RADIANT LOGISTICS, INC
Form 10-Q/A
October 05, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
Amendment No. 1

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

For the quarterly period ended: December 31, 2008

¨ 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 (State or Other Jurisdiction of Incorporation or Organization)	04-3625550 (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 ¨

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

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

There were 34,701,960 issued and outstanding shares of the registrant's common stock, par value $.001 per share, as of February 10, 2009.

Explanatory Note

Radiant Logistics, Inc. (the "Company") is filing this Amendment No. 1 (the “Amendment”) to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2008, initially filed with the Securities and Exchange Commission (the "SEC") on February 13, 2009 (the "Original Filing") in response to a comment letter received from the SEC in connection with its review of the Company’s filings with the SEC. This Amendment reflects restatements of the condensed consolidated financial statements as of and for the three and six month periods ended December 31, 2008, and the notes related thereto. For a more detailed description of these restatements, see Note 2 - Restatement of Previously Issued Financial Statements to the accompanying unaudited interim condensed consolidated financial statements contained in Item 1 of Part I of this Amendment. Corresponding revisions to Item 2 of Part I, Management's Discussion and Analysis of Financial Condition and Results of Operation, have also been amended to reflect the effects of the restatement.

With the exception of the events set forth in Note 2 appearing in Item 1 of Part I of this Amendment, this Amendment does not reflect events that have occurred after February 13, 2009, the date the Original Filing was filed with the SEC, nor does it modify or update the disclosures set forth in the Original Filing, except to reflect the effects of the restatement of the consolidated financial statements for the period ended December 31, 2008 and corresponding changes to Item 2 of Part I. Information with respect to any such events has been or will be set forth, as appropriate, in the Company’s filings with the SEC subsequent to February 13, 2009. Accordingly, this Amendment should be read in conjunction with the Company’s other filings with the SEC. The Company has supplemented Item 6 of Part II of this Amendment to include current dated certifications from the Company’s Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company’s Chief Executive Officer and Chief Financial Officer are attached to this Amendment as Exhibits 31.1 and 32.1. The remaining information contained in this Amendment, which consists of all other information originally contained in the Original Filing, is not amended hereby, but is included for the convenience of the reader.

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RADIANT LOGISTICS, INC.
Condensed Consolidated Balance Sheets

(unaudited)

	December 31, 2008	June 30, 2008
ASSETS		
Current assets -		
Cash and cash equivalents	$ 1,023,812	$ 392,223
Accounts receivable, net of allowance for doubtful accounts of $994,439 at December 31, 2008 and $513,479 at June 30, 2008	21,047,684	14,404,002
Current portion of employee loan receivable and other receivables	704,576	68,367
Prepaid expenses and other current assets	381,609	425,657
Income tax deposit	2,037,642	-
Deferred tax asset	-	292,088
Total current assets	25,195,323	15,582,337
Property and equipment, net	977,495	717,542
Acquired intangibles, net	3,877,353	1,242,413
Goodwill	-	7,824,654
Employee loan receivable	40,000	40,000
Investment in real estate	40,000	40,000
Deposits and other assets	397,125	131,496
Minority interest	26,931	24,784
Total long term assets	4,381,409	9,303,347
Total assets	$ 30,554,227	$ 25,603,226
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities -		
Notes payable – current portion of long term debt	$ 633,333	$ 113,306
Accounts payable and accrued transportation costs	12,340,748	9,914,831
Commissions payable	1,361,060	1,136,859
Other accrued costs	903,162	221,808
Income taxes payable	-	498,142
Deferred tax liability	1,112,965	-
Due to former Adcom shareholder	2,201,849	-
Total current liabilities	18,553,117	11,884,946
Long term debt	12,049,790	4,272,032
Deferred tax liability	800,232	422,419
Total long term liabilities	12,850,022	4,694,451
Total liabilities	31,403,139	16,579,397
Stockholders' equity (deficit):		
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 December 31, 2008 and 34,660,293 at June 30, 2008	16,158	16,116

