

## Initial Research Report

Investors should consider this report as only a single factor in making their investment decision.

### Radiant Logistics, Inc

Rating: Speculative Buy

Luis Martins

RLGT \$0.62 (OTC BB)

June 5, 2007

	FY2005A*	FY2006A*	FY2007E	FY2008E
Revenues (millions)	\$51.52	\$54.58	\$72.16	\$93.80
Earnings (loss) per share	\$0.00	\$(0.00)	\$0.01	\$0.05

52-Week Range	\$0.80 - \$0.47	Fiscal Year Ends	June
Shares Outstanding as of 3/4/07	34.0 million	Revs/Share (TTM)	\$1.90
Approximate Float	16.4 million	Price/Sales(TTM)	0.3X
Market Capitalization	\$21 million	Price/Sales(2008)E	0.2X
Tangible Book Value/Share	NMF	Price/Earnings(TTM)	62.0X
Price/Tangible book	NMF	Price/Earnings(2008)E	12.4X

\* Pro-forma results inclusive of Airgroup Corp.

*Radiant Logistics, Inc. (OTC BB: RLGT) is a global transportation and supply chain management company operating through a non-asset based business model. The Company has been operating under this model since October 2005.*

#### Key Considerations

*We are initiating coverage of Radiant Logistics (OTC BB: RLGT) with a Speculative Buy rating and a 12-month price target of \$0.80 per share. Our price target is based on a relative P/E and P/EBITDA analysis.*

*On January 1, 2006, RLGT completed the acquisition of Airgroup Corporation, a Seattle, Washington based non-asset based logistics company that provides domestic and international freight forwarding services. Airgroup was founded 1987. In fiscal 2006, Airgroup reported revenues of \$54.58 million, as compared to \$51.52 million in fiscal 2005.*

*In April 2007, RLGT announced the opening of new exclusive agent offices in Minneapolis, Minnesota and Memphis Tennessee. The number of exclusive agent locations since closing the acquisition of Airgroup has increased to 40 from 34.*

*On May 14, 2007, Radiant Logistics reported fiscal third quarter revenues of \$19.4 million and net income of \$0.024 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$11.84 million and a net loss of \$0.153 million or \$(0.01) per share. Management indicated that revenues are now at an annual run rate of between \$80 million to \$85 million.*

*We believe that the Company may make substantial progress through 2008, including building on recent revenue and profit momentum, as well as growing its overall business operations and platform. Based on our assumptions, we are forecasting EBITDA of \$1.3 million in fiscal 2007 and \$3.0 million in 2008. If these estimates are achieved, it would translate to over 100% growth.*

*\*Please view our disclaimer located on Page 22.*

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### ***Company Overview***

Radiant Logistics, Inc. (OTC BB: RLGT), formerly known as Golf Two, Inc., was formed under the laws of the state of Delaware on March 15, 2001. From inception through the third quarter of 2005, its principal business strategy focused on the development of retail golf stores. In October 2005, the Company's new management team:

- Completed a change of control transaction and acquired a majority of the Company's outstanding securities from the Company's former officers and directors in privately negotiated transactions;
- Repositioned the Company as a non-asset based global transportation and supply chain management company; and
- Changed the Company's name to Radiant Logistics, Inc. from Golf Two, Inc.

Its current business operations involve obtaining shipment or material orders from customers, creating and delivering a wide range of logistics solutions to meet customers' specific requirements for transportation and related services, and arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. These logistics solutions include domestic and international freight forwarding and door-to-door delivery services using a wide range of transportation modes, including air, ocean, and truck. The Company's objective is to provide customers with comprehensive value-added logistics solutions.

Initially, Management plans to achieve this goal through domestic and international freight forwarding services. Thereafter, Management expects to grow the business organically and by completing acquisitions of other companies with complementary geographical and logistics service offerings.

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 RLGT with favorable rates, minimum service levels, capacity assurances, and priority handling status. The non-asset based approach allows the Company to scale with market demand, maintain a high level of operating flexibility, and leverage a cost structure that is highly variable in nature. Short-term fluctuations in operating activity have less of an impact on the Company's financials than they have on asset based companies that assume substantially all of the fixed cost.

On January 1, 2006, RLGT completed the acquisition of Airgroup Corporation; thereby, accomplishing the first step in its growth strategy. Airgroup is a Seattle, Washington based non-asset based logistics company that provides domestic and international freight forwarding services through a network of exclusive agent offices across North America. Airgroup services a diversified account base including manufacturers, distributors, and retailers using a network of independent carriers and over 100 international agents positioned strategically around the world.

In January 2006, the Company secured a \$10 million revolving credit facility with Bank of America to complete the Airgroup acquisition and ensure adequate financial flexibility. Subsequently in February 2007, the facility was amended to extend the term of the facility and provide the Company with greater flexibility to execute its organic and acquisition growth strategies.

### ***Acquisition of AirGroup Corporation***

**In January 2006**, the Company acquired 100% of the outstanding stock of Airgroup Corp. The transaction was valued at up to \$14.0 million, contingent on meeting all incentive and contingent factors. The total purchase price, including acquisition expenses of \$0.105 million, but excluding the contingent consideration, was \$10.1 million.

According to SEC filings, the agreed upon payment structure is as follows:

- \$9.5 million payable in cash at closing (before giving effect for \$2.8 million in acquired cash);
- subsequent cash payments of \$0.5 million in January 2008, \$0.3 million in July 2008, and \$0.3 million in January 2009;
- a base earn-out payment of \$1.9 million payable in 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
- as an additional incentive (the Tier-2 Earn-Out) to achieve future earnings growth, an opportunity to earn up to an additional \$1.5 million payable in common stock at the end of a five-year earn-out period. 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 \$15.0 million generated during the five-year earn-out period up to a maximum of \$1.5 million. 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.

According to pro-forma numbers, in fiscal 2006 Airgroup reported revenues of \$54.58 million, as compared to revenues of \$51.52 million in fiscal 2005. At the time of the acquisition, Airgroup had 34 exclusive agent offices.

### ***Business Model***

The Company's non-asset based freight forwarder business model calls for the company to arrange for the shipment of customers' freight from point of origin to point of destination. It provides a turn key cost for the movement of their freight depending 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). RLGTT assumes the responsibility for arranging and paying for the underlying means of transportation. In this business model, the Company books transportation revenue which represents the total dollar value of services it sells to customers. Its cost of transportation includes direct costs of transportation, including motor carrier, air, ocean, and rail services. As a non-asset based provider, the Company does not own the transportation equipment used to transport the freight. It simply arranges for transportation of shipments via commercial airlines, air cargo carriers, and other assets and non-asset based third-party providers. It selects the carrier for a shipment based on route, departure time, available cargo capacity, and cost.

The Company has diversified base of end customers including manufacturers, distributors, and retailers. No single customer represents more than 5% of revenues. Customer shipments are generally larger than shipments handled by integrated carriers of primarily small parcels such as Federal Express Corporation (NYSE: FDX) and United Parcel Service (NYSE: UPS).

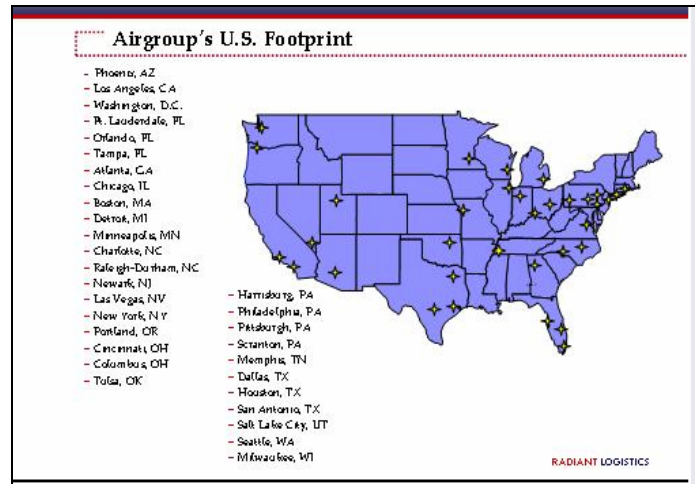
### ***Strategy***

The Company's growth strategy calls for organic growth and growth via acquisitions. Its organic strategy relies on Radiant's ability to retain existing and secure new exclusive agency locations, negotiate attractive pricing with transportation providers, as well as strengthen existing, and expanding new customer relationships.

