

**myFreightWorld Technologies, Inc.**

**Interim Financial Statements**

**Six-Months Ended**

**June 30, 2012**

**myFreightWorld Technologies, Inc.**  
**Condensed Consolidated Balance Sheets**

	June 30, 2012 <u>(Unaudited)</u>	December 31, 2011 <u></u>
<b>Assets</b>		
Current assets:		
Cash	\$ 212,923	\$ 125,961
Accounts receivable	1,135,498	1,262,034
Prepaid expenses	51,938	35,552
Other current assets	145,337	111,583
Total current assets	<u>1,545,696</u>	<u>1,535,130</u>
Fixed assets:		
Furniture and fixtures	146,263	145,443
Office equipment	396,271	396,271
Software	85,023	76,223
Leasehold improvements	87,411	83,295
	<u>714,968</u>	<u>701,232</u>
Less accumulated depreciation	<u>585,133</u>	<u>556,303</u>
Fixed assets, net	<u>129,835</u>	<u>144,929</u>
Other assets:		
Intangible assets, net of amortization of \$889,596 and \$773,449	600,059	640,853
Deposits	12,737	12,737
Total other assets	<u>612,796</u>	<u>653,590</u>
Total assets	<u><u>\$ 2,288,327</u></u>	<u><u>\$ 2,333,649</u></u>

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

**myFreightWorld Technologies, Inc.**  
**Condensed Consolidated Balance Sheets**

	June 30, 2012 (Unaudited)	December 31, 2011
<b>Liabilities and Stockholders' (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 2,386,363	\$ 1,589,183
Accrued expenses	353,561	994,711
Accrued compensation	179,998	244,692
Accrued interest - related party	30,715	16,646
Notes payable	116,240	143,951
Notes payable - related party	430,000	-
Current portion of long-term debt	214,464	205,612
Total current liabilities	<u>3,711,341</u>	<u>3,194,795</u>
Long-term liabilities:		
Notes payable - related party	965,000	744,840
Loan payable, net of current portion	<u>1,459,815</u>	<u>1,569,390</u>
Total liabilities	6,136,156	5,509,025
Contingencies	-	-
Stockholders' (deficit):		
Preferred Stock, \$0.0001 par value, 8,160,000 shares authorized		
no shares issued and outstanding at June 30, 2012 and December 31, 2011	-	-
Series A preferred stock, \$0.001 par value, 16,000,000 shares authorized		
2,922,500 and 3,005,833 outstanding at June 30, 2012 and December 31, 2011	2,923	3,006
Series B preferred stock, \$0.001 par value, 24,000,000 shares authorized		
9,665,000 and 9,985,000 outstanding at June 30, 2012 and December 31, 2011	9,665	9,985
Series C preferred stock, \$0.001 par value, 18,600,000 shares authorized		
17,769,673 and no shares issued and outstanding at June 30, 2012 and December 31, 2011	1,777	-
Series D preferred stock, \$0.0001 par value, 3,240,000 shares authorized		
no shares issued and outstanding at June 30, 2012 and December 31, 2011	-	-
Series B preferred stock subscriptions		
8,624,576 shares owed at June 30, 2012 and December 31, 2011	8,625	8,625
Series C preferred stock subscriptions		
250,000 and 18,519,673 shares owed at June 30, 2012 and December 31, 2011	25	1,852
Common stock, \$0.001 par value, 2,000,000,000 shares authorized,		
376,261,068 and 321,672,820 shares issued and outstanding		
as of June 30, 2012 and December 31, 2011	376,261	321,673
Shares authorized and unissued,		
511,172,380 and 542,383,169 at June 30, 2012 and December 31, 2011	511,172	542,383
Additional paid-in capital	29,305,583	28,718,528
Accumulated (deficit)	<u>(34,063,860)</u>	<u>(32,781,428)</u>
Total stockholders' (deficit)	<u>(3,847,829)</u>	<u>(3,175,376)</u>
Total liabilities and stockholders' (deficit)	<u>\$ 2,288,327</u>	<u>\$ 2,333,649</u>

