RADIANT LOGISTICS, INC
Form 10-Q
November 17, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2008

o TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to _____________

Commission File Number: 000-50283

RADIANT LOGISTICS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	04-3625550
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

1227 120th Avenue N.E., Bellevue, WA 98005

(Address of Principal Executive Offices)
(425) 943-4599

(Issuer's Telephone Number, including Area Code)
N/A

(Former Name, Former Address, and Former Fiscal Year, if Changed Since 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 Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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

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

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

There were 34,701,960 issued and outstanding shares of the registrant's common stock, par value $.001 per share, as of November 10, 2008.

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RADIANT LOGISTICS, INC.
Condensed Consolidated Balance Sheets
(unaudited)

	September 30, 2008		June 30, 2008	
ASSETS				
Current assets -				
Cash and cash equivalents	$	897,547	$	392,223
Accounts receivable, net of allowance for doubtful accounts of $740,306 at September 30, 2008 and $513,479 at June 30, 2008		25,122,808		14,404,002
Current portion of employee loan receivable and other receivables		521,643		68,367
Prepaid expenses and other current assets		356,812		425,657
Income tax deposit		433,417		-
Deferred tax asset		167,653		292,088
Total current assets		27,499,880		15,582,337
Property and equipment, net		961,538		717,542
Acquired intangibles, net		4,294,842		1,242,413
Goodwill		10,811,142		7,824,654
Employee loan receivable		40,000		40,000
Investment in real estate		40,000		40,000
Deposits and other assets		435,552		131,496
Minority interest		34,775		24,784
Total long term assets		15,656,311		9,303,347
Total assets	$	44,117,729	$	25,603,226
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities -				
Notes payable - current portion of long term debt	$	113,306	$	113,306
Accounts payable and accrued transportation costs		18,553,305		9,914,831
Commissions payable		2,426,416		1,136,859
Other accrued costs		1,149,029		221,808
Income taxes payable		-		498,142
Due to former Adcom shareholder		2,402,301		-
Total current liabilities		24,664,357		11,884,946
Long term debt		8,577,435		4,272,032
Deferred tax liability		1,561,924		422,419
Total long term liabilities		10,139,359		4,694,451
Total liabilities		34,783,716		16,579,397
Stockholders' equity:				
Preferred stock, $0.001 par value, 5,000,000 shares authorized; no shares issued or outstanding		-		-

Common stock, $0.001 par value, 50,000,000 shares authorized; issued and outstanding: 34,701,960 at September 30, 2008 and 34,660,293 at June 30, 2008		16,158		16,116
Additional paid-in capital		7,763,613		7,703,658
Retained earnings		1,554,242		1,304,055
Total stockholders' equity		9,334,013		9,023,829
	$	44,117,729	$	25,603,226

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

RADIANT LOGISTICS, INC.
Condensed Consolidated Statements of Operations
(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2008	2007
Revenue	$ 32,403,220	$ 25,557,234
Cost of transportation	21,219,498	17,116,375
Net revenue	11,183,722	8,440,859
Agent commissions	7,553,153	5,851,818
Personnel costs	1,613,699	1,546,934
Selling, general and administrative expenses	1,117,033	694,867
Depreciation and amortization	315,356	239,868
Restructuring charges	220,000	-
Total operating expenses	10,819,241	8,333,487
Income from operations	364,481	107,372
Other income (expense):		
Interest income	988	1,200
Interest expense	(25,697)	(25,740)
Other	53,084	(19,743)
Total other income (expense)	28,375	(44,283)
Income before income tax expense	392,856	63,089
Income tax (expense) benefit	(152,659)	7,731
Income before minority interests	240,197	70,820
Minority interest	9,990	17,612
Net income	$ 250,187	$ 88,432
Net income per common share - basic	$ .01	$ -
Net income per common share - diluted	$ .01	$ -
Weighted average shares outstanding:		
Basic shares	34,695,166	33,961,639
Diluted shares	34,800,257	34,442,963

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

RADIANT LOGISTICS, INC.
Condensed Consolidated Statement of Stockholders' Equity
(unaudited)

	COMMON STOCK SHARES		COMMON STOCK AMOUNT		ADDITIONAL PAID-IN CAPITAL		RETAINED EARNINGS		TOTAL STOCKHOLDERS' EQUITY
Balance at June 30, 2008	34,660,293	$	16,116	$	7,703,658	$	1,304,055	$	9,023,829
Share based compensation	-		-		47,913		-		47,913
Shares issued for investor relations services	41,667		42		12,042				12,084
Net income for the three months ended September 30, 2008	-		-		-		250,187		250,187
Balance at September 30, 2008	34,701,960	$	16,158	$	7,763,613	$	1,554,242	$	9,334,013

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

RADIANT LOGISTICS, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For three months ended September 30, 2008	2007
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Net income	$ 250,187	$ 88,432
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATION ACTIVITIES		
share based compensation	47,913	61,258
stock issued for investor relations services	12,084	-
amortization of intangibles	217,015	136,840
change in deferred taxes	47,940	(46,526)
depreciation	98,341	95,875
amortization of bank fees	3,414	7,153
minority interest in (loss) of subsidiaries	(9,990)	(17,612)
provision for doubtful accounts	95,414	26,265
CHANGE IN ASSETS AND LIABILITIES -		
accounts receivable	(163,920)	(2,466,357)
employee receivable and other receivables	(40,236)	1,984
prepaid expenses and other assets	152,605	(574,099)
accounts payable and accrued transportation costs	913,584	328,866
commissions payable	69,644	86,883
other accrued costs	230,424	(102,823)
income taxes payable	(413,114)	(107,580)
income tax deposits	(433,417)	-
Net cash provided by operating activities	1,077,888	(2,481,441)
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
acquisition of Adcom Express, Inc including an additional $26,809 cost incurred post closing	(4,803,605)	-
purchase of technology and equipment	(50,475)	(169,079)
Net cash used for investing activities	(4,854,080)	(169,079)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
issuance of notes receivable	(25,000)	-
payments of notes receivable	1,113	-
net proceeds from (payment to) credit facility	4,305,403	2,340,306
Net cash provided by financing activities	4,281,516	2,340,306
NET INCREASE (DECREASE) IN CASH	505,324	(310,214)
CASH, BEGINNING OF THE PERIOD	392,223	719,575

CASH, END OF PERIOD	$	897,547	$	409,361
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Income taxes paid	$	951,250	$	168,350
Interest paid	$	24,427	$	25,740

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

Supplemental disclosure of non-cash investing and financing activities:

None

RADIANT LOGISTICS, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

NOTE 1 - THE COMPANY AND BASIS OF PRESENTATION

The Company

Radiant Logistics, Inc. (the "Company") is a Bellevue Washington based non-asset based logistics company providing domestic and international freight forwarding services through a network of exclusive agent offices across North America. Operating under the Airgroup and Adcom brands, the Company services a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and international agents positioned strategically around the world.

By implementing a growth strategy, the Company intends to build a leading global transportation and supply-chain management company offering a full range of domestic and international freight forwarding and other value added supply chain management services, including order fulfillment, inventory management and warehousing.

As a non-asset based provider of third-party logistics services, the Company seeks to limit its investment in equipment, facilities and working capital through contracts and preferred provider arrangements with various transportation providers who generally provide the Company with favorable rates, minimum service levels, capacity assurances and priority handling status. The Company's non-asset based approach allows it to maintain a high level of operating flexibility and leverage a cost structure that is highly scalable in nature while the aggregate purchasing power of the Company's freight volumes enables the Company to negotiate attractive pricing with transportation providers.

In furtherance of the Company's growth strategy, in September of 2008, the Company completed the acquisiton of Adcom Express, Inc. d/b/a Adcom Worldwide, a Minneapolis, Minnesota-based, privately held company that provides a full range of domestic and international transportation and logistics services across North America. Founded in 1978, Adcom services a diversified account base including manufacturers, distributors and retailers through a combination of three company owned and twenty seven agency offices across North America. See Note 4.

Interim Disclosure

The condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading. The Company's management suggests that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2008.

