RADIANT LOGISTICS, INC
Form 10-Q
May 16, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2011

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

For the transition period from ___________ to _____________

Commission File Number: 000-50283

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

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

405 114th Ave S.E., Bellevue, WA 98004

(Address of Principal Executive Offices)

(425) 943-4599

(Issuer's Telephone Number, including Area Code)

N/A

(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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

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

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

There were 30,514,759 issued and outstanding shares of the registrant's common stock, par value $.001 per share, as of May 12, 2011.

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

	MARCH 31, 2011	JUNE 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$60,708	$682,108
Accounts receivable, net of allowance of $489,156 and $626,401, respectively	23,360,832	21,442,023
Current portion of employee loan receivable	16,095	13,100
Current portion of station and other receivables	95,398	195,289
Prepaid expenses and other current assets	916,325	1,104,211
Deferred tax asset	351,345	402,428
Total current assets	24,800,703	23,839,159
Furniture and equipment, net	865,783	881,416
Acquired intangibles, net	1,359,089	2,019,757
Goodwill	1,011,310	982,788
Employee loan receivable, net of current portion	40,550	38,000
Station and other receivables, net of current portion	126,627	151,160
Investment in real estate	40,000	40,000
Deposits and other assets	205,652	153,116
Deferred tax asset – long term	188,202	106,023
Total long term assets	2,971,430	3,490,844
Total assets	$28,637,916	$28,211,419
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued transportation costs	$17,148,507	$16,004,814
Commissions payable	2,306,229	2,119,503
Other accrued costs	761,926	538,854
Income taxes payable	90,980	76,309
Due to former Adcom shareholder	33,708	603,205
Other current liabilities	75,000	-
Total current liabilities	20,416,350	19,342,685
Long term debt	4,611,011	7,641,021
Other long term liabilities	659,084	439,905
Total long term liabilities	5,270,095	8,080,926
Total liabilities	25,686,445	27,423,611

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

	MARCH 31, 2011	JUNE 30, 2010
Stockholders' equity:		
Radiant Logistics, Inc. stockholders' equity:		
Preferred stock, $0.001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $0.001 par value, 50,000,000 shares authorized, 30,514,759 and 31,273,461 shares issued and outstanding, respectively	16,889	16,157
Additional paid-in capital	8,461,581	8,108,239
Treasury stock, at cost, 4,919,239 and 3,428,499 shares, respectively	(1,407,455)	(936,190)
Retained deficit	(4,197,019)	(6,466,946)
Total Radiant Logistics, Inc. stockholders' equity	2,873,996	721,260
Non-controlling interest	77,475	66,548
Total stockholders' equity	2,951,471	787,808
Total liabilities and stockholders' equity	$28,637,916	$28,211,419

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

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

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	2011	2010	2011	2010
Revenue	$42,030,290	$32,863,624	$132,888,167	$106,007,803
Cost of transportation	29,005,131	22,522,506	91,562,255	73,613,523
Net revenues	13,025,159	10,341,118	41,325,912	32,394,280
Agent commissions	8,847,029	7,104,883	28,529,680	22,398,448
Personnel costs	1,576,766	1,448,374	4,695,194	4,402,236
Selling, general and administrative expenses	1,099,705	551,139	3,303,122	2,800,572
Depreciation and amortization	253,657	386,145	905,723	1,181,862
Total operating expenses	11,777,157	9,490,541	37,433,719	30,783,118
Income from operations	1,248,002	850,577	3,892,193	1,611,162
Other income (expense):				
Interest income	4,605	35,130	16,044	38,403
Interest expense	(32,632)	(56,404)	(117,053)	(142,195)
Other	49,218	155,406	138,911	254,171
Gain (loss) on litigation settlement	-	-	(150,000)	354,670
Total other income (expense)	21,191	134,132	(112,098)	505,049
Income before income tax expense	1,269,193	984,709	3,780,095	2,116,211
Income tax expense	(472,379)	(511,050)	(1,391,241)	(918,715)
Net income	796,814	473,659	2,388,854	1,197,496
Less: Net income attributable to non-controlling interest	(26,095)	(24,551)	(118,927)	(83,229)
Net income attributable to Radiant Logistics, Inc.	$770,719	$449,108	$2,269,927	$1,114,267
Net income per common share – basic	$.03	$.01	$.07	$.03
Net income per common share – diluted	$.02	$.01	$.07	$.03
Weighted average shares outstanding:				
Basic shares	30,514,759	32,391,859	30,368,446	32,767,213
Diluted shares	32,719,945	32,533,794	31,543,046	32,937,774

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

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

	RADIANT LOGISTICS, INC. STOCKHOLDERS						
	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED DEFICIT	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
Balance at June 30, 2010	31,273,461	$ 16,157	$ 8,108,239	$ (936,190)	$ (6,466,946)	$ 66,548	$ 787,808
Repurchase of common stock	(1,490,740)	-	-	(471,265)	-	-	(471,265)
Issuance of common stock to the former Adcom shareholder per earn-out agreement at $0.35 per share	732,038	732	257,778	-	-	-	258,510
Share-based compensation	-	-	95,564	-	-	-	95,564
Distribution to non-controlling interest	-	-	-	-	-	(108,000)	(108,000)
Net income for the nine months ended March 31, 2011	-	-	-	-	2,269,927	118,927	2,388,854
Balance at March 31, 2011	30,514,759	$ 16,889	$ 8,461,581	$ (1,407,455)	$ (4,197,019)	$ 77,475	$ 2,951,471

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

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

	NINE MONTHS ENDED MARCH 31,	
	2011	2010
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income	$2,269,927	$1,114,267
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
non-cash compensation expense (stock options)	95,564	163,842
amortization of intangibles	660,668	875,632
deferred income tax benefit	(31,096)	(429,104)
depreciation and leasehold amortization	245,055	306,230
change in non-controlling interest	118,927	83,229
loss (gain) on litigation settlement	150,000	(354,670)
loss on disposal of assets	11,931	-
recovery of doubtful accounts	(137,245)	(11,630)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
accounts receivable	(1,781,564)	(1,111,488)
employee loan receivable	(5,545)	43,100
station and other receivables	124,424	(393,945)
prepaid expenses and other assets	135,350	(100,055)
checks issued in excess of funds	-	44,148
accounts payable and accrued transportation costs	1,143,693	(195,800)
commissions payable	186,726	99,513
other accrued costs	223,072	(148,412)
other long-term liabilities	144,179	23,544
income taxes payable	14,671	276,612
income tax deposit	-	535,074
due to former Adcom shareholder	-	(20,834)
Net cash provided by operating activities	3,568,737	799,253
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(241,353)	(46,102)
Payments made to former Adcom shareholder	(339,509)	(686,362)
Net cash used for investing activities	(580,862)	(732,464)
CASH FLOWS USED FOR FINANCING ACTIVITIES:		
Repayments to credit facility, net of credit fees	(3,030,010)	(420,448)
Distributions to non-controlling interest	(108,000)	(30,000)
Purchases of treasury stock	(471,265)	(506,913)
Net cash used for financing activities	(3,609,275)	(957,361)

NET DECREASE IN CASH AND CASH EQUIVALENTS	(621,400)	(890,572)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	682,108	890,572
CASH AND CASH EQUIVALENTS, END OF PERIOD	$60,708	$-
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$1,376,430	$588,393
Interest paid	$84,232	$117,349

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

Supplemental disclosure of non-cash investing and financing activities:

In September 2009, the Company finalized its purchase price allocation relating to the acquisition of Adcom, resulting in an increase of net assets acquired by $151,550 due to increased transaction costs and other adjustments to the fair value of the acquired assets. The effect of this transaction was an increase to goodwill of $157,291 with offsetting changes to other balance sheet amounts as follows: a decrease to the allowance for doubtful accounts of $72,280, an increase in other receivables of $11,831, an increase in accounts payable of $4,275, an increase of other accrued costs of $279,488, and a decrease in the amount due to the former Adcom shareholder of $42,361.

