RADIANT LOGISTICS, INC
Form 10-Q
November 14, 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: September 30, 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	04-3625550
(State or Other Jurisdiction of Incorporation or Organization)	(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 31,810,913 issued and outstanding shares of the registrant's common stock, par value $.001 per share, as of November 11, 2011.

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

		SEPTEMBER 30, 2011		JUNE 30, 2011
ASSETS				
Current assets:				
Cash and cash equivalents	$	504,604	$	434,185
Accounts receivable, net of allowance of $1,742,821 and $1,592,235, respectively		42,571,275		41,577,053
Current portion of employee loan receivable		33,643		21,401
Current portion of station and other receivables		78,995		141,372
Income tax deposit		510,583		-
Prepaid expenses and other current assets		3,139,478		1,761,273
Deferred tax asset		1,151,065		1,142,077
Total current assets		47,989,643		45,077,361
Furniture and equipment, net		1,627,573		1,428,063
Acquired intangibles, net		2,589,091		2,879,846
Goodwill		6,650,008		6,650,008
Employee loan receivable, net of current portion		99,878		64,494
Station and other receivables, net of current portion		105,159		116,965
Investment in real estate		40,000		40,000
Deposits and other assets		355,753		363,815
Total long term assets		9,839,889		10,115,128
Total assets	$	59,457,105	$	56,620,552
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued transportation costs	$	30,494,315	$	27,872,185
Commissions payable		3,610,619		3,570,858
Other accrued costs		1,888,484		1,992,694
Income taxes payable		-		333,999
Due to former shareholders of acquired operations		2,142,256		2,657,781
Current portion of notes payable to former shareholders of DBA		767,092		800,000
Other current liabilities		136,775		135,927
Total current liabilities		39,039,541		37,363,444
Other long term debt		10,928,272		10,269,268
Notes payable to former shareholders of DBA, net of current portion		1,534,183		1,600,000
Deferred rent liability		630,468		631,630
Deferred tax liability		343,151		485,907
Other long term liabilities		104,806		120,571
Total long term liabilities		13,540,880		13,107,376
Total liabilities		52,580,421		50,470,820

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

	SEPTEMBER 30, 2011	JUNE 30, 2011
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; issued and outstanding: 31,676,438 at September 30, 2011 and June 30, 2011	18,051	18,051
Additional paid-in capital	11,084,945	11,060,701
Treasury stock, at cost, 4,919,239 shares at September 30, 2011 and June 30, 2011	(1,407,455)	(1,407,455)
Retained deficit	(2,960,295)	(3,615,322)
Total Radiant Logistics, Inc. stockholders' equity	6,735,246	6,055,975
Non-controlling interest	141,438	93,757)
Total stockholders' equity	6,876,684	6,149,732
Total liabilities and stockholders' equity	$ 59,457,105	$ 56,620,552

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 SEPTEMBER 30,	
	2011	2010
Revenue	$ 71,833,044	$ 46,361,057
Cost of transportation	50,594,124	32,242,361
Net revenues	21,238,920	14,118,696
Agent commissions	13,892,425	9,832,460
Personnel costs	2,893,738	1,557,160
Selling, general and administrative expenses	2,661,126	1,063,282
Transition costs associated with DBA acquisition	282,636	-
Depreciation and amortization	390,393	325,258
Total operating expenses	20,120,318	12,778,160
Income from operations	1,118,602	1,340,536
Other income (expense):		
Interest income	4,934	5,809
Interest expense	(92,088)	(42,242)
Other	72,729	26,286
Total other income (expense)	(14,425)	(10,147)
Income before income tax expense	1,104,177	1,330,389
Income tax expense	(401,469)	(505,543)
Net income	702,708	824,846
Less: Net income attributable to non-controlling interest	(47,681)	(41,903)
Net income attributable to Radiant Logistics, Inc.	$ 655,027	$ 782,943
Net income per common share – basic and diluted	$ 0.02	$ 0.03
Weighted average shares outstanding:		
Basic shares	31,676,438	30,471,061
Diluted shares	34,609,965	30,723,861