The interim period information included in this Quarterly Report on Form 10-Q reflects all adjustments, consisting of normal recurring adjustments, that are, in the opinion of the Company's management, necessary for a fair statement of the results of the respective interim periods. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

Basis of Presentation

The consolidated financial statements also include the accounts of Radiant Logistics, Inc. and its wholly-owned subsidiaries as well as a single variable interest entity, Radiant Logistics Partners LLC which is 40% owned by Airgroup, a wholly owned subsidiary of the Company, whose accounts are included in the consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 46(R) consolidation of "Variable Interest Entities" (See Note 6). All significant inter-company balances and transactions have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include revenue recognition, accruals for the cost of purchased transportation, accounting for the issuance of shares and share based compensation, fair value of acquired assets and liabilities, the assessment of the recoverability of long-lived assets (specifically goodwill and acquired intangibles), the establishment of an allowance for doubtful accounts and the valuation allowance for deferred tax assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. Actual results could differ from those estimates.

b) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less which are not securing any corporate obligations.

c) Concentration

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

d) Accounts Receivable

The Company’s receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company’s receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers.

e) Property & Equipment

Technology (computer software, hardware, and communications), furniture, and equipment are stated at cost, less accumulated depreciation over the estimated useful lives of the respective assets. Depreciation is computed using five to seven year lives for vehicles, communication, office, furniture, and computer equipment and the double declining balance method. Computer software is depreciated over a three year life using the straight line method of depreciation. For leasehold improvements, the cost is depreciated over the shorter of the lease term or useful life on a straight line basis. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in other income or expense. Expenditures for maintenance, repairs and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized.

Under the provisions of Statement of Position 98-1, *“Accounting for the Costs of Computer Software Developed or Obtained for Internal Use”*, the Company capitalizes costs associated with internally developed and/or purchased software systems that have reached the application development stage and meet recoverability tests. Capitalized costs

include external direct costs of materials and services utilized in developing or obtaining internal-use software, payroll and payroll-related expenses for employees who are directly associated with and devote time to the internal-use software project and capitalized interest, if appropriate. Capitalization of such costs begins when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Costs for general and administrative, overhead, maintenance and training, as well as the cost of software that does not add functionality to existing systems, are expensed as incurred.

f) Goodwill

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires an annual impairment test for goodwill and intangible assets with indefinite lives. Under the provisions of SFAS No. 142, the first step of the impairment test requires that the Company determine the fair value of each reporting unit, and compare the fair value to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit’s fair value to all of its recognized and unrecognized assets and liabilities in order to determine the implied fair value of the reporting unit’s goodwill as of the assessment date. The implied fair value of the reporting unit’s goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date. The Company performs its annual impairment test effective as of April 1 of each year, unless events or circumstances indicate, an impairment may have occurred before that time. As of September 30, 2008, management believes there are no indications of an impairment.

g) Long-Lived Assets

Acquired intangibles consist of customer related intangibles and non-compete agreements arising from the Company’s acquisitions. Customer related intangibles are amortized using accelerated methods over approximately 5 years and non-compete agreements are amortized using the straight line method consistent with the term of the underlying agreement which generally extends for a period of 4 to 5 years. See Notes 3, 4 and 5.

The Company follows the provisions of SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which establishes accounting standards for the impairment of long-lived assets such as property, plant and equipment and intangible assets subject to amortization. The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management has performed a review of all long-lived assets and has determined that no impairment of the respective carrying value has occurred as of September 30, 2008.

h) Commitments

The Company has operating lease and capital lease commitments, some of which are for office and warehouse space and equipment rentals and are under non-cancelable operating leases expiring at various dates through December 2012. Future annual commitments for years ending June 30, 2009 through 2013 are, respectively, $518,022, $376,971, $144,627, $32,281, and $23,393.

i) Income Taxes

Taxes on income are provided in accordance with SFAS No. 109, “Accounting for Income Taxes.” Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been reflected in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax bases of particular assets and liabilities. Deferred tax assets and liabilities are measured using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset the net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain income tax positions in accordance with FAS Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement 109” (“FIN 48”), which was adopted by the Company on July 1, 2007. Accordingly, the Company reports a liability for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense or other expense, respectively.

j) Revenue Recognition and Purchased Transportation Costs

The Company recognizes revenue on a gross basis, in accordance with Emerging Issues Task Force ("EITF") 91-9, "Reporting Revenue Gross versus Net," as a result of the following: The Company is the primary obligor responsible for providing the service desired by the customer and is responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. At the Company's sole discretion, it sets the prices charged to its customers, and is not required to obtain approval or consent from any other party in establishing its prices. The Company has multiple suppliers for the services it sells to its customers, and has the absolute and complete discretion and right to select the supplier that will provide the product(s) or service(s) ordered by a customer, including changing the supplier on a shipment-by-shipment basis. In most cases, the Company determines the nature, type, characteristics, and specifications of the service(s) ordered by the customer. The Company also assumes credit risk for the amount billed to the customer.

As a non-asset based carrier, the Company does not own transportation assets. The Company generates the major portion of its air and ocean freight revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to its customers. In accordance with EITF 91-9, revenue from freight forwarding and export services is recognized at the time the freight is tendered to the direct carrier at origin, and direct expenses associated with the cost of transportation are accrued concurrently. At the time when revenue is recognized on a transportation shipment, the Company records costs related to that shipment based on the estimate of total purchased transportation costs. The estimates are based upon anticipated margins, contractual arrangements with direct carriers and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by the Company to reflect differences between the original accruals and actual costs of purchased transportation.

k) Share based Compensation

The Company follows the provisions of SFAS No. 123R, "Share Based Payment," a revision of FASB Statement No. 123 ("SFAS 123R"). This statement requires that the cost resulting from all share-based payment transactions be recognized in the Company's consolidated financial statements. In addition, the Company follows the guidance of the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"). SAB 107 provides the SEC's staff's position regarding the application of SFAS 123R and certain SEC rules and regulations, and also provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values.

For the three months ended September 30, 2008, the Company recorded a share based compensation expense of $47,913, which, net of income taxes, resulted in a $29,706 net reduction of net income. For the three months ended September 30, 2007, the Company recorded a share based compensation expense of $61,258, which, net of income taxes, resulted in a $40,430 net reduction of net income.

l) Basic and Diluted Income Per Share

The Company uses SFAS No. 128, "Earnings Per Share" for calculating the basic and diluted income per share. Basic income per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding. Diluted income per share is computed similar to basic income 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, such as stock options, had been issued and if the additional common shares were dilutive.

For the three months ended September 30, 2008, the weighted average outstanding number of potentially dilutive common shares totaled 34,800,257 shares of common stock, including options to purchase 3,410,000 shares of common stock at June 30, 2008, of which 2,985,000 were excluded as their effect would have been antidilutive. For the three months ended September 30, 2007, the weighted average outstanding number of potentially dilutive common shares totaled 34,442,963 shares of common stock, including options to purchase 3,150,000 shares of common stock at June 30, 2007, of which 1,145,000 were excluded as their effect would have been antidilutive.

The following table reconciles the numerator and denominator of the basic and diluted per share computations for earnings per share as follows.

	Three months ended September 30, 2008	Three months ended September 30, 2007
Weighted average basic shares outstanding	34,695,166	33,961,639
Options	105,091	481,324
Weighted average dilutive shares outstanding	34,800,257	34,442,963

m) Reclassifications

Certain amounts for prior periods have been reclassified in the consolidated financial statements to conform to the classification used in fiscal 2008.

NOTE 3 - ACQUISITION OF ASSETS - AUTOMOTIVE

In May, 2007, the Company launched a new logistics service offering focused on the automotive industry through its wholly owned subsidiary, Radiant Logistics Global Services, Inc. (“RLGS”). The Company entered into an Asset Purchase Agreement (the “APA”) with Mass Financial Corporation (“Mass”) to acquire certain assets formerly used in the operations of the automotive division of Stonepath Group, Inc. (the “Purchased Assets”). The agreement of the transaction was valued at up to $2.75 million.

Concurrent with the execution of the APA, the Company also entered into a Management Services Agreement (“MSA”) with Mass, whereby it agreed to operate the Purchased Assets within its automotive services group during the interim period pending the closing under the APA. As part of the MSA, Mass agreed to indemnify the Company from and against any and all expenses, claims and damages arising out of or relating to any use by any of the Company’s subsidiaries or affiliates of the Purchased Assets and the operation of the business utilizing the Purchased Assets.