In September 2010, the Company revised its estimate of the "Tier-One Earn-Out Payment" (see Note 4) relating to the acquisition of Adcom for the year ended June 30, 2010, resulting in an increase to goodwill and the amount due to the former Adcom shareholder of $28,522.

In December 2010, the Company issued 732,038 shares of common stock at a fair value of $0.35 per share in satisfaction of the $258,510 earn-out payment for the year ended June 30, 2010, resulting in a decrease to the amount due to former Adcom shareholder, an increase in common stock issuable of $732 and an increase in additional paid-in capital of $257,778.

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

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

NOTE 1 – THE COMPANY AND BASIS OF PRESENTATION

The Company

Radiant Logistics, Inc. (the "Company") was incorporated in the State of Delaware on March 15, 2001. The Company is executing a strategy to build a global transportation and supply chain management company through organic growth and the strategic acquisition of best-of-breed non-asset based transportation and logistics providers to offer its customers domestic and international freight forwarding and an expanding array of value added supply chain management services, including order fulfillment, inventory management and warehousing.

The Company completed the first step in its business strategy through the acquisition of Airgroup Corporation ("Airgroup") effective as of January 1, 2006. Airgroup is a Bellevue, Washington based non-asset based logistics company providing domestic and international freight forwarding services through a network which includes a combination of company-owned and exclusive agent offices across North America. Airgroup has a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and international agents positioned strategically around the world.

The Company continues to identify a number of additional companies as suitable acquisition candidates and has completed three material acquisitions since its acquisition of Airgroup. In November 2007, the Company acquired Automotive Services Group in Detroit, Michigan to service the automotive industry. In September 2008, the Company acquired Adcom Express, Inc. d/b/a Adcom Worldwide ("Adcom"), adding an additional 30 locations across North America and augmenting the Company's overall domestic and international freight forwarding capabilities. In April of 2011, the Company acquired Distribution Services, Inc., d/b/a Distribution by Air ("DBA"), adding an additional 25 locations across North America further expanding its fiscal network and service capabilities (see Note 14).

In connection with the acquisition of Adcom, the Company changed the name of Airgroup Corporation to Radiant Global Logistics, Inc. ("RGL") in order to better position its centralized back-office operations to support its multi-brand strategy. RGL, through the Airgroup, Adcom and DBA network brands, has a diversified account base including manufacturers, distributors and retailers, using a network of independent carriers and international agents positioned strategically around the world.

The Company's growth strategy will continue to focus on both organic growth and acquisitions. From an organic perspective, the Company will focus on strengthening existing and expanding new customer relationships. One of the drivers of the Company's organic growth will be retaining existing, and securing new exclusive agency locations. Since the Company's acquisition of Airgroup in January 2006, the Company has focused its efforts on the build-out of its network of exclusive agency offices, as well as enhancing its back-office infrastructure and transportation and accounting systems. The Company will continue to search for targets that fit within its acquisition criteria. The Company's ability to secure additional financing will rely upon the sale of debt or equity securities, and the development of an active trading market for its securities.

Interim Disclosure

The condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. The Company's management believes that the disclosures are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2010.

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

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as well as a single variable interest entity, Radiant Logistics Partners LLC ("RLP"), which is 40% owned by Radiant Global Logistics (f/k/a Airgroup Corporation), a wholly-owned subsidiary of the Company, and whose accounts are included in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

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

b) Fair Value Measurements

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

c) Fair Value of Financial Instruments

The fair values of the Company's receivables, accounts payable and accrued transportation costs, commissions payable, other accrued costs, income taxes payable, other current liabilities and amounts due to former Adcom shareholder approximate the carrying values dues to the relatively short maturities of these instruments. The fair value of the Company's long-term debt, if recalculated based on current interest rates, would not differ significantly from the recorded amount.

d) Cash and Cash Equivalents

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

e) Concentrations

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

f) Accounts Receivable

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

On occasion the Company extends credit to agent-based stations.

g) Furniture and Equipment

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

h) Goodwill

The Company performs an annual impairment test for goodwill. The first step of the impairment test requires that the Company determine the fair value of its reporting unit, and compare the fair value to the reporting unit's carrying amount. The Company has only one reporting unit. To the extent the reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit’s fair value to all of its recognized and unrecognized assets and liabilities in order to determine the implied fair value of the reporting unit’s goodwill as of the assessment date. The implied fair value of the reporting unit’s goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date. The Company performs its annual impairment test effective as of April 1 of each year, unless events or circumstances indicate impairment may have occurred before that time. As of March 31, 2011, management believes there are no indications of impairment.

i) Long-Lived Assets

Acquired intangibles consist of customer related intangibles and non-compete agreements arising from the Company’s acquisitions. Customer related intangibles are amortized using accelerated methods over approximately five years and non-compete agreements are amortized using the straight line method over the term of the underlying agreements. See Notes 4 and 5.

The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management has performed a review of all long-lived assets and has determined no impairment of the respective carrying value has occurred as of March 31, 2011.

j) Commitments

The Company has operating lease commitments for equipment rentals, office space, and warehouse space under non-cancelable operating leases expiring at various dates through May 2021. As of March 31, 2011, minimum future lease payments under these non-cancelable operating leases for the next five fiscal years ending June 30 and thereafter are as follows:

2011 (remaining portion)	$60,220
2012	224,510
2013	223,548
2014	233,312
2015	239,889
Thereafter	1,639,454
Total minimum lease payments	$2,620,933

Included in these future commitments are upcoming rental lease payments pertaining to the Company's new corporate office location. The initial term of this lease commenced on June 1, 2010, and is set to expire on May 31, 2021. Rent for the first 12-month period has been abated by the landlord and lease payments will begin on June 1, 2011.

Rent expense amounted to $472,711 and $377,051 for the nine months ended March 31, 2011 and 2010.

k) Income Taxes

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been reflected in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax bases of particular assets and liabilities. Deferred tax assets and liabilities are measured using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset the net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company reports a liability for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense or other expense, respectively.

l) Revenue Recognition and Purchased Transportation Costs

The Company is the primary obligor responsible for providing the service desired by the customer and is responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. At the Company's sole discretion, it sets the prices charged to its customers, and is not required to obtain approval or consent from any other party in establishing its prices. The Company has multiple suppliers for the services it sells to its customers, and has the absolute and complete discretion and right to select the supplier that will provide the product(s) or service(s) ordered by a customer, including changing the supplier on a shipment-by-shipment basis. In most cases, the Company determines the nature, type, characteristics, and specifications of the service(s) ordered by the customer. The Company also assumes credit risk for the amount billed to the customer.

As a non-asset based carrier, the Company does not own transportation assets. The Company generates the major portion of its air and ocean freight revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to its customers. Based upon the terms in the contract of carriage, revenues related to shipments where the Company issues a House Airway Bill ("HAWB") or a House Ocean Bill of Lading ("HOBL") are recognized at the time the freight is tendered to the direct carrier at origin. Costs related to the shipments are also recognized at this same time based upon anticipated margins, contractual arrangements with direct carriers, and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by the Company to reflect differences between the original accruals and actual costs of purchased transportation.

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

m) Share-Based Compensation

The Company accounts for share-based compensation under the fair value recognition provisions such that compensation cost is measured at the grant date based on the value of the award and is expensed ratably over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating the percentage of awards which will be forfeited, stock volatility, the expected life of the award, and other inputs. If actual forfeitures differ significantly from the estimates, share-based compensation expense and the Company's results of operations could be materially impacted.

For the three months ended March 31, 2011, the Company recorded share based compensation expense of $14,794, which, net of income taxes, resulted in a $9,172 reduction of net income. For the three months ended March 31, 2010, the Company recorded share based compensation expense of $54,939, which, net of income taxes, resulted in a $34,062 reduction of net income.

