revolving line of credit with Community National Bank during the three months ended March 31, 2014 versus the same period of 2013.

*Loss From Continuing Operations.* For the reasons stated above, the Company incurred a loss before taxes from continuing operations of (\$26,823) and (\$193,913) for the three months ended March 31, 2014 and 2013, respectively.

*Income Taxes.* The company did not have to record a net income tax provision for the three months ended March 31, 2014 and recorded a net income tax provision of \$4,000 for the three months ended March 31, 2013. Both periods reflect applicable state income taxes only as we have fully provided for a valuation allowance against the deferred tax asset.

*Loss From Discontinued Operations.* On August 28, 2013 the Company sold its New Jersey freight forwarding and logistics operations and in June 2012 discontinued its food segment business. As a result, the New Jersey operations and some ongoing expenses associated with the food segment are included in discontinued operations. The three months ended March 31, 2014 and 2013 reflect a loss from discontinued operations of (\$13,553) and (\$91,147), respectively. Refer to Note 6 to these Consolidated Financial Statements.

*Net Loss.* For the three months ended March 31, 2014 and 2013, the Company incurred a net loss of (\$40,376) and (\$289,060), respectively. Net loss available to common shareholders for fiscal 2014 and 2013 was (\$44,126) or (\$0.00) per diluted share and (\$292,810) or (\$0.01) per diluted share, respectively.

### **Six months ended March 31, 2014 and 2013**

*Revenue.* Total revenue from continuing operations for the six months ended March 31, 2014 was \$21,726,294, as compared to \$21,123,867 for the same period of fiscal 2013, an increase of \$602,427 or 2.9%. This increase is mainly the result of higher ocean import shipping activity when compared to the prior year. Net revenue (revenue minus forwarding expense) from continuing operations for the six months ended March 31, 2014 was \$3,077,361, an increase of \$29,013 as compared to net revenue of \$3,048,348 for the six months ended March 31, 2013.

*Forwarding Expense.* Forwarding expense from continuing operations is primarily comprised of the fees paid by Janel directly to cargo carriers to handle and transport its actual freight shipments on behalf of its customers between initial and final terminal points, and includes any trucking and warehousing charges related to the shipments.

For the six months ended March 31, 2014, forwarding expense from continuing operations increased by \$573,414, or 3.2%, to \$18,648,933 as compared to \$18,075,519 for the six months ended March 31, 2013 and as a percentage of revenue increased to 85.8% for fiscal 2014, from 85.6% for the six months ended March 31, 2013, an 0.2 percentage point increase. This percentage increase is principally the result of higher forwarding expense on ocean import shipping activity when compared to the prior year.

*Selling, General and Administrative Expense.* For the six months ended March 31, 2014 and 2013, selling, general and administrative expenses from continuing operations were \$3,295,842 and \$3,345,216, respectively, a decrease of \$49,374, or 1.5% when compared to the prior year. The six months ended March 31, 2014 includes an expense in the amount of \$237,492 for the issuance of stock options on October 30, 2013 (refer to Note 8 to the Consolidated Financial Statements) which was offset by reductions in selling, general and administrative expenses, mainly staff and payroll cost reductions. For the same reasons, as a percentage of revenue, selling, general and administrative expenses decreased by 0.6 percentage points to 15.2% from 15.8% of revenue for the six months ended March 31, 2014 and 2013, respectively.

*Depreciation and Amortization.* For the six months ended March 31, 2014 and 2013, depreciation and amortization expenses from continuing operations were \$7,589 and \$9,538, respectively, a decrease of \$1,949, or 20.0%, and is mainly the result of a minimal amount of capital expenditure.

*Interest Expense.* For the six months ended March 31, 2014 and 2013, interest expense from continuing operations was \$47,032 and \$60,572, respectively, a decrease of \$13,540. This decrease is primarily the result of lower interest costs due to lower borrowings under our revolving line of credit with Community National Bank during the six months ended March 31, 2014 versus the same period of 2013.

*Loss From Continuing Operations.* For the reasons stated above, the Company incurred a loss before taxes from continuing operations of (\$273,102) and (\$371,694) for the six months ended March 31, 2014 and 2013, respectively.

