



# 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 \$0.39 (OTC BB)

December 19, 2007

	<u>FY2005A*</u>	<u>FY2006A*</u>	<u>FY2007A</u>	<u>FY2008E</u>	<u>FY2009E</u>
Revenues (millions)	\$51.52	\$54.58	\$75.53	\$102.55	\$128.71
Earnings (loss) per share	\$0.00	\$(0.00)	\$0.00	\$0.02	\$0.05

52-Week Range	\$0.83 - \$0.35	Fiscal Year Ends	June
Shares Outstanding as of 11/9/07	34.0 million	Revs/Share (TTM)	\$2.52
Approximate Float	16.4 million	Price/Sales(TTM)	0.2X
Market Capitalization	\$13 million	Price/Sales(2009)E	0.1X
Tangible Book Value/Share	NMF	Price/Earnings(TTM)	NMF
Price/Tangible book	NMF	Price/Earnings(2009)E	7.8X

\* 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 reiterating our Speculative Buy on Radiant Logistics, Inc. (OTC BB: RLGT) and 12-month price target of \$0.70 per share. Our price target is based on a relative P/E and P/EBITDA analysis.*

*On November 14, 2007, Radiant Logistics reported fiscal first quarter revenues of \$25.6 million and net income of \$0.088 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$14.6 million and net income of \$0.097 million or \$0.00 per share. On an operating basis, RLGT reported income of \$0.107 million, as compared to \$0.167 million in the year ago period. On an EBITDA and adjusted EBITDA basis, the Company reported gains of \$0.345 million and \$0.427 million, respectively, as compared to \$0.353 million and \$0.398 million, respectively.*

*We are refining our 2008 and 2009 model based on recent results and Management's public guidance. Our revised projections call for revenues of \$102.6 million and net income of \$0.5 million or \$0.02 per diluted share. Our prior projections called for revenues of \$93.8 million and net income of \$0.8 million or \$0.02 per diluted share. Our revised projections for fiscal 2009 call for revenues of \$128.7 million and net income of \$1.6 million or \$0.05 per diluted share. Our prior projections for fiscal 2009 called for revenues of \$121.6 million and net income of \$1.5 million of \$0.04 per diluted share.*

*In November 2007, RLGT completed a restructured transaction with Mass Financial Corporation to acquire the (Detroit) assets formerly used in the operation of the automotive division of the Stonepath Group. As restructured, the purchase price was reduced to \$1.56 million from \$2.75 million.*

*\*Please view our disclaimer located on Page 15.*

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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 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.

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.

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:

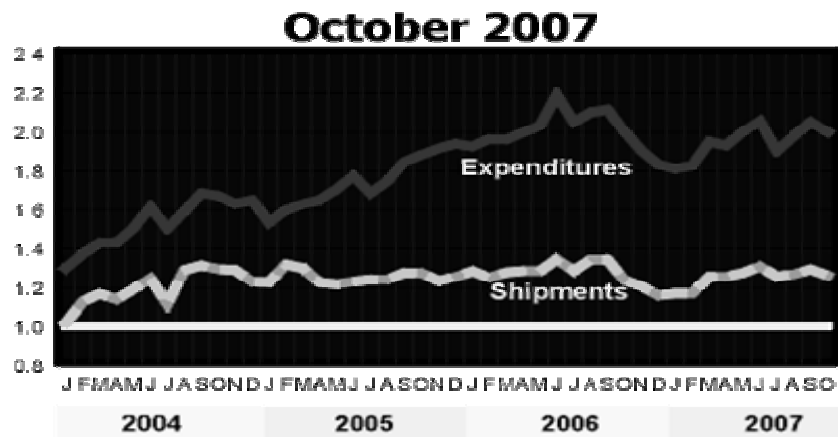
- Over 19 billion tons of freight, valued at \$13 trillion, was carried over 4.4 trillion ton-miles in the United States in 2002. On a typical day in the United States in 2002, about 53 million tons of goods valued at about \$36 billion moved nearly 12 billion ton-miles on the nation's multimodal transportation 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 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*