For the nine months ended March 31, 2011, the Company recorded share based compensation expense of $95,564, which, net of income taxes, resulted in a $59,250 reduction of net income. For the nine months ended March 31, 2010, the Company recorded share based compensation expense of $163,842, which, net of income taxes, resulted in a $101,582 reduction of net income.

n) Basic and Diluted Income per Share

Basic income per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding. Diluted income per share is computed similar to basic income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares, such as stock options, had been issued and if the additional common shares were dilutive.

For the three months ended March 31, 2011, the weighted average outstanding number of potentially dilutive common shares totaled 32,719,945, including options to purchase 3,758,282 shares of common stock at March 31, 2011, of which 110,503 were excluded as their effect would have been anti-dilutive. For the three months ended March 31, 2010, the weighted average outstanding number of potentially dilutive common shares totaled 32,533,794, including options to purchase 3,620,000 shares of common stock at March 31, 2010, of which 3,060,000 were excluded as their effect would have been anti-dilutive.

For the nine months ended March 31, 2011, the weighted average outstanding number of potentially dilutive common shares totaled 31,543,046. For the nine months ended March 31, 2010, the weighted average outstanding number of potentially dilutive common shares totaled 32,937,774, including options to purchase 3,620,000 shares at March 31, 2010, of which 3,060,000 were excluded as their effect would have been anti-dilutive.

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

	Three months ended March 31,		Nine months ended March 31,	
	2011	2010	2011	2010
Weighted average basic shares outstanding	30,514,759	32,391,859	30,368,446	32,767,213
Options	2,205,186	141,935	1,174,600	170,561
Weighted average dilutive shares outstanding	32,719,945	32,533,794	31,543,046	32,937,774

o) Other Comprehensive Income

The Company has no components of Other Comprehensive Income and, accordingly, no Statement of Comprehensive Income has been included in the accompanying condensed consolidated financial statements.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued ASU No. 2010-06, Improving Disclosures about Fair Value Measurements. The guidance in ASU 2010-06 provides amendments to literature on fair value measurements and disclosures currently within the Accounting Standards Codification ("ASC") by clarifying certain existing disclosures and requiring new disclosures for the various classes of fair value measurements. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on the Company’s financial position or results of operations.

In December 2010, the FASB issued ASU No. 2010-29, Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations. The guidance in ASU 2010-29 provides amendments to clarify the acquisition date which should be used for reporting the pro forma financial information disclosures in Topic 805 when comparative financial statements are presented. The amendments also improve the usefulness of the pro forma revenue and earnings disclosures by requiring a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination(s). The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company’s financial position or results of operations.

NOTE 4 – ACQUISITION OF ADCOM EXPRESS, INC.

On September 5, 2008, the Company entered into and closed a Stock Purchase Agreement (the "Agreement") pursuant to which it acquired 100% of the issued and outstanding stock of Adcom Express, Inc., d/b/a Adcom Worldwide ("Adcom"), a privately-held Minnesota corporation. Founded in 1978, Adcom provides a full range of domestic and international freight forwarding solutions to a diversified account base including manufacturers, distributors and retailers through a combination of three company-owned and twenty-seven independent agency locations across North America.

Contingent consideration associated with the acquisition of Adcom included "Tier-1 Earn-Out Payments" of up to $700,000 annually, covering the four year earn-out period through June 30, 2012, based upon Adcom achieving certain levels of "Gross Profit Contribution" (as defined in the Agreement), payable 50% in cash and 50% in shares of Company common stock (valued at delivery date); and a "Tier-2 Earn-Out Payment" of up to $2,000,000, equal to 20% of the amount by which the Adcom cumulative Gross Profit Contribution exceeds $16,560,000 during the four year earn-out period. The Tier-1 Earn-Out Payments and certain amounts of the Tier-2 Payments may be subject to acceleration upon occurrence of a "Corporate Transaction" (as defined in the Agreement), which includes a sale of Adcom or the Company, or certain changes in corporate control.

Mr. Friedman, the sole shareholder of Adcom, earned $517,019 in Tier-1 earn-out payment for the year ended June 30, 2010. This amount was paid 50% in cash and 50% in stock to Mr. Friedman during the quarter ended December 31, 2010.

As of March 31, 2011, we owe Mr. Friedman $33,708 in cash.

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

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

(1) Earn-out payments are paid October 1 following each fiscal year end in a combination of cash and Company common stock.

NOTE 5 – ACQUIRED INTANGIBLE ASSETS

The table below reflects acquired intangible assets related to the acquisitions of Airgroup, Automotive Services Group and Adcom:

	As of March 31, 2011		As of June 30, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:				
Customer related	$5,752,000	$ 4,429,640	$5,752,000	$ 3,796,340
Covenants not to compete	190,000	153,271	190,000	125,903
Total	$5,942,000	$ 4,582,911	$5,942,000	$ 3,922,243
Aggregate amortization expense:				
For nine months ended March 31, 2011		$ 660,668		
For nine months ended March 31, 2010		$ 875,632		
Aggregate amortization expense for the years ending June 30:				
2011 – For the remainder of the year		$ 167,093		
2012		769,772		
2013		374,344		
2014		47,880		
Total		$ 1,359,089		

NOTE 6 – VARIABLE INTEREST ENTITY

Certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have the sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties are considered "variable interest entities". RLP is 40% owned by Radiant Global Logistics ("RGL"), qualifies as a variable interest entity and is included in the Company's condensed consolidated financial statements (see Note 7). RLP commenced operations in February 2007. Non-controlling interest recorded as an expense on the statements of operations was $118,927 and $83,229 for the nine months ended March 31, 2011 and 2010, respectively.

The following table summarizes the balance sheets of RLP:

	March 31, 2011	June 30, 2010
ASSETS		
Accounts receivable	$ 1,406	$ 15,910
Accounts receivable – Radiant Logistics	140,039	110,336
Prepaid expenses and other current assets	1,608	950
Total assets	$ 143,053	$ 127,196
LIABILITIES AND PARTNERS' CAPITAL		
Other accrued costs	$ 13,929	$ 16,284
Total liabilities	$ 13,929	$ 16,284
Partners' capital	129,124	110,912
Total liabilities and partners' capital	$ 143,053	$ 127,196

NOTE 7 – RELATED PARTY

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

NOTE 8 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	March 31, 2011	June 30, 2010
Vehicles	$ 33,788	$ 33,788
Communication equipment	31,359	31,359
Office equipment	311,191	311,191
Furniture and fixtures	109,409	149,504
Computer equipment	677,255	606,405
Computer software	1,045,550	884,352
Leasehold improvements	448,502	439,197
	2,657,054	2,455,796
Less: Accumulated depreciation and amortization	(1,791,271)	(1,574,380)

Furniture and equipment – net	$	865,783	$	881,416

Depreciation and amortization expense related to furniture and equipment was $245,055 and $306,230 for the nine months ended March 31, 2011 and 2010, respectively.

NOTE 9 – LONG TERM DEBT

In March 2010, the Company’s $15.0 million revolving credit facility, including a $0.5 million sublimit to support letters of credit (collectively, the "Facility"), was increased to $20.0 million with a maturity date of March 31, 2012. Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes, including the repurchase of the Company’s stock. Borrowings under the facility accrue interest, at the Company’s option, at the bank’s prime rate minus 0.75% to plus 0.50% or LIBOR plus 1.75% to 3.00%, and can be adjusted up or down during the term of the Facility based on the Company’s performance relative to certain financial covenants. The Facility is collateralized by accounts receivable and other assets of the Company and its subsidiaries and provides for advances of up to 80% of eligible domestic accounts receivable and for advances of up to 60% of eligible foreign accounts receivable.

The terms of the Facility are subject to certain financial and operational covenants which may limit the amount otherwise available under the Facility. The first covenant limits funded debt to a multiple of 4.00 times the Company's consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted, measured on a rolling four quarter basis. The second financial covenant requires the Company to maintain a basic fixed charge coverage ratio of at least 1.1 to 1.0. The third financial covenant is a minimum profitability standard which requires the Company not to incur a net loss before taxes, amortization of acquired intangibles and extraordinary items in any two consecutive quarterly accounting periods.

