



# TAGLICH BROTHERS

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## Research Report – Update

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

### Radiant Logistics, Inc

Rating: Speculative Buy

Luis Martins

RLGT \$0.32 (OTC BB)

June 9, 2008

|                           | <u>FY2005A*</u> | <u>FY2006A*</u> | <u>FY2007A</u> | <u>FY2008E</u> | <u>FY2009E</u> |
|---------------------------|-----------------|-----------------|----------------|----------------|----------------|
| Revenues (millions)       | \$51.52         | \$54.58         | \$75.53        | \$102.48       | \$128.58       |
| Earnings (loss) per share | \$0.00          | \$(0.00)        | \$0.00         | \$0.02**       | \$0.06         |

|                                 |                 |                       |        |
|---------------------------------|-----------------|-----------------------|--------|
| 52-Week Range                   | \$0.83 - \$0.16 | Fiscal Year Ends      | June   |
| Shares Outstanding as of 5/8/08 | 34.4 million    | Revs/Share (TTM)      | \$2.86 |
| Approximate Float               | 21.9 million    | Price/Sales(TTM)      | 0.1X   |
| Market Capitalization           | \$11 million    | Price/Sales(2009)E    | 0.1X   |
| Tangible Book Value/Share       | \$0.00          | Price/Earnings(TTM)   | NMF    |
| Price/Tangible book             | NMF             | Price/Earnings(2009)E | 5.3X   |

\* Pro-forma results inclusive of Airgroup Corp. \*\* excluding one time items resulting from the reduction in estimate of liabilities assumed in the acquisition of Airgroup

*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 reiterating our Speculative Buy on Radiant Logistics, Inc. (OTC BB: RLGT) and 12-month price target of \$1.00 per share. Our price target is based on a relative P/E and P/EBITDA analysis.*

*On May 15, 2008, Radiant Logistics reported third quarter revenues of \$25.8 million and net income of \$0.086 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$19.4 million and net income of \$0.024 million or \$0.00 per share. Revenues increased due to strength in international (up 54% to \$10.7 million) and domestic business (up 21% to \$15.0 million). On an EBITDA and adjusted EBITDA basis, the Company reported gains of \$0.388 million and \$0.495 million, respectively, as compared to \$0.273 million and \$0.328 million, respectively, for the third quarter of fiscal 2007.*

*We are refining our fiscal 2008 and 2009 models based on recent results, comments made on the Company's third quarter conference call and in its 10Q, and our outlook for the Company and the industry over the next 15-months.*

*Our revised 2008 projections call for revenues of \$102.5 million and net income of \$0.5 million or \$0.02 per diluted share. Our prior projections for fiscal 2008 called for revenues of \$100.5 million and net income of \$0.5 million or \$0.02 per diluted share. Our revised projections for fiscal 2009 call for revenues of \$128.6 million and net income of \$2.2 million or \$0.06 per diluted share. Our prior projections for fiscal 2009 called for revenues of \$125.2 million and net income of \$2.3 million or \$0.07 per diluted share.*

*We are forecasting EBITDA of \$1.9 million in fiscal 2008 and \$4.4 million in fiscal 2009. If these estimates are achieved, it would translate to over 87% compounded annual growth.*

*\*Please view our disclaimer located on Page 13.*

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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.

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.

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). RLGT assumes the responsibility for arranging and paying for the underlying means of transportation. 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.

Management's strategic plan is to achieve growth through domestic and international freight forwarding services. Management expects to grow the business organically and by completing acquisitions of other companies with complementary geographical and logistics service offerings. 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.

### ***Competitive Overview***

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).

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. 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.

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. However, lately, there are some indications (as measured by the some of the indicators below) that the overall Transportation Sector and sub industry groups (i.e. logistics, trucking, etc.) may be showing signs of weakness or even slowing:

- Industry sales and profits increased only 2.0%, 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).
- In May 2008, the government announced that GDP increased 0.9% in the first quarter of 2008. GDP increased 2.2% in 2007, as compared with an increase of 2.9% in 2006. These gains followed an increase of 3.2% in GDP for 2005.

In April 2008, the International Monetary Fund slashed its forecast for U.S. economic growth in 2008 to 0.5% from 1.5% and forecasted only 0.6% growth in 2009.

In remarks to Congress in April 2008, Ben Bernanke, the Chairman of the Federal Reserve, stated "it now appears likely that real GDP will not grow much, if at all, over the first half of 2008 and could even contract slightly. We expect economic activity to strengthen in the second half of the year." He also said "a recession is possible."

The National Association of Business Economics (NABE) indicated in May 2008 that 2008 and 2009 economic growth will likely be 1.4% and 2.3%, respectively, primarily due to a sluggish housing market and financial market turmoil. Growth in the second half of 2008 is expected to average 2.1%.

In May 2008, 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 increase of 0.1%. According to the CB, the six-month rate of decline in the leading index slowed to -1.2% (a -2.3% annual rate).