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

**myFreightWorld Technologies, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	\$ 2,956,228	\$ 3,530,199	\$ 6,315,166	\$ 6,680,341
Cost of sales	<u>2,312,284</u>	<u>2,779,376</u>	<u>4,873,564</u>	<u>5,178,041</u>
Gross profit	<u>643,944</u>	<u>750,823</u>	<u>1,441,602</u>	<u>1,502,300</u>
Expenses:	-	-		
Salaries and wages	567,565	545,915	1,274,645	1,037,890
Commissions	147,974	148,503	304,395	292,878
Professional fees	85,372	287,467	171,104	583,054
Bad debt expense	24,845	28,946	52,727	44,501
Depreciation and amortization	74,108	12,150	144,977	24,009
General and administrative expenses	188,940	172,209	385,806	314,801
Total expenses	<u>1,088,804</u>	<u>1,195,190</u>	<u>2,333,654</u>	<u>2,297,133</u>
Net operating loss	(444,860)	(444,367)	(892,052)	(794,833)
Other income (expense):				
Debt forgiveness	5,385	-	102,669	-
Financing costs	(157,395)	(1,381,738)	(359,252)	(1,381,738)
Interest expense - related party	(31,158)	-	(54,732)	(40,000)
Interest expense	<u>(39,631)</u>	<u>(36,922)</u>	<u>(79,065)</u>	<u>(82,182)</u>
Total other income (expense)	<u>(222,799)</u>	<u>(1,418,660)</u>	<u>(390,380)</u>	<u>(1,503,920)</u>
Net loss	<u>\$ (667,659)</u>	<u>\$ (1,863,027)</u>	<u>\$ (1,282,432)</u>	<u>\$ (2,298,753)</u>
Weighted average number of common shares outstanding - basic and fully diluted	<u>846,508,533</u>	<u>257,094,107</u>	<u>844,181,051</u>	<u>250,352,233</u>
Net loss per share - basic and fully diluted	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>

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**myFreightWorld Technologies, Inc.**  
**Statement of Stockholders' (Deficit)**