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

The co-borrowers of the Facility include Radiant Logistics, Inc., RGL (f/k/a Airgroup Corporation), Radiant Logistics Global Services, Inc. ("RLGS"), RLP, and Adcom Express, Inc. (d/b/a Adcom Worldwide). As a co-borrower under the Facility, the accounts receivable of RLP are eligible for inclusion within the overall borrowing base of the Company and all borrowers will be responsible for repayment of the debt associated with advances under the Facility, including those advanced to RLP. At March 31, 2011, the Company was in compliance with all of its covenants.

As of March 31, 2011, the Company had $3,103,311 in advances under the Facility and $1,507,700 in outstanding checks, which had not yet been presented to the bank for payment. The outstanding checks have been reclassified from cash, as they will be advanced from, or against, the Facility when presented for payment to the bank. This results in total long term debt of $4,611,011.

At March 31, 2011, based on available collateral and $205,000 in outstanding letter of credit commitments, there was $8,249,039 available for borrowing under the Facility based on advances outstanding.

NOTE 10 – PROVISION FOR INCOME TAXES

The acquisitions of Airgroup and Adcom resulted in $2,148,280 of long term deferred tax liability resulting from certain amortizable intangibles identified during the Company's purchase price allocation which are not deductible for tax purposes. The long term deferred tax liability will be reduced as the non-deductible amortization of the intangibles is recognized. See Note 5.

For the three months ended March 31, 2011, the Company recognized net income tax expense of $472,379 which consisted of current income tax expense of $504,468 and deferred income tax benefit of $32,089. For the three months ended March 31, 2010, the Company recognized net income tax expense of $511,050 which consisted of current income tax expense of $678,622, and deferred income tax benefit of $167,572.

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For the nine months ended March 31, 2011, the Company recognized net income tax expense of $1,391,241 which consisted of current income tax expense of $1,422,337 and deferred income tax benefit of $31,096. For the nine months ended March 31, 2010, the Company recognized net income tax expense of $918,715 which consisted of current income tax expense of $1,347,819, and deferred income tax benefit of $429,104.

Tax years which remain subject to examination by state authorities are the years ended June 30, 2008, 2009 and 2010. Tax years which remain subject to examination by Federal authorities are the years ended June 30, 2008, 2009 and 2010.

NOTE 11 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, par value at $.001 per share. As of March 31, 2011 and 2010, none of the shares were issued or outstanding.

Common Stock Repurchase Program

During 2009, the Company's Board of Directors approved a stock repurchase program, pursuant to which up to 5,000,000 shares of its common stock could be repurchased under the program through December 31, 2010. During the nine months ended March 31, 2011, the Company purchased 1,490,740 shares of its common stock under this repurchase program at a cost of $471,265.

NOTE 12 – SHARE-BASED COMPENSATION

The Company issued options to employees to purchase 27,779 shares of common stock at an exercise price of $0.60 price per share in November 2010, and options to purchase 110,503 shares of common stock at an exercise price of $1.30 price per share in March 2011. The options vest 20% per year over a five-year period.

Share based compensation costs recognized during the nine months ended March 31, 2011, include compensation costs based on the fair value estimated on the grant-date for all share based payments granted to date. No options have been exercised as of March 31, 2011.

During the nine months ended March 31, 2011, the weighted average fair value per share of employee options granted in November 2010 was $0.29 and the weighted average fair value per share of employee options granted in March 2011 was $0.74. The fair value of options granted were estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions for each issuance of options:

	November 2010	March 2011
Risk-Free Interest Rate	0.22%	0.57%
Expected Term	6.5 years	6.5 years
Expected Volatility	61.2%	60.4%
Expected Dividend Yield	0.00%	0.00%
Forfeiture Rate	0.00%	0.00%

During the nine months ended March 31, 2011 and 2010, the Company recognized stock option compensation expense of $95,564 and $163,842, respectively. The following table summarizes activity under the plan for the nine months ended March 31, 2011.

	Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life - Years	Aggregate Intrinsic Value	
Outstanding at June 30, 2010	3,620,000	$	0.503			
Granted	138,282		1.159			
Exercised	-		-			
Forfeited	-		-			
Expired	-		-			
Outstanding at March 31, 2011	3,758,282	$	0.528	5.69 years	$	5,721,357
Exercisable at March 31, 2011	2,874,000	$	0.559	5.01 years	$	4,285,340

NOTE 13 – OPERATING AND GEOGRAPHIC SEGMENT INFORMATION

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions regarding allocation of resources and assessing performance. The Company's chief decision-maker is the Chief Executive Officer. The Company continues to operate in a single operating segment.

The Company’s geographic operations outside the United States include shipments to and from Canada, Central America, Europe, Africa, Asia and Australia. The following data presents the Company’s revenue generated from shipments to and from these locations for the United States and all other countries, which is determined based upon the geographic location of a shipment's initiation and destination points (in thousands):

	United States		Other Countries		Total	
	2011	2010	2011	2010	2011	2010
Three months ended March 31:						
Revenue	$22,768	$17,401	$19,262	$15,463	$42,030	$32,864
Cost of transportation	13,634	10,359	15,371	12,164	29,005	22,523
Net revenue	$9,134	$7,142	$3,891	$3,299	$13,025	$10,341

	United Stated				Other Countries				Total			
		2011		2010		2011		2010		2011		2010
Nine months ended March 31:												
Revenue	$	72,555	$	54,897	$	60,333	$	51,111	$	132,888	$	106,008
Cost of transportation		44,552		32,802		47,010		40,812		91,562		73,614
Net revenue	$	28,003	$	22,095	$	13,323	$	10,299	$	41,326	$	32,394

NOTE 14 – SUBSEQUENT EVENT

On April 6, 2011, the Company closed on a previously announced Agreement and Plan of Merger (the "Agreement") pursuant to which it acquired all of the outstanding capital stock of DBA Distribution Services, Inc., a privately-held New Jersey corporation ("DBA"), in a transaction valued at $12.0 million. DBA operates under the trade name "Distribution by Air" and provides a full range of domestic and international transportation and logistics services across North America. The shares of DBA were acquired by the Company via a merger transaction pursuant to which DBA was merged into a newly-formed subsidiary of the Company.

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The $12.0 million transaction consisted of $5.4 million paid at closing, the delivery of $4.8 million in seller notes (payable in principle installments of $1.6 million on the anniversary date over the next three years plus interest at a rate of 6.5% per annum), and $1.8 million payable upon achievement of certain integration milestones within 18 months closing. The Company may, at its sole option, on or before the three-month anniversary of the closing, elect to satisfy up to $2.4 million of the seller notes through the issuance of shares of common stock to be valued based upon a 30-day volume weighted average price as calculated preceding the delivery of the shares. The seller notes may be subject to acceleration upon occurrence of a "Corporate Transaction" (as defined in the Agreement), which includes a future sale of DBA or the Company or certain changes in corporate control. The cash component of the transaction was financed through a combination of existing funds and funds available under the Company's revolving credit facility.

Founded in 1981, DBA services a diversified account base including manufacturers, distributors and retailers through a combination of company-owned logistics centers located in Somerset, New Jersey and Los Angeles, California and twenty-three agency offices across North America.