Shortly after commencing operation of the Purchased Assets pursuant to the MSA, a judgment creditor of Stonepath (the “Stonepath Creditor”) issued garnishment notices to the automotive customers being serviced by the Company disputing the priority and superiority of the underlying security interests of Mass in the Purchased Assets and asserting that the Company was in possession of certain accounts receivable of other assets covered by a garnishment notice. This resulted in a significant disruption to the automotive business and the Company exercised an indemnity claim against Mass resulting in a restructured transaction with Mass.

In November 2007**,** the purchase price of the purchased assets was reduced to $1.56 million, consisting of cash of $560,000 and a $1.0 million credit in satisfaction of indemnity claims asserted by the Company arising from its interim operation of the Purchased Assets since May 22, 2007. Of the cash component of the transaction, $100,000 was paid in May of 2007, $265,000 was paid at closing and a final payment of $195,000 was to be paid in November of 2008, subject to off-set of up to $75,000 for certain qualifying expenses incurred by the Company. Net of qualifying expenses and a discount for accelerated payment, the final payment was reduced to $95,000 and paid in June of 2008.

The total purchase price of the acquired assets is $1.9 million, which is comprised of the $1.56 million purchase price less $25,000 for the early payment of note, and an additional $365,000 in acquisition expenses. The following table summarizes the preliminary allocation of the purchase price based on the estimated fair value of the acquired assets at November 1, 2007. No liabilities were assumed in connection with the transaction:

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Furniture and equipment	$	24,165
Goodwill and other intangibles		1,875,835
Total acquired assets		1,900,000
Total acquired liabilities		-
Net assets acquired	$	1,900,000

The results of operations related to these assets are included in the Company's statement of income from the date of acquisition in November 2007. The above allocation is still preliminary and the Company expects to finalize it prior to the November 2008 anniversary of the acquisition of Purchased Assets as required per SFAS 141.

NOTE 4 - ACQUISITION OF ADCOM

On September 5, 2008, the Company concurrently entered into and closed upon a Stock Purchase Agreement (the "Agreement") pursuant to which it acquired 100 percent of the issued and outstanding stock of Adcom Express, Inc., d/b/a Adcom Worldwide ("Adcom"), a privately held Minnesota corporation. For financial accounting purposes, the transaction was deemed to be effective as of September 1, 2008. The stock was acquired from Robert F. Friedman, the sole shareholder of Adcom. The total value of the transaction was $11,050,000, consisting of: (i) $4,750,000 in cash paid at the closing; (ii) $250,000 in cash payable shortly after the closing, subject to adjustment, based upon the working capital of Adcom as of August 31, 2008; (iii) up to $2,800,000 in four "Tier-1 Earn-Out Payments" of up to $700,000 each, covering the four year earn-out period through June 30, 2012, based upon Adcom achieving certain levels of "Gross Profit Contribution" (as defined in the Agreement), payable 50% in cash and 50% in shares of Company common stock (valued at delivery date); (iv) a "Tier-2 Earn-Out Payment" of up to a maximum of $2,000,000, equal to 20% of the amount by which the Adcom cumulative Gross Profit Contribution exceeds $16,560,000 during the four year earn-out period; and (v) an "Integration Payment" of $1,250,000 payable on the earlier of the date certain integration targets are achieved or 18 months after the closing, payable 50% in cash and 50% in shares of Company common stock (valued at delivery date). The Integration Payment, the Tier-1 Earn-Out Payments and certain amounts of the Tier-2 Payments may be subject to acceleration upon occurrence of a "Corporate Transaction" (as defined in the Agreement), which includes a future sale of Adcom or the Company, or certain changes in corporate control. The cash component of the transaction was financed through a combination of existing funds and the proceeds from the Company's revolving credit facility.

Founded in 1978, Adcom provides a full range of domestic and international freight forwarding solutions to a diversified account base including manufacturers, distributors and retailers through a combination of three company-owned and twenty-seven independent agency locations across North America.

The acquisition was accounted for as a purchase and accordingly, the results of operations and cash flows of Adcom have been included in the Company's condensed consolidated financial statements prospectively from the date of acquisition. At September 30, 2008, the total purchase price consisted of an initial payment of $4,750,000, an additional $136,796 in acquisition expenses and net of an offset of $110,000 for certain liabilities assumed in connection with the transaction. Also included in the acquisition is $1,250,000 in future integration payments (included in current liabilities), and $394,408 in working capital and other adjustments. The following table summarizes the preliminary allocation of the purchase price based on the estimated fair value of the acquired assets at August 31, 2008.

Current Assets	$ 11,980,440
Furniture & Equipment	291,862
Notes Receivable	343,602
Goodwill and other intangibles	6,255,932
Other Assets	325,295

Total acquired assets	19,197,131
Current Liabilities assumed	11,559,927
Long Term Deferred Tax Liability	1,216,000
Total acquired liabilities	12,775,927
Net assets acquired	$ 6,421,204

The above allocation is still preliminary and the Company expects to finalize it prior to the September 2009 anniversary of the acquisition as required per SFAS 141.

The following information is based on estimated results for the three months ending September 30, 2008 and 2007 as if the acquisition of the Adcom had occurred as of July 1, 2007 (in thousands, except earnings per share):

	Three months ended September 30,	
	2008	2007
Total revenue	$ 49,242	$ 39,948
Net income (loss)	$ 178	$ (137)
Earnings per share:		
Basic	$ .01	$ .00
Diluted	$ .01	$ .00

NOTE 5 - ACQUIRED INTANGIBLE ASSETS

The table below reflects acquired intangible assets related to the acquisitions of Airgroup, Purchased Assets in Detroit and the acquisition of Adcom. The information is for the three months ended September 30, 2008 and year ended June 30, 2008.

	Three months ended September 30, 2008		Year ended June 30, 2008	
	Gross carrying amount	Accumulated Amortization	Gross carrying amount	Accumulated Amortization
Amortizable intangible assets:				
Customer related	$ 5,821,444	$ 1,665,061	$ 2,652,000	$ 1,454,587
Covenants not to compete	190,000	51,541	90,000	45,000
Total	$ 6,011,444	$ 1,716,602	$ 2,742,000	$ 1,499,587
Aggregate amortization expense:				
For three months ended September 30, 2008		$ 217,015		
For three months ended September 30, 2007		$ 136,840		
Aggregate amortization expense for the year ended June 30:				
2009 - For the remainder of the year		1,051,218		
2010		1,164,286		
2011		832,762		
2012		774,772		
2013		379,344		
2014		52,880		
Thereafter		39,580		
Total		$ 4,294,842		

For the three months ended September 30, 2008, the Company recorded an expense of $217,015 from amortization of intangibles and an income tax benefit of $76,495 from amortization of the long term deferred tax liability; arising from the Airgroup and Adcom acquisitions. For the three months ended September 30, 2007, the Company recorded an expense of $136,840 from amortization of intangibles and an income tax benefit of $46,526; both arising from the acquisition of Airgroup. The Company expects the net reduction in income, from the combination of amortization of

intangibles and long term deferred tax liability will be $671,091 for the remainder of 2009, $743,082 in 2010, $524,700 in 2011, $482,259 in 2012, $237,093 in 2013 and $74,693 thereafter.

NOTE 6 - VARIABLE INTEREST ENTITY

FIN46(R) clarifies the application of Accounting Research Bulletin No. 51 “Consolidated Financial Statements,” to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have the sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties (“variable interest entities”). Radiant Logistics Partners LLC (“RLP”) is 40% owned by Airgroup Corporation and qualifies under FIN46(R) as a variable interest entity and is included in the Company’s consolidated financial statements. RLP commenced operations in February 2007. Minority interest recorded on the income statement for the three months ending September 30, 2008 was a benefit of $9,990 and for the three months ending September 30, 2007 was a benefit of $17,612.

NOTE 7 - RELATED PARTY

RLP is owned 40% by Airgroup and 60% by an affiliate of the Chief Executive Officer of the Company, Radiant Capital Partners (RCP). RLP is a certified minority business enterprise which was formed for the purpose of providing the Company with a national accounts strategy to pursue corporate and government accounts with diversity initiatives. As currently structured, RCP’s ownership interest entitles it to a majority of the profits and distributable cash, if any, generated by RLP. The operations of RLP are intended to provide certain benefits to the Company, including expanding the scope of services offered by the Company and participating in supplier diversity programs not otherwise available to the Company. As the RLP operations mature, the Company will evaluate and approve all related service agreements between the Company and RLP, including the scope of the services to be provided by the Company to RLP and the fees payable to the Company by RLP, in accordance with the Company’s corporate governance principles and applicable Delaware corporation law. This process may include seeking the opinion of a qualified third party concerning the fairness of any such agreement or the approval of the Company’s shareholders. Under FIN46(R), RLP is consolidated in the financial statements of the Company (see Note 6).