	Series A Preferred		Series B Preferred		Series C Preferred		Series B	Series C	Common		Additional	Authorized	(Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Subscription Payable	Subscription Payable	Shares	Amount	Paid-in Capital	Unissued	Accumulated	Stockholders' Equity
Balance, December 31, 2010	7,005,833	\$ 7,006	7,705,000	\$ 7,705	-	\$ -	13,700	-	227,807,060	\$ 227,807	\$ 20,586,524	\$ 31,435	\$ (26,486,968)	\$ (5,612,791)
Series A preferred stock conversion	(4,000,000)	(4,000)	-	-	-	-	-	-	40,000,000	40,000	(36,000)	-	-	-
Series B preferred stock issued for cash	-	-	635,000	635	-	-	-	-	-	-	105,365	-	-	106,000
Series B preferred stock subscriptions - previously purchased issued	-	-	5,075,000	5,075	-	-	(5,075)	-	-	-	-	-	-	-
Series B preferred stock conversion	-	-	(3,430,000)	(3,430)	-	-	-	-	34,300,000	34,300	(30,870)	-	-	-
Series C preferred stock subscriptions - purchased and unissued	-	-	-	-	-	-	-	1,852	-	-	1,850,117	-	-	1,851,969
Common shares previously authorized	-	-	-	-	-	-	-	-	19,215,760	19,216	(17,294)	(1,922)	-	-
Common shares issued for services	-	-	-	-	-	-	-	-	350,000	350	28,700	-	-	29,050
Common shares authorized and unissued for services	-	-	-	-	-	-	-	-	-	-	97,335	5,760	-	103,095
Shares authorized and unissued - debt conversion (related party)	-	-	-	-	-	-	-	-	-	-	3,564,266	9,659	-	3,573,925
Shares authorized and unissued - related party acquisition	-	-	-	-	-	-	-	-	-	-	263,137	477,451	-	740,588
Shares authorized and unissued - settlement in connection with acquisition	-	-	-	-	-	-	-	-	-	-	280,000	20,000	-	300,000
Warrants issued in connection with - financing (related party)	-	-	-	-	-	-	-	-	-	-	2,027,248	-	-	2,027,248
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(6,294,460)	(6,294,460)
Balance, December 30, 2011	3,005,833	\$ 3,006	9,985,000	\$ 9,985	-	\$ -	\$ 8,625	\$ 1,852	321,672,820	\$ 321,673	\$ 28,718,528	\$ 542,383	\$ (32,781,428)	\$ (3,175,376)
Series A preferred stock conversion	(83,333)	(83)	-	-	-	-	-	-	833,330	833	(750)	-	-	-
Series B preferred stock conversion	-	-	(320,000)	(320)	-	-	-	-	3,200,000	3,200	(2,880)	-	-	-
Series C preferred stock subscriptions - previously purchased issued	-	-	-	-	18,269,673	1,827	-	(1,827)	-	-	-	-	-	-
Series C preferred stock conversion	-	-	-	-	(500,000)	(50)	-	-	10,000,000	10,000	(9,950)	-	-	-
Common shares previously authorized	-	-	-	-	-	-	-	-	35,554,918	35,555	-	(35,555)	-	-
Shares authorized and unissued - related party interest	-	-	-	-	-	-	-	-	-	-	36,319	4,344	-	40,663
Options issued per MFW Stock Incentive Plan	-	-	-	-	-	-	-	-	-	-	181,064	-	-	181,064
Restricted Stock issued per MFW Stock Incentive Plan	-	-	-	-	-	-	-	-	5,000,000	5,000	24,000	-	-	29,000
Warrants issued in connection with - financing (related party)	-	-	-	-	-	-	-	-	-	-	359,252	-	-	359,252
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(1,282,432)	(1,282,432)
Balance, June 30, 2012	2,922,500	\$ 2,923	9,665,000	\$ 9,665	17,769,673	\$ 1,777	\$ 8,625	\$ 25	376,261,068	\$ 376,261	\$ 29,305,583	\$ 511,172	\$ (34,063,860)	\$ (3,847,828)

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

myFreightWorld Technologies, Inc.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	Six Months Ended June 30	
	2012	2011
Cash flows from operating activities:		
Net loss	\$ (1,282,432)	\$ (2,298,753)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	144,977	24,353
Shares issued for services	210,064	81,520
Shares and warrants issued for financing costs	359,252	1,381,738
Shares issued for interest	40,663	192,188
Gain on settlement of debt	(102,669)	-
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	126,536	(201,734)
Decrease (increase) in prepaid expenses	(16,386)	66,609
Decrease (increase) in other assets	(33,754)	(220,907)
Increase (decrease) in accounts payable and accrued expenses	230,143	(235,601)
Increase (decrease) in accrued interest - related party	14,069	(133,333)
Net cash from operating activities	<u>(309,537)</u>	<u>(1,343,920)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(89,089)</u>	<u>(7,738)</u>
Net cash from investing activities	<u>(89,089)</u>	<u>(7,738)</u>
Cash flows from financing activities:		
Payments on notes payable	(63,849)	-
Payment on long-term debt	(100,723)	(292,589)
Proceeds from notes payable - related party	650,160	-
Proceeds from sale of preferred stock	-	1,582,968
Net cash from financing activities	<u>485,588</u>	<u>1,290,379</u>
Net increase in cash	86,962	(61,279)
Cash, beginning of period	125,961	203,861
Cash, end of period	<u>\$ 212,923</u>	<u>\$ 142,582</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 77,088</u>	<u>\$ 88,905</u>
Supplemental non-cash disclosures:		
Shares issued for debt conversion	<u>\$ -</u>	<u>\$ 2,000,000</u>
Shares and warrants issued for financing	<u>\$ 359,252</u>	<u>\$ 1,381,738</u>
Shares issued for services	<u>\$ 210,064</u>	<u>\$ 81,520</u>
Shares issued for interest	<u>\$ 40,663</u>	<u>\$ -</u>