In connection with the acquisition of DBA, the Company entered into a sixth modification to amend the Bank of America secured credit facility, extending the maturity to March 31, 2013. The Facility is in the principal amount of $20 million (including availability for letters of credit), and provides for advances of up to 80% of the Company's eligible accounts receivable. Advances under the facility are available to fund future acquisitions, capital expenditures or for other corporate purposes.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding future operating performance, events, trends and plans. All statements other than statements of historical fact contained herein, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues and costs, and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," or "believes" or the negative thereof or any variation thereon or similar terminology or expressions. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. While it is impossible to identify all of the factors that may cause our actual operating performance, events, trends or plans to differ materially from those set forth in such forward-looking statements, such factors include the inherent risks associated with our ability to: (i) use our current infrastructure as a "platform" upon which we can build a profitable global transportation and supply chain management company; (ii) retain and build upon the relationships we have with our exclusive agency offices; (iii) continue the development of our back office infrastructure and transportation and accounting systems in a manner sufficient to service our expanding revenues and base of exclusive agency locations; (iv) continue growing our business and maintain historical or increased gross profit margins; (v) locate suitable acquisition opportunities; (vi) secure the financing necessary to complete any acquisition opportunities we locate; (vii) assess and respond to competitive practices in the industries in which we compete; (viii) mitigate, to the best extent possible, our dependence on current management and certain of our larger exclusive agency locations; (ix) assess and respond to the impact of current and future laws and governmental regulations affecting the transportation industry in general and our operations in particular; and (x) assess and respond to such other factors which may be identified from time to time in our Securities and Exchange Commission ("SEC") filings and other public announcements including those set forth under the caption “Risk Factors” in Part 1 Item 1A of our annual report on Form 10-K for the year ended June 30, 2010. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Readers are cautioned not to place undue reliance on our forward-looking statements, as they speak only as of the date made. Except as required by law, we assume no duty to update or revise our forward-looking statements.

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

Overview

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

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

We continue to identify a number of additional companies as suitable acquisition candidates and have completed three material acquisitions since our initial acquisition of Airgroup in January of 2006. In November 2007, we acquired certain assets formerly used in the operations of the automotive division of Stonepath Group, Inc. in Detroit, Michigan to service the automotive industry. In September 2008, we acquired Adcom Express, Inc. d/b/a Adcom Worldwide ("Adcom"), adding an additional 30 locations across North America and augmenting our overall domestic and international freight forwarding capabilities. In connection with the acquisition of Adcom, we changed the name of Airgroup Corporation to Radiant Global Logistics, Inc. ("RGL") in order to better position its centralized back-office operations to service both the Airgroup and Adcom network brands. RGL, through the Airgroup and Adcom network brands, has a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and international agents positioned strategically around the world. We have built a global transportation and supply chain management company offering our customers domestic and international freight forwarding services and an expanding array of value-added supply chain management services, including order fulfillment, inventory management, and warehousing. In April 2011, we acquired DBA Distribution Services, Inc. ("DBA"), adding two company-owned logistics centers located in Somerset, New Jersey and Los Angeles, California and 23 agency offices across North America.

Our growth strategy will continue to focus on both organic growth and acquisitions. From an organic perspective, we will focus on strengthening existing and expanding new customer relationships. One of the drivers of our organic growth will be retaining existing, and securing new exclusive agency locations. Since our acquisition of Airgroup, we have focused our efforts on the build-out of our network of exclusive agency offices, as well as enhancing our back-office infrastructure and transportation and accounting systems. We will continue to search for targets that fit within its acquisition criteria. Our ability to secure additional financing will rely upon the sale of debt or equity securities, and the development of an active trading market for our securities.

As we continue to build out our network of exclusive agent locations to achieve a level of critical mass and scale, we are executing an acquisition strategy to develop additional growth opportunities. Our acquisition strategy relies upon two primary factors: first, our ability to identify and acquire target businesses that fit within our general acquisition criteria; and second, the continued availability of capital and financing resources sufficient to complete these acquisitions.

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

We will continue to search for targets that fit within our acquisition criteria. Our ability to secure additional financing will rely upon the sale of debt or equity securities, and the development of an active trading market for our securities. Although we can make no assurance as to our long term access to debt or equity securities or our ability to develop an active trading market, we were successful in increasing our credit facility from $15.0 million to $20.0 million in March of 2009.

Performance Metrics

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

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

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

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

Further, the financial covenants of our credit facility adjust EBITDA to exclude costs related to share based compensation expense, extraordinary items and other non-cash charges.

Our compliance with the financial covenants of our credit facility is particularly important given the materiality of the credit facility to our day-to-day operations and overall acquisition strategy. Our debt capacity, subject to the requisite collateral at an advance rate of 80% of eligible domestic accounts receivable and up to 60% of eligible foreign receivables, is limited to a multiple of 4.00 times our consolidated EBITDA (as adjusted) as measured on a rolling four quarter basis. If we fail to comply with the covenants in our credit facility and are unable to secure a waiver or other relief, our financial condition would be materiality weakened and our ability to fund day-to-day operations would be materially and adversely affected. Accordingly, we intend to employ EBITDA and adjusted EBITDA as management tools to measure our historical financial performance and as a benchmark for future financial flexibility.

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

Results of Operations

Three months ended March 31, 2011 (actual and unaudited) and March 31, 2010 (actual and unaudited)

We generated transportation revenue of $42.0 million and $32.9 million and net transportation revenue of $13.0 million and $10.3 million for the three months ended March 31, 2011 and 2010, respectively. Net income was $0.8 million for the three months ended March 31, 2011, compared to net income of $0.4 million for the three months ended March 31, 2010.

We had adjusted EBITDA of $1.5 million and $1.1 million for three months ended March 31, 2011 and 2010, respectively. EBITDA is a non-GAAP measure of income and does not include the effects of interest and taxes and excludes the "non-cash" effects of depreciation and amortization on current assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to property, plant and equipment, and all amortization charges, including amortization of leasehold improvements and other intangible assets. We then further adjust EBITDA to exclude extraordinary items and costs related to share based compensation expense, goodwill impairment charges and other non-cash charges consistent with the financial covenants of our credit facility. As explained above, we believe that EBITDA is useful to us and to our investors in evaluating and measuring our financial performance. While management considers EBITDA and adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements. Set forth below is a reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure for the three months ended March 31, 2011 and 2010.

The following table provides a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands), for the three months ended March 31, 2011 and 2010:

	Three months ended March 31,		Change	
	2011	2010	Amount	Percent
Net income	$771	$449	$322	71.7 %
Income tax expense	472	511	(39)	(7.6 %)
Net interest expense	28	21	7	33.3 %
Depreciation and amortization	253	386	(133)	(34.5 %)
EBITDA	$1,524	$1,367	$157	11.5 %
Share based compensation and other non-cash costs	16	93	(77)	(82.8 %)
Refund of Business & Occupancy tax (including interest)	-	(395)	395	(100.0 %)
Adjusted EBITDA	$1,540	$1,065	$475	44.6 %

The following table summarizes transportation revenue, cost of transportation and net transportation revenue (in thousands) for the three months ended March 31, 2011 and 2010 (actual and unaudited):

	Three months ended March 31,		Change	
	2011	2010	Amount	Percent
Transportation revenue	$42,030	$32,864	$9,166	27.9 %

Cost of transportation	29,005	22,523	6,482	28.8	%
Net transportation revenue	$13,025	$10,341	$2,684	26.0	%
Net transportation margins	31.0 %	31.5 %			

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Transportation revenue was $42.0 million for the three months ended March 31, 2011, an increase of 27.9% over transportation revenue of $32.9 million for the three months ended March 31, 2010. Domestic transportation revenue increased by 23.6% to $22.8 million for the three months ended March 31, 2011, from $17.4 million for the three months ended March 31, 2010. International transportation revenue increased by 19.7% to $19.3 million for the three months ended March 31, 2011, from $15.5 million for the comparable prior year period. These increases in revenue were due to a stronger demand for domestic and international services.

Cost of transportation increased to $29.0 million for the three months ended March 31, 2011, compared to $22.5 million for the three months ended March 31, 2010. The increase is due to increased volume as reflected in our increased transportation revenues.

Net transportation margins decreased to 31.0% of transportation revenue for the three months ended March 31, 2011, as compared to 31.5% of transportation revenue for the three months ended March 31, 2010. The nominal margin regression was attributed to differing product mixes of shipments throughout the quarter with slightly lower margin characteristics and an increase in charter shipments which also yield lower margins.