Additional paid-in capital		7,796,392		7,703,658
Retained earnings (deficit)		(8,661,462)		1,304,055
Total stockholders' equity (deficit)		(848,912)		9,023,829
Total liabilities and stockholders' equity (deficit)	$	30,554,227	$	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 DECEMBER 31,		SIX MONTHS ENDED DECEMBER 31,	
	2008	2007	2008	2007
Revenue	$ 42,513,263	$ 23,108,798	$ 74,907,962	$ 48,666,031
Cost of transportation	29,023,751	14,712,256	50,235,011	31,828,629
Net revenues	13,489,512	8,396,542	24,672,951	16,837,402
Agent commissions	9,000,585	6,154,416	16,553,457	12,006,234
Personnel costs	2,110,217	1,090,305	3,723,841	2,637,240
Selling, general and administrative expenses	1,026,362	740,164	2,125,384	1,435,032
Depreciation and amortization	472,709	241,734	788,066	481,602
Goodwill impairment	11,403,342	-	11,403,342	-
Restructuring charges	-	-	220,000	-
Total operating expenses	24,013,215	8,226,619	34,814,090	16,560,108
Income (loss) from operations	(10,523,703)	169,923	(10,141,139)	277,294
Other income (expense):				
Interest income	5,429	1,200	6,417	2,400
Interest expense	(72,381)	(48,131)	(98,077)	(73,871)
Other – non recurring	-	1,918,146	-	1,918,146
Other	108	13,005	35,104	(6,738)
Total other income (expense)	(66,844)	1,884,220	(56,556)	1,839,937
Income (loss) before income tax (expense) benefit	(10,590,547)	2,054,143	(10,197,695)	2,117,231
Income tax (expense) benefit	382,690	(744,269)	230,031	(736,537)
Income (loss) before minority interest	(10,207,857)	1,309,874	(9,967,664)	1,380,694
Minority interest	(7,843)	14,334	2,147	31,946
Net income (loss)	$ (10,215,700)	$ 1,324,208	$ (9,965,517)	$ 1,412,640
Net income (loss) per common share – basic	$ (.29)	$ .04	$ (.29)	$ .04
Net income (loss) per common share – diluted	$ (.29)	$ .04	$ (.29)	$ .04
Weighted average shares outstanding:				
Basic shares	34,701,960	33,961,639	34,698,563	33,961,639
Diluted shares	34,701,960	34,078,947	34,698,563	34,260,955

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

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

(unaudited)

	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
Balance at June 30, 2008	34,660,293	$ 16,116	$ 7,703,658	$ 1,304,055	$ 9,023,829
Share based compensation	-	-	80,692	-	80,692
Shares issued for investor relations services	41,667	42	12,042		12,084
Net loss for the six months ended December 31, 2008	-	-	-	(9,965,517)	(9,965,517)
Balance at December 31, 2008	34,701,960	$ 16,158	$ 7,796,392	$ (8,661,462)	$ (848,912)

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

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

	For six months ended December 31, 2008	2007
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Net income (loss)	$ (9,965,517)	$ 1,412,640
ADJUSTMENTS TO RECONCILE NET INCOME(LOSS)TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
non-cash compensation expense (stock options)	80,692	93,102
stock issued for investor relations services	12,084	-
amortization of intangibles	565,060	273,680
change in deferred taxes	566,866	(674,847)
depreciation	223,005	193,087
goodwill impairment	11,403,342	-
amortization of bank fees	7,979	14,306
tax indemnity	-	(486,694)
minority interest in loss of subsidiaries	(2,147)	(31,946)
provision for doubtful accounts	149,095	215,904
CHANGE IN ASSETS AND LIABILITIES -		
accounts receivable	3,657,072	1,927,468
employee receivable and other receivables	(36,813)	(91,417)
prepaid expenses and other assets	161,670	377,827
accounts payable and accrued transportation costs	(6,518,887)	(3,486,772)
commissions payable	224,201	4,636
other accrued costs	130,571	(153,475)
income taxes payable	(498,142)	1,038,789
income tax deposits	(1,952,614)	-
Net cash provided by (used for) operating activities	(1,792,483)	626,288
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
issuance of notes receivable	(214,520)	-
payments of notes receivable	4,276	
acquisition of automotive assets	-	(1,925,000)
acquisition of Adcom Express, Inc net of acquired cash including and additional $62,246 cost incurred post closing	(4,839,040)	-
purchase of technology and equipment	(191,096)	(185,338)
Net cash used for investing activities	(5,240,380)	(2,110,338)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
proceeds from note payable – acquisition of automotive assets	-	120,000
payments to former shareholders of Airgroup	(113,306)	(500,000)
net proceeds from credit facility	7,777,758	1,340,923
Net cash provided by financing activities	7,664,452	960,923
NET INCREASE (DECREASE) IN CASH	631,589	(523,127)
CASH, BEGINNING OF THE PERIOD	392,223	719,575
CASH, END OF PERIOD	$ 1,023,812	$ 196,448
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		

Income taxes paid	$	1,695,150	$	372,674
Interest paid	$	98,077	$	73,871

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

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

Supplemental disclosure of non-cash investing and financing activities:

In November 2008, the Company recorded $633,333 as an accrued payable and an increase to goodwill for the final annual earnout payment due to the former Airgroup shareholders for the Company's acquisition of Airgroup.