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

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Note 1 – Basis of presentation**

The accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position of the Company as of June 30, 2012, and the results of its operations and cash flows for the six-months ended June 30, 2012 and 2011. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted. The Company believes that the disclosures in the unaudited condensed consolidated financial statements are adequate to ensure the information presented is not misleading. However, the unaudited condensed consolidated financial statements included herein should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2011 as filed on August 29, 2012.

The accompanying consolidated financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Note 2 – Significant accounting policies**

*Reclassification*

Certain reclassifications have been made to conform the 2011 amounts to the 2012 classifications for comparative purposes.

*Principles of consolidation*

The accompanying consolidated financial statements of myFreightWorld Technologies, Inc. include the accounts of All Modes Transport Limited, myFreightWorld Carrier Management, Inc. and Informed Logistic Technologies, Inc. its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

*Cash and Cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Accounts receivable and allowance for doubtful accounts*

Accounts receivable are uncollateralized customer obligations due under normal trade terms. Invoices require payment within 15 to 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices 90 days past due are considered delinquent. The Company generally does not charge interest on past due amounts.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of amounts that will not be collected. The allowance is based on historical loss experience and any specific risks identified in client collection matters. Accounts receivable are charged off against the allowance for doubtful accounts when it is determined that the receivable is uncollectible. The allowance for doubtful account balance was \$522,512 and \$524,558 as of June 30, 2012 and December 31, 2011, respectively.

*Property and equipment*

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives, by asset class, are as follows:

Computer equipment and software	3 – 5 years
Office equipment	5 years
Furniture and fixtures	7 years

Leasehold improvements are amortized over the shorter of the useful life or related lease term.

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

Internal use software

The Company has adopted the provisions of ASC Topic 350 *Intangibles - Goodwill and Other*. Accordingly, certain costs incurred in the planning and evaluation stage of internal use computer software are expensed as incurred. Costs incurred during the application development stage are capitalized and included in property and equipment. Capitalized internal use software costs are amortized over the expected economic life of five years using the straight-line method. The total amortization expense for the six-months ended June 30, 2012 and 2011 was \$116,147 and \$0, respectively. At June 30, 2012 and 2011, the net book value of the intangible asset for internal use software costs was \$600,059 and \$640,853, respectively.

Goodwill and other intangibles

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. In accordance with ASC Topic 350 *Intangibles - Goodwill and Other*, goodwill is not amortized, but instead is tested for impairment annually, or more frequently if circumstances indicate a possible impairment may exist. In September 2011, the FASB approved ASU No. 2011-08, "Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment." This ASU permits an entity to first assess qualitative factors to determine whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. After assessing qualitative factors, if an entity determines that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, no further testing is necessary. The Company assessed the qualitative factors and determined no further testing was necessary. If further testing was necessary, the Company would have tested the recoverability of goodwill using a two-step impairment test at the reporting unit level. For goodwill impairment test purposes, the Company is considered one reporting unit. In the first step, the fair value for the Company is compared to its carrying value including goodwill. In the case that the fair value is less than the carrying value, a second step is performed that compares the implied fair value of goodwill to the carrying value of the goodwill. The fair value for the implied goodwill is determined based on the difference between the fair value of the reporting unit and the net fair values of the identifiable assets and liabilities excluding goodwill. If the implied fair value of the goodwill is less than the book value, the difference is recognized as an impairment charge. Absent any special circumstances that could require an interim test, the Company has elected to test for goodwill impairment during the fourth quarter of each year. Topic ASC 350 also requires that intangible assets with finite lives be amortized over their respective estimated useful lives and reviewed for impairment whenever impairment indicators exist in accordance with ASC Topic 360.