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

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
Balance at June 30, 2011	31,676,438	$18,051	$ 11,060,701	$(1,407,455)	$(3,615,322)	$ 93,757	$ 6,149,732
Share-based compensation	-	-	24,244	-	-	-	24,244
Net income for the three months ended September 30, 2011	-	-	-	-	655,027	47,681	702,708
Balance at September 30, 2011	31,676,438	$18,051	$ 11,084,945	$(1,407,455)	$(2,960,295)	$ 141,438	$ 6,876,684

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

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

	THREE MONTHS ENDED SEPTEMBER 30, 2011	THREE MONTHS ENDED SEPTEMBER 30, 2010
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 655,027	$ 782,943
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
non-cash compensation expense (stock options)	24,244	54,939
amortization of intangibles	290,755	245,383
deferred income tax benefit	(151,744)	(118,439)
depreciation and leasehold amortization	99,638	79,875
change in non-controlling interest	47,681	41,903
Provision (recovery) for doubtful accounts	150,586	(26,283)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
accounts receivable	(1,144,808)	(2,301,857)
employee loan receivable	(47,626)	(500)
station and other receivables	74,183	77,888
income tax deposit	(510,583)	-
prepaid expenses, deposits and other assets	(1,370,143)	(20,665)
accounts payable and accrued transportation costs	2,622,130	946,407
commissions payable	39,761	561,510
other accrued costs	(104,210)	122,481
income taxes payable	(333,999)	231,781
other long-term liabilities	(14,917)	48,060
deferred rent liability	(1,162)	-
Net cash provided by operating activities	324,813	725,426
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(299,148)	(78,366)
Payments made to former shareholders of acquired operations	(614,250)	(75,750)
Net cash used for investing activities	(913,398)	(154,116)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:		
Proceeds from credit facility, net of credit fees	659,004	100,698
Distribution to non-controlling interest	-	(36,000)
Purchases of treasury stock	-	(417,897)
Net cash provided by (used for) financing activities	659,004	(353,199)
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,419	218,111
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	434,185	682,108

CASH AND CASH EQUIVALENTS, END OF PERIOD	$	504,604	$	900,219
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Income taxes paid	$	1,406,560	$	433,360
Interest paid	$	101,738	$	40,330

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

Supplemental disclosure of non-cash investing and financing activities:

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 ending June 30, 2010, resulting in an increase to goodwill and the amount due to the former shareholders of acquired operations of $28,522.

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") is a non-asset based transportation and logistics services company providing 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. The Company is executing a strategy to expand operations through a combination of organic growth and the strategic acquisition of best-of-breed, non-asset based transportation and logistics providers.

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.

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 the 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 2011, the Company acquired DBA Distribution Services, Inc., d/b/a Distribution by Air ("DBA"), adding an additional 26 locations across North America further expanding its physical network and service capabilities.

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 service a multi-brand network. 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, transportation and accounting systems. The Company will continue to search for targets that fit within its acquisition criteria.

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, 2011.

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 RGL 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, and amounts due to former shareholders of acquired operations approximate the carrying values dues to the relatively short maturities of these instruments. The fair value of the Company’s long-term debt (including the credit facility, notes payable and other long-term liabilities) would not differ significantly from the recorded amount if recalculated based on current interest rates.

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 & 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 September 30, 2011, management believes there are no indications of impairment.

i) Long-Lived Assets

Acquired intangibles consist of customer-related intangibles and covenants not to compete ("CNTC") agreements arising from our acquisitions. Customer-related intangibles are amortized using accelerated methods over approximately 5 years and CNTC agreements are amortized using the straight-line method over the term of the underlying agreement (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 September 30, 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 September 30, 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:

	Amount
2012 (remaining portion)	$1,400,165
2013	1,876,224
2014	1,844,665
2015	1,578,521
2016	1,011,221
Thereafter	1,611,368
Total minimum lease payments	$9,322,164

Rent expense amounted to $449,999 and $181,713 for the three months ended September 30, 2011 and 2010, respectively.

k) 401(k) Savings Plan

The Company has employee savings plans under which the Company provides a discretionary matching contribution. During the quarters ended September 30, 2011 and 2010, the Company's contributions under the plans were $27,552 and $24,232, respectively.

l) 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.

m) Revenue Recognition and Purchased Transportation Costs

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.