In December 2008, the Company completed its quarterly analysis of allowance for doubtful accounts. Included in the analysis of doubtful accounts was $205,462 relating to receivables acquired in the Adcom transaction. Pursuant to the purchase agreement of Adcom – the $205,462 was offset against amounts otherwise due to the former Adcom shareholder.

In December 2008, the Company the paid $333,277 to the former Airgroup shareholders for the earnout payment recorded on the books for the year ending June 30, 2008. The earnout payment was recorded at June 30, 2008 in the amount of $416,596, and payable in Company shares. The payment was discounted by $83,319 as the former Airgroup shareholders agreed to receive cash rather than Company shares. The effect of this transaction was a decrease to goodwill and the amount owed to the former Airgroup shareholders.

In November 2008, the Company finalized its purchase price allocation resulting in a decrease of net assets acquired by $62,694 due to unutilized transaction costs. The effect of this transaction was a decrease to goodwill and a decrease to accrued payables.

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 combination of company-owned stations and a network of exclusive agent stations 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 variable in nature while the volume of flow of freight enables the Company to negotiate attractive pricing with its transportation providers.

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 7). All significant inter-company balances and transactions have been eliminated.

NOTE 2 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Subsequent to the issuance of the unaudited interim condensed consolidated financial statements as of and for the three and six month periods ended December 31, 2008, the Company received a comment letter from the SEC in connection with its review of the Company's filings with the SEC stating that the condensed consolidated financial statements contained a presentation error related to the goodwill impairment recognized in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standard ("SFAS") No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). This required the Company to present the goodwill impairment as a separate line item in operating expenses rather than as a part of other income (expense). As a result, the Company has restated its unaudited interim condensed consolidated financial statements as of and for the three and six month periods ended December 31, 2008, included herein (the "restatement"). For further discussion, see Note 3, Summary of Significant Accounting Policies, of the unaudited interim condensed consolidated financial statements.

This change in presentation resulted in an $11.4 million increase in operating expenses and decrease in other expense for the three and six month periods ended December 31, 2008, The restatement had no financial impact on assets, liabilities, equity, net revenues, net income (loss) or net income (loss) per share.

Components of this restatement are detailed in the following table:

Condensed Consolidated Statements of Operations

	THREE MONTHS ENDED DECEMBER 31, 2008		SIX MONTHS ENDED DECEMBER 31, 2008	
	As reported	As restated	As reported	As restated
Operating Expenses:				
Agent commissions	$ 9,000,585	$ 9,000,585	$ 16,553,457	$ 16,553,457
Personnel costs	2,110,217	2,110,217	3,723,841	3,723,841
Selling, general and administrative expenses	1,026,362	1,026,362	2,125,384	2,125,384
Depreciation and amortization	472,709	472,709	788,066	788,066
Restructuring charges	-	-	220,000	220,000
Goodwill impairment	-	11,403,342	-	11,403,342
Total operating expenses	$ 12,609,873	$ 24,013,215	$ 23,410,748	$ 34,814,090
Other income (expense):				
Interest income	$ 5,429	$ 5,429	$ 6,417	$ 6,417
Interest expense	(72,381)	(72,381)	(98,077)	(98,077)
Other – non recurring	-	-	-	-
Goodwill impairment	(11,403,342)	-	(11,403,342)	-
Other	108	108	35,104	35,104
Total other income (expense)	$ (11,470,186)	$ (66,844)	$ (11,459,898)	$ (56,556)

NOTE 3 – 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 its reporting unit, and compare the fair value to the reporting unit's carrying amount. The Company has only one reporting unit. To the extent the 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.