Advertising

The Company expenses advertising costs as incurred. During the six-months ended June 30, 2012, the Company did not incur advertising expenses.

Concentration of business and credit risk

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements. The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash. The Company maintains its cash in bank accounts which may at times, exceed federally-insured limits.

Share-Based compensation

The Company accounts for stock-based payments to employees in accordance with ASC 718, "Stock Compensation" ("ASC 718"). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 718 and Topic 505-50, "Equity-Based Payments to Non-Employees." Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.



**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

Share-based compensation, continued

The Company calculates the fair value of option grants and warrant issuances utilizing the Black-Scholes pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee termination patterns.

The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the requisite service period of the award.

For the six-months ended June 30, 2012, the Company recorded share-based compensation expense related to equity granted in connection with services to the Company of \$210,064.

Revenue recognition

In accordance with ASC Topic 605-20 *Revenue Recognition - Services*, transportation revenue and related transportation costs are recognized when the shipment has been delivered by a third-party carrier. Fee for service revenue is recognized when the services have been rendered. At the time of delivery or rendering of services, as applicable, the Company's obligation to fulfill a transaction is complete and collection of revenue is reasonably assured.

In accordance with ASC Topic 605-45 *Revenue Recognition - Principal Agent Considerations*, the Company generally recognizes revenue on a gross basis, as opposed to a net basis similar to a commission arrangement, because it bears the risks and benefits associated with revenue-generated activities by, among other things: (1) acting as a principal in the transaction; (2) establishing prices; (3) managing all aspects of the shipping process; and (4) taking the risk of loss for collection, delivery, and returns. Certain transactions to provide specific services are recorded at the net amount charged to the client due to the following key factors: (a) the Company does not have latitude in establishing pricing; and (b) the Company has credit risk for only the net revenue earned from its client while the carrier has credit risk for the transportation costs.

Loss per share

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share." Basic earnings (loss) per share are computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed exercise or conversion of stock options, warrants, debt to purchase common shares, and convertible preferred shares, would have an anti-dilutive effect. At June 30, 2012 the Company had approximately 29,225,000 common shares underlying Series "A" preferred, 182,895,760 common shares underlying Series "B" preferred, and 360,393,460 common shares underlying Series "C" preferred stock. Additionally, there were 261,400,385 common shares underlying its Series "D" preferred stock warrants, and 41,400,000 employee stock options that have been excluded from the computation of diluted net loss per share.

Income taxes

The Company follows ASC subtopic 740-10 for recording the provision for income taxes. ASC 740-10 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

Income taxes, continued

expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

Fair value of financial instruments

The Company has financial instruments whereby the fair value of the financial instruments could be different from that recorded on a historical basis in the accompanying balance sheets. The Company's financial instruments consist of cash, receivables, accounts payable, accrued liabilities, and notes payable. The carrying amounts of the Company's financial instruments approximate their fair values as of June 30, 2012 due to their short-term nature.

Long-lived assets

The Company accounts for its long-lived assets in accordance with ASC Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost or carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its fair value or disposable value. For the six-months ended June 30, 2012, the Company determined that none of its long-term assets were impaired.

New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." This update defers the requirement to present items that are reclassified from accumulated other comprehensive income to net income in both the statement of income where net income is presented and the statement where other comprehensive income is presented. The Company does not expect the adoption of ASU 2011-12 to have a material impact on its consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11 "Balance Sheet: Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The Company does not expect the adoption of ASU 2011-11 to have a material impact on its consolidated financial statements.

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

*New Accounting Pronouncements, continued*

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-08, "Testing Goodwill for Impairment" ("ASU No. 2011-08"), which is intended to reduce the complexity and costs to test goodwill for impairment. The amendment allows an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on its qualitative assessment, that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. ASU No. 2011-08 also expands upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The amendment becomes effective for annual and interim goodwill impairment tests performed for the Company's fiscal year ending December 31, 2013. Early adoption is permitted. The Company does not expect the adoption of ASU 2011-08 to have a material impact on its consolidated financial statements.