The company derives its revenue from transportation and other value added services including warehousing and fulfillment services.

All other revenue, including revenue from other value added services including warehousing and fulfillment services, is recognized upon completion of the service.

n) 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 September 30, 2011, the Company recorded share based compensation expense of $24,244, which, net of income taxes, resulted in a $15,031 reduction of net income. For the three months ended September 30, 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.

o) 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 September 30, 2011, the weighted average outstanding number of potentially dilutive common shares totaled 34,609,965 shares of common stock, including options to purchase 3,865,242 shares of common stock at September 30, 2011. For the three months ended September 30, 2010, the weighted average outstanding number of potentially dilutive common shares totaled 30,723,861 shares of common stock, including options to purchase 3,620,000 shares of common stock at September 30, 2010, of which 2,760,000 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 September 30, 2011	Three months ended September 30, 2010
Weighted average basic shares outstanding	31,676,438	30,471,061
Options	2,933,527	252,800
Weighted average dilutive shares outstanding	34,609,965	30,723,861

p) 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.

q) Reclassifications

Certain amounts for prior periods have been reclassified in the consolidated financial statements to conform to the classification used in fiscal 2012.

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

In September 2011, the FASB issued ASU No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment. The guidance in ASU 2011-08 is intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Also, the amendments improve the examples of events and circumstances that an entity having a reporting unit with a zero or negative carrying amount should consider in determining whether to measure an impairment loss, if any, under the second step of the goodwill impairment test. The amendments in this ASU are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. 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 $617,095 in Tier-1 earn-out payment for the period ending June 30, 2011. This Tier-1 earn-out was paid 50% in cash during the quarter ending September 30, 2011, with the remaining 50% included in the amount due to former shareholders of acquired operations which was subsequently paid in Company stock in October 2011.

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 year indicated based on achieving gross profit contributions (in thousands):

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

Total gross margin targets	$	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 - ACQUISITION OF DBA DISTRIBUTION SERVICES, INC.

On April 6, 2011, the Company closed on an Agreement and Plan of Merger (the "Agreement") pursuant to which the Company acquired DBA Distribution Services, Inc. ("DBA"), a privately-held New Jersey corporation. For financial accounting purposes, the transaction was deemed to be effective as of April 1, 2011. 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. The $12.0 million transaction consisted of cash of $5.4 million paid at closing, the delivery of $4.8 million in seller notes payable over the next three years and $1.8 million in connection with the achievement of certain integration milestones to be paid within 180 days after the milestones have been achieved; however, no later than the 18th month anniversary of the closing. In May 2011, the Company elected to satisfy $2.4 million of the seller notes through the issuance of shares of the Company's common stock. The remaining seller notes may be subject to acceleration upon occurrence of a “Corporate Transaction” (as defined in the Form of Note), which includes a future sale of DBA or Radiant, 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 an existing revolving credit facility provided by Bank of America, N.A.

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-four agency offices located across North America.

The total net assets acquired were $12.0 million. The following table summarizes the final allocation of the purchase price based on the estimated fair value of the acquired assets and liabilities at April 6, 2011:

Current assets	$16,909,820
Furniture and equipment	562,257
Deferred tax asset	723,666
Intangibles	1,801,562
Goodwill	5,021,603
Other assets	392,562
Total assets acquired	25,411,470
Current liabilities	12,572,203
Long term deferred tax liability	684,594
Other long term liabilities	154,673
Total liabilities acquired	13,411,470
Net assets acquired	$12,000,000

The fair value of the financial assets acquired included receivables with a fair value of $14,675,079 as of the acquisition date. The gross amount due under the contracts at the acquisition date was $15,728,582, of which $1,053,503 was expected to be uncollectible.

The fair values of the intangible assets were estimated using a discounted cash flow approach with Level 3 inputs. Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To calculate fair value, the Company used risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflect market participant assumptions.