During the second quarter of fiscal 2009, in connection with the preparation of the condensed consolidated financial statements included herein the Company concluded that indicators of potential impairment were present due to the sustained decline in the Company's share price which resulted in the market capitalization of the Company being less than its book value. The Company conducted an impairment test during the second quarter of fiscal 2009 based on the facts and circumstances at that time and its business strategy in light of existing industry and economic conditions, as well as taking into consideration future expectations. As the Company has significantly grown the business since its initial acquisition of Airgroup, it has also grown its customer relationship intangibles as the Company added additional stations. Through its impairment testing and review, the Company concluded that its discounted cashflow analysis supports a valuation of its identifiable intangible assets well in excess of their carrying value. Factoring this with management's assessment of the fair value of other assets and liabilities results in no residual implied fair value remaining to be allocated to goodwill. However, SFAS 142 does not allow the Company to recognize the previously unrecognized intangible assets in connection with these new stations. As a result, at December 31, 2008, the Company recorded a non-cash goodwill impairment charge of $11.4 million. The Company does not expect this non-cash charge to have any impact on the Company's compliance with the financial covenants in its credit agreement.

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 December 31, 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, $519,314, $300,636, $144,628, $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.

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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. Based upon the terms in the contract of carriage, revenues related to shipments where the Company issues a House Airway Bill ("HAWB") or a House Ocean Bill of Lading ("HOBL") are recognized at the time the freight is tendered to the direct carrier at origin. Costs related to the shipments are also recognized at this same time 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.

This method generally results in recognition of revenues and purchased transportation costs earlier than the preferred methods under generally accepted accounting principles ("GAAP") which do not recognize revenues until a proof of delivery is received or which recognize revenues as progress on the transit is made. The Company’s method of revenue and cost recognition does not result in a material difference from amounts that would be reported under such other methods.

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 December 31, 2008, the Company recorded a share based compensation expense of \$32,779, which, net of income taxes, resulted in a \$20,323 net reduction of net income. For the three months ended December 31, 2007, the Company recorded a share based compensation expense of \$31,844, which, net of income taxes, resulted in a $21,017 net reduction of net income. For the six months ended December 31, 2008, the Company recorded a share based compensation expense of $80,692, which, net of income taxes, resulted in a $50,029 net reduction of net income. For the six months ended December 31, 2007, the Company recorded a share based compensation expense of $93,102, which, net of income taxes, resulted in a $61,447 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 December 31, 2008 and 2007, the weighted average outstanding number of dilutive common shares totaled 34,701,960 and 34,078,947, respectively. Options to purchase 3,360,000 shares of common stock were not included in the diluted EPS computation for the three months ended December 31, 2008 as there was a loss for the period and they are thus anti-dilutive. Options to purchase 1,375,000 shares of common stock were not included in the diluted EPS computation for the three months ended December 31, 2007 as the exercise prices of those options were greater than the market price of the common shares and are thus anti-dilutive.

For the six months ended December 31, 2008 and 2007, the weighted average outstanding number of dilutive common shares totaled 34,698,563 and 34,260,955, respectively. Options to purchase 3,360,000 shares of common stock were not included in the diluted EPS computation for the six months ended December 31, 2008 as there was a loss for the period and they are thus anti-dilutive. Options to purchase 1,375,000 shares of common stock were not included in the diluted EPS computation for the six months ended December 31, 2007 as the exercise prices of those options were greater than the market price of the common shares and are thus anti-dilutive.

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 December 31, 2008	Three months ended December 31, 2007	Six months ended December 31, 2008	Six months ended December 31, 2007
Weighted average basic shares outstanding	34,701,960	33,961,639	34,698,563	33,961,639
Options	-	117,308	-	299,316
Weighted average dilutive shares outstanding	34,701,960	34,078,947	34,698,563	34,260,955

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 4 – 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”). Pursuant to the initial APA, 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 Company finalized its purchase price allocation in November 2008 resulting in a decrease of net assets acquired by $63,000 due to unutilized transaction costs. The total net assets acquired were $1.84 million. The purchase price of the acquired assets was comprised of the $1.56 million purchase price less $25,000 for the early payment of the note, and an additional $302,306 in acquisition expenses. Given the nature of the transaction and the disruption to the business caused by the garnishment proceedings, there were no covenant not to compete arrangements, continuing customer contracts or similar amortizable intangibles associated with this transaction. The following table summarizes the 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:

Furniture and equipment	$ 24,165
Goodwill	1,813,141
Total acquired assets	1,837,306
Total acquired liabilities	-
Net assets acquired	$ 1,837,306

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.