- A United States Department of Transportation (DOT) May 2008 report indicated that the Freight Transportation Services Index (TSI) fell 1.9% in March from its February level, the largest monthly decline since August 2006. The freight TSI was up 1.3% in the six months (ending March) since its recent low of 108.0 in September 2007 but down 3.3% from its peak of 113.1 reached in November 2005. On a quarterly basis, the Freight TSI rose 0.5% in the first quarter, rising for the second consecutive quarter.

The DOT states that it tends to move ahead of GDP – that is, it begins to increase its rate of growth before GDP does, and it tends to decrease before GDP declines or slows down.

- In May 2008, the government said that real exports of goods and services increased 2.8% in the first quarter, compared with an increase of 6.5% in the fourth quarter of 2007. Real imports of goods and services decreased 2.6%, compared with a decrease of 1.4%, respectively for the same periods mentioned above.
- According to the February 2008 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) fourth quarter intermodal volumes decreased 1.6%, as compared to the fourth quarter of 2006. According to IMTS, total intermodal volume for 2007 decreased 1.1%, as compared to 2006.
- In May 2008, the Cass Freight Index from Cass Information Systems, a leading provider of freight invoice payment, audit and rating services in North America, showed that April expenditures increased slightly as compared to April 2007 and decreased as compared to March 2008. In January 2008, data showed a year-over-year increase in expenditures (December 2007 versus December 2006).

The Transportation Sector and freight/logistics 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. Investors should monitor the above statistics as new information becomes available in order to gauge possible industry weakness. Other important factors that could impact the growth of the industry include: hurricanes, fuel prices, insurance claims, regulatory issues, homeland security, logistics, infrastructure, inflation, and driver availability.

### ***Recent Results***

**On May 15, 2008**, Radiant Logistics reported results for its 2008 fiscal third quarter, ended March 31, 2008. The Company reported revenues of \$25.8 million and net income of \$0.086 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$19.4 million and net income of \$0.024 million or \$0.00 per share.

In comparison, Taglich Brothers' estimates called for revenues of \$23.8 million and net income of \$0.035 million or \$0.00 per share.

On an operating basis, RLGT reported income of \$0.183 million, as compared to \$0.085 million in the year ago period. On an EBITDA and adjusted EBITDA basis, the Company reported gains of \$0.388 million and \$0.495 million, respectively, as compared to \$0.273 million and \$0.328 million, respectively, for the third quarter of fiscal 2007.

Revenues increased due to strength in international (up 54% to \$10.7 million) and domestic business (up 21% to \$15.0 million).

The Company also reported the following for its third quarter of fiscal 2008, as compared to the year ago period:

- Gross profit increased to \$9.5 million (or 36.7% of revenues) from \$7.1 million (or 36.9% of revenues).
- Total operating expenses, on a dollar basis, increased to \$9.3 million from \$7.0 million. Operating expenses, as a percentage of revenues, decreased to approximately 36.2% of revenues, as compared to 36.3%;

- Operating income increased to \$0.183 million from \$0.085 million, resulting in operating margins of 0.7%, as compared to 0.4%;
- Non-operating expenses increased to approximately \$0.7 million from expenses of \$0.025 million;
- Income tax expense amounted \$0.036 million (or 33% effective tax rate), as compared to of \$0.037 million (or 61% effective tax rate); and
- Weighted average shares outstanding were 34.1 million as compared to 34.2 million.

#### *Balance Sheet*

At the end of its 2008 fiscal third quarter, RLGT had cash of \$0.280 million, working capital of approximately \$2.6 million, long-term debt of \$3.0 million, and stockholders' equity of \$8.9 million.

The Company believes that its current working capital and anticipated cash flow from operations are adequate to fund existing operations and its 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 2008, the Company's \$10 million revolving credit facility was extended into 2011. 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, 2008, the Company had advances of \$2.3 million under the facility and \$0.7 million in outstanding checks. Based on available collateral and \$0.3 million in outstanding letter of credit commitments, there was \$4.8 million of remaining availability under the facility.

#### ***Projections***

**We are refining our fiscal 2008 and 2009 models based on recent results, comments made on the Company's third quarter conference call and in its 10Q, and our outlook for the Company and the industry over the next 15-months.**

Our revised projections call for revenues of \$102.5 million and net income (excluding one-time income related to the reduction in estimate of liabilities assumed in the acquisition of Airgroup) of \$0.5 million or \$0.02 per diluted share. Our prior projections for fiscal 2008 called for revenues of \$100.5 million and net income of \$0.5 million or \$0.02 per diluted share.

Our revised projections for fiscal 2009 call for revenues of \$128.6 million and net income of \$2.2 million or \$0.06 per diluted share. Our prior projections for fiscal 2009 called for revenues of \$125.2 million and net income of \$2.3 million or \$0.07 per diluted share.

Our growth projections are contingent upon a generally favorable operating environment (albeit at reduced economic growth rates) and niche markets, as well as Management continuing to execute on its organic

growth strategy. We have not factored any acquisitions into our model; we will make adjustments 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 35% in fiscal 2008 and 25% in 2009.