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	September 30, 2008	June 30, 2008
Vehicles	$ 35,079	$ 3,500
Communication equipment	1,353	1,353
Office equipment	309,156	261,633
Furniture and fixtures	55,581	47,191
Computer equipment	527,953	290,135
Computer software	742,631	738,566
Leasehold improvements	43,488	30,526
	1,715,241	1,372,904
Less: Accumulated depreciation and amortization	(753,703)	(655,362)
Property and equipment - net	$ 961,538	$ 717,542

Depreciation and amortization expense for the three months ended September 30, 2008 was $98,341, and for the three months ended September 30, 2007 was $95,875.

NOTE 9 - LONG TERM DEBT

In September 2008, the Company’s $10 million revolving credit facility (Facility) was increased from $10 million to $15 million. The Facility is collateralized by accounts receivable and other assets of the Company and its subsidiaries.

Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes. Borrowings under the facility bear interest, at the Company's option, at the Bank's prime rate minus .15% to 1.00% or LIBOR plus 1.55% to 2.25%, and can be adjusted up or down during the term of the Facility based on the Company's performance relative to certain financial covenants. The Facility provides for advances of up to 80% of the Company's eligible accounts receivable.

The terms of the Facility are subject to certain financial and operational covenants which may limit the amount otherwise available under the Facility. The first covenant limits funded debt to a multiple of 3.00 times the Company's consolidated EBITDA measured on a rolling four quarter basis (or a multiple of 3.25 at a reduced advance rate of 75.0%). The second financial covenant requires the Company to maintain a basic fixed charge coverage ratio of at least 1.1 to 1.0. The third financial covenant is a minimum profitability standard that requires the Company not to incur a net loss before taxes, amortization of acquired intangibles and extraordinary items in any two consecutive quarterly accounting periods.

Under the terms of the Facility, the Company is permitted to make additional acquisitions without the lender's consent only if certain conditions are satisfied. The conditions imposed by the Facility include the following: (i) the absence of an event of default under the Facility, (ii) the company to be acquired must be in the transportation and logistics industry, (iii) the purchase price to be paid must be consistent with the Company's historical business and acquisition model, (iv) after giving effect for the funding of the acquisition, the Company must have undrawn availability of at least $1.0 million under the Facility, (v) the lender must be reasonably satisfied with projected financial statements the Company provides covering a 12 month period following the acquisition, (vi) the acquisition documents must be provided to the lender and must be consistent with the description of the transaction provided to the lender, and (vii) the number of permitted acquisitions is limited to three per calendar year and shall not exceed $7.5 million in aggregate purchase price financed by funded debt. In the event that the Company is not able to satisfy the conditions of the Facility in connection with a proposed acquisition, it must either forego the acquisition, obtain the lender's consent, or retire the Facility. This may limit or slow the Company's ability to achieve the critical mass it may need to achieve its strategic objectives.

The co-borrowers of the Facility include Radiant Logistics, Inc., Airgroup Corporation, Radiant Logistics Global Services Inc. ("RLGS"), Radiant Logistics Partners, LLC ("RLP"), and Adcom Express, Inc. (d/b/a Adcom Worldwide). RLP is owned 40% by Airgroup and 60% by an affiliate of the Chief Executive Officer of the Company, Radiant Capital Partners. RLP has been certified as a minority business enterprise, and focuses on corporate and government accounts with diversity initiatives. As a co-borrower under the Facility, the accounts receivable of RLP and RLGS are eligible for inclusion within the overall borrowing base of the Company and all borrowers will be responsible for repayment of the debt associated with advances under the Facility, including those advanced to RLP. At September 30, 2008, the Company was in compliance with all of its covenants.

As of September 30, 2008, the Company had $6,814,861 advances under the Facility and $1,762,574 in outstanding checks, which had not yet been presented to the bank for payment. The outstanding checks have been reclassified from our cash accounts, as they will be advanced from, or against, our Facility when presented for payment to the bank. These amounts total long term debt of $8,577,435.

At September 30, 2008, based on available collateral and $205,000 in outstanding letter of credit commitments, there was $7,245,814 available for borrowing under the Facility based on advances outstanding.

NOTE 10 - PROVISION FOR INCOME TAXES

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

For the three months ended September 30, 2008, the Company recognized net income tax expense of $152,659 consisting of current income tax expense of $104,719 and deferred income tax expense of $47,940.

For the three months ended September 30, 2007, the Company recognized net income tax benefit of $7,731 consisting of current income tax expense of $60,607 and deferred income tax benefit of $68,338.

The Company’s consolidated effective tax rate during the three month periods ended September 30, 2008 and September 30, 2007 was 38.0% and 34.0%, respectively.

NOTE 11 - STOCKHOLDERS’ EQUITY

Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, par value at $.001 per share. As of September 30, 2008, none of the shares were issued or outstanding.

Common Stock

In May 2008, the Company issued 250,000 shares of common stock to a financial advisor who provided investor relations and financial advisory services to the Company. Shares issued were for services provided February 2008 through July 2008, and as such, only the value of 41,667 shares has been recorded during the quarter ended September 30, 2008.

NOTE 12 - SHARE BASED COMPENSATION

For the three months ended September 30, 2008, the Company granted no options.

Share based compensation costs recognized during the three months ended September 30, 2008, includes compensation cost for all share-based payments granted to date, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. No options have been exercised as of September 30, 2008.

In accordance with SFAS123R, the Company is required to estimate the number of awards that are ultimately expected to vest.

For the three months ended September 30, 2008 and 2007, the Company recognized stock option compensation costs of $47,913 and $61,258, respectively, in accordance with SFAS 123R. The following table summarizes activity under the plan for the three months ended September 30, 2008.

	Number of shares	Weighted Average exercise price per share	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding at June 30, 2008	3,410,000	$ 0.539	7.97 years	$ -
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options expired	-	-	-	-
Outstanding at September 30, 2008	3,410,000	$ 0.539	7.72 years	$ -
Exercisable at September 30, 2008	1,036,000	$ 0.603	7.20 years	$ -

The aggregate intrinsic value for all outstanding options as of September 30, 2008 was $29,750. The aggregate intrinsic value for all vested options was $0 due to the strike price of all vested options exceeding the market price of the Company's stock.

NOTE 13 - RECENT ACCOUNTING PRONOUNCEMENTS

None

NOTE 14 - SUBSEQUENT EVENTS

In November 2008, the Company amended the Airgroup Stock Purchase Agreement dated January 11, 2006 and agreed to unconditionally pay the former Airgroup shareholders an Earn-Out payment of $633,333 for the Earn-Out Period ending June 30, 2009 to be paid on or about October 1, 2009 and to be paid 100% by delivery of shares of the common stock of the Company. In consideration for the certainty of the Earn-Out payment, the former Airgroup shareholders have agreed to waive and release the Company from any and all further obligations to the former Airgroup shareholders of any and all Earn-Outs Payments on account of Shortfall Amounts, if any, that may have accumulated prior to June 30, 2009; (ii) to waive and release the Company from any and all further obligation to account for and pay to former Airgroup shareholders the Tier-2 Earn-Out Payment; and (iii) that the Earn-Out Payment to be made for the Earn-Out Period ending June 30, 2009 shall reflect a full and final payment to the former Airgroup shareholders of any and all amounts due to the former Airgroup shareholders under the Airgroup Stock Purchase Agreement.