Relative to its organic strategy, in April 2007, RLGTT announced the opening of new offices in Minneapolis, Minnesota, (Airgroup-MSP) and Memphis, Tennessee (Airgroup-MEM), which will operate as new exclusive agent locations. This follows recent new office openings in Seattle, Los Angeles, Dallas/Ft. Worth,

Portland, and Chicago. All of which came after the acquisition of Airgroup. According to comments made by Management during the Company's third quarter conference call, the Company has averaged adding at least one agent location per month. This rate is expected to level out at about one or two per quarter.

The following is a graphic indicating Airgroup's current footprint:



Source: Radiant Logistics

Its acquisition strategy centers around finding candidates that are generally expected to have:

- Proven track records of success;
- Established customer base; and
- Earnings of between \$1.0 million to \$5.0 million.

Companies with the above criteria may be receptive to the acquisition program since they are often too small to be identified as acquisition targets by larger public companies or to independently attempt their own public offerings. The Company may also opt to convert exclusive agent based offices to company owned offices.

Initially, RLGT intends to focus its acquisitions activities in key gateway locations such as Los Angeles, New York, Chicago, Seattle, Miami, Dallas, and Houston.

The Company believes that its acquisition strategy will be successful due to the following factors:

- An industry that is highly fragmented;
- Its company organization with global reach that could enhance an acquired target company's ability to compete in its local and regional markets through an expansion of offered services and lower operating costs;
- The potential for increased profitability as a result of centralization of certain administrative functions, greater purchasing power, and economies of scale;
- Its centralized management capabilities that should enable the Company to effectively manage growth and the integration of acquired companies;
- Its public company status that may provide the acquired company and its principals with a liquid trading currency for acquisitions; and
- Experienced management with a track record of identifying, acquiring, and integrating acquisition opportunities (see Management Section).

In the third quarter earnings release and conference call, Management stated that it had a pipeline of potential acquisition candidates that could significantly enhance its overall platform. Management has also indicated that as the Company executes its acquisition strategy:

- Revenues will ultimately be generated from a number of diverse services, including air freight forwarding, ocean freight forwarding, customs brokerage, logistics, and other value-added services;
- The deals will be structured with certain amounts paid at closing, and the balance paid over a number of years in the form of earn-out installments based on the future earnings of the acquired businesses payable in cash, stock, or some combination. At the May 2007 Taglich Brothers Conference, Management highlighted a case scenario in which upfront payments and earn-outs would be roughly split 50/50 among cash and equity; and
- Margins should be boosted as efficiencies are recognized and the Company takes advantage of its larger scale to improve transportation buying rates.

Its acquisition strategy relies on the Company's ability to identify and acquire target businesses that fit within its general acquisition criteria and the continued availability of capital and financing resources sufficient to complete these acquisitions.

### ***Competitive Overview***

The Company operates in the non-asset based freight/logistics industry of the Transportation Sector. The sector and industry are vital parts of the economy. Research indicates that the Industry is an early cycle indicator of economic growth/decline and closely tracks GDP growth. Success is directly related to the economic success of the nation.

In recent years, the logistics/freight forwarding industry has been experiencing a general increase in demand due to greater outsourcing of non-core logistics functions, globalization of demand and supply chains, increased complexity of supply chains, desire of companies to minimize inventory levels, increased need for time-definite delivery, consolidation of global logistics providers, and increased importance of e-business and the Internet.

According to the Bureau of Transportation Statistics (BTS) 2006 Transportation Statistics Annual Report published in December 2006:

- U.S. businesses depend on the transportation system as they move their goods to domestic and international markets, set up supply chains and distribution networks, and send employees throughout the country and world to conduct business;
- Trucks are the most widely used means of transporting freight in domestic transportation, but rail, water and pipeline together account for a majority of ton-miles, and, while the tonnage is small, air freight is rapidly growing, especially for high value commodities that need to be delivered quickly;
- Freight shipments require an interconnected system of transportation modes to function effectively;
- U.S. trade in transportation services in 2005 totaled \$151.3 billion (in current dollars). The United States had a surplus in transportation services from 1995 through 1997. The trade surplus was highest in 1995. By 2005, 58% of trade was imports, resulting in a trade deficit of \$25.0 billion;
- Transportation-related demand accounted for more than 10% of U.S. Gross Domestic Product in 2004. This broad measure includes consumer and government purchases of goods and services ranging from vehicles, fuels, and insurance to road building and public transportation; and
- The contribution of for-hire transportation industries to the U.S. economy, as measured by their value added (or net output), increased (in chained 2000 dollars) from \$242.7 billion in 1995 to \$335.2 billion in 2005. In the same time period, this segment's share in the GDP fluctuated slightly, at around 3%.

According to the BTS 2006 Freight in America Report published in January 2006:

- Over 19 billion tons of freight, valued at \$13 trillion, was carried over 4.4 trillion ton-miles in the United States in 2002. On a typical day in the United States in 2002, about 53 million tons of goods valued at about \$36 billion moved nearly 12 billion ton-miles on the nation's multimodal transportation network;
- Trucking as a single mode (including for-hire and private use) was the most frequently used mode, hauling an estimated 70% of the total value, 60% of the weight, and 34% of the overall ton-miles;
- Transportation's vital importance to the U.S. economy is underscored by the fact that more than \$1 out of every \$10 produced in the U.S. GDP is related to transportation activity;
- American businesses transported over 19 billion tons of raw materials and finished goods in 2002 from the covered freight generating economic sectors; and
- The value of these freight shipments in 2002, including domestic commodity movements and domestic transportation of exports and imports, was \$13 trillion.

*Recent Trends*

As of late, there are some indications (as measured by the some of the indicators below) that the overall Transportation Sector and the Logistics Industry may be showing signs of weakness or even slowing:

- Industry and sector sales increased 4.5% and 5.2%, respectively, in the most recent quarter, as compared to the year ago period (according to Reuters Investor, a global information company providing indispensable information tailored for professionals in the financial services, media and corporate markets). However, as illustrated in the following chart this growth rate lags the 5 year growth rate for the industry and sector, as well as performance of the S&P 500. EPS growth is also no exception (see chart below);

	<b>Industry</b>	<b>Sector</b>	<b>S&amp;P 500</b>
Sales (MRQ) vs Qtr. 1 Yr. Ago	4.52	5.22	13.70
Sales (TTM) vs TTM 1 Yr. Ago	8.69	10.07	14.85
Sales - 5 Yr. Growth Rate	9.78	10.98	13.19
EPS (MRQ) vs Qtr. 1 Yr. Ago	-7.69	1.27	17.12
EPS (TTM) vs TTM 1 Yr. Ago	8.84	13.64	20.36
EPS - 5 Yr. Growth Rate	17.07	20.99	22.49

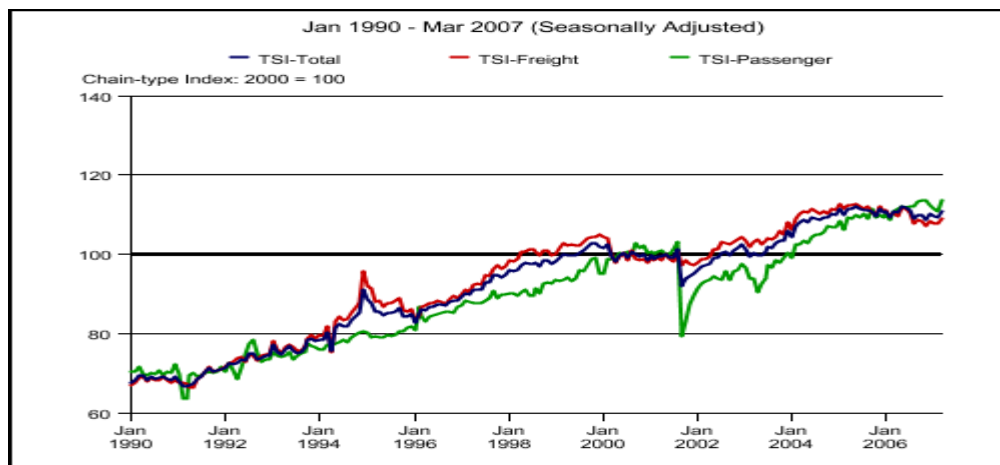
Source: Reuters

As a result of lackluster sales and EPS growth, P/E valuation ratios are toward the low end of the 5 year range (See chart below):