Our cost structure estimates for 2008 and 2009 reflecting recent expense trends, which are illustrated in the following table:

| <b>% of Sales</b>               | <b>FY2007A<br/>Actual</b> | <b>FY2008E<br/>Prior</b> | <b>FY2008E<br/>Revised</b> | <b>FY2009E<br/>Prior</b> | <b>FY2009E<br/>Revised</b> |
|---------------------------------|---------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
| <b>Cost of Transportation</b>   | 64.63%                    | 65.19%                   | 64.45%                     | 65.00%                   | 64.00%                     |
| <b>Agent Commissions</b>        | 26.54%                    | 24.74%                   | 24.74%                     | 23.50%                   | 24.00%                     |
| <b>Personnel Costs</b>          | 3.86%                     | 5.12%                    | 5.06%                      | 5.10%                    | 4.50%                      |
| <b>S, G, &amp; A</b>            | 3.32%                     | 3.04%                    | 3.90%                      | 2.75%                    | 4.10%                      |
| <b>D&amp;A</b>                  | 1.10%                     | 0.97%                    | 0.95%                      | 0.80%                    | 0.78%                      |
| <b>Total Operating Expenses</b> | 34.82%                    | 33.87%                   | 34.64%                     | 32.15%                   | 33.38%                     |
| <b>Tax Rate</b>                 | 42.8%                     | 34.62%                   | 34.58%                     | 34.00%                   | 34.00%                     |

Based on our assumptions, we are forecasting EBITDA of \$1.9 million in fiscal 2008 and \$4.4 million in fiscal 2009. If these estimates are achieved, it would translate to over 87% compounded annual growth in each fiscal year.

## **Risks**

### *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.

### *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.

Its acquisition strategy relies on the Company's ability to identify and acquire target businesses that fit within its general acquisition criteria. 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 SEC filings, it expects to pursue an additional equity offering 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.

### *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.

Public non-asset based transportation providers that can be considered peers include: AutoInfo (OTC BB: AUTO), CH Robinson Worldwide (NASDAQ: CHRW), Expeditors International (NASDAQ: EXPD), Express-1 Expedited Solutions (AMEX: XPO), Landstar System (NASDAQ: LSTR), Pacer International (NASDAQ: PACR), 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.

*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.

*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 25,000 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 maintaining coverage of Radiant Logistics, Inc. (OTC BB: RLGT) with a Speculative Buy rating and 12-month price target of \$1.00 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 2009; 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 9.0X to our estimated fiscal 2009 EBITDA per share of \$0.13 per share. We arrived at this multiple by taking the industry P/EBITDA (cash flow) as compiled by Reuters.
- Applying a multiple of 30X to our estimated fiscal 2009 EPS per share of \$0.06 per share.

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

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

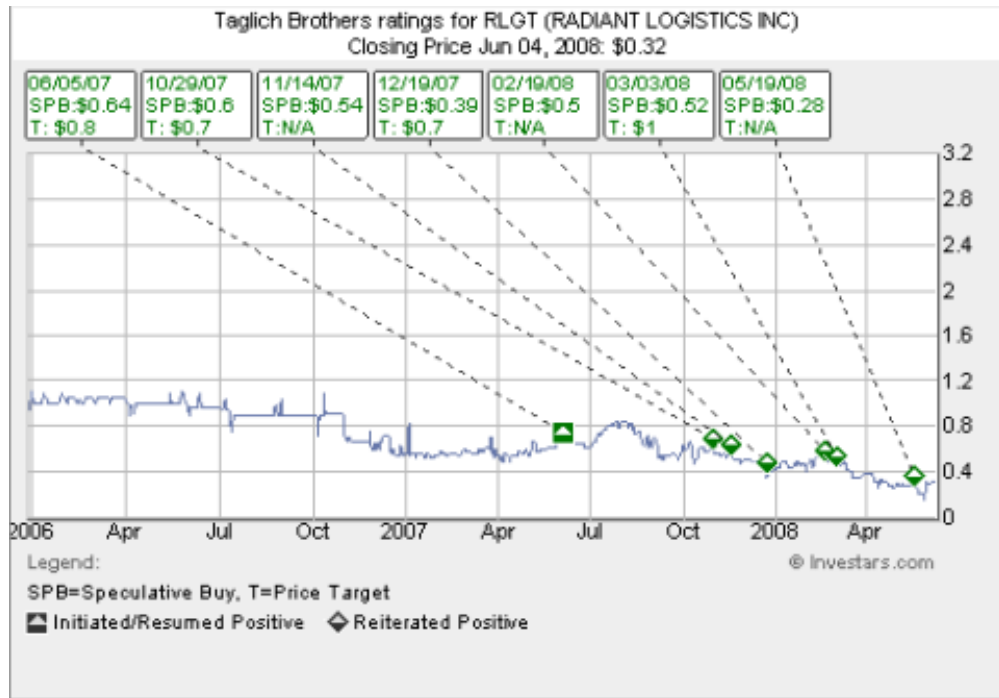
|          | Industry | Average     |
|----------|----------|-------------|
| Trailing | 37.3     |             |
| High     | 47.9     | <b>30.0</b> |
| Low      | 5.3      |             |