*Income Taxes.* For the six months ended March 31, 2014 and 2013 the Company recorded a net income tax provision of \$5,000 and \$7,000, respectively. Both periods reflect applicable state income taxes only as we have fully provided for a valuation allowance against the deferred tax asset.

*Loss From Discontinued Operations.* On August 28, 2013 the Company sold its New Jersey freight forwarding and logistics operations and in June 2012 discontinued its food segment business. As a result, the New Jersey operations and some ongoing expenses associated with the food segment are included in discontinued operations. The six months ended March 31, 2014 and 2013 reflect a loss from discontinued operations of (\$24,930) and (\$111,652), respectively. Refer to Note 6 to these Consolidated Financial Statements.

*Net Loss.* For the six months ended March 31, 2014 and 2013, the Company incurred a net loss of (\$303,032) and (\$490,346), respectively. Net loss available to common shareholders for fiscal 2014 and 2013 was (\$310,532) or (\$0.01) per diluted share and (\$497,846) or (\$0.02) per diluted share, respectively.

#### **LIQUIDITY AND CAPITAL RESOURCES**

*General.* Our ability to satisfy our liquidity requirements, which include satisfying our debt obligations and funding working capital, day-to-day operating expenses and capital expenditures depends upon our future performance, which is subject to general economic conditions, competition and other factors, some of which are beyond our control. We depend on our commercial credit facilities to fund our day-to-day operations as there is a timing difference between our collection cycles and the timing of our payments to vendors. Generally we do not have a need for significant capital expenditure as we are a non-asset based freight forwarder.

Janel's cash flow performance for the six months ended March 31, 2014 is not necessarily indicative of future cash flow performance.

As of March 31, 2014, and compared with the prior fiscal year, the Company's cash and cash equivalents increased by \$344,650, or 55.1%, to \$970,234 from \$625,584, respectively. During the six months ended March 31, 2014, Janel's net working capital (current assets minus current liabilities) increased by \$432,981 to \$249,643 at December 31, 2013, from a negative (\$183,338) at September 30, 2013. This increase is primarily the result of the sale on October 30, 2013 of 7,692,308 shares of the Company's common stock for \$500,000.



*Cash flows from continuing operating activities.* Net cash provided by continuing operating activities for the six months ended March 31, 2014 was \$24,280 and cash used in operating activities for the six months ended March 31, 2013 was (\$322,232), respectively. The change was principally driven by a decrease in the collection of outstanding accounts receivable, a decrease in payments of outstanding accounts payable, and an increase in payments for prepaid expenses and other sundry assets, which were offset by a reduction in the net loss and changes in non cash related items mainly the issuance of stock options and changes in the allowance for doubtful accounts when compared to the prior year.

*Cash flows from discontinued operating activities.* Net cash provided by discontinued operating activities for the six months ended March 31, 2014 and 2013 was \$207,539 and \$74,626, respectively.

*Cash flows from investing activities.* Net cash used in investing activities for the six months ended March 31, 2014, primarily capital expenditures for property and equipment, was \$1,567. Net cash provided by investing activities for the six months ended March 31, 2014, primarily the sale of marketable securities, was \$60,041.

*Cash flows from financing activities.* Net cash provided by financing activities, primarily the sale on October 30, 2013 of 7,692,308 shares of the Company's common stock for \$500,000 (Refer to Note 7 to the Consolidated Financial Statements) which was partially offset by the repayment of (\$378,102) under our bank line of credit, was \$114,398 for the six months ended March 31, 2014. Net cash provided by financing activities, primarily borrowing under our bank line of credit, was \$292,500 for the three months ended March 31, 2013.