	<b>Industry</b>	<b>Sector</b>	<b>S&amp;P 500</b>
P/E Ratio (TTM)	18.87	20.88	20.68
P/E High - Last 5 Yrs.	32.27	32.49	35.09
P/E Low - Last 5 Yrs.	17.66	15.48	14.21
Price to Sales (TTM)	1.42	1.74	2.93
Price to Book (MRQ)	4.27	4.10	4.18
Price to Tangible Book (MRQ)	5.63	4.62	7.86
Price to Cash Flow (TTM)	12.34	12.76	14.64
Price to Free Cash Flow (TTM)	50.44	38.69	34.70

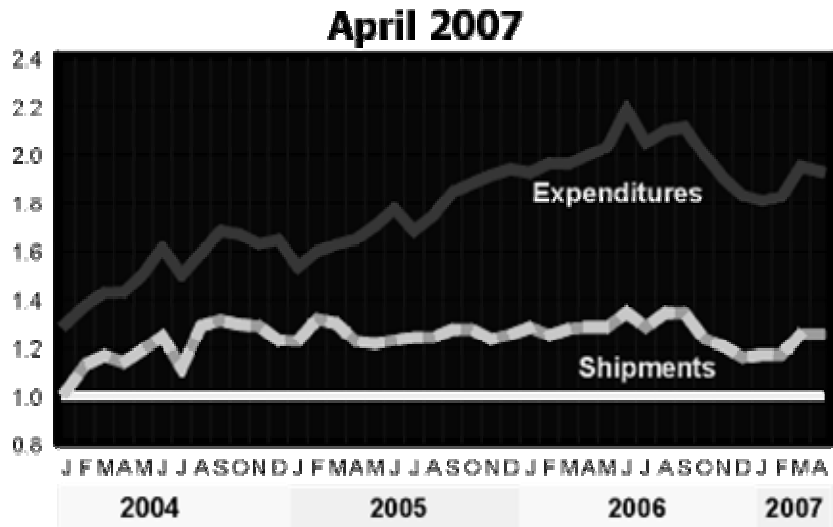
Source: Reuters

- According to Bear Stearns, the domestic freight economy remained in a recession during 1Q07 for the second straight quarter.
- Taglich Brothers' coverage universe (consisting of Target Logistics and US 1 Industries) of non-asset based transportation related companies reported generally lackluster results:
  - **On May 15, 2007**, US 1 Industries (USOO) reported results for its first quarter, ended March 31, 2007. The Company reported net revenues of \$45.9 million and net income of \$0.371 million or \$0.03 per diluted share. In the year ago period, USOO reported revenues of \$44.6 million and net income of \$0.695 million or \$0.06 per diluted share. In comparison, Taglich Brothers' estimates called for revenues of \$50.6 million and net income of \$0.882 million or \$0.07 per share.
  - **On May 2, 2007**, Target Logistics (TLG) reported results for its fiscal third quarter, ended March 31, 2007. The Company reported revenues of \$43.7 million and net income available to common of \$0.340 million or \$0.02 per share. In the year ago period, TLG reported revenues of \$37.1 million and net income available to common of \$0.610 million or \$0.03 per share. In comparison, Taglich Brothers' estimates called for revenues of \$42.6 million and net income available to common of \$0.866 million or \$0.04 per share.
- In May 2007, statistics showed that GDP advanced 0.6% in the first quarter of 2007. In January 2007, the government released statistics showing that GDP increased 3.5% in the fourth quarter of 06, after increasing 5.6%, 2.6%, and 2.0% in the first, second, third quarters of 2006. These gains resulted in annual growth of 3.4% in 2006. These gains followed an increase of 3.2% in GDP for 2005. According to the government, GDP increased 4.2% in 2004, as compared with an increase of 2.7% in 2003.
- A United States Department of Transportation (DOT) May 2007 report indicated that for the month ending March 2007, the Transportation Service Index (TSI) increased 1.6% (only the fourth increase in the past 12 months), while the TSI for Freight (TSIF) increased 1.3%. For the first quarter of 2007, the TSI and TSIF increased 0.8% and 0.6%, respectively. In February 2007, the government released figures that showed that the TSI fell 0.4% in 2006, while the TSIF fell 2.3% in 2006;



Source: DOT

- In April 2007, the government indicated that in the first quarter of 2006, exports decreased 1.2%, while imports decreased 2.6%;
- According to The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, for the three months ending in March 2007, exports of goods and services averaged \$125.7 billion, while imports of goods and services averaged \$185.9 billion, resulting in an average trade deficit of \$60.2 billion. For the three months ending in February, the average trade deficit was \$59.4 billion, reflecting average exports of \$125.4 billion and average imports of \$184.8 billion.
- According to the May 2007 Intermodal Market Trends & Statistics, a quarterly publication of the Intermodal Association of North America (North America's leading industry trade association representing the combined interests of the intermodal freight industry) first quarter intermodal volumes increased 1.1%. For the entire 2006 year, volumes increased 4.3%.
- In May 2007, the Cass Freight Index from Cass Information Systems, a leading provider of freight invoice payment, audit and rating services in North America, showed a year-over-year decrease in expenditures (April 2007 versus April 2006) and a decrease from March 2007.



2007	Expenditures	Shipments
Jan	1.812	1.171
Feb	1.828	1.196
Mar	1.950	1.258
Apr	1.931	1.259

2006	Expenditures	Shipments
Jan	1.926	1.286
Feb	1.964	1.254
Mar	1.962	1.280
Apr	1.977	1.288

Source: Cass

- In May 2007, The Conference Board (CB), an independent membership organization that conducts research, convenes conferences, makes forecasts, assesses trends, publishes information and analysis, and brings executives together to learn from one another, announced that the April U.S. leading economic index (LEI) showed a decrease of 0.5%. According to the CB, the leading index declined or remained the same in three of the last six months. As a result, from October 2006 to April 2007, the leading index fell 0.2% (a -0.4% annual rate).
- In May 2007, the National Association of Business Economics (NABE) indicated that 2007 economic growth will likely be the most sluggish in 5 years, primarily due to a sluggish housing industry. NABE estimates that 2007 GDP growth will be 2.2%. Its prior estimate in February 2007 had called for 2.7% growth in 2007. 2008 GDP growth is estimated at 2.9%, slightly lower than the 3.0% predicated in February.

Investors should monitor the above statistics as new information becomes available in order to gauge possible industry weakness. Investors also need to be aware of other important factors that could impact the growth of the industry. These factors include: hurricanes, fuel prices, insurance claims, regulatory issues, homeland security, logistics, infrastructure, inflation, and driver availability.

### ***Competitive Advantages***

The global logistics services and transportation industries are intensively competitive and are expected to remain so for the foreseeable future. According to Company statistics, there are over 1,000 regional logistics company with revenues between \$5 million and \$50 million. Competition is based primarily on rates (price), quality of service (i.e. reliability, responsiveness, expertise, and convenience), damage-free shipments, on-time delivery, consistent transit times, reliable pickup and delivery, and scope of operations (geographic coverage).

Public non-asset based transportation providers that can be considered peers include: AutoInfo (OTC BB: AUTO), CH Robinson Worldwide (NASDAQ: CHRW), EGL, Inc (NASDAQ: EAGL), Expeditors International (NASDAQ: EXPD), Express-1 Expedited Solutions (AMEX: XPO), Landstar System (NASDAQ: LSTR), Pacer International (NASDAQ: PACR), Stonepath Group (OTC PK: SGRZ), Target Logistics (AMEX: TLG), and US 1 Industries (OTC BB: USOO). Additionally, asset based providers may also provide non-asset based services to supplement its financial results. International competitors may also compete for the same business as the Company.