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

The following discussion and analysis of our financial condition and result of operations should be read in conjunction with the financial statements and the related notes and other information included elsewhere in this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding future operating performance, events, trends and plans. All statements other than statements of historical fact contained herein, including, without limitation, statements regarding the our future financial position, business strategy, budgets, projected revenues and costs, and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," or "believes" or the negative thereof or any thereon or similar terminology or expressions. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. While it is impossible to identify all of the factors that may cause our actual operating performance, events, trends or plans to differ materially from those set forth in such forward-looking statements, such factors include the inherent risks associated with our ability to: (i) to use Airgroup as a "platform" upon which we can build a profitable global transportation and supply chain management company; (ii) retain and build upon the relationships we have with our exclusive agency offices; (iii) continue the development of our back office infrastructure and transportation and accounting systems in a manner sufficient to service our expanding revenues and base of exclusive agency locations; (iv) maintain the future operations of Adcom in a manner consistent with its past practices, (v) integrate the operations of Adcom with our existing operations, (vi) continue growing our business and maintain historical or increased gross profit margins; (vii) locate suitable acquisition opportunities; (viii) secure the financing necessary to complete any acquisition opportunities we locate; (ix) assess and respond to competitive practices in the industries in which we compete, (x) mitigate, to the best extent possible, our dependence on current management and certain of our larger exclusive agency locations; (xi) assess and respond to the impact of current and future laws and governmental regulations affecting the transportation industry in general and our operations in particular; and (xii) assess and respond to such other factors which may be identified from time to time in our Securities and Exchange Commission (SEC) filings and other public announcements including those set forth in Part 1 Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2008. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Readers are cautioned not to place undue reliance on our forward-looking statements, as they speak only as of the date made. Except as required by law, we assume no duty to update or revise our forward-looking statements.

Overview

We are a Bellevue Washington based non-asset based logistics company providing domestic and international freight forwarding services through a network of exclusive agent offices across North America. Operating under the Airgroup and Adcom brands, we service a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and international agents positioned strategically around the world.

By implementing a growth strategy, we intend to build a leading global transportation and supply-chain management company offering a full range of domestic and international freight forwarding and other value added supply chain

management services, including order fulfillment, inventory management and warehousing.

As a non-asset based provider of third-party logistics services, we seek to limit our investment in equipment, facilities and working capital through contracts and preferred provider arrangements with various transportation providers who generally provide us with favorable rates, minimum service levels, capacity assurances and priority handling status. Our non-asset based approach allows us to maintain a high level of operating flexibility and leverage a cost structure that is highly variable in nature while the volume of our flow of freight enables us to negotiate attractive pricing with our transportation providers.

Our growth strategy continues to focus on both organic growth and acquisitions. From an organic perspective, we are focused on strengthening existing and expanding new customer relationships. One of the drivers of our organic growth will be retaining existing, and securing new exclusive agency locations as well as enhancing our back-office infrastructure and transportation and accounting systems.

As we continue to build out our network of exclusive agent locations to achieve a level of critical mass and scale, we are executing an acquisition strategy to develop additional growth opportunities. We continue to identify a number of additional companies as suitable acquisition candidates and have completed two material acquisitions over the past twelve months. In November 2007, we purchased certain assets in Detroit, Michigan to service the automotive industry. In September 2008, we acquired Adcom Express, Inc. d/b/a Adcom Worldwide (“Adcom”). Adcom is a Minneapolis, Minnesota based logistics company contributing an additional 30 locations across North America and augmenting our overall domestic and international freight forwarding capabilities.

We will continue to search for targets that fit within our acquisition criteria. Successful implementation of our growth strategy depends upon a number of factors, including our ability to: (i) continue developing new agency locations; (ii) locate acquisition opportunities; (iii) secure adequate funding to finance identified acquisition opportunities; (iv) efficiently integrate the businesses of the companies acquired; (v) generate the anticipated economies of scale from the integration; and (vi) maintain the historic sales growth of the acquired businesses in order to generate continued organic growth. There are a variety of risks associated with our ability to achieve our strategic objectives, including the ability to acquire and profitably manage additional businesses and the intense competition in the industry for customers and for acquisition candidates.

Performance Metrics

Our principal source of income is derived from freight forwarding services. As a freight forwarder, we arrange for the shipment of our customers' freight from point of origin to point of destination. Generally, we quote our customers a turn key cost for the movement of their freight. Our price quote will often depend upon the customer's time-definite needs (first day through fifth day delivery), special handling needs heavy equipment, delicate items, environmentally sensitive goods, electronic components, etc.) and the means of transport (truck, air, ocean or rail). In turn, we assume the responsibility for arranging and paying for the underlying means of transportation.

Our transportation revenue represents the total dollar value of services we sell to our customers. Our cost of transportation includes direct costs of transportation, including motor carrier, air, ocean and rail services. We act principally as the service provider to add value in the execution and procurement of these services to our customers. Our net transportation revenue (gross transportation revenue less the direct cost of transportation) is the primary indicator of our ability to source, add value and resell services provided by third parties, and is considered by management to be a key performance measure. In addition, management believes measuring its operating costs as a function of net transportation revenue provides a useful metric, as our ability to control costs as a function of net transportation revenue directly impacts operating earnings.

Our operating results will be affected as acquisitions occur. Since all acquisitions are made using the purchase method of accounting for business combinations, our financial statements will only include the results of operations and cash flows of acquired companies for periods subsequent to the date of acquisition.

Our GAAP based net income will be affected by non-cash charges relating to the amortization of customer related intangible assets and other intangible assets arising from completed acquisitions. Under applicable accounting standards, purchasers are required to allocate the total consideration in a business combination to the identified assets acquired and liabilities assumed based on their fair values at the time of acquisition. The excess of the consideration paid over the fair value of the identifiable net assets acquired is to be allocated to goodwill, which is tested at least annually for impairment. Applicable accounting standards require that we separately account for and value certain identifiable intangible assets based on the unique facts and circumstances of each acquisition. As a result of our acquisition strategy, our net income will include material non-cash charges relating to the amortization of customer related intangible assets and other intangible assets acquired in our acquisitions. Although these charges may increase as we complete more acquisitions, we believe we will actually be growing the value of our intangible assets (e.g., customer relationships). Thus, we believe that earnings before interest, taxes, depreciation and amortization, or EBITDA, is a useful financial measure for investors because it eliminates the effect of these non-cash costs and provides an important metric for our business. Further, the financial covenants of our credit facility adjust EBITDA to exclude costs related to share based compensation expense and other non-cash charges. Accordingly, we intend to employ EBITDA and adjusted EBITDA as a management tools to measure our historical financial performance and as a benchmark for future financial flexibility.

Our operating results are also subject to seasonal trends when measured on a quarterly basis. The impact of seasonality on our business will depend on numerous factors, including the markets in which we operate, holiday

seasons, consumer demand and economic conditions. Since our revenue is largely derived from customers whose shipments are dependent upon consumer demand and just-in-time production schedules, the timing of our revenue is often beyond our control. Factors such as shifting demand for retail goods and/or manufacturing production delays could unexpectedly affect the timing of our revenue. As we increase the scale of our operations, seasonal trends in one area of our business may be offset to an extent by opposite trends in another area. We cannot accurately predict the timing of these factors, nor can we accurately estimate the impact of any particular factor, and thus we can give no assurance that historical seasonal patterns will continue in future periods.

Results of Operations

Basis of Presentation

The results of operations discussion that appears below has been presented utilizing a combination of historical and, where relevant, pro forma information to include the effects on our consolidated financial statements of our recently completed acquisition of Adcom. The pro forma information has been presented for three months ended September 30, 2008 and 2007 as if we had acquired Adcom as of July 1, 2007. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of Airgroup and the Company as adjusted to reflect the amortization of acquired intangibles and are also provided in the condensed consolidated financial statements included within this report.

The pro forma financial data are not necessarily indicative of results of operations that would have occurred had this acquisition been consummated at the beginning of the periods presented or that might be attained in the future.

For the three months ended September 30, 2008 (actual and unaudited) and September 30, 2007 (actual and unaudited)

We generated transportation revenue of $32.4 million and $25.6 million and net transportation revenue of $11.2 million and $8.4 million for the three months ended September 30, 2008 and 2007 respectively. Net income was $250,000 for the three months ended September 30, 2008 compared to net income of $88,000 for the three months ended September 30, 2007.

We had adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of $806,000 and $427,000 for three months ended September 30, 2008 and 2007, respectively. EBITDA, is a non-GAAP measure of income and does not include the effects of interest and taxes, and excludes the "non-cash" effects of depreciation and amortization on current assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to property, plant and equipment, and all amortization charges, including amortization of leasehold improvements and other intangible assets. We then further adjust EBITDA to exclude extraordinary items and costs related to share based compensation expense and other non-cash charges consistent with the financial covenants of our credit facility. As explained above, we believe that EBITDA is useful to us and to our investors in evaluating and measuring our financial performance. While management considers EBITDA and adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements. Set forth below is a reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure for the three months ended September 30, 2008 and 2007.