*Presidential Financial Borrowing Facility.* On March 27, 2014, the Company and its wholly-owned subsidiaries, The Janel Group Of New York, Inc., The Janel Group of Illinois, Inc., The Janel Group of Georgia, Inc., The Janel Group of Los Angeles, Inc., and Janel Ferrara Logistics, LLC (collectively, the "Janel Borrowers"), entered into a Loan and Security Agreement with Presidential Financial Corporation ("Presidential") with respect to a three year \$3.5 million (limited to the borrowing base and reserves) revolving line of credit facility (the "Presidential Facility"). The Presidential Facility replaces The Janel Group of New York's previous line of credit agreement with Community National Bank ("CNB"). Under the new Presidential Facility, the Janel Borrowers may borrow up to \$3.5 million limited to 70% of the Janel Borrowers' aggregate outstanding eligible accounts receivable, subject to adjustment as set forth in the Loan and Security Agreement. Interest will accrue at an annual rate equal to five percent above the greater of (a) the prime rate of interest quoted in The Wall Street Journal from time to time, or (b) 3.25%. The Janel Borrowers' obligations under the Presidential facility are secured by all of the assets of the Janel Borrowers. The new credit facility will expire on March 26, 2017 (subject to earlier termination as provided in the Loan and Security Agreement) unless renewed. On March 31, 2014, \$1,282,673 of the Presidential Facility was used to pay off the outstanding balances under the line of credit facility with CNB. As of March 31, 2014, there were outstanding borrowings of \$1,053,234 under the Presidential Facility (which represented 62.4% of the amount available thereunder) out of a total amount available for borrowing under the Presidential Facility of approximately \$1,686,902.

*Working Capital Requirements.* The Company's cash needs are currently met by the Presidential Facility and cash on hand. As of March 31, 2014, the Company had \$633,668 available under its \$3.5 million Presidential Facility and \$970,234 in cash from operations and cash on hand. On October 30, 2013, the Company raised \$500,000 (Refer to Note 7 to the Consolidated Financial Statements) from the sale of newly issued shares of the Company's Common Stock at a price of \$0.065 per share. The Company also issued five-year warrants to the investor for up to an additional \$1,000,000 investment upon exercise for additional newly issued shares of the Company's common stock at a price of \$0.08. We intend to use the proceeds from these sales for general working capital purposes. We believe that our current financial resources will be sufficient to finance our operations and obligations (current and long-term liabilities) for the long and short terms. However, our actual working capital needs for the long and short terms will depend upon numerous factors, including our operating results, the cost associated with growing the Company either internally or through acquisition, competition, and the availability under our revolving credit facility, none of which can be predicted with certainty. If our cash flow and available credit are not sufficient to fund our working capital, the Company's operations will be materially negatively impacted.

#### CURRENT OUTLOOK

Our results of operations are affected by the general economic cycle, particularly as it influences global trade levels and specifically the import and export activities of Janel's various current and prospective customers. Historically, the Company's quarterly results of operations have been subject to seasonal trends which have been the result of, or influenced by, numerous factors including climate, national holidays, consumer demand, economic conditions, the growth and diversification of its international network and service offerings, and other similar and subtle forces. We cannot accurately forecast many of these factors nor can we estimate accurately the relative influence of any particular factor and, as a result, there can be no assurance that historical patterns, if any, will continue in future periods.

Janel is progressing with the implementation of its business plan and strategy to grow its revenue and profitability for fiscal 2014 and beyond through several avenues. The Company's strategy for further growth includes plans to: open, as warranted, additional branch offices domestically and/or outside the continental United States; introduce additional revenue streams for its existing headquarters and branch locations; expand its existing sales force by hiring additional commission-only sales representatives with established customer bases; increase its focus on growing revenue related to export activities; evaluate direct entry into the trucking and warehouse distribution business as a complement to the services already provided to existing customers; seek out and pursue privately held transportation-related firms which may ultimately lead to their acquisition by the Company; and continue its focus on containing current and prospective overhead and operating expenses, particularly with regard to the efficient integration of any additional offices or acquisitions.