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change.

**Note 3 - Going concern**

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has not yet achieved profitable operations and has accumulated losses through June 30, 2012 of \$34,063,860 and a working capital deficit of \$1,735,645. Management expects to incur further losses in the development of its business, all of which raises substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The Company expects to continue to incur losses as it executes its business plan and does not expect to attain profitability in the near future. The Company has funded operations through short-term borrowings and equity investments in order to meet its strategic objectives. The Company's future operations are dependent upon external funding and its ability to execute its business plan, realize sales and control expenses. Management believes that sufficient funding will be available from additional borrowings and private placements to meet its business objectives, including anticipated cash needs for working capital, for a reasonable period of time. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its business operation, or if obtained, upon terms favorable to the Company.

**Note 4 - Fair value measurement**

The Company applies ASC Topic 820 *Fair Value Measurements and Disclosures* for its financial assets and financial liabilities. The guidance requires disclosures about assets and liabilities measured at fair value. The Company's financial assets primarily relate to its intellectual property and notes payable.

ASC Topic 820 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on observable or unobservable inputs to valuation techniques that are used to measure fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Note 4 - Fair value measurement, continued**

from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. The fair value hierarchy consists of the following three levels:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.
- Level 3: Inputs that are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Fair Value Measurements as of June 30, 2012					
	Total	Level 1	Level 2	Level 3	
<b>Assets:</b>					
Intellectual property \$	600,059	\$ -	\$ -	\$	600,059
<b>Liabilities:</b>					
Notes payable \$	(3,185,519)	\$ -	\$ (3,185,519)	\$	-

**Note 5 - Notes and loans payable**

Missouri Bank

On June 21, 2011 the Company re-financed its 2010 Missouri Bank loans with a principal balance of \$1,824,053. The new loan bears interest at a rate of 8% per annum, matures in June 2016, and is secured by accounts receivable and certain assets of the Company. As of June 30, 2012 and December 31, 2011, the note balance was \$1,674,279 and \$1,775,002, respectively.

Tekniq Data

On July 5, 2011, the Company issued a promissory note in the amount of \$26,411 to Tekniq Data for settlement of amounts due to them for services received by the Company. The note bears interest at a rate of 6% per annum, matures in July 2012 and is unsecured. As of June 30, 2012 and December 31, 2011, the note balance was \$0 and \$13,336, respectively.

Mercury IC, L.L.C.

On January 30, 2012, the Company issued a promissory note in the amount of \$20,838 to Mercury IC, L.L.C. for settlement of amounts due to them for services received by the Company. The note has no interest due, matures in June 2012, and is unsecured. This settlement resulted in debt forgiveness income of \$62,513. As of June 30, 2012 the note balance was \$0.

Polsinelli Shughart P.C.

On March 5, 2012, the Company issued a promissory note in the amount of \$22,800 to Polsinelli Shughart P.C. for settlement of amounts due to them for services received by the Company. The note has no interest due, matures in August 2012 the note balance was \$7,600.

Share Cancellation Notes

On March 5, 2010, in connection with its change of control, the Company issued five promissory notes to the former officers and directors of ABOL in exchange for the cancellation of their Series "A" preferred stock totaling 8,329,989 shares. The notes bear interest at a rate of 4% per annum and mature on March 5, 2017. As of June 30, 2012, the unpaid principal balance was \$108,640.