	Three months ended September 30,		Change	
	2008	2007	Amount	Percent
Net income	$ 250	$ 88	$ 162	184.1%
Income tax expense (benefit)	153	(8)	161	NM
Interest expense - net	25	25	-	0%
Depreciation and amortization	315	240	75	31.3%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	$ 743	$ 345	$ 398	115.4%
Share based compensation and other non-cash costs	63	82	(19)	(23.2%)

Adjusted EBITDA	$	806	$	427	$	379	88.8%

The following table summarizes September 30, 2008 (actual and unaudited) and September 30, 2007 (actual and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Three months ended September 30, 2008	Three months ended September 30, 2007	Change Amount	Change Percent
Transportation revenue	$ 32,403	$ 25,557	$ 6,846	26.8%
Cost of transportation	21,219	17,116	4,103	24.0%
Net transportation revenue	$ 11,184	$ 8,441	$ 2,743	32.5%
Net transportation margins	34.5%	33.0%		

Transportation revenue was $32.4 million for the three months ended September 30, 2008, an increase of 26.8% over transportation revenue of $25.6 million for the three months ended September 30, 2007. Domestic transportation revenue increased by 19.5% to $20.5 million for the three months ended September 30, 2008 from $17.1 million for the three months ended September 30, 2007. The increase was primarily due to increased volume handled by us in 2008, and the domestic revenues from Adcom. International transportation revenue increased by 41.5% to $11.9 million for the three months ended September 30, 2008 from $8.4 million for the comparable prior year period, mainly attributed to increased air and ocean export freight volume and the addition of Adcom sales for the month of September.

Cost of transportation increased to $21.2 million for the three months ended September 30, 2008 compared to $17.1 million for the three months ended September 30, 2007 as a result of the increased transportation volumes described above.

Net transportation margins increased to 34.5% of transportation revenue for the three months ended September 30, 2008 as compared to 33.0% of transportation revenue for the three months ended September 30, 2007.

The following table compares certain September 30, 2008 (unaudited) and September 30, 2007 (unaudited) condensed consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Three months ended September 30, 2008		2007		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	$ 11,184	100.0%	$ 8,441	100.0%	$ 2,743	32.5%
Agent commissions	7,553	67.5%	5,852	69.3%	1,701	29.1%
Personnel costs	1,614	14.4%	1,547	18.3%	67	4.3%
Other selling, general and administrative	1,117	10.0%	695	8.2%	422	60.7%
Depreciation and amortization	315	2.8%	240	2.8%	75	31.3%
Restructuring charge	220	2.0%	-	0.0%	220	NM
Total operating costs	10,819	96.7%	8,334	98.7%	2,485	29.8%
Income from operations	365	3.3%	107	1.3%	258	241.1%
Other income (expense)	28	0.3%	(45)	(0.4%)	73	NM

Income before income taxes and minority interests		393	3.5%		62	0.7%		331	533.9%
Income tax (expense) benefit		(153)	1.4%		8	(0.1%)		(161)	NM
Income before minority interests		240	2.2%		70	0.8%		170	242.9%
Minority interests		10	0.1%		18	0.2 %		(8)	(44.4%)
Net income	$	250	2.2%	$	88	1.0%	$	162	184.1%

Agent commissions were $7.5 million for the three months ended September 30, 2008, an increase of 29.1% from $5.9 million for the three months ended September 30, 2007. Agent commissions as a percentage of net transportation revenue decreased to 67.5% for three months ended September 30, 2008 from 69.3% for the comparable prior year period as a result of the introduction of Company owned operations in Detroit, and Newark, NJ as well as three Company owned stores within the Adcom network where operations were not subject to agent commissions.

Personnel costs were $1.6 million for the three months ended September 30, 2008, an increase of 4.3% from $1.5 million for the three months ended September 30, 2007. Personnel costs as a percentage of net transportation revenue decreased to 14.4% for three months ended September 30, 2008 from 18.3% for the comparable prior year period primarily as a result reduced head count in the Detroit operations from the prior year offset by increased head count of the Adcom transaction completed in September, 2008.

Other selling, general and administrative costs were $1,117,000 for the three months ended September 30, 2008, an increase of 60.7% from $695,000 for the three months ended September 30, 2007, relating primarily to the increase in Company owned stations and the acquisition of Adcom. As a percentage of net transportation revenue, other selling, general and administrative costs increased to 10.0% for three months ended September 30, 2008 from 8.2% for the comparable prior year period.

Depreciation and amortization costs were approximately $315,000 and $240,000 for the three months ended September 30, 2008 and 2007, respectively. Depreciation and amortization as a percentage of net transportation revenue remained constant at 2.8%.

Restructuring cost incurred in the three months ending September 30, 2008 were $220,000 as a result of the Adcom acquisition and relate to the elimination of redundant International personnel and facilities costs. These restructuring charges will be paid out over a one year period. There were no similar costs for the comparable prior year.

Income from operations was $365,000 for the three months ended September 30, 2008 compared to income from operations of $107,000 for the three months ended September 30, 2007.

Other income was $28,000 for the three months ended September 30, 2008 compared to other expense of $45,000 for the three months ended September 30, 2007.

Net income was $250,000 for the three months ended September 30, 2008, compared to net income of $88,000 for the three months ended September 30, 2007.

Supplemental Proforma Information

The following table provides a reconciliation of September 30, 2008 (pro forma and unaudited) and September 30, 2007 (pro forma and unaudited) adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Three months ended September 30, 2008		Three months ended September 30, 2007		Change Amount		Change Percent
Net income (loss)	$	178	$	(137)	$	315	229.9%
Income tax expense (benefit)		109		(84)		193	NM
Interest expense - net		100		85		15	17.6%
Depreciation and amortization		469		478		(9)	(1.9%)
EBITDA (Earnings before interest, taxes, depreciation and amortization)	$	856	$	342	$	514	150.3%
Share based compensation and other non-cash costs		63		82		(19)	(23.2%)
Adjusted EBITDA	$	919	$	424	$	495	116.7%

The following table summarizes September 30, 2008 (pro forma and unaudited) and September 30, 2007 (pro formal and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Three months ended September 30, 2008		Three months ended September 30, 2007		Change Amount		Change Percent
Transportation revenue	$	49,242	$	39,948	$	9,294	23.3%
Cost of transportation		32,458		26,222		6,236	23.8%
Net transportation revenue	$	16,784	$	13,726	$	3,058	22.3%
Net transportation margins		34.1%		34.4%			

Pro forma transportation revenue was $49.2 million for the three months ended September 30, 2008, an increase of 23.3% over pro forma transportation revenue of $39.9 million for the three months ended September 30, 2007.

Pro forma cost of transportation increased to $32.5 million for the three months ended September 30, 2008 an increase of 23.8% over pro forma costs of transportation of $26.2 million for the three months ended September 30, 2007.

Pro forma net transportation margins remained relatively unchanged at 34.1% for the three months ended September 30, 2008 compared to pro forma transportation margins of 34.4% for the three months ended September 30, 2007.

The following table compares certain September 30, 2008 (unaudited) and September 30, 2007 (unaudited) condensed consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Three months ended September 30, 2008 Amount	2008 Percent	2007 Amount	2007 Percent	Change Amount	Change Percent

Net transportation revenue	$	16,784	100%	$	13,726	100.0%	$	3,058	22.3%
Agent commissions		11,913	71.0%		9,761	71.1%		2,152	22.0%
Personnel costs		2,259	13.5%		2,184	15.9%		75	3.4%
Other selling, general and administrative		1,484	8.8%		1,113	8.1%		371	33.3%
Depreciation and amortization		469	2.8%		478	3.5%		(9)	(1.9%)
Restructuring charge		220	1.3%		-	0.0%		220	NM
Total operating costs		16,345	97.4%		13,536	98.6%		2,809	20.8%
Income from operations		439	2.6%		190	1.4%		249	131.1%
Other income (expense)		(162)	(1.0%)		(429)	(3.1%)		267	(62.2%)
Income before income taxes and minority interests		277	1.7%		(239)	(1.7%)		516	(215.9%)
Income tax expense		109	0.6%		(84)	(0.6%)		193	(229.8%)
Income before minority interests		168	1.0%		(155)	1.1%		323	(208.4%)
Minority interests		10	0.1%		18	0.1%		(8)	(44.4%)
Net income (loss)	$	178	1.1%		(137)	(1.0%)	$	315	(229.9%)

Agent commissions were $11.9 million for the three months ended September 30, 2008, an increase of 22.0% from $9.8 million for the three months ended September 30, 2007. Agent commissions as a percentage of net transportation revenue were relatively unchanged, at 71.0% for three months ended September 30, 2008 compared to 71.1% for the comparable prior year period as a result of the introduction of Company owned operations in Detroit, and Newark NJ as well as three Company owned stores within the Adcom network where operations were not subject to agent commissions.