Certain elements of our profitability and growth strategy, principally proposals for acquisition and accelerating our revenue growth are contingent upon the availability of adequate financing on terms acceptable to the Company. On October 30, 2013, the Company raised \$500,000 (Refer to Note 7 to the Consolidated Financial Statements) from the sale of newly issued shares of the Company's Common Stock at a price of \$0.065 per share. The Company also issued five-year warrants to the investor for up to an additional \$1,000,000 investment upon exercise for additional newly issued shares of the company's common stock at a price of \$0.08. Without adequate equity and/or debt financing, the implementation of significant aspects of the Company's strategic growth plan may be deferred beyond the originally anticipated timing, and the Company's operations will be materially negatively impacted.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Since future events and their effects cannot be determined with absolute certainty, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and such difference may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources, primarily allowance for doubtful accounts, accruals for transportation and other direct costs, accruals for cargo insurance, and deferred income taxes. Management bases its estimates on historical experience and on various assumptions which are believed to be reasonable under the circumstances. We reevaluate these significant factors as facts and circumstances change. Historically, actual results have not differed significantly from our estimates. These accounting policies are more fully described in Note 1 of the Notes to the Consolidated Financial Statements.

Management believes that the nature of the Company's business is such that there are few, if any, complex challenges in accounting for operations. Revenue recognition is considered the critical accounting policy due to the complexity of arranging and managing global logistics and supply-chain management transactions.

#### **Revenue Recognition**

##### *A. Full-Service Cargo Transportation Logistics Management*

Revenues are derived from airfreight, ocean freight and custom brokerage services. The Company is a non-asset-based carrier and accordingly does not own transportation assets. The Company generates the major portion of its air and ocean freight revenues by purchasing transportation services from direct carriers (airlines, steam ship lines, etc.) and reselling those services to its customers. By consolidating shipments from multiple customers and availing itself of its buying power, the Company is able to negotiate favorable rates from the direct carriers, while offering to its customers lower rates than the customers could obtain themselves.

Airfreight revenues include the charges for carrying the shipments when the Company acts as a freight consolidator. Ocean freight revenues include the charges for carrying the shipments when the Company acts as a Non-Vessel Operating Common Carrier (NVOCC). In each case, the Company is acting as an indirect carrier. When acting as an indirect carrier, the Company will issue a House Airway Bill (HAWB) or a House Ocean Bill of Lading (HOBL) to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, the Company receives a contract of carriage known as a Master Airway Bill for airfreight shipments and a Master Ocean Bill of Lading for ocean shipments. At this point the risk of loss passes to the carrier, however, in order to claim for any such loss, the customer is first obligated to pay the freight charges.

Based upon the terms in the contract of carriage, revenues related to shipments where the Company issues a HAWB or a HOBL are recognized at the time the freight is tendered to the direct carrier. Costs related to the shipments are recognized at the same time.

Revenues realized when the Company acts as an agent for the shipper and does not issue a HAWB or a HOBL include only the commission and fees earned for the services performed. These revenues are recognized upon completion of the services.

Customs brokerage and other services involves provide multiple services at destination including clearing shipments through customs by preparing required documentation, calculating and providing for payment of duties and other charges on behalf of the customers, arranging for any required inspections, and arranging for final delivery. These revenues are recognized upon completion of the services. Effective with the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, the Company has changed its accounting principle and no longer includes customs duty as a component of revenue. Refer to Note 2 to the Consolidated Financial Statements.

The movement of freight may require multiple services. In most instances the Company may perform multiple services including destination break bulk and value added services such as local transportation, distribution services and logistics management. Each of these services has separate fee that is recognized as revenue upon completion of the service.

Customers will frequently request an all-inclusive rate for a set of services that is known in the industry as "door-to-door services." In these cases, the customer is billed a single rate for all services from pickup at origin to delivery. The allocation of revenue and expense among the components of services when provided under an all inclusive rate are done in an objective manner on a fair value basis in accordance with Emerging Issues Task Force (EITF) 00-21, "Revenue Arrangements with Multiple Deliverables."

#### ***Estimates***

While judgments and estimates are a necessary component of any system of accounting, the Company's use of estimates is limited primarily to the following areas that in the aggregate are not a major component of the Company's consolidated statements of comprehensive loss:

- a. accounts receivable valuation;
- b. the useful lives of long-term assets;
- c. the accrual of costs related to ancillary services the Company provides;
- d. accrual of tax expense on an interim basis; and
- e. deferred tax valuation allowance.