Management believes that its competitive advantages include:

- Tangible and intangible strengths (i.e. People, Process, and Technology);
- Strong customer relationships;
- Diverse customer base; and
- Low cost, non-asset based business model.

### ***Recent Developments***

On May 23, 2007, RLGT announced that launch of a new division focused on the automotive industry. The unit will have offices in Detroit and Milwaukee and leverage the extensive global network and minority business platform available through Radiant Logistics and its affiliates.

As part of this organic growth effort, RLGT has entered into an agreement with Mass Financial Corp. to acquire certain assets formerly used in the operation of the automotive division of the Stonepath Group (STG). In connection with a foreclosure and disposition process of STG that began on April 17, 2007, the parties (Mass Financial and RLGT) have agreed to following transaction terms:

- The transaction is to be valued at up to \$2.75 million, consisting of a \$0.100 million deposit, \$0.150 million to be paid at closing and an additional \$2.5 million payable in future periods based on the financial performance of the new division.
- Closing of the transaction is expected to occur within the next 90-120 days and is subject to a number of conditions to closing.
- During the interim period pending the closing, Radiant has agreed to operate the Purchased Assets within its Automotive Services Division.

**In a related development, RLGT tapped Rick Manner, former Chief Operating Officer of STG's domestic operations, to lead integration of assets to be purchased from Mass Financial.**

### ***Recent Results***

During the first nine months of fiscal 2007, the Company's revenues more than quadrupled from \$11.8 million to \$52.2 million. Operating income increased from a loss of \$0.267 million to income of \$0.300 million. EBITDA increased from a loss of \$0.061 million to a gain of \$0.876 million. Adjusted EBITDA increased from \$0.011 million to \$1.063 million. Net income increased from a loss of \$0.153 million or \$(0.01) per share to income of \$0.248 million or \$0.01 per share.

In the year ago nine month period, on a pro-forma basis to account for Airgroup, the above comparison would have been:

- Revenues: \$40.0 million;
- Operating income: \$0.045 million;
- EBITDA: \$0.618 million;
- Adjusted EBITDA: \$0.690 million; and
- Net income: \$0.153 million.

**On May 14, 2007**, Radiant Logistics reported results for its fiscal third quarter, ended March 31, 2007. The Company reported revenues of \$19.4 million and net income of \$0.024 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$11.84 million and a net loss of \$0.153 million or \$(0.01) per share.

3Q07 net income was adversely impacted by \$0.1 million in start up charges related to the Company's efforts to launch a global logistics program.

The Company also reported the following for its third quarter of fiscal 2007, as compared to the year ago period:

- Overall revenues increased due to both higher domestic and international revenue stemming from internal growth (see chart below):

(\$ millions)	3Q07	3Q06
Domestic	12.4	7.5
International	7.0	4.3

- Gross profit increased to \$7.1 million (or 36.7% of revenues) from \$4.4 million (or 36.8% of revenues). As indicated gross margins were essentially flat;
- Total operating expenses, on a dollar basis, increased to \$7.0 million from \$4.5 million. Operating expenses, as a percentage of revenues, decreased to approximately 36.3% of revenues, as compared to 37.9%;
- Operating income increased to \$0.086 million from a loss \$0.127 million, resulting in operating margins of 0.4%, as compared to -1.1%;
- Non-operating expenses increased to approximately \$0.025 million from \$0.002 million;
- Income tax expense increased to \$0.37 million (or 61% effective tax rate) from a benefit of \$0.102 million (or -79% effective tax rate); and
- Weighted average shares outstanding-fully diluted were 34.1 million as compared to 32.8 million.

*Balance Sheet*

At the end of its fiscal third quarter, RLGT had cash of \$0.321 million, working capital of approximately \$1.5 million, long-term debt of \$1.8 million, and stockholders' equity of \$7.1 million.

The Company believes that its current working capital and anticipated cash flow from operations are adequate to fund existing operations and organic growth strategy. However, its ability to finance further acquisitions is limited by the availability of additional capital; therefore, it may use common stock for some portion of the consideration of acquisition payments.

*Credit Facility*

**In February 2007**, the Company's \$10 million revolving credit facility was extended into 2009 with more favorable terms to the Company. The facility is collateralized by accounts receivable and other assets of the Company and its subsidiaries. Advances 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 0.15% to 1.00% or LIBOR plus 1.55% to 2.25%, and can be adjusted up or down during the term 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.

At March 31, 2007, the Company had advances of \$0.035 million under the facility and based on available collateral and \$0.305 million in outstanding letter of credit commitments, there was \$4.742 million of remaining availability under the facility.

## ***Outlook***

### **There could be significant long-term opportunity for the Company to grow its revenues and earnings.**

This optimism is based on recent financial performance, the Company's growth strategy, competitive advantages, Management's experience, and industry fundamentals.

Initial evidence of the growth and success of the Company can be seen by recent results, including strong operational metrics and trends, as well as solid top line and EBITDA performance. In its most recent earnings release, Management indicated that revenues are now at a run rate of between \$80 million to \$85 million (not including any impact from the Company's new automotive venture announced in May 2007). Investors may remember that when the Company acquired Airgroup in January 2006 it had just over \$54 million in revenues.

The Company has already shown a strong ability to deliver on its strategy, as noted by:

- Increasing the number of exclusive agent locations since closing the acquisition of Airgroup to 40 from 34. According to statements made on the Company's third quarter conference call, an average station generates revenues of between \$2 million and \$10 million;
- Obtaining improved terms on its credit facility, a move necessary to deliver on its organic and acquisition strategies;
- Launching Radiant Logistics Global Services, Inc. to compliment its existing Airgroup operations with incremental international air and ocean freight forwarding and logistics capabilities at key gateways across the United States;
- Launching Radiant Logistics Partners LLC to providr the Company with a national accounts strategy to pursue corporate and government accounts with diversity initiatives. RLP, a certified minority business enterprise, is owned 40% by Airgroup and 60% by an affiliate of the Chief Executive Officer of the Company, Radiant Capital Partners (RCP). 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;
- Launching a new division focused on the automotive industry and concurrently, entering into an agreement with Mass Financial Corp. to acquire certain assets formerly used in the operation of the automotive division of the Stonepath Group; and
- Delivering strong operating results, even in period where sector and industry peers are reporting lackluster performance.

## ***Projections***

Based on all the industry and company considerations illustrated in this report (including Management's growth strategy, the Company's recent announcements, and public guidance), we believe that RLGT may have the opportunity to enjoy long-term growth; therefore, we have a positive outlook on the Company's prospects.

Additionally, we believe that the Company will make substantial progress through fiscal 2008, including building on recent revenue and profit momentum, as well as growing its overall business operations and platform.

For fiscal 2007, we are projecting revenues of \$72.2 million and net income of \$0.4 million or \$0.01 per diluted share. Our projections for fiscal 2008 call for revenues of \$93.8 million and net income of \$1.6 million and EPS of \$0.05 per diluted share. Our growth projections are contingent upon a generally favorable economy and niche markets, as well as Management continuing to execute on its organic growth strategy. We have not factored any acquisitions; we will adjust our model as they occur.

Our estimates call for increased revenues during each fiscal year based on historical trends, demand for the Company's product and service offerings, industry growth, recent developments, and projected outlook. We are forecasting revenues to increase by 32% and 30% in fiscal 2007 and 2008, respectively.

Our cost structure estimates for 2007 and 2008 reflecting recent expense trends are illustrated in the following table:

<b>% of Sales</b>	<b>FY2007E</b>	<b>FY2008E</b>
<b>Cost of Transportation</b>	63.69%	62.50%
<b>Agent Commissions</b>	27.69%	27.82%
<b>Personnel Costs</b>	3.36%	3.26%
<b>S, G, &amp; A</b>	3.50%	3.23%
<b>D&amp;A</b>	1.12%	1.03%
<b>Total Operating Expenses</b>	35.67%	35.34%
<b>Tax Rate</b>	4.2%	23.4%

Investors should take note that the Company's non-asset based business model allows for a variable cost structure enabling the Company to scale with market demand, maintain a high level of operating flexibility, and leverage a cost structure that is highly variable in nature. As a non-asset based provider, the Company does not own the transportation equipment used to transport the freight. It simple arranges for transportation of shipments via commercial airlines, air cargo carriers, and other assets and non-asset based third-party providers. It selects the carrier for a shipment based on route, departure time, available cargo capacity and cost.