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 and sector sales increased 5.5% and 6.1%, 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, 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. As a result of lackluster sales and EPS growth, P/E valuation ratios are toward the low end of the 5 year range;
- In November 2007, the government announced that GDP advanced 4.9% in the third quarter of 2007. Earlier, the government announced that GDP advanced 3.8% in the second quarter of 2007 and 0.6% in the first quarter of 2007. In January 2007, the government released statistics showing that GDP increased 2.9% in 2006. Going forward, the National Association of Business Economics (NABE) indicated in November 2007 that future economic growth will likely be below 2% primarily due to a sluggish housing market and financial market turmoil.
- A United States Department of Transportation (DOT) November 2007 report indicated that for the month ending September 2007, the Freight Transportation Service Index (TSI) decreased 0.7%. For the first nine months of 2007, the freight TSI also fell 0.7%. According to the government, The September fall was the largest decline since November 2006 and the sixth decline this year.
- In November 2007, the government indicated that in the third quarter of 2007, exports increased 18.9%, while imports increased 4.3%;
- According to the August 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) third quarter intermodal volumes decreased 2.2%, as compared to the third quarter of 2006; however, volumes increased 3.5%, as compared to the second quarter of 2007. According to IMTS, total intermodal volume for the year-to-date decreased 0.9%, as compared to the same period of last year.
- In November 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 (October 2007 versus October 2006) and a decrease from September 2007.



- In November 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 October

U.S. leading economic index (LEI) showed an decrease of 0.5%. According to the CB, The leading index fell 0.5% (an annual decline of 1.0%) from April to October.

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 November 14, 2007**, Radiant Logistics reported results for its 2008 fiscal first quarter, ended September 30, 2007. The Company reported revenues of \$25.6 million and net income of \$0.088 million or \$0.00 per share. In the year ago period, RLGT reported revenues of \$14.6 million and net income of \$0.097 million or \$0.00 per share.

In comparison, Taglich Brothers' estimates called for revenues of \$23.5 million and net income of \$0.087 million or \$0.00 per share.

On an operating basis, RLGT reported income of \$0.107 million, as compared to \$0.167 million in the year ago period. On an EBITDA and adjusted EBITDA basis, the Company reported gains of \$0.345 million and \$0.427 million, respectively, as compared to \$0.353 million and \$0.398 million, respectively, for the first quarter of fiscal 2007.

Revenues increased due to strength in international and domestic business, as well as incremental business from the Detroit automotive group. Bottom line results for the quarter were adversely impacted by \$0.100 million in start-up costs associated with the launch of its international service offering.

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

- Gross profit increased to \$8.4 million (or 33.0% of revenues) from \$5.0 million (or 34.6% of revenues). As indicated gross margins were lower due to the impact of the Detroit and international operations;
- Total operating expenses, on a dollar basis, increased to \$8.3 million from \$4.8 million. Operating expenses, as a percentage of revenues, decreased to approximately 33.4% of revenues, as compared to 34%;
- Operating income decreased to \$0.107 million from \$0.167 million, resulting in operating margins of 0.5%, as compared to 1.2%;
- Non-operating expenses increased to approximately \$0.044 million from \$0.006 million;
- Income tax expense amounted to a benefit of \$0.008 million (or -13% effective tax rate), as compared to an expense of \$0.002 million (or 1% effective tax rate); and
- Weighted average shares outstanding were 34.4 million as compared to 36.1 million.

### ***Balance Sheet***

At the end of its 2008 fiscal first quarter, RLGT had cash of \$0.409 million, working capital of approximately \$2.8 million, long-term debt of \$4.3 million, and stockholders' equity of \$7.2 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 September 30, 2007, the Company had advances of \$2.3 million under the facility and \$1.76 million in outstanding checks. Based on available collateral and \$0.3 million in outstanding letter of credit commitments, there was \$3.0 million of remaining availability under the facility.

#### ***Recent Developments***

On November 19, 2007, Radiant Logistics announced that through its wholly owned subsidiary Airgroup Corporation it entered into a strategic alliance with Omni Air International, Inc. to allow Airgroup to provide international freight forwarding and logistics offering in support of the US Department of Defense as a participant in the Civil Reserve Air Fleet (CRAF) cargo program.