*Source: Reuters*

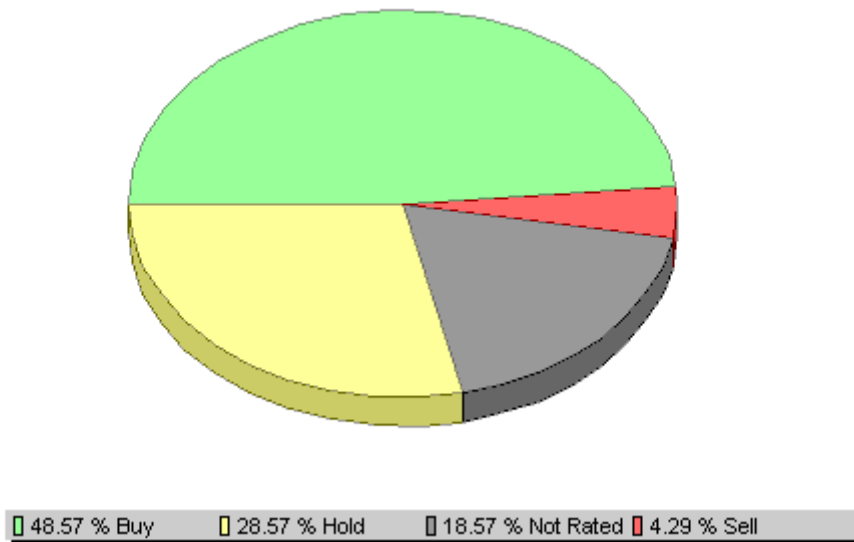
- Discounting the average of the above two valuation methodologies by 30% to account for company risks including microcap risk.

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> |   |       |  |
|--|---|-------|--|
| Rating   | # | %     |  |
| Buy  | 0 | 0     |  |
| Hold   | 1 | 7.14% |  |
| 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)  
Expeditors International (NASDAQ: EXPD)  
Express-1 Expedited Solutions (AMEX: XPO)  
Landstar System (NASDAQ: LSTR)  
Pacer International (NASDAQ: PACR)  
US 1 Industries (OTC BB: USOO)  
Federal Express Corporation (NYSE: FDX)  
United Parcel Service (NYSE: UPS)

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**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>F6/2007A</u> | <u>F6/2008E</u> | <u>F6/2009E</u> |
|-------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Total Revenues                | \$ 51,521       | \$ 54,580        | \$ 75,527       | \$ 102,477      | \$ 128,582      |
| Cost of Transportation        | <u>29,957</u>   | <u>35,192</u>    | <u>48,812</u>   | <u>66,042</u>   | <u>82,293</u>   |
| <b>Net Revenues</b>           | <b>21,564</b>   | <b>19,388</b>    | <b>26,715</b>   | <b>36,436</b>   | <b>46,290</b>   |
| <i>Gross Margins</i>          | <i>41.85%</i>   | <i>35.52%</i>    | <i>35.37%</i>   | <i>35.55%</i>   | <i>36.00%</i>   |
| Agent Commissions             | 15,988          | 14,341           | 20,048          | 25,348          | 30,860          |
| Personnel Costs               | 3,399           | 2,313            | 2,916           | 5,182           | 5,786           |
| S, G& A                       | 1,342           | 1,728            | 2,508           | 3,996           | 5,272           |
| D & A                         | <u>794</u>      | <u>793</u>       | <u>830</u>      | <u>971</u>      | <u>1,000</u>    |
| Operating Expensess           | <u>21,523</u>   | <u>19,175</u>    | <u>26,302</u>   | <u>35,497</u>   | <u>42,918</u>   |
| <b>Operating Income</b>       | <b>41</b>       | <b>213</b>       | <b>413</b>      | <b>938</b>      | <b>3,372</b>    |
| <i>Operating Margin</i>       | <i>0.08%</i>    | <i>0.39%</i>     | <i>0.55%</i>    | <i>0.92%</i>    | <i>2.62%</i>    |
| Interest Income               | 14              | 23               | 16              | 3               |                 |
| Interest Expense              | (1)             | (33)             | (22)            | (130)           | (150)           |
| Other                         | -               | (12)             | (43)            | 1,863           | -               |
| <b>Total -other</b>           | <u>13</u>       | <u>(22)</u>      | <u>(49)</u>     | <u>1,736</u>    | <u>(150)</u>    |
| <b>Pre-Tax Income</b>         | <b>54</b>       | <b>191</b>       | <b>364</b>      | <b>2,674</b>    | <b>3,222</b>    |
| <i>Pre-Tax Margins</i>        | <i>0.10%</i>    | <i>0.35%</i>     | <i>0.48%</i>    | <i>2.61%</i>    | <i>2.51%</i>    |
| Taxes (Benefit)               | <u>19</u>       | <u>217</u>       | <u>156</u>      | <u>925</u>      | <u>1,095</u>    |
| <i>Tax Rate</i>               | <i>35.19%</i>   | <i>113.61%</i>   | <i>42.80%</i>   | <i>34.58%</i>   | <i>34.00%</i>   |
| <i>Minority interest</i>      |                 |                  | 46              | (46)            |                 |
| <b>Net Income</b>             | <u>35</u>       | <u>\$ (26)</u>   | <u>\$ 163</u>   | <u>\$ 1,795</u> | <u>\$ 2,126</u> |
| <b>EPS-fully diluted</b>      | <u>\$ 0.00</u>  | <u>\$ (0.00)</u> | <u>\$ 0.00</u>  | <u>\$ 0.05</u>  | <u>\$ 0.06</u>  |
| Avg Shares Out-fully diluted  | <u>25,964</u>   | <u>30,607</u>    | <u>34,325</u>   | <u>34,289</u>   | <u>34,500</u>   |
| <br><u>Percent of Revenue</u> |                 |                  |                 |                 |                 |
| Cost of Transportation        | 58.15%          | 64.48%           | 64.63%          | 64.45%          | 64.00%          |
| Agent Commissions             | 31.03%          | 26.28%           | 26.54%          | 24.74%          | 24.00%          |
| Personnel Costs               | 6.60%           | 4.24%            | 3.86%           | 5.06%           | 4.50%           |
| S, G& A                       | 2.60%           | 3.17%            | 3.32%           | 3.90%           | 4.10%           |
| D & A                         | 1.54%           | 1.45%            | 1.10%           | 0.95%           | 0.78%           |
| Operating Expensess           | 41.78%          | 35.13%           | 34.82%          | 34.64%          | 33.38%          |
| Net Margin                    | 0.10%           | -0.05%           | 0.22%           | 1.75%           | 1.65%           |
| <br><u>YEAR / YEAR GROWTH</u> |                 |                  |                 |                 |                 |
| Total Revenues                |                 | 5.94%            | 38.38%          | 35.68%          | 25.47%          |