Based on our assumptions, we are forecasting EBITDA of \$1.3 million in fiscal 2007 and \$3.0 million in 2008. If these estimates are achieved, it would translate to over 100% growth.

### ***Management***

**Bohn H. Crain is the Company's Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of Directors.** He has held these positions since October 10, 2005. Mr. Crain brings over 15 years of industry and capital markets experience in transportation and logistics. Since January 2005, Mr. Crain has served as the Chief Executive Officer of Radiant Capital Partners, LLC, an entity he formed to execute a consolidation strategy in the transportation/logistics sector. From January 2002 until December 2004, he served as the Executive Vice President and the Chief Financial Officer of Stonepath Group, Inc, a global non-asset based provider of third party logistics services. In 2001, Mr. Crain served as the Executive Vice President and Chief Financial Officer of Schneider Logistics, Inc., a third-party logistics company. From

2000 to 2001, he served as the Vice President and Treasurer of Florida East Coast Industries, Inc., a public company engaged in railroad and real estate businesses. Between 1989 and 2000, Mr. Crain held various vice president and treasury positions for CSX Corp., and several of its subsidiaries. Mr. Crain earned a Bachelor of Science in Accounting from the University of Texas.

**Stephen M. Cohen is the Company's General Counsel, Secretary, and Director.** He has held these since October 10, 2005. In 2004, Mr. Cohen founded SMC Capital Advisors, Inc. (SMC) which provides business and legal consulting services focusing on corporate finance and federal securities matters. In connection with matters handled for SMC, Mr. Cohen serves as the Director of Legal Affairs/Corporate Counsel for Maverick Oil and Gas, Inc., an early stage independent energy company. From 2000 until 2004, Mr. Cohen served as Senior Vice President, General Counsel, and Secretary of Stonepath Group, Inc, where he helped transition that company from a venture investor in early stage technology businesses to a global logistics company and assisted in the acquisition of domestic and international logistics companies in the United States, Asia, and South America. Prior to 2000, Mr. Cohen practiced law, including having been a shareholder of Buchanan Ingersoll P.C., from 1996 to 2000, and a Partner at Clark, Ladner, Fortenbaugh & Young from 1990 to 1996. In 1977, Mr. Cohen earned a Bachelor of Science in Accounting from the School of Commerce and Finance of Villanova University, in 1980 a Juris Doctor from Temple University, and an LLM in Taxation from Villanova University School of Law. Mr. Cohen is licensed to practice law in Pennsylvania.

**Rodney Eaton is the Company's Vice President, Controller, and Chief Accounting Officer.** He has held these positions since 2006. From 2001 to 2005, Mr. Eaton was VP - Chief Financial Officer and Treasurer for Chemithon Corporation, a manufacturer of process chemical equipment. From 1998 until 2000, Mr. Eaton consulted in a CFO capacity to various hi-tech, consumer goods, and telecommunications companies. From 1994 to 1997, Mr. Eaton was with Resource Group International (RGI), a \$1.4 billion conglomerate with concentrations in seafood, heavy industries, consumer goods, and real estate companies, as VP of Finance, Secretary, and Treasurer and served on the Board of Directors for RGI and several of its subsidiaries. Between 1991 and 1994, Mr. Eaton was CFO for Derby Cycle Corporation, an international manufacturer and distributor of Raleigh bicycles. From 1974 to 1991, Mr. Eaton served in a CFO and/or Controller capacity for various companies including Baker Hughes, Philip Morris/Seven-Up, and Lockheed Martin. Mr. Eaton has an MBA and a Bachelor of Science in Finance and Accounting from Westminster College.

**William H. Moultrie is Airgroup's Co-founder and President.** He co-founded Airgroup in March 1987. Over the past 18 years, he built Airgroup into a non-asset based logistics company providing domestic and international freight forwarding to a diversified account base of manufacturers, distributors and retailers using a network of independent carriers and over 100 international agents positioned strategically around the world with over \$50 million in annual revenues, and 34 agent offices across North America. Mr. Moultrie has over thirty-five years of logistics experience in the both the domestic and international markets. Mr. Moultrie received a Bachelor of Science from Eastern Washington University.

**Dan Stegemoller is the Chief Operating Officer of Airgroup.** He previously held the position of Vice President since November 2004. He has over 34 years experience in the Transportation Industry. Prior to joining Airgroup he served as Senior Vice President Sales and Marketing at Forward Air, Forward Air is a high-service-level contractor to the air cargo industry, from January 1993 until joining Airgroup. From 1983 to 1992 served as Vice President of Customer Service managing Centralized Call Center for Puralator/Emery Air/CF Airfreight. From 1973 until 1983 he served in numerous positions at Federal Express his last position was Director of Operations in Minneapolis, MN. Mr. Stegemoller has an Associated Degree in Business from IUPUI in Indianapolis.

**Gary I. Syner is the Company's Vice President for International Services.** He has held this position since February 2007. Mr. Syner brings with him more than 29 years of Global Logistics and transportation experience. Prior to joining Radiant he served as Vice President of International from 1994 until February

2007 for Associated Global Systems, a non-asset based provider of third party logistics services. From 1989 to 1993 he served as Vice President of Hellmann International, a German based freight forwarder where he assisted in developing their USA organization. From 1985 to 1988 he started with the development of the Australia/New Zealand lane segment and then was promoted to Director of International for BAX Global, one of the leading global forwarders based in their Irvine, California Headquarters. He started his career in Detroit, Michigan in 1979 with one of the premier international forwarders, Air Express International, serving in various capacities from sales representative, District Manager to then being transferred to Los Angeles, California in 1983 in a Regional Sales Director position. Mr. Syner received a Bachelor of Arts degree from Michigan State University.

## **Risks**

### *Credit Facility*

RLGT's credit facility features a variable interest rate tied to the prime or LIBOR rate. If interest rates rise or the Company becomes increasingly indebted, debt service will increase. This will adversely impact financial results. Additionally, the Company's assets are pledged to secure its credit facility. The terms of the facility are subject to certain financial and operational covenants which may limit the amount otherwise available under the facility

Investors should note that the main component of working capital is account receivables. This may have credit risk implications.

### *Acquisitions*

The Company's business strategy calls for potential strategic acquisitions and/or mergers. Issues that may come up in the integration process include, differing corporate cultures, customer relationships, and management styles. These issues may cause a clash resulting in a lack of synergies and the inability to execute stated goals and financial objectives. There is no assurance that the Company may be able to identify suitable acquisition candidates or on acceptable terms.

The Company may have to secure additional sources of capital to fund its obligations under its acquisition agreements. If its common stock does not attain or maintain a sufficient market value or potential acquisition candidates are otherwise unwilling to accept stock as part of the purchase price for the sale of their businesses, RLGT may be required to utilize more of cash resources, if available, in order to continue its acquisition program. As its acquisition strategy is executed, it will be required to make significant payments in the future if the earn-out installments under acquisitions agreements become due.

### *Dilution*

According to the Company's 10Q filing with the SEC, it expects to pursue an additional equity offering within the next twelve months to fund its acquisition strategy or fund any shortfall in working capital for organic operations.

### *Seasonality*

Investors should note that the Company's revenues and operating results for any particular quarter may not be indicative of its performance in future quarters. The Company's financial results may be subject to seasonality. The impact of which will depend on numerous factors, including holiday seasons, consumer demand, and economic conditions.

### *Growth Management*

As the Company becomes increasingly successful, it must meet the challenges associated with growth. If the Company is not successful in meeting these challenges, its business or financial results will be adversely impacted. Growth will require the Company to continue to implement and improve financial, accounting, and management information systems and to hire, train, motivate, and manage additional employees. A failure to

manage growth effectively would have a material adverse effect on business, financial condition, and results of operations, and on its ability to execute our business strategy successfully.