According to the Air Force, the CRAF program is a unique and significant part of the nation's mobility resources. Selected aircraft from U.S. airlines are contractually committed to CRAF and support Department of Defense airlift requirements in emergencies when the need for airlift exceeds the capability of military aircraft. The CRAF has three main segments: international, national and aeromedical evacuation. The international segment is further divided into the long-range and short-range sections and the national segment into the domestic and Alaskan sections. As of May 2007, 37 carriers and 1,376 aircraft were enrolled in the CRAF. This includes 1,273 aircraft in the international segment (990 in the long-range international section and 283 in the short-range international section), and 37 and 50 aircraft, respectively, in the national and aeromedical evacuation segments, and four aircraft in the Alaskan segment.

#### ***Projections***

**We are refining our fiscal 2008 and 2009 models based on recent results, comments made on the Company's first quarter conference call and 10Q, and Management public guidance.**

Our revised projections call for revenues of \$102.6 million and net income of \$0.5 million or \$0.02 per diluted share. Our prior projections for fiscal 2008 called for revenues of \$93.8 million and net income of \$0.8 million or \$0.02 per diluted share.

Our revised projections for fiscal 2009 call for revenues of \$128.7 million and net income of \$1.6 million or \$0.05 per diluted share. Our prior projections for fiscal 2009 called for revenues of \$121.6 million and net income of \$1.5 million or \$0.04 per diluted share.

Our growth projections are contingent upon a generally growing economy 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 36% in fiscal 2008 and almost 26% 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 Actual</b>	<b>FY2008E Prior</b>	<b>FY2008E Revised</b>	<b>FY2009E Prior</b>	<b>FY2009E Revised</b>
<b>Cost of Transportation</b>	64.63%	66.12%	66.55%	66.00%	66.00%
<b>Agent Commissions</b>	26.54%	24.00%	22.95%	24.00%	22.90%
<b>Personnel Costs</b>	3.86%	4.65%	6.01%	4.25%	5.70%
<b>S, G, &amp; A</b>	3.32%	3.12%	2.79%	3.00%	2.75%
<b>D&amp;A</b>	1.10%	0.94%	0.94%	0.82%	0.78%
<b>Total Operating Expenses</b>	34.82%	32.71%	32.69%	32.07%	32.13%
<b>Tax Rate</b>	42.8%	35.0%	30.0%	35.0%	34.0%

Based on our assumptions, we are forecasting EBITDA of \$1.7 million in fiscal 2008 and \$3.4 million in fiscal 2009. If these estimates are achieved, it would translate to over 66% compounded annual growth in each fiscal year.

#### ***Recent Developments - Stonepath Assets***

**On May 23, 2007**, RLGT 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 and RLGT) agreed to following transaction terms:

- The transaction was 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 was 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 agreed to operate the Purchased Assets within its Automotive Services Division.

**On June 15, 2007**, writs of garnishment issued by a judgment creditor of Stonepath were directed to, among others, the automotive customers being serviced by the Company pursuant to the Management Services Agreement between RLGS and MASS. Together with Mass, RLGT intervened in the matter and objected to the writs of garnishment for the reason that MASS' interest in the former Stonepath assets originated as the result of a prior perfected security interest that was properly foreclosed upon by Mass. The matter is pending in the Circuit Court for the County of Wayne, State of Michigan, Case No. 04-433025-CA. On August 14, 2007, a Stipulated Order Regarding Writs of Garnishment was entered whereby Mass posted a letter of credit in the amount of \$2.750 million for the benefit of the Stonepath judgment creditor. Upon posting of that letter of credit, the garnished customers were released from the writs of garnishment and directed to release all garnished funds and make all future payments as directed to Mass and RLGT. Further, the Stonepath judgment creditor was ordered to refrain from further garnishments and enforcement action against the former assets of Stonepath. The issue of the superiority of Mass' security interest in the former Stonepath assets will be determined by the Court after discovery and a possible hearing.

**On or about September 28, 2007**, Mass Financial Corp. commenced an action against RLGT in the Federal District Court for the Western District of the State of Washington at Seattle. Mass was seeking specific performance, injunctive relief and damages against RLGT, as well as seeking to compel a closing under an unexecuted draft amendment to the Asset Purchase Agreement between the parties.