Management believes that the methods utilized in all of these areas are non-aggressive in approach and consistent in application. Management believes that there are limited, if any, alternative accounting principles or methods which could be applied to the Company's transactions. While the use of estimates means that actual future results may be different from those contemplated by the estimates, the Company believes that alternative principles and methods used for making such estimates would not produce materially different results than those reported.

#### **ITEM 4. CONTROLS AND PROCEDURES**

We maintain a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and is accumulated and communicated to management in a timely manner. Our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have evaluated this system of disclosure controls and procedures as of the end of the period covered by this quarterly report, and have concluded that the system is effective. There have been no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On March 27, 2014, Corex-SPA filed a law suit in the Supreme Court of the State of New York County of Nassau against The Janel Group of New York, Inc. (Case No. 601372/2014). The complaint alleges a default under an agreement for goods sold delivered work labor services rental in the amount of \$104,858. On April 21, 2014, the Company filed an answer on behalf of The Janel Group of New York, Inc. and filed a motion to dismiss the complaint as it fails to state a cause of action.

Janel is occasionally subject to claims and lawsuits which typically arise in the normal course of business. While the outcome of these claims cannot be predicated with certainty, management does not believe that the outcome of any of these legal matters will have a material adverse effect on the Company's financial position or results of operations.

### ITEM 6. EXHIBITS

<u>Exhibit No.</u>	
3.1	Amended and Restated Articles of Incorporation of Janel World Trade, Ltd. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 333-60608)
3.2	Restated and Amended By-Laws of Janel World Trade, Ltd. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended September 30, 2010, File No. 333-60608)
3.3	Certificate of Designation of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed January 17, 2007 File No. 333-60608)
3.4	Certificate of Designations of Series B Convertible Stock (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed October 22, 2007, File No. 333-60608)
10.1	Janel World Trade, Ltd. 2013 Non-Qualified Stock Option Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 1, 2013, File No. 333-60608)
10.2	Loan and Security Agreement dated March 27, 2014 between Janel World Trade, Ltd. and its subsidiaries, and Presidential Financial Corporation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 2, 2014, File No. 333-60608)
10.3	Demand Secured Promissory Note dated March 27, 2014 made by Janel World Trade, Ltd. and its subsidiaries, payable to the order of Presidential Financial Corporation (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 2, 2014, File No. 333-60608)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Operating Officer*
31.3	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer*
32.1	Section 1350 Certifications*
99.1	Press release dated May 12, 2014*
101	Interactive data files providing financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 in XBRL (eXtensible Business Reporting Language) pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets, March 31, 2014 and September 30, 2013, (ii) Consolidated Statements of Income for the three and six months ended March 31, 2014 and 2013, (iii) Consolidated Statements of Cash Flows for the six months ended March 31, 2014 and 2013, and (v) Notes to Unaudited Consolidated Financial Statements

\* Filed herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 12, 2014

**JANEL WORLD TRADE, LTD.**

Registrant

/s/ William J. Lally

President and Chief Executive Officer (Principal  
Executive Officer)

/s/ Philip J. Dubato

Executive Vice President of Finance and Chief  
Financial Officer (Principal Financial Officer)

CERTIFICATION

I, William J. Lally, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Janel World Trade, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ William J. Lally  
President and Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION

I, Vincent Iacopella, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Janel World Trade, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ Vincent Iacopella  
Chief Operating Officer (Principal  
Executive Officer)

CERTIFICATION

I, Philip J. Dubato, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Janel World Trade, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ Philip J. Dubato  
Chief Financial Officer (Principal  
Financial Officer)



EXHIBIT 32.1

CERTIFICATION  
PURSUANT TO 18 U.S.C. §1350

In connection with the report on Form 10-Q of Janel World Trade, Ltd. for the quarter ended March 31, 2014, as filed with the SEC on the date hereof (the "Report"), each of the undersigned officers of the registrant certifies pursuant to 18 U.S.C. Section 1350 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: May 12, 2014

/s/ William J. Lally

William J. Lally  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Vincent Iacopella

Vincent Iacopella  
Chief Operating Officer  
(Principal Executive Officer)

/s/ Philip J. Dubato

Philip J. Dubato  
Executive Vice President of Finance and  
Chief Financial Officer (Principal  
Financial Officer)



## *News Release*

### **JANEL WORLD TRADE LTD. REPORTS FISCAL SECOND QUARTER AND YEAR-TO-DATE 2014 RESULTS**

JAMAICA, NY – May 12, 2014 -- Janel World Trade, Ltd. (OTCQB: JLWT), a full-service global provider of integrated transportation logistics, announced today the financial results for its second quarter ended March 31, 2014.