Personnel costs were $2.3 million for the three months ended September 30, 2008, an increase of 3.4% from $2.2 million for the three months ended September 30, 2007. Personnel costs as a percentage of net transportation revenue decreased to 13.5% for three months ended September 30, 2008 from 15.9% for the comparable prior year period primarily as a result of reduced head count in the Detroit operations from the prior year offset by increased head count of the Adcom transaction completed in September.

Other selling, general and administrative costs were $1,484,000 for the three months ended September 30, 2008, an increase of 33.3% from $1,113,000 for the three months ended September 30, 2007. As a percentage of net transportation revenue, other selling, general and administrative costs increased to 8.8% for three months ended September 30, 2008 from 8.1% for the comparable prior year period.

Depreciation and amortization costs were approximately $469,000 and $478,000 for the three months ended September 30, 2008 and 2007, respectively. Depreciation and amortization as a percentage of net transportation revenue decreased to 2.8% for the three months ended September 30, 2008 from 3.5% for the comparable prior year period.

Income from operations was $439,000 for the three months ended September 30, 2008 compared to income from operations of $190,000 for the three months ended September 30, 2007.

Other expense was $162,000 for the three months ended September 30, 2008 compared to other expense of $429,000 for the three months ended September 30, 2007.

Net income was $178,000 for the three months ended September 30, 2008, compared to net loss of $137,000 for the three months ended September 30, 2007.

Liquidity and Capital Resources

Net cash provided by operating activities for the three months ended September 30, 2008 was $1,078,000 compared to net cash used by operating activities for the three months ended September 30, 2007 of $2.5 million. The change was principally driven by growth resulting in an increase in working capital and offset by the absence of a garnishment proceeding against our Detroit customers associated with an Asset Purchase Agreement with Mass Financial that negatively impacted the quarter ending September 30, 2007.

Net cash used for investing was $4,854,000 for the three months ended September 30, 2008 compared to net cash used of $169,000 for the three months ended September 30, 2007. Use of cash for the three months ended September 30, 2008 consisted primarily approximately $4.8 million spent on the acquisition of Adcom in September 2008, and an additional $50,000 spent for technology and equipment. Use of cash for the three months ended September 30, 2007 related primarily to the upgrade of our SAP accounting system.

Net cash provided by financing activities for the three months ended September 30, 2008 was $4,282,000 compared to net cash provided by financing activities of $2,340,000 for the three months ended September 30, 2007. The $4,282,000 of cash provided in 2008 consisted primarily of borrowings from our credit facility for the acquisition of Adcom in September 2008. The $2,340,000 for the three months ended September 30, 2007 primarily reflects

advances under our credit facility.

Acquisitions

Below are descriptions of material acquisitions made since 2006 including a breakdown of consideration paid at closing and future potential earn-out payments. We define “material acquisitions” as those with aggregate potential consideration of $1.0 million or more.

Effective January 1, 2006, we acquired all of the outstanding stock of Airgroup. The transaction was valued at up to 14.0 million. The transaction was valued at up to $14.0 million. This consisted of: (i) $9.5 million payable in cash at closing; (ii) a subsequent cash payment of $0.5 million in cash which was paid on December 31, 2007; (iii) as amended, an additional base payment of $0.6 million payable in cash, $300,000 of which was paid on June 30, 2008 and $300,000 is payable on January 1, 2009; (iv) a base earn-out payment of $1.9 million payable in Company common stock over a three-year earn-out period based upon Airgroup achieving income from continuing operations of not less than $2.5 million per year and (v) as additional incentive to achieve future earnings growth, an opportunity to earn up to an additional $1.5 million payable in Company common stock at the end of a five-year earn-out period (the “Tier-2 Earn-Out”). Under Airgroup’s Tier-2 Earn-Out, the former shareholders of Airgroup are entitled to receive 50% of the cumulative income from continuing operations in excess of $15,000,000 generated during the five-year earn-out period up to a maximum of $1,500,000. With respect to the base earn-out payment of $1.9 million, in the event there is a shortfall in income from continuing operations, the earn-out payment will be reduced on a dollar-for-dollar basis to the extent of the shortfall. Shortfalls may be carried over or carried back to the extent that income from continuing operations in any other payout year exceeds the $2.5 million level. For the year ending June 30, 2007, the former shareholders of Airgroup earned $214,000 in base earn-out payments. For the year ended June 30, 2008, the former shareholders of Airgroup earned and additional $417,000 in base earn-out payments.

During the quarter ended December 31, 2007, we adjusted the estimate of accrued transportation costs assumed in the acquisition of Airgroup which resulted in the recognition of approximately $1.4 million in non-recurring income. Pursuant to the acquisition agreement, the former shareholders of Airgroup have indemnified us for taxes of $487,000 associated the income recognized in connection with this change in estimate which has been reflected as a reduction of the additional base payment otherwise payable to the former shareholders of Airgroup.

In November 2008, the Company amended the Airgroup Stock Purchase Agreement and agreed to unconditionally pay the former Airgroup shareholders an Earn-Out payment of $633,333 for the Earn-Out Period ending June 30, 2009 to be paid on or about October 1, 2009 and to be paid 100% by delivery of shares of the common stock of the Company. In consideration for the certainty of the Earn-Out payment, the former Airgroup shareholders have agreed to waive and release the Company from any and all further obligations to the former Airgroup shareholders of any and all Earn-Outs Payments on account of Shortfall Amounts, if any, that may have accumulated prior to June 30, 2009; (ii) to waive and release the Company from any and all further obligation to account for and pay to former Airgroup shareholders the Tier-2 Earn-Out Payment; and (iii) that the Earn-Out Payment to be made for the Earn-Out Period ending June 30, 2009 shall reflect a full and final payment to the former Airgroup shareholders of any and all amounts due to the former Airgroup shareholders under the Airgroup Stock Purchase Agreement.

In May, 2007, we launched a new logistics service offering focused on the automotive industry through our wholly owned subsidiary, Radiant Logistics Global Services, Inc. ("RLGS"). We entered into an Asset Purchase Agreement (the "APA") with Mass Financial Corporation ("Mass") to acquire certain assets formerly used in the operations of the automotive division of Stonepath Group, Inc. (the "Purchased Assets"). The original agreement of the transaction was valued at up to $2.75 million, and was later reduced due to indemnity claims asserted against Mass.

In November 2007**,** the purchase price was reduced to $1.56 million, consisting of cash of $560,000 and a $1.0 million credit in satisfaction of indemnity claims asserted by us arising from our interim operation of the Purchased Assets since May 22, 2007. Of the cash component,, $100,000 was paid in May of 2007, $265,000 was paid at closing, and a final payment of $195,000 was to be paid in November of 2008, subject to off-set of up to $75,000 for certain qualifying expenses incurred by us. Net of qualifying expenses and a discount for accelerated payment, the final payment was reduced to $95,000 and paid in June of 2008. For more information, see Note 3 to our consolidated financial statement included elsewhere herein.

Effective September 1, 2008, we acquired all of the outstanding stock of Adcom Express, Inc. The transaction was valued at up to $11,050,000, consisting of: (i) $4,750,000.00 in cash paid at the closing; (ii) $250,000 in cash payable shortly after the closing, subject to adjustment, based upon the working capital of Adcom as of August 31, 2008; (iii) up to $2,800,000 in four "Tier-1 Earn-Out Payments" of up to $700,000 each, covering the four year earn-out period through June 30, 2012, based upon Adcom achieving certain levels of "Gross Profit Contribution" (as defined in the agreement), payable 50% in cash and 50% in shares of our common stock (valued at delivery date); (iv) a "Tier-2 Earn-Out Payment" of up to a maximum of $2,000,000, equal to 20% of the amount by which the Adcom cumulative Gross Profit Contribution exceeds $16,560,000 during the four year earn-out period; and (v) an "Integration Payment" of $1,250,000 payable on the earlier of the date certain integration targets are achieved or 18 months after the closing, payable 50% in cash and 50% in our shares of our common stock (valued at delivery date).