NOTE 5 – ACQUISITION OF ADCOM

On September 5, 2008, the Company entered into and closed a Stock Purchase Agreement (the "Agreement") pursuant to which it acquired 100% 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 $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. As part of the acquisition we recorded $220,000 in restructuring charges that are anticipated to be paid over the course of a year. 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. In the second fiscal quarter ended December 31, 2008, we incurred an additional $35,437 of integration costs. 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
Intangibles	3,200,000
Goodwill	3,091,369
Other Assets	325,295
Total acquired assets	19,232,568
Current Liabilities assumed	11,559,927
Long Term Deferred Tax Liability	1,216,000
Total acquired liabilities	12,775,927
Net assets acquired	$ 6,456,641

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 and six months ended December 31, 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 ending December 31,	
	2008	2007
Total revenue	$ 42,513	$ 38,815
Net income (loss)	$ (10,216)	$ 1,306
Earnings per share:		
Basic	$ (.29)	$ .04
Diluted	$ (.29)	$ .04

	Six months ending December 31, 2008	2007
Total revenue	$ 87,052	$ 78,763
Net income (loss)	$ (10,084)	$ 1,292
Earnings per share:		
Basic	$ (.29)	$ .04
Diluted	$ (.29)	$ .04

NOTE 6 – 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 six months ended December 31, 2008 and year ended June 30, 2008.

	Six months ended December 31, 2008		Year ended June 30, 2008	
	Gross carrying amount	Accumulated Amortization	Gross carrying amount	Accumulated Amortization
Amortizable intangible assets:				
Customer related	$ 5,752,000	$ 2,003,594	$ 2,652,000	$ 1,454,587
Covenants not to compete	190,000	61,053	90,000	45,000
Total	$ 5,942,000	$ 2,064,647	$ 2,742,000	$ 1,499,587
Aggregate amortization expense:				
For six months ended December 31, 2008		$ 565,060		
For six months ended December 31, 2007		$ 273,680		
Aggregate amortization expense for the years ended June 30:				
2009 – For the remainder of the year		698,310		
2010		1,159,286		
2011		827,762		
2012		769,772		
2013		374,344		
2014		47,879		
Total		$ 3,877,353		

For the six months ended December 31, 2008, the Company recorded an expense of $565,060 from amortization of intangibles and an income tax benefit of $202,782 from amortization of the long term deferred tax liability; arising from the Airgroup and Adcom acquisitions. For the six months ended December 31, 2007, the Company recorded an expense of $273,680 from amortization of intangibles and an income tax benefit of $93,052; 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 $444,894 for the remainder of 2009, $738,082 in 2010, $519,700 in 2011, $477,259 in 2012, $232,093 in 2013 and $29,688 in 2014.

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NOTE 7 – 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 ended December 31, 2008 was an expense of $7,844. Minority interest recorded on the income statement for the six months ended December 31, 2008 was a benefit of $2,146. Minority interest recorded on the income statements for the three and six months ended December 31, 2007 was a benefit of $14,334 and $31,946, respectively.

NOTE 8 – 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 9 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2008	June 30, 2008
Vehicles	$ 33,788	$ 3,500
Communication equipment	1,353	1,353
Office equipment	310,224	261,633
Furniture and fixtures	55,581	47,191
Computer equipment	531,194	290,135
Computer software	881,522	738,566
Leasehold improvements	42,200	30,526
	1,855,862	1,372,904
Less: Accumulated depreciation and amortization	(878,367)	(655,362)
Property and equipment – net	$ 977,495	$ 717,542

Depreciation and amortization expense for the six months ended December 31, 2008 was $223,005, and for the six months ended December 31, 2007 was $193,087.

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NOTE 10 – 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 December 31, 2008, the Company was in compliance with all of its covenants.

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. This liability is recorded as Notes Payable – current portion of long term debt.

As of December 31, 2008, the Company had $7,895,440 in advances under the Facility and $4,154,350 in outstanding checks, which had not yet been presented to the bank for payment. The outstanding checks have been reclassified from cash, as they will be advanced from, or against, the Facility when presented for payment to the bank. These amounts total long term debt of $12,049,790.

At December 31, 2008, based on available collateral and $205,000 in outstanding letter of credit commitments, there was $3,391,664 available for borrowing under the Facility based on advances outstanding.

NOTE 11 – 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 December 31, 2008, the Company recognized net income tax benefit of $382,690 consisting of current income tax benefit of $901,616 and deferred income tax expense of $518,926.