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*Related Party Notes Payable*

Bridge Loans

During the six-months ended June 30, 2012 and the year ended December 31, 2011 the Company issued Bridge Loan Agreements to various officers, related and unrelated parties of the Company in exchange for cash totaling \$220,160 and \$744,840. The loans bear interest at a rate of 10% per annum and mature on September 1, 2013. Pursuant to the Agreements, the Company also issued 596,372 and 2,017,631 five-year Series "D" preferred stock warrants for the six-months ended June 30, 2012 and the year ended December 31, 2011, respectively. The fair value of the warrants was calculated utilizing the Black-Scholes Model and totaled \$243,112 and \$2,027,248 for the six-months ended June 30, 2012 and the year ended December 31, 2011, respectively, and has been recorded as a financing expense. As of June 30, 2012 and December 31, 2011, the Company has recorded related party interest expense of \$47,635 and \$16,646, respectively, in connection with the Bridge Loan Agreements.

2012 Short Term Financing

During the second quarter of 2012, the Company issued promissory notes in exchange for \$430,000 in cash from related parties. The notes bear interest at a rate of 10% per annum, payable quarterly, maturing on April 12, 2013 and are unsecured. Pursuant to the financing agreement, the Company issued 21,500,000 warrants to purchase the Company's common stock at an exercise price of \$0.001 per share for a term of five years. As of June 30, 2012, the Company has recorded related party interest expense of \$7,097 in connection with the 2012 Short Term Financing Agreements.

**Note 6 - Stockholders' (deficit)**

In December 2011, the Company amended its articles of incorporation to increase its authorized capital. The Company is authorized to issue up to 2,000,000,000 shares of \$0.001 par value common stock, 40,000,000 shares of various classes of \$0.001 par value preferred stock, and 30,000,000 shares of \$0.0001 preferred stock.

Series "A" convertible preferred stock

The Company has designated 16,000,000 shares of \$0.001 preferred stock as Series "A". Holders of series "A" convertible stock have the right to vote on matters that come before the shareholders. Series "A" convertible preferred stock is convertible into common shares at a ratio of 1:10. Series "A" convertible stock does not rank senior to common stock in the event of liquidation. Holders' of Series "A" convertible stock are not entitled to monthly dividends. Series "A" convertible stock is subject to adjustments resulting from stock splits, recapitalization, or share combination.

Series "B" convertible preferred stock

The Company has designated 24,000,000 shares of \$0.001 preferred stock as Series "B". Holders of series "B" convertible stock have the right to vote on matters that come before the shareholders. Series "B" convertible preferred stock is convertible into common shares at a ratio of 1:10. Series "B" convertible stock does not rank senior to common stock in the event of liquidation. Holders' of Series "B" convertible stock are not entitled to a mandatory monthly dividend. Series "B" convertible stock is subject to adjustments resulting from stock splits, recapitalization, or share combination.

Series "C" convertible preferred stock

The Company has designated 18,600,000 shares of \$0.0001 preferred stock as Series "C". Holders of series "C" convertible stock have the right to vote on matters that come before the shareholders. Series "C" convertible preferred stock is convertible into common shares at a ratio of 1:20. Series "C" convertible stock ranks senior to common stock and all other preferred stock in the event of liquidation. Holders' of Series "C" convertible stock are not entitled to a mandatory monthly dividend. Series "C" convertible stock is subject to adjustments resulting from stock splits, recapitalization, or share combination.

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Note 6 - Stockholders' (deficit), continued**

Series "D" convertible preferred stock

The Company has designated 3,240,000 shares of \$0.0001 preferred stock as Series "D". Holders of series "D" convertible stock have the right to vote on matters that come before the shareholders. Series "D" convertible preferred stock is convertible into common shares at a ratio of 100:1. Series "D" convertible stock does not rank senior to common stock in the event of liquidation. Holders' of Series "D" convertible stock are not entitled to a mandatory monthly dividend. Series "D" convertible stock is subject to adjustments resulting from stock splits, recapitalization, or share combination.

*2012 Stock Activity*

Series "A" preferred

During the six-months ended June 30, 2012, the Company issued 833,330 shares of its common stock for the conversion of 83,333 shares of Series "A" preferred stock.