\* 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)A</u> | <u>F6/2007A</u> |
|------------------------------|------------------|-------------------|------------------|------------------|-----------------|
| Total Revenues               | \$ 14,416        | \$ 18,345         | \$ 19,394        | \$ 23,372        | \$ 75,527       |
| Cost of Transportation       | <u>9,423</u>     | <u>11,656</u>     | <u>12,278</u>    | <u>15,455</u>    | <u>48,812</u>   |
| <b>Net Revenues</b>          | 4,993            | 6,689             | 7,116            | 7,917            | <b>26,715</b>   |
| <i>Gross Margins</i>         | 34.64%           | 36.46%            | 36.69%           | 33.87%           | 35.37%          |
| <br>                         |                  |                   |                  |                  |                 |
| Agent Commissions            | 3,727            | 5,243             | 5,420            | 5,658            | <b>20,048</b>   |
| Personnel Costs              | 507              | 581               | 659              | 1,169            | <b>2,916</b>    |
| S, G& A                      | 406              | 613               | 742              | 747              | <b>2,508</b>    |
| D & A                        | <u>186</u>       | <u>205</u>        | <u>209</u>       | <u>230</u>       | <u>830</u>      |
| Operating Expenses           | <u>4,826</u>     | <u>6,642</u>      | <u>7,030</u>     | <u>7,804</u>     | <u>26,302</u>   |
| <b>Operating Income</b>      | 167              | 47                | 86               | 113              | <b>413</b>      |
| <i>Operating Margin</i>      | 1.16%            | 0.26%             | 0.44%            | 0.48%            | 0.55%           |
| <br>                         |                  |                   |                  |                  |                 |
| <i>EBITDA</i>                | 353              | 252               | 295              | 343              | 1,243           |
| <br>                         |                  |                   |                  |                  |                 |
| Interest Income              | 2                | 3                 | 2                | 9                | <b>16</b>       |
| Interest Expense             | (8)              | (3)               | (5)              | (6)              | <b>(22)</b>     |
| Other                        | <u>-</u>         | <u>(3)</u>        | <u>(22)</u>      | <u>(18)</u>      | <u>(43)</u>     |
| <b>Total -other</b>          | <u>(6)</u>       | <u>(3)</u>        | <u>(25)</u>      | <u>(15)</u>      | <u>(49)</u>     |
| <b>Pre-Tax Income</b>        | 161              | 44                | 61               | 98               | <b>364</b>      |
| <i>Pre-Tax Margins</i>       | 1.12%            | 0.24%             | 0.31%            | 0.42%            | 0.48%           |
| <br>                         |                  |                   |                  |                  |                 |
| Taxes (Benefit)              | <u>2</u>         | <u>(21)</u>       | <u>37</u>        | <u>138</u>       | <u>156</u>      |
| <i>Tax Rate</i>              | 1.12%            | -47.73%           | 60.66%           | 140.82%          | 42.80%          |
| <br>                         |                  |                   |                  |                  |                 |
| <i>Minority interest</i>     |                  |                   |                  | 46               | 46              |
| <br>                         |                  |                   |                  |                  |                 |
| <b>Net Income</b>            | <u>\$ 159</u>    | <u>\$ 65</u>      | <u>\$ 24</u>     | <u>\$ (86)</u>   | <u>\$ 163</u>   |
| <b>EPS-fully diluted</b>     | <u>\$ 0.00</u>   | <u>\$ 0.00</u>    | <u>\$ 0.00</u>   | <u>\$ (0.00)</u> | <u>\$ 0.00</u>  |
| Avg Shares Out-fully diluted | <u>36,137</u>    | <u>34,469</u>     | <u>34,163</u>    | <u>34,210</u>    | <u>34,325</u>   |
| <br>                         |                  |                   |                  |                  |                 |
| <u>Percent of Revenue</u>    |                  |                   |                  |                  |                 |
| Cost of Transportation       | 65.36%           | 63.54%            | 63.31%           | 66.13%           | 64.63%          |
| Agent Commissions            | 25.85%           | 28.58%            | 27.95%           | 24.21%           | 26.54%          |
| Personnel Costs              | 3.52%            | 3.17%             | 3.40%            | 5.00%            | 3.86%           |
| S, G& A                      | 2.81%            | 3.34%             | 3.83%            | 3.20%            | 3.32%           |
| D & A                        | 1.29%            | 1.12%             | 1.07%            | 1.07%            | 1.10%           |
| Operating Expenses           | 33.48%           | 36.21%            | 36.25%           | 33.39%           | 34.82%          |
| Net Margin                   | 1.10%            | 0.35%             | 0.12%            | -0.37%           | 0.22%           |
| <br>                         |                  |                   |                  |                  |                 |
| <u>YEAR / YEAR GROWTH</u>    |                  |                   |                  |                  |                 |
| Total Revenues               | 7.32%            | 24.99%            | 63.76%           | 59.80%           | 38.38%          |