The following table compares certain condensed consolidated statement of operations data as a percentage of our net transportation revenue (in thousands) for the three months ended March 31, 2011 and 2010 (actual and unaudited):

	Three months ended March 31,					
	2011		2010		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	$13,025	100.0 %	$10,341	100.0 %	$2,684	26.0 %
Agent commissions	8,847	67.9 %	7,105	68.7 %	1,742	24.5 %
Personnel costs	1,577	12.1 %	1,448	14.0 %	129	8.9 %
Selling, general and administrative	1,100	8.5 %	551	5.3 %	549	99.6 %
Depreciation and amortization	253	1.9 %	386	3.8 %	(133)	(34.5 %)
Total operating expenses	11,777	90.4 %	9,490	91.8 %	2,287	24.1 %
Income from operations	1,248	9.6 %	851	8.2 %	397	46.7 %
Other income	21	0.1 %	134	1.3 %	(113)	(84.3 %)
Income before income taxes and non-controlling interest	1,269	9.7 %	985	9.5 %	284	28.8 %
Income tax expense	(472)	(3.6 %)	(511)	(4.9 %)	39	(7.6 %)
Income before non-controlling interest	797	6.1 %	474	4.6 %	323	68.1 %
Non-controlling interest	(26)	(0.2 %)	(25)	(0.2 %)	(1)	4.0 %
Net income	$771	5.9 %	$449	4.4 %	$322	71.7 %

Agent commissions were $8.8 million for the three months ended March 31, 2011, an increase of 24.5% from $7.1 million for the three months ended March 31, 2010. Agent commissions as a percentage of net transportation revenue decreased to 67.9% for the three months ended March 31, 2011, from 68.7% for the comparable prior year period as a result of slightly lower margin sales that were booked in the current quarter which directly impacts the agent commissions.

Personnel costs were $1.6 million for the three months ended March 31, 2011, an increase of 8.9% from $1.4 million for the three months ended March 31, 2010. Personnel costs as a percentage of net transportation revenue decreased to 12.1% for the three months ended March 31, 2011, from 14.0% for the comparable prior year period. The decrease on a percentage basis is primarily attributed to an increase in net transportation revenues due to strong demand for our services, without the need to increase corporate personnel proportionately.

Selling, general and administrative costs were $1.1 million for the three months ended March 31, 2011, an increase of 99.6% from $0.6 million for the three months ended March 31, 2010. As a percentage of net transportation revenue, selling, general and administrative costs increased to 8.4% for the three months ended March 31, 2011, from 5.3% for the comparable prior year period. The increase was primarily due to a business and occupancy tax refund of approximately $0.4 million which occurred in the quarter ending March 31, 2010, without a comparable refund in 2011, and increased legal expenses incurred in connection with the DBA transaction which closed in April 2011.

Depreciation and amortization costs for the three months ended March 31, 2011, were approximately $0.3 million, a decrease of 34.5% from $0.4 million for the three months ended March 31, 2010. Depreciation and amortization as a percentage of net transportation revenue decreased to 1.9% for the three months ended March 31, 2011, from 3.8% for the comparable prior year period, primarily due to no amortization costs associated with the Airgroup acquisition, as the intangibles for Airgroup are fully amortized.

Income from operations was $1.2 million for the three months ended March 31, 2011, a 33% increase of $0.3 million as compared to income from operations of $0.9 million for the three months ended March 31, 2010.

Other income was less than $0.1 million for the three months ended March 31, 2011compared to other income of $0.1 million for the three months ended March 31, 2010.

Net income was $0.8 million for the three months ended March 31, 2011, a 100% increase of $0.4 million as compared to net income of $0.4 million for the three months ended March 31, 2010.

Nine months ended March 31, 2011 (actual and unaudited) and March 31, 2010 (actual and unaudited)

We generated transportation revenue of $132.9 million and $106.0 million and net transportation revenue of $41.3 million and $32.4 million for the nine months ended March 31, 2011 and 2010, respectively. Net income was $2.3 million for the nine months ended March 31, 2011, compared to net income of $1.1 million for the nine months ended March 31, 2010.

We had adjusted EBITDA of $4.9 million and $2.8 million for nine months ended March 31, 2011 and 2010, respectively. EBITDA is a non-GAAP measure of income and does not include the effects of interest and taxes and excludes the "non-cash" effects of depreciation and amortization on current assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to property, plant and equipment, and all amortization charges, including amortization of leasehold improvements and other intangible assets. We then further adjust EBITDA to exclude extraordinary items and costs related to share based compensation expense, goodwill impairment charges and other non-cash charges consistent with the financial covenants of our credit facility. As explained above, we believe that EBITDA is useful to us and to our investors in evaluating and measuring our financial performance. While management considers EBITDA and adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements. Set forth below is a reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure for the nine months ended March 31, 2011 and 2010.

The following table provides a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands), for the nine months ended March 31, 2011 and 2010:

	Nine months ended March 31,		Change	
	2011	2010	Amount	Percent
Net income	$2,270	$1,114	$1,156	103.8 %
Income tax expense	1,392	919	473	51.5 %
Net interest expense	100	104	(4)	(3.8%)
Depreciation and amortization	905	1,182	(277)	(23.4%)
EBITDA	$4,667	$3,319	$1,348	40.6 %

Share based compensation and other non-cash costs	104	246	(142)	(57.7%)
Loss (gain) on litigation settlement	150	(355)	505	(142.3%)
Business & Occupancy tax refund (including interest)	-	(395)	395	(100.0%)
Adjusted EBITDA	$4,921	$2,815	$2,106	74.8%

The following table summarizes transportation revenue, cost of transportation and net transportation revenue (in thousands) for the nine months ended March 31, 2011 and 2010 (actual and unaudited):

	Nine months ended March 31,		Change	
	2011	2010	Amount	Percent
Transportation revenue	$132,888	$106,008	$26,880	25.4 %
Cost of transportation	91,562	73,614	17,948	24.4 %
Net transportation revenue	$41,326	$32,394	$8,932	27.6 %
Net transportation margins	31.1 %	30.6 %		

Transportation revenue was $132.9 million for the nine months ended March 31, 2011, an increase of 25.4% over transportation revenue of $106.0 million for the nine months ended March 31, 2010. Domestic transportation revenue increased by 24.3% to $72.6 million for the nine months ended March 31, 2011, from $54.9 million for the nine months ended March 31, 2010. International transportation revenue increased by 15.3% to $60.3 million for the nine months ended March 31, 2011, from $51.1 million for the comparable prior year period. These increases in revenue were due to a stronger domestic and international demand for our services.

Cost of transportation increased to $91.6 million for the nine months ended March 31, 2011, compared to $73.6 million for the nine months ended March 31, 2010 as a result of increased volume as reflected in our increased transportation revenues.

Net transportation margins increased to 31.1% of transportation revenue for the nine months ended March 31, 2011, as compared to 30.6% of transportation revenue for the nine months ended March 31, 2010. The margin expansion was attributed to a higher proportion of domestic sales, which typically yield higher margins.