The goodwill recognized is attributable primarily to the expected cost synergies associated with eliminating redundancies and migrating back office operations of DBA to the Company, in addition to an expectation of better buy rates from some carriers due to increased volumes associated with the acquisition of DBA. The goodwill recorded is not expected to be deductible for income tax purposes.

NOTE 6 - ACQUIRED INTANGIBLE ASSETS

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

	As of September 30, 2011		As of June 30, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:				
Customer related	$7,533,562	$ 4,984,510	$7,533,562	$ 4,702,100
Covenants not to compete	120,000	79,961	120,000	71,616
Total	$7,653,562	$ 5,064,471	$7,653,562	$ 4,773,716
Aggregate amortization expense:				
For three months ended September 30, 2011		$ 290,755		
For three months ended September 30, 2010		$ 245,383		
Aggregate amortization expense for the years ending June 30:				
2012 – For the remainder of the year		$ 905,348		
2013		696,466		
2014		282,579		
2015		281,997		
2016		422,701		
Total		$ 2,589,091		

NOTE 7 - 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 RGL, qualifies as a variable interest entity and is included in the Company's consolidated financial statements (see Note 8). RLP commenced operations in February 2007. Non-controlling interest recorded on the income statement was an expense of $47,681 and $41,903 for the three months ended September 30, 2011 and 2010, respectively.

The following table summarizes the balance sheets of RLP:

	September 30, 2011	June 30, 2011
ASSETS		
Accounts receivable	$ 1,997	$ 2,012
Accounts receivable – Radiant Logistics	241,347	170,030

Prepaid expenses and other current assets		3,953		1,191
Total assets	$	247,297	$	173,233
LIABILITIES AND PARTNERS' CAPITAL				
Other accrued costs	$	11,566	$	16,971
Total liabilities		11,566		16,971
Partners' capital		235,731		156,262
Total liabilities and partners' capital	$	247,297	$	173,233

NOTE 8 - 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. In the course of evaluating and approving the ownership structure, operations and economics emanating from RLP, a committee consisting of the independent Board member of the Company, considered, among other factors, the significant benefits provided to the Company through association with a minority business enterprises, particularly as many of the Company's largest current and potential customers have a need for diversity offerings. In addition, the Committee concluded that the economic relationship with RLP was on terms no less favorable to the Company than terms generally available from unaffiliated third parties. RLP is consolidated in the financial statements of the Company (see Note 7).

NOTE 9 - FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	September 30, 2011	June 30, 2011
Vehicles	$ 33,788	$ 33,788
Communication equipment	31,359	31,359
Office equipment	518,215	511,872
Furniture and fixtures	186,914	122,488
Computer equipment	732,108	733,819
Computer software	1,520,017	1,283,581
Leasehold improvements	634,846	641,188
	3,657,247	3,358,095
Less: Accumulated depreciation and amortization	(2,029,674)	(1,930,032)
Furniture and equipment – net	$ 1,627,573	$ 1,428,063

Depreciation and amortization expense related to furniture and equipment was $99,638 and $79,875 for the three months ended September 30, 2011 and 2010, respectively.

As a condition of signing a new lease for the Company's new corporate office in February 2010, the Company was reimbursed approximately $391,000 for leasehold improvement purchases related to the new office. This lease incentive is included in other long-term liabilities on the balance sheet and is being amortized on a straight-line basis over the remaining life of the lease.

NOTE 10 - LONG TERM DEBT

In April 2011, in connection with the acquisition of DBA, the Company's $20.0 million revolving credit facility, including a $0.5 million sublimit to support letters of credit (collectively, the "Facility"), was extended to a maturity date of March 31, 2013. Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes. Borrowings under the facility bear interest, at the Company's option, at the bank's prime rate minus 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 that requires the Company not to incur a net loss before taxes, amortization of acquired intangibles and extraordinary items in any two consecutive quarterly accounting periods.