**In November 2007**, RLGT completed a restructured transaction with Mass Financial Corporation to acquire the assets in question. As restructured, the purchase price was reduced to \$1.56 million, consisting of cash of \$0.560 million and a \$1.0 million credit in satisfaction of indemnity claims asserted by the Company arising from its interim operation of the purchased assets since May 22, 2007. Of the cash component of the transaction, \$0.100 million was paid in May of 2007, \$0.265 million was paid at closing and a final payment of \$0.195 million was to be paid in November of 2008, subject to off-set of up to \$0.075 million for certain qualifying expenses incurred by the Company. In connection with the completion of a restructured transaction, Mass has agreed to file with the Court a stipulation and order for dismissal of the pending lawsuit with prejudice and without an award of attorney's fees or costs to any party.

## ***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.

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.

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. As of the latest information, the Court of Appeals has affirmed the dismissal of the all of the securities fraud claims filed and no Officer or Director was found to be at fault. Additionally, 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.

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.

#### *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.

#### *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 20,000 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 a 12-month price target of \$0.70 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 11.5X to our estimated 2009 EBITDA per share of \$0.10 per share. We arrived at this multiple by averaging the sector and industry P/EBITDA (cash flow) as compiled by Reuters.

	P/EBITDA
Sector	11.4
Industry	11.6

*Source: Reuters*

- Applying a multiple of 21X to our estimated 2009 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	17.8		17.4	
High	32.6	<b>21.0</b>	31.4	<b>21.0</b>
Low	15.7		17.3	

*Source: Reuters*

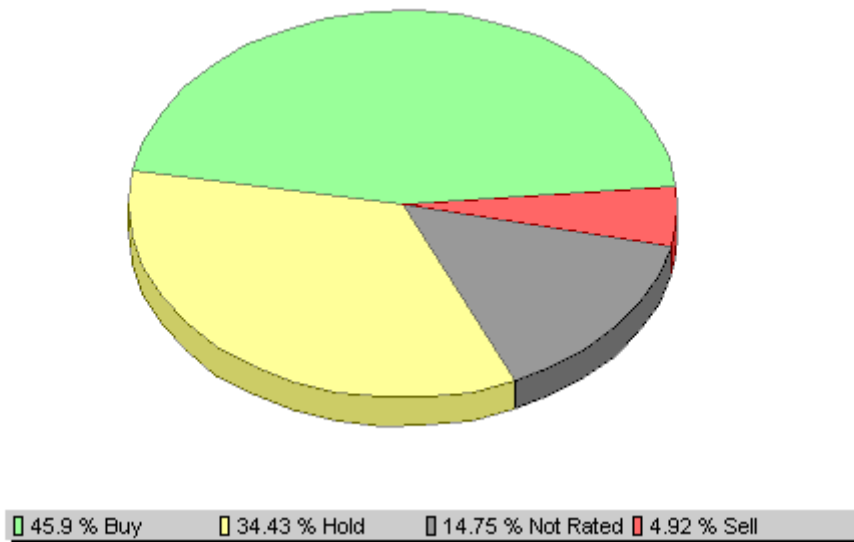
- Discounting the average of the above two valuation methodologies by 30% to account for company risks including microcap risk.

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	2	10.53%	
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)