During the 2001 to 2004 timeframe, Bohn Crain (RLGT's Founder and CEO) and Steve Cohen (RLGT's General Council) served in senior leadership positions at Stonepath Group (STG), a logistics company that experienced significant growth through acquisitions. During the same time frame, there were some irregular accounting practices attributed to a STG subsidiary. These irregular accounting practices led to major adjustments and restatements in financial results. In connection with these restatements there were legal claims filed by shareholders against Stonepath's Officers and Directors, as well as an informal SEC investigation. To date, no Officer or Director has been found to be at fault and the SEC has not commented further on the matter. Investors should consult the relevant court and public record for additional information.

#### *Competition*

The Company and its independent transportation providers operate in the Transportation Sector, which is highly competitive and fragmented. Competition in the freight forwarding, logistics and supply chain management industry is also highly competitive and fragmented. There are a multitude of public and private companies that operate in this market space. Competition also comes from national, regional and local freight forwarders, cargo sales agents and brokers, carriers, and associations of shippers organized for the purpose of consolidating their members' shipments to obtain lower freight rates from carriers. Some of these competitors have greater financial and business resources (i.e. company-owned equipment and company drivers) than the Company.

#### *Industry Concerns*

Recently, there has been considerable industry consolidation. This may lead to increased competition which could adversely impact on the Company's financial results. According to various industry sources, consolidation is expected to continue. Consolidation has occurred to mitigate the impact of Industry risks and concerns, as well as increase margins. To maximize margins, companies must maximize equipment utilization, freight volumes, miles, and loads.

#### *Reliance on Third Parties*

The Company's operating performance is reliant upon customers whose shipments are dependent upon consumer demand and just-in-time production schedules. The timing of actual revenue is often beyond its control. Factors such as shifting demand for retail goods and/or manufacturing production delays could unexpectedly affect the timing of RLGT's revenue.

If Company's partners are unsuccessful in their efforts or obligations, it could have a material adverse effect on the Company's business, results of operations, financial position, and equity value.

#### *Government Regulation*

Legislative or regulatory proposals may be introduced that affect the Company's operations and business plans, its financial results, and equity value.

#### *Fuel Prices*

The financial success of companies in the sector is highly dependent on fuel prices (i.e. diesel fuel prices), which is highly volatile. Although fuel prices may not directly impact the Company's financial results, a sharp rise may directly impact its pool of transportation providers. These carriers may be forced out of business or forced to consolidate due to the high cost of doing business.

*Dependence on Independent Commission Agents*

The company has exclusive and long-term relationships with these agents; however, the agency agreements are terminable by either party on 10-days notice. The loss of one or more of these exclusive agents could negatively impact the Company's financial results.

*Homeland Security*

As a result of concerns associated with Homeland Security, the Transportation Sector has increased its diligence in the area of cargo security. This may lead to decreased productivity and increased costs. As a consequence, the Company's operations may be adversely impacted.

*Corporate Governance/ Sarbanes-Oxley Act of 2002*

Over the past few years, Wall Street has increased its focus on corporate governance and placed increased emphasis on the accountability of Management and Directors to shareholders. These events have brought about the passage of the Sarbanes-Oxley Act of 2002. Corporate governance and Sarbanes-Oxley issues may be facing the Company in light of new rules and regulations being issued by government regulatory agencies. This could mean that the Company will eventually be required to hire additional personnel in order to diversify various operational, management, and compliance functions, as well as spend monies to comply with the various aspects of the Act.

*Shareholder Control*

A few investors, including Bohn Crain (its Founder and CEO), own a substantial stake in RLGT. Small investors should be aware that investors with significant stakes can control the outcome of certain shareholder votes. These outcomes may not be in the best interests of all shareholders. If a sizable stake is liquidated in the open market, there could be substantial selling pressure on the shares.

*Economic Risk*

Industry success is directly related to the economic success of the nation. The logistics business is directly impacted by the volume of domestic and international trade. The volume of such trade is influenced by many factors, including economic and political conditions in the United States and abroad, major work stoppages, exchange controls, currency fluctuations, acts of war, terrorism and other armed conflicts, United States and international laws relating to tariffs, trade restrictions, foreign investments and taxation. If the economy falters, RLGT's financial results and equity value may be adversely impacted.

*Federal Reserve*

After its last eight meetings, the Federal Reserve raised the Discount Rate and its target rate for Fed Funds by 0.25 after each meeting.

*Microcap Concerns*

Shares of RLGT have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in stock price. The Company has approximately 16 million shares in the float. On average, approximately 6,000 shares are traded daily.

Investors should note that shares of RLGT trade on the OTC bulletin board. This market is relatively thinly traded as compared to the NASDAQ, AMEX, and NYSE. This may present increased risk and liquidity concerns to shareholders.

*Miscellaneous Risks*

The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

**Conclusion**

**We are initiating coverage of Radiant Logistics, Inc. (OTC BB: RLGT) with a Speculative Buy rating and a 12-month price target of \$0.80 per share.**

Our rating is based on:

- The long-term fundamentals of the industry;
- The Company's strategy and recent track record;
- Recent (and relative) financial performance;
- Its non-asset based business model;
- Our estimates through fiscal 2008; and
- Attractive valuation.

Our price target is based on a relative P/E and P/EBITDA analysis. The following provides our methodology:

- Applying a multiple of 12.6X to our estimated 2008 EBITDA per share of \$0.09 per share. We arrived at this multiple by averaging the sector and industry P/EBITDA (cash flow) as compiled by Reuters.

	P/EBITDA
Sector	12.76
Industry	12.34

*Source: Reuters*

- Applying a multiple of 22.2X to our estimated 2008 EPS per share of \$0.05 per share.

We arrived at the above P/E by taking the following in account:

- The low and high P/E for the sector and industry for the past 5 years; and
- The trailing P/E for the sector and industry for the past 12 months.

	Sector	Average	Industry	Average
Trailing	20.88		18.87	
High	32.49	<b>22.43</b>	32.26	<b>21.92</b>
Low	15.48		17.66	

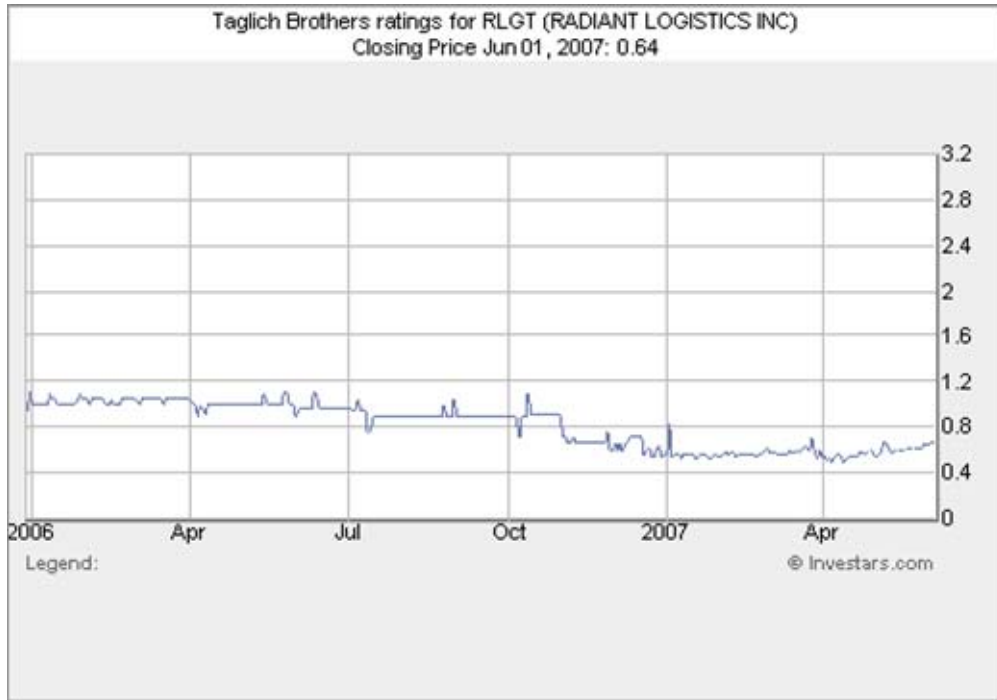
*Source: Reuters*

- Discounting the average of the above two valuation methodologies by 25% to account for company risks including microcap risk