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

|                              | <u>Q1(9/07A)</u> | <u>Q2(12/07A)</u> | <u>Q3(3/08A)</u> | <u>Q4(6/08E)</u> | <u>F6/2008E</u> |
|------------------------------|------------------|-------------------|------------------|------------------|-----------------|
| Total Revenues               | \$ 25,557        | \$ 23,109         | \$ 25,765        | \$ 28,046        | \$ 102,477      |
| Cost of Transportation       | <u>17,116</u>    | <u>14,712</u>     | <u>16,264</u>    | <u>17,950</u>    | <u>66,042</u>   |
| <b>Net Revenues</b>          | 8,441            | 8,397             | 9,501            | 10,097           | <b>36,436</b>   |
| <i>Gross Margins</i>         | 33.03%           | 36.34%            | 36.88%           | 36.00%           | 35.55%          |
| <br>                         |                  |                   |                  |                  |                 |
| Agent Commissions            | 5,852            | 6,154             | 6,611            | 6,731            | <b>25,348</b>   |
| Personnel Costs              | 1,547            | 1,090             | 1,199            | 1,346            | <b>5,182</b>    |
| S, G& A                      | 695              | 742               | 1,269            | 1,290            | <b>3,996</b>    |
| D & A                        | <u>240</u>       | <u>242</u>        | <u>239</u>       | <u>250</u>       | <u>971</u>      |
| Operating Expenses           | <b>8,334</b>     | <b>8,228</b>      | <b>9,318</b>     | <b>9,617</b>     | <b>35,497</b>   |
| <b>Operating Income</b>      | <b>107</b>       | <b>169</b>        | <b>183</b>       | <b>479</b>       | <b>938</b>      |
| <i>Operating Margin</i>      | 0.42%            | 0.73%             | 0.71%            | 1.71%            | 0.92%           |
| <br>                         |                  |                   |                  |                  |                 |
| Interest Income              | 1                | 1                 | 1                | -                | <b>3</b>        |
| Interest Expense             | (25)             | (48)              | (27)             | (30)             | <b>(130)</b>    |
| Other                        | <u>(20)</u>      | <u>1,931</u>      | <u>(48)</u>      | <u>-</u>         | <u>1,863</u>    |
| <b>Total -other</b>          | <b>(44)</b>      | <b>1,884</b>      | <b>(74)</b>      | <b>(30)</b>      | <b>1,736</b>    |
| <b>Pre-Tax Income</b>        | 63               | 2,053             | 109              | 449              | <b>2,674</b>    |
| <i>Pre-Tax Margins</i>       | 0.25%            | 8.88%             | 0.42%            | 1.60%            | 2.61%           |
| <br>                         |                  |                   |                  |                  |                 |
| Taxes (Benefit)              | <u>(8)</u>       | <u>744</u>        | <u>36</u>        | <u>153</u>       | <u>925</u>      |
| <i>Tax Rate</i>              | -12.70%          | 36.24%            | 33.03%           | 34.00%           | 34.58%          |
| <br>                         |                  |                   |                  |                  |                 |
| <i>Minority interest</i>     | (18)             | (14)              | (14)             |                  | (46)            |
| <br>                         |                  |                   |                  |                  |                 |
| <b>Net Income</b>            | <u>\$ 88</u>     | <u>\$ 1,324</u>   | <u>\$ 87</u>     | <u>\$ 296</u>    | <u>\$ 1,795</u> |
| <b>EPS-fully diluted</b>     | <u>\$ 0.00</u>   | <u>\$ 0.04</u>    | <u>\$ 0.00</u>   | <u>\$ 0.01</u>   | <u>\$ 0.05</u>  |
| Avg Shares Out-fully diluted | <u>34,442</u>    | <u>34,079</u>     | <u>34,134</u>    | <u>34,500</u>    | <u>34,289</u>   |
| <br>                         |                  |                   |                  |                  |                 |
| <u>Percent of Revenue</u>    |                  |                   |                  |                  |                 |
| Cost of Transportation       | 66.97%           | 63.66%            | 63.12%           | 64.00%           | 64.45%          |
| Agent Commissions            | 22.90%           | 26.63%            | 25.75%           | 24.00%           | 24.74%          |
| Personnel Costs              | 6.05%            | 4.72%             | 4.65%            | 4.80%            | 5.06%           |
| S, G& A                      | 2.72%            | 3.21%             | 4.93%            | 4.60%            | 3.90%           |
| D & A                        | 0.94%            | 1.05%             | 0.93%            | 0.89%            | 0.95%           |
| Operating Expenses           | 32.61%           | 35.61%            | 36.17%           | 34.29%           | 34.64%          |
| Net Margin                   | 0.00%            | 5.73%             | 0.34%            | 1.06%            | 1.75%           |
| <br>                         |                  |                   |                  |                  |                 |
| <u>YEAR / YEAR GROWTH</u>    |                  |                   |                  |                  |                 |
| Total Revenues               | 77.28%           | 25.97%            | 32.85%           | 20.00%           | 35.68%          |