#### **Second Quarter 2014 Results**

For the three months ended March 31, 2014, Janel reported revenue of \$10,888,597 an increase of \$768,568 or 7.6% compared to the three months ended March 31, 2013.

For the three months ended March 31, 2014 the Company reported a loss from continuing operations before income taxes of \$(26,823) a \$167,090 improvement when compared to the prior year reported loss from continuing operations before income taxes of \$(193,913).

For the three months ended March 31, 2014 and after losses from discontinued operations the Company reported a net loss of \$(40,376) or \$(0.00) per fully diluted share, compared to the prior year reported net loss of \$(289,060) or \$(0.01) per fully diluted share.

#### **Year-To-Date 2014 Results**

For the six months ended March 31, 2014, Janel reported revenue of \$21,726,294 an increase of \$602,427 or 2.9% compared to the six months ended March 31, 2013.

For the six months ended March 31, 2014, after a one-time non-cash charge to SG&A of \$237,492 for the issuance of stock options on October 30, 2013, the Company reported a loss from continuing operations before income taxes of \$(273,102) compared to the prior year reported loss from continuing operations before income taxes of \$(371,694).

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For the six months ended March 31, 2014 and after losses from discontinued operations the Company reported a net loss of \$(303,032) or \$(0.01) per fully diluted share, compared to the prior year reported net loss of \$(490,346), or \$(0.02) per fully diluted share.

**To be included in Janel's database for Corporate Press Releases and industry updates, investors are invited to send their e-mail address to:**  
[IR@janelgroup.net](mailto:IR@janelgroup.net).

#### **About Janel World Trade, Ltd.**

Janel World Trade, Ltd. is a global provider of integrated logistics; including domestic and international freight forwarding via multi-modal carriers, leading-edge, end-to-end, supply-chain technology, customs brokerage, warehousing and distribution, and other transportation-related services. With offices throughout the U.S. (New York, Chicago, Los Angeles, and Atlanta) and a network of independent international agents in approximately 52 countries, the Company provides the comprehensive logistics services and technology necessary to handle its customers' shipping needs throughout the world. Cargo can be transported via air, sea or land, and Janel's national network of locations can manage the shipment and/or receipt of cargo into or out of any location in the United States. Janel is registered as an Ocean Transportation Intermediary and licensed as a FMC Licensed Freight Forwarder by the Federal Maritime Commission.

Janel World Trade, Ltd.'s headquarters is located in Jamaica, New York, adjacent to the JFK International Airport, and its common stock is listed on the OTCQB Bulletin Board under the symbol "JLWT". Additional information on the Company is available on its website at <http://www.janelgroup.net>

#### **Forward-Looking Statements**

*This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "intend," "expect" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, the Company's dependence upon conditions in the air, ocean and land-based freight forwarding industry, the size and resources of many competitors, the need for the Company to effectively integrate acquired businesses and to successfully deliver its primary services, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission, including its most recent Form 8-K, Form 10-Q and Form 10-K filings. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.*

#### **Contact:**

Investor Relations  
Janel World Trade  
(718) 527-3800  
[IR@janelgroup.net](mailto:IR@janelgroup.net)