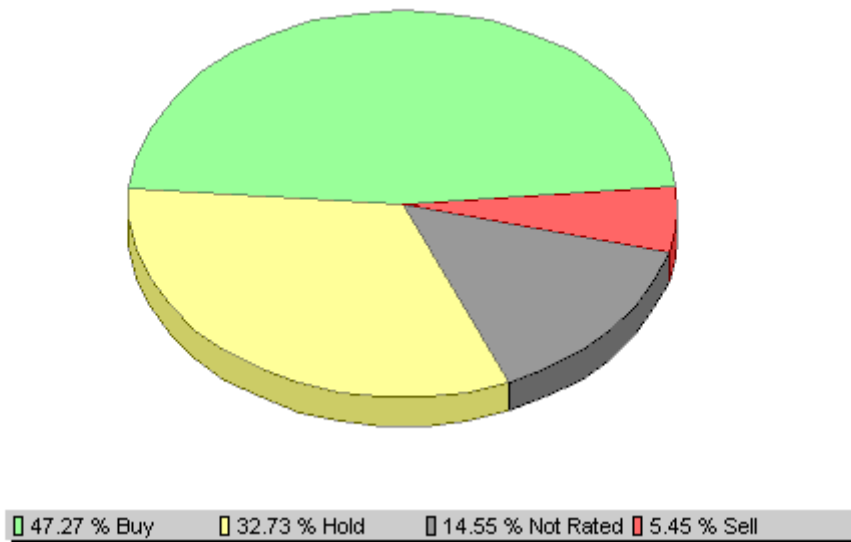
Although we believe that shares RLGT are a compelling investment opportunity for investors seeking equity with exposure to the rapidly evolving and growing logistics industry, investors should be cognizant of such risks and concerns as

- Competition;
- Industry concerns;
- Economic growth;
- Integration of acquisitions;

- Growth management;
- Shareholder control concerns; and
- Stock liquidity.



Taglich Brothers Current Ratings Distribution



<b>Investment Banking Services for Companies Covered in the Past 12 Months</b>		
<u>Rating</u>	<u>#</u>	<u>%</u>
Buy	1	3.57%
Hold	0	0
Sell	0	0
Not Rated	0	0

## Meaning of Ratings

### *Buy*

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

### *Speculative Buy*

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

### *Neutral*

We will remain neutral pending certain developments.

### *Underperform*

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

### *Sell*

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

## **Some notable Risks within the Microcap Market**

**Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.**

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From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

Public Companies Mentioned in this report

Auto Info (OTC BB: AUTO)  
CH Robinson Worldwide (NASDAQ: CHRW)  
EGL, Inc (NASDAQ: EAGL)  
Expeditors International (NASDAQ: EXPD)  
Express-1 Expedited Solutions (AMEX: XPO)  
Landstar System (NASDAQ: LSTR)  
Pacer International (NASDAQ: PACR)  
Stonepath Group (OTC PK: SGRZ)  
Target Logistics (AMEX: TLG)  
US 1 Industries (OTC BB: USOO)  
Federal Express Corporation (NYSE: FDX)  
United Parcel Service (NYSE: UPS)

\* The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to change in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an analyst or member of the Research Department may sell such securities after obtaining expressed written permission from the Director of Research. As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families do not have a position in the stock of the Company mentioned in this report. All research issued by Taglich Brothers, Inc. is based on public information. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company and was not a manager or co-manager of any offering for the company within the last three years. The company paid for the creation and dissemination of research reports for the first year a monetary fee of \$21,000 (USD) on March 2007 and after the first year of publication will pay a monthly monetary fee of \$1,750 (USD) to Taglich Brothers, Inc. for the creation and dissemination of research reports.

**I, Luis Martins, the research analyst of this report, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.**

Radiant Logistics, Inc.  
Annual Income Statement Model  
For Fiscal Year Ended June 30  
(in thousands)

	<u>F6/2005A</u>	<u>F6/2006A</u>	<u>F6/2007E</u>	<u>F6/2008E</u>
Total Revenues	\$ 51,521	\$ 54,580	\$ 72,155	\$ 93,802
Cost of Transportation	<u>29,957</u>	<u>35,192</u>	<u>45,957</u>	<u>58,624</u>
<b>Net Revenues</b>	<b>21,564</b>	<b>19,388</b>	<b>26,199</b>	<b>35,177</b>
<i>Gross Margins</i>	<i>41.85%</i>	<i>35.52%</i>	<i>36.31%</i>	<i>37.50%</i>
Agent Commissions	15,988	14,341	19,980	26,093
Personnel Costs	3,399	2,313	2,422	3,058
S, G& A	1,342	1,728	2,526	3,029
D & A	<u>794</u>	<u>793</u>	<u>810</u>	<u>970</u>
Operating Expensess	<u>21,523</u>	<u>19,175</u>	<u>25,738</u>	<u>33,150</u>
<b>Operating Income</b>	<b>41</b>	<b>213</b>	<b>460</b>	<b>2,027</b>
<i>Operating Margin</i>	<i>0.08%</i>	<i>0.39%</i>	<i>0.64%</i>	<i>2.16%</i>
Interest Income	14	23	7	-
Interest Expense	(1)	(33)	(16)	-
Other	<u>-</u>	<u>(12)</u>	<u>(25)</u>	<u>-</u>
<b>Total -other</b>	<b>13</b>	<b>(22)</b>	<b>(34)</b>	<b>-</b>
<b>Pre-Tax Income</b>	<b>54</b>	<b>191</b>	<b>426</b>	<b>2,027</b>
<i>Pre-Tax Margins</i>	<i>0.10%</i>	<i>0.35%</i>	<i>0.59%</i>	<i>2.16%</i>
Taxes (Benefit)	<u>19</u>	<u>217</u>	<u>18</u>	<u>474</u>
<i>Tax Rate</i>	<i>35.19%</i>	<i>113.61%</i>	<i>4.17%</i>	<i>23.40%</i>
<b>Net Income</b>	<b>35</b>	<b>\$ (26)</b>	<b>\$ 409</b>	<b>\$ 1,553</b>
<b>EPS-fully diluted</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>	<b>\$ 0.05</b>
Avg Shares Out-fully diluted	<u>25,964</u>	<u>30,607</u>	<u>34,817</u>	<u>34,500</u>
<u>Percent of Revenue</u>				
Cost of Transportation	58.15%	64.48%	63.69%	62.50%
Agent Commissions	31.03%	26.28%	27.69%	27.82%
Personnel Costs	6.60%	4.24%	3.36%	3.26%
S, G& A	2.60%	3.17%	3.50%	3.23%
D & A	1.54%	1.45%	1.12%	1.03%
Operating Expensess	41.78%	35.13%	35.67%	35.34%
Net Margin	0.10%	-0.05%	0.57%	1.66%
<u>YEAR / YEAR GROWTH</u>				
Total Revenues		5.94%	32.20%	30.00%

\* Pro-forma results inclusive of Airgroup Corp.