Radiant Logistics, Inc.  
Quarterly Income Statement Model  
For Fiscal Year Ended June 30, 2009  
(in thousands)

|                              | <u>Q1(9/08)E</u> | <u>Q2(12/08)E</u> | <u>Q3(3/09)E</u> | <u>Q4(6/09)E</u> | <u>F6/2009E</u> |
|------------------------------|------------------|-------------------|------------------|------------------|-----------------|
| Total Revenues               | \$ 29,902        | \$ 29,926         | \$ 33,108        | \$ 35,646        | \$ 128,582      |
| Cost of Transportation       | <u>19,137</u>    | <u>19,153</u>     | <u>21,189</u>    | <u>22,814</u>    | <u>82,293</u>   |
| <b>Net Revenues</b>          | 10,765           | 10,773            | 11,919           | 12,833           | <b>46,290</b>   |
| <i>Gross Margins</i>         | 36.00%           | 36.00%            | 36.00%           | 36.00%           | 36.00%          |
| Agent Commissions            | 7,176            | 7,182             | 7,946            | 8,555            | 30,860          |
| Personnel Costs              | 1,405            | 1,407             | 1,457            | 1,518            | 5,786           |
| S, G& A                      | 1,271            | 1,272             | 1,357            | 1,372            | 5,272           |
| D & A                        | <u>250</u>       | <u>250</u>        | <u>250</u>       | <u>250</u>       | <u>1,000</u>    |
| Operating Expensess          | <u>10,103</u>    | <u>10,111</u>     | <u>11,010</u>    | <u>11,694</u>    | <u>42,918</u>   |
| <b>Operating Income</b>      | <b>662</b>       | <b>663</b>        | <b>909</b>       | <b>1,138</b>     | <b>3,372</b>    |
| <i>Operating Margin</i>      | 2.21%            | 2.21%             | 2.74%            | 3.19%            | 2.62%           |
| Interest Expense             | (35)             | (35)              | (40)             | (40)             | (150)           |
| Other                        | <u>-</u>         | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>-</u>        |
| <b>Total -other</b>          | <b>(35)</b>      | <b>(35)</b>       | <b>(40)</b>      | <b>(40)</b>      | <b>(150)</b>    |
| <b>Pre-Tax Income</b>        | 627              | 628               | 869              | 1,098            | <b>3,222</b>    |
| <i>Pre-Tax Margins</i>       | 2.10%            | 2.10%             | 2.62%            | 3.08%            | 2.51%           |
| Taxes (Benefit)              | <u>213</u>       | <u>213</u>        | <u>295</u>       | <u>373</u>       | <u>1,095</u>    |
| <i>Tax Rate</i>              | 34.00%           | 34.00%            | 34.00%           | 34.00%           | 34.00%          |
| <i>Minority interest</i>     | -                | -                 | -                | -                | -               |
| <b>Net Income</b>            | <u>\$ 414</u>    | <u>\$ 414</u>     | <u>\$ 573</u>    | <u>\$ 725</u>    | <u>\$ 2,126</u> |
| <b>EPS-fully diluted</b>     | <u>\$ 0.01</u>   | <u>\$ 0.01</u>    | <u>\$ 0.02</u>   | <u>\$ 0.02</u>   | <u>\$ 0.06</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       | 64.00%           | 64.00%            | 64.00%           | 64.00%           | 64.00%          |
| Agent Commissions            | 24.00%           | 24.00%            | 24.00%           | 24.00%           | 24.00%          |
| Personnel Costs              | 4.70%            | 4.70%             | 4.40%            | 4.26%            | 4.50%           |
| S, G& A                      | 4.25%            | 4.25%             | 4.10%            | 3.85%            | 4.10%           |
| D & A                        | 0.84%            | 0.84%             | 0.76%            | 0.70%            | 0.78%           |
| Operating Expensess          | 33.79%           | 33.79%            | 33.26%           | 32.81%           | 33.38%          |
| Net Margin                   | 0.00%            | 1.38%             | 1.73%            | 2.03%            | 1.65%           |
| <u>YEAR / YEAR GROWTH</u>    |                  |                   |                  |                  |                 |
| Total Revenues               | 17.00%           | 29.50%            | 28.50%           | 27.10%           | 25.47%          |