The following table compares certain condensed consolidated statement of operations data as a percentage of our net transportation revenue (in thousands) for the nine months ended March 31, 2011 and 2010 (actual and unaudited):

	Nine months ended March 31,				Change	
	2011		2010			
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	$41,326	100.0 %	$32,394	100.0 %	$8,932	27.6 %
Agent commissions	28,530	69.0 %	22,398	69.1 %	6,132	27.4 %
Personnel costs	4,695	11.4 %	4,402	13.6 %	293	6.7 %
Selling, general and administrative	3,303	8.0 %	2,801	8.6 %	502	17.9 %
Depreciation and amortization	905	2.2 %	1,182	3.7 %	(277)	(23.4 %)
Total operating expenses	37,433	90.6 %	30,783	95.0 %	6,650	21.6 %
Income from operations	3,893	9.4 %	1,611	5.0 %	2,282	141.7 %
Gain (loss) on litigation settlement	(150)	(0.4 %)	355	1.1 %	(505)	(142.3 %)
Other income (expense)	38	0.1 %	150	0.4 %	(112)	(74.7 %)

Income before income taxes and non-controlling interest	3,781	9.1 %	2,116	6.5 %	1,665	78.7 %
Income tax expense	(1,392)	(3.4 %)	(919)	(2.8 %)	(473)	51.5 %
Income before non-controlling interest	2,389	5.7 %	1,197	3.7 %	1,192	99.6 %
Non-controlling interest	(119)	(0.3 %)	(83)	(0.3 %)	(36)	43.4 %
Net income	$2,270	5.4 %	$1,114	3.4 %	$1,156	103.8 %

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Agent commissions were $28.5 million for the nine months ended March 31, 2011, an increase of 27.4% from $22.4 million for the nine months ended March 31, 2010. Agent commissions as a percentage of net transportation revenue decreased slightly to 69.0% for the nine months ended March 31, 2011, from 69.1% for the comparable prior year period.

Personnel costs were $4.7 million for the nine months ended March 31, 2011, an increase of 6.7% from $4.4 million for the nine months ended March 31, 2010. Personnel costs as a percentage of net transportation revenue decreased to 11.4% for the nine months ended March 31, 2011, from 13.6% for the comparable prior year period. The decrease on a percentage basis is primarily attributable to an increase in net transportation revenues due to strong demand for our services, without the need to increase corporate personnel proportionately.

Selling, general and administrative were $3.3 million for the nine months ended March 31, 2011, an increase of 17.9% from $2.8 million for the nine months ended March 31, 2010. Selling, general and administrative as a percentage of net transportation revenue decreased to 8.0% for the nine months ended March 31, 2011, from 8.6% for the nine months ended March 31, 2010. The increase was primarily attributable to increases in due diligence, legal and facilities costs in 2011 and a business and occupancy tax refund of approximately $0.4 million issued to us by the Washington State Department of Revenue in the nine months ended March 31, 2010 without a comparable refund in 2011.

Depreciation and amortization costs for the nine months ended March 31, 2011, were $0.9 million, a decrease of 23.4% from $1.2 million for the nine months ended March 31, 2010. Depreciation and amortization as a percentage of net transportation revenue decreased to 2.2% for the nine months ended March 31, 2011, from 3.7% for the comparable prior year period, primarily due to lower amortization costs associated with the Airgroup & Adcom acquisitions.

Income from operations was $3.9 million for the nine months ended March 31, 2011, a 143% increase of $2.3 million as compared to income from operations of $1.6 million for the nine months ended March 31, 2010.

Other expense was $0.1 million for the nine months ended March 31, 2011, compared to other income of $0.5 million for the nine months ended March 31, 2010. The change is primarily attributable to a loss on litigation of $0.2 million in the current period as compared to a gain on litigation of $0.4 million in the prior year period.

Net income was $2.3 million for the nine months ended March 31, 2011, a 109% increase of $1.2 million as compared to net income of $1.1 million for the nine months ended March 31, 2010.

Liquidity and Capital Resources

Net cash provided by operating activities was $3.6 million for the nine months ended March 31, 2011, compared to $0.8 million for the nine months ended March 31, 2010. The change was principally driven by growth in transportation revenues as well as decreases in prepaids, increases in accounts payable and accrued costs partially offset by increases in outstanding receivables and income taxes.

Net cash used in investing activities was $0.6 million for the nine months ended March 31, 2011, compared to $0.7 million for the nine months ended March 31, 2010. Use of cash for the nine months ended March 31, 2011, consisted of the purchase of $0.3 million of fixed assets and payments made to the former Adcom shareholder totaling $0.3 million. Use of cash for the nine months ended March 31, 2010 consisted of the purchase of less than $0.1 million in fixed assets and payments made to the former Adcom shareholder totaling $0.7 million.

Net cash used in financing activities was $3.6 million for the nine months ended March 31, 2011, compared to $1.0 million for the nine months ended March 31, 2010. The cash used for financing activities for the nine months ended March 31, 2011, consisted primarily of net repayments of our credit facility of $3.0 million, distributions to the non-controlling interest of a subsidiary of $0.1 million, and $0.5 million of treasury stock purchases. The cash used in financing activities for the nine months ended March 31, 2010, consisted of net repayments of our credit facility of $0.4 million, distributions to the non-controlling interest of a subsidiary of less than $0.1 million and $0.5 million of treasury stock purchases.

Acquisitions

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

Effective January 1, 2006, we acquired all of the outstanding stock of Airgroup. The transaction was valued at up to $14.0 million. This consisted of: (i) $9.5 million payable in cash at closing; (ii) a subsequent cash payment of $0.5 million, which was paid on December 31, 2007; (iii) as amended, an additional base payment of $0.6 million payable in cash, $0.3 million of which was paid on June 30, 2008 and $0.3 million was paid on January 1, 2009; (iv) a base earn-out payment of $1.9 million payable in Company common stock over a three year earn-out period based upon Airgroup achieving income from continuing operations of not less than $2.5 million per year; and (v) as additional incentive to achieve future earnings growth, an opportunity to earn up to an additional $1.5 million payable in Company common stock at the end of a five-year earn-out period (the "Tier-2 Earn-Out"). For the years ended June 30, 2009 and 2008, the former shareholders of Airgroup earned $633,000 and $417,000 in base earn-out payments, respectively.

During the quarter ended December 31, 2007, we adjusted the estimate of accrued transportation costs assumed in the acquisition of Airgroup which resulted in the recognition of approximately $1.4 million in non-recurring income. Pursuant to the acquisition agreement, the former shareholders of Airgroup have indemnified us for taxes of $0.5 million associated with the income recognized in connection with this change in estimate, which has been reflected as a reduction of the additional base payment otherwise payable to the former shareholders of Airgroup.

In November 2008, we amended the Airgroup Stock Purchase Agreement and agreed to unconditionally pay the former Airgroup shareholders an earn-out payment of $633,333 for the earn-out period ended June 30, 2009, to be paid on or about October 1, 2009 by delivery of shares of common stock of the Company. In consideration for the certainty of the earn-out payment, the former Airgroup shareholders agreed (i) to waive and release us from any and all further obligations to pay any earn-outs payments on account of shortfall amounts, if any, which may have accumulated prior to June 30, 2009; (ii) to waive and release us from any and all further obligation to account for and pay the Tier-2 Earn-Out payment; and (iii) that the earn-out payment to be paid for the earn-out period ended June 30, 2009 would constitute a full and final payment to the former Airgroup shareholders of any and all amounts due to the former Airgroup shareholders under the Airgroup Stock Purchase Agreement. In March 2009, Airgroup shareholders agreed to receive $0.4 million in cash on an accelerated basis rather than the $0.6 million in Company shares due in October of 2009. No further payments of purchase price are due in connection with this acquisition.

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

In November 2007, the purchase price was reduced to $1.6 million, consisting of cash of $0.6 million and a $1.0 million credit in satisfaction of indemnity claims asserted by us arising from our interim operation of the purchased assets since May 22, 2007. Of the cash component, $0.1 million was paid in May of 2007, $0.3 million was paid at closing, and a final payment of $0.2 million was to be paid in November of 2008, subject to off-set of up to $0.1 million for certain qualifying expenses incurred by us. Net of qualifying expenses and a discount for accelerated payment, the final payment was reduced to $0.1 million and paid in June of 2008. No further payments of purchase price are due in connection with this acquisition.