Radiant Logistics, Inc.  
Quarterly Income Statement Model  
For Fiscal Year Ended June 30, 2007  
(in thousands)

	<u>Q1(9/06)A</u>	<u>Q2(12/06)A</u>	<u>Q3(3/07)A</u>	<u>Q4(6/07)E</u>	<u>F6/2007E</u>
Total Revenues	\$ 14,417	\$ 18,345	\$ 19,394	\$ 20,000	\$ 72,155
Cost of Transportation	<u>9,423</u>	<u>11,656</u>	<u>12,278</u>	<u>12,600</u>	<u>45,957</u>
<b>Net Revenues</b>	4,994	6,689	7,116	7,400	<b>26,199</b>
<i>Gross Margins</i>	34.64%	36.46%	36.69%	37.00%	36.31%
Agent Commissions	3,727	5,243	5,420	5,590	<b>19,980</b>
Personnel Costs	507	581	659	675	<b>2,422</b>
S, G& A	406	613	742	765	<b>2,526</b>
D & A	<u>186</u>	<u>205</u>	<u>209</u>	<u>210</u>	<b>810</b>
Operating Expensess	<u>4,826</u>	<u>6,642</u>	<u>7,030</u>	<u>7,240</u>	<b>25,738</b>
<b>Operating Income</b>	168	47	86	160	<b>460</b>
<i>Operating Margin</i>	1.17%	0.25%	0.44%	0.80%	0.64%
<i>EBITDA</i>	<b>354</b>	<b>252</b>	<b>295</b>	<b>370</b>	<b>1,271</b>
Interest Income	2	3	2		7
Interest Expense	(8)	(3)	(5)		(16)
Other	<u>-</u>	<u>(3)</u>	<u>(22)</u>	<u>-</u>	<u>(25)</u>
<b>Total -other</b>	<b>(6)</b>	<b>(3)</b>	<b>(25)</b>	<b>-</b>	<b>(34)</b>
<b>Pre-Tax Income</b>	162	44	61	160	<b>426</b>
<i>Pre-Tax Margins</i>	1.12%	0.24%	0.31%	0.80%	0.59%
Taxes (Benefit)	<u>2</u>	<u>(21)</u>	<u>37</u>	<u>-</u>	<b>18</b>
<i>Tax Rate</i>	1.11%	-48.28%	60.66%	0.00%	4.17%
<b>Net Income</b>	<u>\$ 160</u>	<u>\$ 65</u>	<u>\$ 24</u>	<u>\$ 160</u>	<b>\$ 409</b>
<b>EPS-fully diluted</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<b>\$ 0.01</b>
Avg Shares Out-fully diluted	<u>36,137</u>	<u>34,469</u>	<u>34,163</u>	<u>34,500</u>	<b>34,817</b>
<u>Percent of Revenue</u>					
Cost of Transportation	65.36%	63.54%	63.31%	63.00%	63.69%
Agent Commissions	25.85%	28.58%	27.95%	27.95%	27.69%
Personnel Costs	3.52%	3.17%	3.40%	3.38%	3.36%
S, G& A	2.81%	3.34%	3.83%	3.83%	3.50%
D & A	1.29%	1.12%	1.07%	1.05%	1.12%
Operating Expensess	33.47%	36.21%	36.25%	36.20%	35.67%
Net Margin	1.11%	0.35%	0.12%	0.80%	0.57%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	7.33%	24.98%	63.76%	36.74%	32.20%

Radiant Logistics, Inc.  
Quarterly Income Statement Model  
For Fiscal Year Ended June 30, 2008  
(in thousands)

	<u>Q1(9/07E)</u>	<u>Q2(12/07E)</u>	<u>Q3(3/08E)</u>	<u>Q4(6/08E)</u>	<u>F6/2008E</u>
Total Revenues	\$ 18,742	\$ 23,847	\$ 25,212	\$ 26,000	\$ 93,802
Cost of Transportation	<u>11,808</u>	<u>14,964</u>	<u>15,732</u>	<u>16,120</u>	<u>58,624</u>
<b>Net Revenues</b>	6,935	8,883	9,480	9,880	35,177
<i>Gross Margins</i>	37.00%	37.25%	37.60%	38.00%	37.50%
Agent Commissions	5,229	6,653	7,009	7,202	26,093
Personnel Costs	637	775	819	827	3,058
S, G& A	703	751	782	793	3,029
D & A	<u>225</u>	<u>230</u>	<u>250</u>	<u>265</u>	<u>970</u>
Operating Expensess	<u>6,794</u>	<u>8,410</u>	<u>8,860</u>	<u>9,087</u>	<u>33,150</u>
<b>Operating Income</b>	<b>140</b>	<b>473</b>	<b>620</b>	<b>793</b>	<b>2,027</b>
<i>Operating Margin</i>	0.75%	1.99%	2.46%	3.05%	2.16%
<b>Pre-Tax Income</b>	140	473	620	793	2,027
<i>Pre-Tax Margins</i>	0.75%	1.99%	2.46%	3.05%	2.16%
Taxes (Benefit)	<u>-</u>	<u>-</u>	<u>200</u>	<u>274</u>	<u>474</u>
<i>Tax Rate</i>	0.00%	0.00%	32.27%	34.59%	23.40%
<b>Net Income</b>	<u>\$ 140</u>	<u>\$ 473</u>	<u>\$ 420</u>	<u>\$ 519</u>	<u>\$ 1,553</u>
<b>EPS-fully diluted</b>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.05</u>
Avg Shares Out-fully diluted	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>
<u>Percent of Revenue</u>					
Cost of Transportation	63.00%	62.75%	62.40%	62.00%	62.50%
Agent Commissions	27.90%	27.90%	27.80%	27.70%	27.82%
Personnel Costs	3.40%	3.25%	3.25%	3.18%	3.26%
S, G& A	3.75%	3.15%	3.10%	3.05%	3.23%
D & A	1.20%	0.96%	0.99%	1.02%	1.03%
Operating Expensess	36.25%	35.26%	35.14%	34.95%	35.34%
Net Margin	0.75%	1.99%	1.67%	2.00%	1.66%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	30.00%	30.00%	30.00%	30.00%	30.00%

Radiant Logistics, Inc.  
Consolidated Balance Sheet  
For Fiscal Year Ended  
(in thousands)

	<u>F2006A</u>	<u>3Q07(3/07)A</u>
<b>Assets</b>		
Current Assets		
Cash & Equivalents	\$ 511	\$ 321
Net Receivables	8,528	11,689
Deferred taxes	277	284
Prepaid Expense & Other	<u>93</u>	<u>74</u>
<b>Total Current Assets</b>	9,410	12,368
Plant, Property, & Equipment-net	258	578
Goodwill/intangibles-net	7,114	7,261
Long Term Investments	40	40
Other	<u>223</u>	<u>214</u>
<b>Total Assets</b>	<u>\$ 17,045</u>	<u>\$ 20,461</u>
<b>Liabilities &amp; Shareholders' Equity</b>		
Current Liabilities		
Notes payable	-	500
Accounts payable	4,096	6,440
Accruals	1,805	2,770
Commissions	429	976
Income tax payable	<u>1,094</u>	<u>213</u>
<b>Total Current Liabilities</b>	7,424	10,901
<b>LTD-net of current</b>	2,469	1,810
<b>Deferred taxes</b>	817	661
<b>Minority interest</b>	-	12
<b>Total Shareholders' Equity</b>	<u>6,334</u>	<u>7,077</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$ 17,045</u>	<u>\$ 20,461</u>
SHARES OUT	33,612	33,962

Radiant Logistics, Inc.  
Consolidated Cash Flow Statement  
For 9 Month Period Ended  
(in thousands)

	<u>9M/06A</u>	<u>9M/07A</u>
<i>Cash Flows from Operating Activities</i>		
Net Income	\$ (153)	\$ 248
Depreciation & Amortization	141	423
Other non cash items	106	204
Write-off and disposals	135	23
Other	<u>6</u>	<u>5</u>
	235	903
<i>Changes In:</i>		
Receivables	1,735	(3,184)
Prepaid Expense	(88)	(40)
Accounts Payable	(2,160)	2,344
Accrued Expenses & Other	<u>82</u>	<u>733</u>
Net Changes in Working Capital	<u>(431)</u>	<u>(147)</u>
<b>Net cash Provided by Operations</b>	<b><u>(196)</u></b>	<b><u>756</u></b>
<i>Cash Flows from Investing Activities</i>		
Capital Expenditures	-	(187)
Acquisitions	(7,318)	-
Other	<u>208</u>	<u>-</u>
<b>Net cash used in Investing</b>	<b><u>(7,110)</u></b>	<b><u>(187)</u></b>
<i>Cash Flows from Financing Activities</i>		
Proceeds from stock	6,289	-
Proceeds from Borrowings	1,281	(759)
payment of credit fees	(57)	-
Note payable for Airgroup	<u>500</u>	<u>-</u>
<b>Net cash provided by Financing</b>	<b><u>8,013</u></b>	<b><u>(759)</u></b>
Net change in Cash	707	(190)
Cash Beginning of Period	<u>23</u>	<u>511</u>
Cash End of Period	<b><u>\$ 730</u></b>	<b><u>\$ 321</u></b>