**JANEL WORLD TRADE LTD. AND SUBSIDIARIES**  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 31,		March 31,	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>REVENUES</b>	\$ 10,888,597	\$ 10,120,029	\$ 21,726,294	\$ 21,123,867
<b>COST AND EXPENSES:</b>				
Forwarding expenses	9,342,994	8,600,756	18,648,933	18,075,519
Selling, general and administrative	1,546,173	1,676,406	3,295,842	3,345,216
Depreciation and amortization	3,817	4,769	7,589	9,538
<b>TOTAL COSTS AND EXPENSES</b>	<u>10,892,984</u>	<u>10,281,931</u>	<u>21,952,364</u>	<u>21,430,273</u>
<b>LOSS FROM CONTINUING OPERATIONS</b>	(4,387)	(161,902)	(226,070)	(306,406)
<b>OTHER ITEMS:</b>				
Interest expense, net of interest and dividend income	(22,436)	(32,011)	(47,032)	(60,572)
Realized loss from available for sale securities	-	-	-	(4,716)
<b>TOTAL OTHER ITEMS</b>	<u>(22,436)</u>	<u>(32,011)</u>	<u>(47,032)</u>	<u>(65,288)</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	(26,823)	(193,913)	(273,102)	(371,694)
Income taxes	-	4,000	5,000	7,000
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>\$ (26,823)</u>	<u>\$ (197,913)</u>	<u>\$ (278,102)</u>	<u>\$ (378,694)</u>
Loss from discontinued operations	(13,553)	(91,147)	(24,930)	(111,652)
<b>NET LOSS</b>	<u>\$ (40,376)</u>	<u>\$ (289,060)</u>	<u>\$ (303,032)</u>	<u>\$ (490,346)</u>
Preferred stock dividends	3,750	3,750	7,500	7,500
<b>NET LOSS AVAILABLE TO COMMON SHAREHOLDERS</b>	<u>\$ (44,126)</u>	<u>\$ (292,810)</u>	<u>\$ (310,532)</u>	<u>\$ (497,846)</u>
<b>OTHER COMPREHENSIVE LOSS NET OF TAX:</b>				
Unrealized gain from available for sale securities	-	-	-	1,063
<b>COMPREHENSIVE LOSS</b>	<u>\$ (44,126)</u>	<u>\$ (292,810)</u>	<u>\$ (310,532)</u>	<u>\$ (496,783)</u>
<i>(Loss) per share from continuing operations:</i>				
Basic	<u>\$ -</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ -</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
<i>(Loss) per share from discontinued operations:</i>				
Basic	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net (loss) per share available to common shareholders:</i>				
Basic	<u>\$ -</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ -</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Basic weighted average number of shares outstanding	<u>27,710,214</u>	<u>21,732,192</u>	<u>26,442,251</u>	<u>21,732,192</u>
Fully diuted weighted average number of shares outstanding	<u>29,345,464</u>	<u>23,367,442</u>	<u>28,077,501</u>	<u>23,367,442</u>

See notes to these consolidated financial statements included in the Company's Form 10-Q

JANEL WORLD TRADE LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited)	September 30, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 970,234	\$ 625,584
Accounts receivable, net of allowance for doubtful accounts of \$89,374 and \$394,294, respectively	3,462,097	3,615,302
Loans receivable - other	39,910	42,276
Prepaid expenses and sundry current assets	135,288	74,871
Assets of discontinued operations	-	305,454
<b>TOTAL CURRENT ASSETS</b>	<b>4,607,529</b>	<b>4,663,487</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>15,901</b>	<b>21,922</b>
<b>OTHER ASSETS:</b>		
Security deposits	60,724	60,724
<b>TOTAL OTHER ASSETS</b>	<b>60,724</b>	<b>60,724</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,684,154</b>	<b>\$ 4,746,133</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>CURRENT LIABILITIES:</b>		
Note payable - bank	\$ 1,053,234	\$ 1,431,336
Accounts payable - trade	3,062,468	3,031,135
Accrued expenses and other current liabilities	242,184	311,369
Liabilities of discontinued operations	-	72,985
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,357,886</b>	<b>4,846,825</b>
<b>DEFERRED COMPENSATION</b>	<b>78,568</b>	<b>78,568</b>
<b>TOTAL OTHER LIABILITIES</b>	<b>78,568</b>	<b>78,568</b>
<b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>247,700</b>	<b>(179,260)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ 4,684,154</b>	<b>\$ 4,746,133</b>

See notes to these consolidated financial statements included in the Company's Form 10-Q