Radiant Logistics, Inc.  
Consolidate Balance Sheet  
For Fiscal Year Ended June 30:  
(in thousands)

|   | <u>F2007A</u>    | <u>3Q(3/08)08A</u> |
|---|------------------|--------------------|
| <b>Assets</b>                                 |                  |                    |
| Current Assets                                |                  |                    |
| Cash & Equivalents                            | \$ 720           | \$ 280             |
| Net Receivables                               | 15,063           | 13,536             |
| Deferred taxes                                | 235              | 806                |
| Prepaid Expense & Other                       | <u>102</u>       | <u>330</u>         |
| <b>Total Current Assets</b>                   | 16,119           | 14,951             |
| <br>  |                  |                    |
| Plant, Property, & Equipment-net              | 845              | 811                |
| Goodwill/intangibles-net                      | 7,322            | 8,812              |
| Long Term Investments                         | 40               | 40                 |
| Other   | <u>698</u>       | <u>213</u>         |
| <b>Total Assets</b>                           | <u>\$ 25,024</u> | <u>\$ 24,827</u>   |
| <br>  |                  |                    |
| <b>Liabilities &amp; Shareholders' Equity</b> |                  |                    |
| Current Liabilities                           |                  |                    |
| Notes payable                                 | 800              | 233                |
| Accounts payable                              | 13,271           | 9,710              |
| Accruals                                      | 344              | 206                |
| Commissions                                   | 700              | 1,156              |
| Income tax payable                            | <u>225</u>       | <u>1,085</u>       |
| <b>Total Current Liabilities</b>              | 15,340           | 12,389             |
| <br>  |                  |                    |
| <b>LTD-net of current</b>                     | 1,974            | 3,011              |
| <b>Deferred taxes</b>                         | 609              | 469                |
| <br>  |                  |                    |
| <b>Minority interest</b>                      | 57               | 12                 |
| <br>  |                  |                    |
| <b>Total Shareholders' Equity</b>             | <u>7,044</u>     | <u>8,946</u>       |
| <br>  |                  |                    |
| <b>Total Liabilities &amp; Equity</b>         | <u>\$ 25,024</u> | <u>\$ 24,827</u>   |
| <br>  |                  |                    |
| SHARES OUT                                    | 33,962           | 34,402             |

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

|   | <u>2007A</u>  | <u>9M08A</u>   |
|---|---------------|----------------|
| <i>Cash Flows from Operating Activities</i> |               |                |
| Net Income                                  | \$ 163        | \$ 1,499       |
| Depreciation & Amortization                 | 842           | 705            |
| Other non cash items                        | 29            | 59             |
| Write-off and disposals                     | 51            | 382            |
| Other                                       | (5)           | (1,058)        |
|   | <b>1,080</b>  | <b>1,587</b>   |
| <i>Changes In:</i>                          |               |                |
| Receivables                                 | (6,634)       | 1,145          |
| Prepaid Expense                             | (238)         | 326            |
| Accounts Payable                            | 7,309         | (3,346)        |
| Accrued Expenses & Other                    | (307)         | 1,178          |
| Net Changes in Working Capital              | <b>130</b>    | <b>(697)</b>   |
| <b>Net cash Provided by Operations</b>      | <b>1,260</b>  | <b>888</b>     |
| <i>Cash Flows from Investing Activities</i> |               |                |
| Capital Expenditures                        | (524)         | (235)          |
| Acquisitions                                | (243)         | (1,925)        |
| Other                                       | -             | -              |
| <b>Net cash used in Investing</b>           | <b>(767)</b>  | <b>(2,160)</b> |
| <i>Cash Flows from Financing Activities</i> |               |                |
| Minority interest contribution              | 12            | -              |
| Proceeds from Borrowings                    | (296)         | 1,332          |
| Note payable for Airgroup                   | -             | (500)          |
| <b>Net cash provided by Financing</b>       | <b>(284)</b>  | <b>832</b>     |
| Net change in Cash                          | 209           | (440)          |
| Cash Beginning of Period                    | <b>511</b>    | <b>720</b>     |
| Cash End of Period                          | <b>\$ 720</b> | <b>\$ 280</b>  |