For the six months ended December 31, 2008, the Company recognized net income tax benefit of $230,031 consisting of current income tax benefit of $796,897 and deferred income tax expense of $566,866.

For the three months ended December 31, 2007, the Company recognized net income tax expense of $744,269 consisting of current income tax expense of $1,350,778 and deferred income tax benefit of $606,509.

For the six months ended December 31, 2007, the Company recognized net income tax expense of $736,537 consisting of current income tax expense of $1,411,384 and deferred income tax benefit of $674,847.

The difference between the income tax benefit computed using statutory tax rates and the income tax benefit recorded for the three and six months ended December 31, 2008, was due to permanent differences related to the goodwill impairment.

NOTE 12 – 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 December 31, 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 for the periods February 2008 through July 2008. The services for the period through June 2008 were recorded in the prior fiscal year, and as such, only the value of 41,667 shares has been recorded during the six months ended December 31, 2008.

NOTE 13 – SHARE BASED COMPENSATION

During the three and six months ended December 31, 2008, the Company issued employee options to purchase 100,000 shares of common stock at $0.20 per share in October 2008. The options vest 20% per year over a five year term.

Share based compensation costs recognized during the three and six months ended December 31, 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 December 31, 2008.

During the six months ended December 31, 2008, the weighted average fair value per share of employee options granted in October 2008 was $.11. The fair value of options granted were estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions for each issuance of options:

	October 2008
Dividend yield	None
Volatility	64.7%
Risk free interest rate	2.67%
Expected lives	5 . 0 years

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

During the six months ended December 31, 2008 and 2007, the Company recognized stock option compensation costs of $80,692 and $93,102, respectively, in accordance with SFAS 123R. The following table summarizes activity under the plan for the six months ended December 31, 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	100,000		0.20	-		-
Options exercised	-		-	-		-
Options forfeited	(150,000)		0.55	-		-
Options expired	-		-	-		-
Outstanding at December 31, 2008	3,360,000	$	0.529	7.51 years	$	-
Exercisable at December 31, 2008	1,441,000	$	0.607	6.93 years	$	-

The aggregate intrinsic value for all outstanding options as of December 31, 2008 was $0 due to the strike price of all outstanding options exceeding the market price of the Company's stock. 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 14 – RECENT ACCOUNTING PRONOUNCEMENTS

No new accounting pronouncements are expected to have a material impact on the Company.

NOTE 15 – SUBSEQUENT EVENTS

Burke Proceedings

On February 9, 2009, Douglas Burke ("Burke") and Radiant Logistics Global Services, Inc. ("RLGS") entered into a Release and Settlement Agreement pursuant to which RLGS (1) dismissed its objections to writs of garnishment entered in favor of Burke (2) withdrew as an intervening party to the matter which was pending in the Circuit Court for the County of Wayne, State of Michigan, Case No. 04-433025-CA (the "State Court Action") and (3) agreed to take no further action or position as a party to the State Court Action. In consideration of the foregoing, Burke (1) released RLGS from any and all claims related to the writs of garnishment or the underlying judgment (2) consented to suit Burke filed against RLGS pending in the United States District Court for the Eastern District of Michigan, Case No. 08-0581 being dismissed with prejudice, and (3) agreed that his recovery, if any, with respect to RLGS will be limited to the letter of credit posted by Mass Financial Corporation.

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 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 variation the 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.

Restatement

The financial information within the following Management's Discussion and Analysis of Financial Condition and Results of Operations has been updated to reflect the effects of the restatement as further described in Note 2 to the unaudited interim condensed consolidated financial statements included in Item I, Part I of this Form 10-Q/A.

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 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. In addition, our historical trends may be even less relevant in light of the current global economic downturn. We can offer no assurance that these conditions either will improve in the near future or will not worsen.

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 and six months ended December 31, 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 December 31, 2008 (actual and unaudited) and December 31, 2007 (actual and unaudited)

We generated transportation revenue of $42.5 million and $23.1 million and net transportation revenue of $13.5 million and $8.4 million for the three months ended December 31, 2008 and 2007, respectively. Net loss was $10,216,000 for the three months ended December 31, 2008 compared to net income of $1,324,000 for the three months ended December 31, 2007.

We had adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of $1,382,000 and $534,000 for three months ended December 31, 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, goodwill impairment charges 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 December 31, 2008 and 2007.

	Three months ended December 31,		Change	
	2008	2007	Amount	Percent
Net income (loss)				