\* 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. Taglich Brothers, Inc. does not have an investment banking relationship with the company mentioned in this report and was not a manager or co-manger of any offering for the company within the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. 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>F6/2007A</u>	<u>F6/2008E</u>	<u>F6/2009E</u>
Total Revenues	\$ 51,521	\$ 54,580	\$ 75,527	\$ 102,549	\$ 128,702
Cost of Transportation	<u>29,957</u>	<u>35,192</u>	<u>48,812</u>	<u>68,252</u>	<u>84,943</u>
<b>Net Revenues</b>	<b>21,564</b>	<b>19,388</b>	<b>26,715</b>	<b>34,298</b>	<b>43,759</b>
<i>Gross Margins</i>	<i>41.85%</i>	<i>35.52%</i>	<i>35.37%</i>	<i>33.45%</i>	<i>34.00%</i>
Agent Commissions	<b>15,988</b>	<b>14,341</b>	<b>20,048</b>	<b>23,535</b>	<b>29,473</b>
Personnel Costs	<b>3,399</b>	<b>2,313</b>	<b>2,916</b>	<b>6,167</b>	<b>7,336</b>
S, G& A	<b>1,342</b>	<b>1,728</b>	<b>2,508</b>	<b>2,864</b>	<b>3,539</b>
D & A	<u>794</u>	<u>793</u>	<u>830</u>	<u>960</u>	<u>1,000</u>
Operating Expensess	<u>21,523</u>	<u>19,175</u>	<u>26,302</u>	<u>33,525</u>	<u>41,348</u>
<b>Operating Income</b>	<b>41</b>	<b>213</b>	<b>413</b>	<b>773</b>	<b>2,411</b>
<i>Operating Margin</i>	<i>0.08%</i>	<i>0.39%</i>	<i>0.55%</i>	<i>0.75%</i>	<i>1.87%</i>
Interest Income	<b>14</b>	<b>23</b>	<b>16</b>	<b>1</b>	
Interest Expense	<b>(1)</b>	<b>(33)</b>	<b>(22)</b>	<b>(25)</b>	<b>(50)</b>
Other	<u>-</u>	<u>(12)</u>	<u>(43)</u>	<u>(20)</u>	<u>-</u>
<b>Total -other</b>	<b>13</b>	<b>(22)</b>	<b>(49)</b>	<b>(44)</b>	<b>(50)</b>
<b>Pre-Tax Income</b>	<b>54</b>	<b>191</b>	<b>364</b>	<b>729</b>	<b>2,461</b>
<i>Pre-Tax Margins</i>	<i>0.10%</i>	<i>0.35%</i>	<i>0.48%</i>	<i>0.71%</i>	<i>1.91%</i>
Taxes (Benefit)	<u>19</u>	<u>217</u>	<u>156</u>	<u>218</u>	<u>837</u>
<i>Tax Rate</i>	<i>35.19%</i>	<i>113.61%</i>	<i>42.80%</i>	<i>29.96%</i>	<i>34.00%</i>
<i>Minority interest</i>			46	(18)	
<b>Net Income</b>	<u>35</u>	<u>\$ (26)</u>	<u>\$ 163</u>	<u>\$ 528</u>	<u>\$ 1,624</u>
<b>EPS-fully diluted</b>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ 0.05</u>
Avg Shares Out-fully diluted	<u>25,964</u>	<u>30,607</u>	<u>34,325</u>	<u>34,486</u>	<u>35,000</u>
<u>Percent of Revenue</u>					
Cost of Transportation	58.15%	64.48%	64.63%	66.55%	66.00%
Agent Commissions	31.03%	26.28%	26.54%	22.95%	22.90%
Personnel Costs	6.60%	4.24%	3.86%	6.01%	5.70%
S, G& A	2.60%	3.17%	3.32%	2.79%	2.75%
D & A	1.54%	1.45%	1.10%	0.94%	0.78%
Operating Expensess	41.78%	35.13%	34.82%	32.69%	32.13%
Net Margin	0.10%	-0.05%	0.22%	0.51%	1.26%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues		5.94%	38.38%	35.78%	25.50%