Series "B" preferred

During the six-months ended June 30, 2012, the Company issued 3,200,000 shares of its common stock for the conversion of 320,000 shares of Series "B" preferred stock.

Series "C" preferred

During the six-months ended June 30, 2012, the Company issued 18,269,673 shares of its previously authorized Series "C" preferred stock. Additionally, the Company issued 10,000,000 shares of its common stock for the conversion of 500,000 shares of Series "C" preferred stock.

Common stock

On January 3, 2012, the Company authorized the issuance of 20,000,000 shares of its common stock to a former officer of the Company pursuant to the Company's Stock Incentive Plan. Subsequent to the grant, the officer resigned his position and forfeited 15,000,000 shares of the grant with the remaining 5,000,000 shares being fully vested. The fair value of the award on the date of grant was \$29,000 and has been recorded as compensation expense.

During the six-months ended June 30, 2012, the Company issued 35,554,918 shares of previously authorized common stock.

During the six-months ended June 30, 2012, the Company authorized the issuance of 4,344,369 shares of its common stock fair valued at \$40,193 as payment for accrued interest in connection with its Bridge Financing Agreements. As of June 30 2012, the shares are unissued.

Warrants

During the six-months ended June 30, 2012, the Company issued 596,372 warrants to purchase Series "D" preferred stock convertible into 59,637,211 shares of the Company's common stock at an exercise price of \$0.0001 for a term of five years. The warrants have been valued using the Black-Scholes Model and the following assumptions: term—5 years, risk free rate-0.89%, and volatility—154%. The fair value of the warrants has been recorded as a financing expense in the amount of \$243,112.

Additionally, during the six-months ended June 30, 2012, the Company issued 21,500,000 common stock warrants at an exercise price of \$0.001 for a term of five years. The warrants have been valued using the Black-Scholes Model and the following assumptions: term-5 years, risk free rate-0.82% and volatility-154%. The fair value of the warrants has been recorded as a financing expense in the amount of \$116,140.

**myFreightWorld Technologies, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Options**

On January 3, 2012 the Company's board of directors approved the MyFreightWorld Technologies Stock Incentive Plan. The plan permits the issuance of up to 125,000,000 shares of the Company's common stock to employees, non-employee directors, consultants or independent contractors and will expire January 3, 2022. The Plan allows for Nonqualified Stock Options, Incentive Stock Options, or Restricted Stock. Option exercise price is equal the closing price of the Company's common stock on the date of the grant.

During the six-months ended June 30, 2012, the Company granted options to purchase 98,100,000 shares of the Company's common stock at \$0.0058 per share with 25% vesting on the date of grant and the remaining 75% vesting in equally over the subsequent three-year period. The Company valued the vested options at \$352,935 utilizing the Black-Scholes Model based upon and expected life of 5 years, a risk free interest rate of 0.89%, and expected volatility of 154%. At the date of grant, the Company's common stock had a trading price of \$0.0058 per share. The Company is charging \$181,064 to operations as compensation expense based upon the vested portion of the option grant..

A summary of outstanding stock warrants and options is as follows:

	<b>Number of Series "D" Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Common Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, January 1, 2012	2,017,631	\$ 0.0001	-	\$ -	-	\$ -
Granted	596,372	0.0001	21,500,000	0.001	98,100,000	0.0058
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-
Outstanding, June 30, 2012	<u>2,614,003</u>	<u>\$ 0.0001</u>	<u>21,500,000</u>	<u>\$ 0.001</u>	<u>98,100,000</u>	<u>\$ 0.0058</u>
Exercisable, June 30, 2012	2,614,003	\$ 0.0001	21,500,000	\$ 0.001	41,400,000	\$ 0.0058

**Note 7 – Subsequent events**

Subsequent to the quarter end, the Company issued 4,160,327 shares of common stock to related parties for payment of accrued interest and 477,450,761 of common stock was issued to a related party that had been previously authorized. Additionally, 20,000,000 shares of common stock were issued for services.