Effective September 1, 2008, we acquired all of the outstanding stock of Adcom Express, Inc. The transaction was valued at up to $11.05 million, consisting of: (i) $4.75 million in cash paid at the closing; (ii) $0.25 million in cash payable shortly after the closing, subject to adjustment, based upon the working capital of Adcom as of August 31, 2008; (iii) up to $2.8 million in four "Tier-1 Earn-Out Payments" of up to $0.7 million each, covering the four year earn-out period through 2012, based upon Adcom achieving certain levels of "Gross Profit Contribution" (as defined in the stock purchase agreement), payable 50% in cash and 50% in shares of our common stock (valued at delivery date); (iv) a "Tier-2 Earn-Out Payment" of up to a maximum of $2.0 million, equal to 20% of the amount by which the Adcom cumulative Gross Profit Contribution exceeds $16.56 million during the four year earn-out period; and (v) an "Integration Payment" of $1.25 million, payable (a) on the earlier of the date certain integration targets are achieved or 18 months after the closing, and (b) payable 50% in cash and 50% in our shares of our common stock (valued at delivery date).

As of March 31, 2011, we owe Mr. Friedman $33,708 in cash.

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

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

(1) Earn-out payments are paid October 1 following each fiscal year end in a combination of cash and Company common stock.

On April 6, 2011, we closed on a previously announced Agreement and Plan of Merger (the "Agreement") pursuant to which it acquired all of the outstanding capital stock of DBA, a privately-held New Jersey corporation, in a transaction valued at $12.0 million. DBA operates under the trade name "Distribution by Air" and provides a full range of domestic and international transportation and logistics services across North America. The shares of DBA were acquired via a merger transaction pursuant to which DBA was merged into a newly-formed subsidiary of the Company.

The $12.0 million transaction consisted of $5.4 million paid at closing, the delivery of $4.8 million in seller notes (payable in principle installments of $1.6 million on the anniversary date over the next three years plus interest at a rate of 6.5% per annum), and $1.8 million payable upon the achievement of certain integration milestones within 18 months after closing. We may, in our sole discretion, on or before the three-month anniversary of the closing, elect to satisfy up to $2.4 million of the seller notes through the issuance of shares of common stock to be valued based upon a 30-day volume weighted average price as calculated preceding the delivery of the shares. The seller notes may be subject to acceleration upon occurrence of a "Corporate Transaction" (as defined in the Agreement), which includes a future sale of DBA or the Company or certain changes in corporate control. The cash component of the transaction was financed through a combination of our existing funds and funds available under our revolving credit facility.

Founded in 1981, DBA services a diversified account base including manufacturers, distributors and retailers through a combination of company-owned logistics centers located in Somerset, New Jersey and Los Angeles, California and twenty-three agency offices across North America.

In connection with the acquisition of DBA, we entered into a sixth modification to amend the Bank of America secured credit facility, extending the maturity to March 31, 2013. The Facility is in the principal amount of $20 million (including availability for letters of credit), and provides for advances of up to 80% of the Company's eligible accounts receivable. Advances under the facility are available to fund future acquisitions, capital expenditures or for other corporate purposes.

Credit Facility

In March 2010, our $15.0 million revolving credit facility, including a $0.5 million sublimit to support letters of credit (collectively, the "Facility"), was increased to $20.0 million with a maturity date of March 31, 2012. The Facility is collateralized by accounts receivable and other assets of the Company and our subsidiaries. Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes, including the repurchase of the Company's stock. Borrowings under the facility bear interest, at our option, at the bank's prime rate minus 0.75% to plus 0.50% or LIBOR plus 1.75% to 3.00%, and can be adjusted up or down during the term of the Facility based on the Company's performance relative to certain financial covenants. The Facility is collateralized by accounts receivable and other assets of the Company and our subsidiaries and provides for advances of up to 80% of eligible domestic accounts receivable and for advances of up to 60% of eligible foreign accounts receivable.

The terms of the Facility are subject to certain financial and operational covenants which may limit the amount otherwise available under the Facility. The first covenant limits funded debt to a multiple of 4.00 times the Company’s consolidated EBITDA (as adjusted) measured on a rolling four quarter basis. The second financial covenant requires the Company to maintain a basic fixed charge coverage ratio of at least 1.1 to 1.0. The third financial covenant is a minimum profitability standard that requires the Company not to incur a net loss before taxes, amortization of acquired intangibles and extraordinary items in any two consecutive quarterly accounting periods.

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

The co-borrowers of the Facility include Radiant Logistics, Inc., RGL (f/k/a Airgroup Corporation), Radiant Logistics Global Services, Inc. ("RLGS"), RLP, DBA, and Adcom Express, Inc. (d/b/a Adcom Worldwide). RLP is owned 40% by RGL and 60% by RCP, an affiliate of the Company’s Chief Executive Officer. RLP has been certified as a minority business enterprise, and focuses on corporate and government accounts with diversity initiatives. As a co-borrower under the Facility, the accounts receivable of RLP are eligible for inclusion within the overall borrowing base of the Company and all borrowers will be responsible for repayment of the debt associated with advances under the Facility, including those advanced to RLP. At March 31, 2011, we were in compliance with all of its covenants.

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

Advances made under our $20.0 million Facility are limited to the eligible accounts receivable available to support our borrowings. As of March 31, 2011, we have approximately $11.6 million in eligible accounts receivable and, net of advances outstanding, approximately $8.2 million in remaining availability under the Facility to support future acquisitions and our on-going working capital requirements. We expect to structure acquisitions with certain amounts paid at closing, and the balance paid over a number of years in the form of earn-out installments which are payable based upon the future earnings of the acquired businesses payable in cash, stock or some combination thereof. Except for the acquisition of our agent based stations, we would generally expect our acquisitions to contribute additional eligible accounts receivable to our borrowing base and create capacity for additional borrowings under our Facility. As we continue to execute our acquisition strategy, we will be required to make significant payments in the future if the earn-out installments under our various acquisitions become due. While we believe that a portion of any required cash payments will be generated by the acquired businesses, we may have to secure additional sources of capital to fund the remainder of any cash-based earn-out payments as they become due. This presents us with certain business risks relative to the availability of capacity under our Facility, the availability and pricing of future fund raising, as well as the potential dilution to our stockholders to the extent the earn-outs are satisfied directly, or indirectly, from the sale or issuance of equity.

Off Balance Sheet Arrangements

As of March 31, 2011, we did not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which had been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies

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

We perform an annual impairment test for goodwill. The first step of the impairment test requires that we determine the fair value of each reporting unit, and compare the fair value to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and we must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit's fair value to all of its recognized and unrecognized assets and liabilities in order to determine the implied fair value of the reporting unit's goodwill as of the assessment date. The implied fair value of the reporting unit's goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date. We typically perform our annual impairment test effective as of April 1 of each year, unless events or circumstances indicate, an impairment may have occurred before that time.

Acquired intangibles consist of customer related intangibles and covenants not to compete ("CNTC") agreements arising from our acquisitions. Customer related intangibles will be amortized using accelerated methods over approximately 5 years and CNTC agreements will be amortized using the straight line method over the term of the underlying agreement.

We review long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, we estimate fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

As a non-asset based carrier, we do not own transportation assets. We generate the major portion of our air and ocean freight revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to our customers. Based upon the terms in the contract of carriage, revenues related to shipments where we issue a House Airway Bill ("HAWB") or a House Ocean Bill of Lading ("HOBL") are recognized at the time the freight is tendered to the direct carrier at origin. Costs related to the shipments are also recognized at this same time based upon anticipated margins, contractual arrangements with direct carriers, and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by us to reflect differences between the original accruals and actual costs of purchased transportation.

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

Item 4. Controls and Procedures.

An evaluation of the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of March 31, 2011, was carried out by our management under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon that evaluation, our CEO and CFO concluded that, as of March 31, 2011, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding disclosure.

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2011, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Exhibit	Method of Filing
31.1	Certification by Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification by Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Press Release dated May 16, 2011	Filed Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	RADIANT LOGISTICS, INC.
Date: May 16, 2011	/s/ Bohn H. Crain Bohn H. Crain Chief Executive Officer
Date: May 16, 2011	/s/ Todd E. Macomber Todd E. Macomber Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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