\* 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%
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%
<i>EBITDA</i>	353	252	295	343	1,243
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%
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%
<i>Minority interest</i>				46	46
<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>
<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%
<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(12/07E)</u>	<u>Q3(3/08E)</u>	<u>Q4(6/08E)</u>	<u>F6/2008E</u>
Total Revenues	\$ 25,557	\$ 25,683	\$ 25,600	\$ 25,709	\$ 102,549
Cost of Transportation	17,116	17,143	17,024	16,968	68,252
<b>Net Revenues</b>	8,441	8,540	8,576	8,741	34,298
<i>Gross Margins</i>	33.03%	33.25%	33.50%	34.00%	33.45%
Agent Commissions	5,852	5,907	5,888	5,887	23,535
Personnel Costs	1,547	1,541	1,536	1,543	6,167
S, G& A	695	706	704	758	2,864
D & A	240	240	240	240	960
Operating Expensess	<b>8,334</b>	<b>8,394</b>	<b>8,368</b>	<b>8,428</b>	<b>33,525</b>
<b>Operating Income</b>	<b>107</b>	<b>145</b>	<b>208</b>	<b>313</b>	<b>773</b>
<i>Operating Margin</i>	0.42%	0.57%	0.81%	1.22%	0.75%
Interest Income	1				1
Interest Expense	(25)				(25)
Other	(20)	-	-	-	(20)
<b>Total -other</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44)</b>
<b>Pre-Tax Income</b>	63	145	208	313	729
<i>Pre-Tax Margins</i>	0.25%	0.57%	0.81%	1.22%	0.71%
Taxes (Benefit)	(8)	49	71	106	218
<i>Tax Rate</i>	-12.70%	34.00%	34.00%	34.00%	29.96%
Minority interest	(18)				(18)
<b>Net Income</b>	\$ 88	\$ 96	\$ 137	\$ 206	\$ 528
<b>EPS-fully diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
Avg Shares Out-fully diluted	34,442	34,500	34,500	34,500	34,486
<u>Percent of Revenue</u>					
Cost of Transportation	66.97%	66.75%	66.50%	66.00%	66.55%
Agent Commissions	22.90%	23.00%	23.00%	22.90%	22.95%
Personnel Costs	6.05%	6.00%	6.00%	6.00%	6.01%
S, G& A	2.72%	2.75%	2.75%	2.95%	2.79%
D & A	0.94%	0.93%	0.94%	0.93%	0.94%
Operating Expensess	32.61%	32.68%	32.69%	32.78%	32.69%
Net Margin	0.34%	0.37%	0.54%	0.80%	0.51%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	77.28%	40.00%	32.00%	10.00%	35.78%

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

	<u>F2006A</u>	<u>F2007A</u>	<u>1Q08A</u>
<b>Assets</b>			
Current Assets			
Cash & Equivalents	\$ 511	\$ 720	\$ 409
Net Receivables	8,528	15,063	17,503
Deferred taxes	277	235	256
Prepaid Expense & Other	<u>93</u>	<u>102</u>	<u>194</u>
<b>Total Current Assets</b>	9,410	16,119	18,362
Plant, Property, & Equipment-net	258	845	919
Goodwill/intangibles-net	7,114	7,322	7,185
Long Term Investments	40	40	40
Other	<u>223</u>	<u>698</u>	<u>1,150</u>
<b>Total Assets</b>	<u>\$ 17,045</u>	<u>\$ 25,024</u>	<u>\$ 27,656</u>
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities			
Notes payable	-	800	800
Accounts payable	4,096	11,619	11,541
Accruals	1,805	1,996	2,300
Commissions	429	700	787
Income tax payable	<u>1,094</u>	<u>225</u>	<u>117</u>
<b>Total Current Liabilities</b>	7,424	15,340	15,545
<b>LTD-net of current</b>	2,469	1,974	4,315
<b>Deferred taxes</b>	817	609	562
<b>Minority interest</b>	-	57	40
<b>Total Shareholders' Equity</b>	<u>6,334</u>	<u>7,044</u>	<u>7,194</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$ 17,045</u>	<u>\$ 25,024</u>	<u>\$ 27,655</u>
SHARES OUT	33,612	33,961	33,961

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

	<u>2007A</u>	<u>1Q08A</u>
<i>Cash Flows from Operating Activities</i>		
Net Income	\$ 163	\$ 88
Depreciation & Amortization	842	193
Other non cash items	29	61
Write-off and disposals	51	26
Other	(5)	(18)
	<b>1,080</b>	<b>350</b>
<i>Changes In:</i>		
Receivables	(6,634)	(2,464)
Prepaid Expense	(238)	(574)
Accounts Payable	7,309	(79)
Accrued Expenses & Other	(307)	282
Net Changes in Working Capital	130	(2,835)
<b>Net cash Provided by Operations</b>	<b>1,260</b>	<b>(2,481)</b>
<i>Cash Flows from Investing Activities</i>		
Capital Expenditures	(524)	(169)
Acquisitions	(243)	-
Other	-	-
<b>Net cash used in Investing</b>	<b>(767)</b>	<b>(169)</b>
<i>Cash Flows from Financing Activities</i>		
Minority interest contribution	12	-
Proceeds from Borrowings	(296)	2,340
<b>Net cash provided by Financing</b>	<b>(284)</b>	<b>2,340</b>
Net change in Cash	209	(310)
Cash Beginning of Period	511	720
Cash End of Period	\$ 720	\$ 410