Assuming minimum targeted earnings levels are achieved, the following table summarizes our contingent base earn-out payments related to the acquisition of Adcom, for the fiscal years indicated based on results of the prior year (in thousands):

Estimated payment anticipated for fiscal year:	2010	2011	2012	2013
Earn-out period:	9/1/2008 - 6/30/2009	7/1/2009 - 6/30/2010	7/1/2010 - 6/30/2011	7/1/2011 - 6/30/2012
Earn-out payments:				
Cash	$ 350	$ 350	$ 350	$ 350
Equity	350	350	350	350
Total potential earn-out payments	$ 700	$ 700	$ 700	$ 700
Total gross margin targets	$ 3,600	$ 4,320	$ 4,320	$ 4,320

(1) Earn-out payments are paid October 1 following each fiscal year end.

Credit Facility

We currently have a $15 million revolving credit facility ("Facility") with Bank of America, NA that expires in 2011. The Facility is collateralized by accounts receivable and other assets of the Company and our subsidiaries. Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes. Borrowings under the facility bear interest, at our option, at the Bank's prime rate minus .15% to 1.00% or LIBOR plus 1.55% to 2.25%, and can be adjusted up or down during the term of the Facility based on our performance relative to certain financial covenants. The Facility provides for advances of up to 80% of our eligible

accounts receivable.

The terms of the Facility are subject to certain financial and operational covenants which may limit the amount otherwise available under the Facility. The first covenant limits funded debt to a multiple of 3.00 times our consolidated EBITDA measured on a rolling four quarter basis (or a multiple of 3.25 at a reduced advance rate of 75.0%). The second financial covenant requires that we maintain a basic fixed charge coverage ratio of at least 1.1 to 1.0. The third financial covenant is a minimum profitability standard that requires that we not incur a net loss before taxes, amortization of acquired intangibles and extraordinary items in any two consecutive quarterly accounting periods.

Under the terms of the Facility, we are permitted to make additional acquisitions without the lender's consent only if certain conditions are satisfied. The conditions imposed by the Facility include the following: (i) the absence of an event of default under the Facility, (ii) the company to be acquired must be in the transportation and logistics industry, (iii) the purchase price to be paid must be consistent with the our historical business and acquisition model, (iv) after giving effect for the funding of the acquisition, we must have undrawn availability of at least $1.0 million under the Facility, (v) the lender must be reasonably satisfied with projected financial statements that we provide covering a 12 month period following the acquisition, (vi) the acquisition documents must be provided to the lender and must be consistent with the description of the transaction provided to the lender, and (vii) the number of permitted acquisitions is limited to three per calendar year and shall not exceed $7.5 million in aggregate purchase price financed by funded debt. In the event that we are not able to satisfy the conditions of the Facility in connection with a proposed acquisition, we must either, forego the acquisition, obtain the lender's consent, or retire the Facility. This may limit or slow our ability to achieve the critical mass we may need to achieve our strategic objectives.

Given our continued focus on the build-out of our network of exclusive agency locations, we believe that our current working capital and anticipated cash flow from operations are adequate to fund existing operations. However, continued growth through strategic acquisitions, will require additional sources of financing as our existing working capital is not sufficient to finance our operations and an acquisition program. Thus, our ability to finance future acquisitions will be limited by the availability of additional capital. We may, however, finance acquisitions using our common stock as all or some portion of the consideration. In the event that our common stock does not attain or maintain a sufficient market value or potential acquisition candidates are otherwise unwilling to accept our securities as part of the purchase price for the sale of their businesses, we may be required to utilize more of our cash resources, if available, in order to continue our acquisition program. If we do not have sufficient cash resources through either operations or from debt facilities, our growth could be limited unless we are able to obtain such additional capital. In this regard and in the course of executing our acquisition strategy, we expect to pursue an additional equity offering within the next twelve months.

We have used a significant amount of our available capital to finance the acquisition of Adcom. We currently have approximately $7.0 million in remaining availability under the Facility to support future acquisitions and our on-going working capital requirements. We expect to structure acquisitions with certain amounts paid at closing, and the balance paid over a number of years in the form of earn-out installments which are payable based upon the future earnings of the acquired businesses payable in cash, stock or some combination thereof. As we continue to execute our acquisition strategy, we will be required to make significant payments in the future if the earn-out installments under our various acquisitions become due. While we believe that a portion of any required cash payments will be generated by the acquired businesses, we may have to secure additional sources of capital to fund the remainder of any cash-based earn-out payments as they become due. This presents us with certain business risks relative to the availability of capacity under our Facility, the availability and pricing of future fund raising, as well as the potential dilution to our stockholders to the extent the earn-outs are satisfied directly, or indirectly, from the sale of equity.

Off Balance Sheet Arrangements

As of September 30, 2008, we did not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which had been established for the

purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies

Accounting policies, methods and estimates are an integral part of the consolidated financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments. While there are a number of accounting policies, methods and estimates that affect our financial statements, the areas that are particularly significant include the assessment of the recoverability of long-lived assets, specifically goodwill, acquired intangibles, and revenue recognition.

We follow the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires an annual impairment test for goodwill and intangible assets with indefinite lives. Under the provisions of SFAS No. 142, the first step of the impairment test requires that we determine the fair value of each reporting unit, and compare the fair value to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and we must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit's fair value to all of its recognized and unrecognized assets and liabilities in order to determine the implied fair value of the reporting unit's goodwill as of the assessment date. The implied fair value of the reporting unit's goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date. We perform our annual impairment test during our fiscal fourth quarter unless events or circumstances indicate an impairment may have occurred before that time, and we have found no impairment.

Acquired intangibles consist of customer related intangibles and non-compete agreements arising from our acquisition. Customer related intangibles will be amortized using accelerated methods over approximately 5 years and non-compete agreements will be amortized using the straight line method over a 5 year period.

We follow the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which establishes accounting standards for the impairment of long-lived assets such as property, plant and equipment and intangible assets subject to amortization. We review long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, we estimated fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

As a non-asset based carrier, we do not own transportation assets. We generate the major portion of our air and ocean freight revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to our customers. In accordance with Emerging Issues Task Force ("EITF") 91-9 "Revenue and Expense Recognition for Freight Services in Process", revenue from freight forwarding and export services is recognized at the time the freight is tendered to the direct carrier at origin, and direct expenses associated with the cost of transportation are accrued concurrently. These accrued purchased transportation costs are estimates based upon anticipated margins, contractual arrangements with direct carriers and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary to reflect differences between the original accruals and actual costs of purchased transportation.

We recognize revenue on a gross basis, in accordance with EITF 99-19, "Reporting Revenue Gross versus Net", as a result of the following: We are the primary obligor responsible for providing the service desired by the customer and

are responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. We, at our sole discretion, set the prices charged to our customers, and are not required to obtain approval or consent from any other party in establishing our prices. We have multiple suppliers for the services we sell to our customers, and have the absolute and complete discretion and right to select the supplier that will provide the product(s) or service(s) ordered by a customer, including changing the supplier on a shipment-by-shipment basis. In most cases, we determine the nature, type, characteristics, and specifications of the service(s) ordered by the customer. We also assume credit risk for the amount billed to the customer.

Item 4T. Controls and Procedures.

An evaluation of the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2008 was carried out by our management under the supervision and with the participation of our Chief Executive Officer ("CEO") who also serves as our Chief Financial Officer ("CFO"). Based upon that evaluation, our CEO/CFO concluded that, as of September 30, 2008, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our CEO/CFO, as appropriate to allow timely decisions regarding disclosure. There were no changes to our internal control over financial reporting during the fiscal quarter ended September 30, 2008 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Exhibit	Method of Filing
31.1	Certification by Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Press Release dated November 17, 2008	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.

	RADIANT LOGISTICS, INC.
Date: November 17, 2008	/s/ Bohn H. Crain
	Bohn H. Crain
	Chief Executive Officer and Chief Financial Officer
	(Principle Accounting Officer)

EXHIBIT INDEX

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32.1	Certification by Principal Executive Officer/Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Press Release dated November 17, 2008