Under the terms of the Facility, the Company is permitted to make additional acquisitions without the lender's consent only if certain conditions are satisfied. The conditions imposed by the Facility include the following: (i) the absence of an event of default under the Facility; (ii) the company to be acquired must be in the transportation and logistics industry; (iii) the purchase price to be paid must be consistent with the Company's historical business and acquisition model; (iv) after giving effect for the funding of the acquisition, the Company must have undrawn availability of at least $1.0 million under the Facility; (v) the lender must be reasonably satisfied with projected financial statements the Company provides covering a 12 month period following the acquisition; (vi) the acquisition documents must be provided to the lender and must be consistent with the description of the transaction provided to the lender; and (vii) the number of permitted acquisitions is limited to three per calendar year and shall not exceed $10.0 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), Adcom Express, Inc. (d/b/a Adcom Worldwide), DBA (d/b/a Distribution by Air), Radiant Transportation Services ("RTS", f/k/a Radiant Logistics Global Services, Inc.), and RLP. 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 September 30, 2011, the Company was in compliance with all of its covenants.

As of September 30, 2011, the Company had $6,039,329 in advances under the Facility and $4,888,943 in outstanding payments, which had not yet been processed by the bank. The outstanding payments have been reclassified from cash, as they will be advanced from, or against, the Facility when processed by the bank. This results in total long term debt of $10,928,272

At September 30, 2011, based on available collateral and $491,800 in outstanding letter of credit commitments, there was $11,032,010 available for borrowing under the Facility based on advances outstanding.

NOTE 11 - PROVISION FOR INCOME TAXES

For the three months ended September 30, 2011, the Company recognized net income tax expense of $401,469 which consisted of current income tax expense of $553,213 and deferred income tax benefit of $151,744. For the three months ended September 30, 2010, the Company recognized net income tax expense of $505,543 which consisted of current income tax expense of $623,982 and deferred income tax benefit of $118,439.

Tax years which remain subject to examination by federal and state authorities are the years ended June 30, 2008, 2009, 2010 and 2011.

NOTE 12 - STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, par value at $0.001 per share. As of September 30, 2011 and June 30, 2011, none of the shares were issued or outstanding.

NOTE 13 - SHARE-BASED COMPENSATION

For the three months ended September 30, 2011, the Company granted no options.

Share-based compensation costs recognized during the three months ended September 30, 2011 and 2010, 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 September 30, 2011.

The following table summarizes activity under the plan for the three months ended September 30, 2011:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years	Aggregate Intrinsic Value
Outstanding at June 30, 2011	3,865,242	$0.58	5.57 years	$7,049,001
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at September 30, 2011	3,865,242	$0.58	5.32 years	$6,586,762
Exercisable at September 30, 2011	3,068,000	$0.54	4.66 years	$5,328,320

NOTE 14 - 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 September 30:						

Revenue	$	42,315	$	24,250	$	29,518	$	22,111	$	71,833	$	46,361
Cost of transportation		26,942		14,623		23,652		17,619		50,594		32,242
Net revenue	$	15,373	$	9,627	$	5,866	$	4,492	$	21,239	$	14,119

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, 2011. 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 & fulfillment services through a network which includes a combination of company-owned and exclusive agent offices across North America. Operating under the Airgroup, Adcom, DBA & 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 the Automotive Services Group in Detroit, Michigan to service the automotive industry. In September 2008, we acquired Adcom, adding an additional 30 locations across North America and augmenting our overall domestic and international freight forwarding capabilities. In April of 2011, we acquired DBA Distribution Services, Inc., d/b/a Distribution by Air ("DBA"), adding an additional 26 locations across North America further expanding our fiscal network and service capabilities. 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.

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 our acquisition criteria.

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. 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.

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 its strategic objectives, including the ability to acquire and profitably manage additional businesses and the intense competition in the industry for customers and for acquisition candidates.

Performance Metrics

Our principal source of income is derived from freight forwarding services. As a freight forwarder, we arrange for the shipment of our customers' freight from point of origin to point of destination. Generally, we quote our customers a 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 senior credit facility allow us to adjust EBITDA to exclude costs related to share-based compensation expense, transaction costs, severance costs, 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

Basis of Presentation

The results of operations discussion which appears below has been presented utilizing a combination of historical and, where relevant, pro forma unaudited information to include the effects of the acquisition of DBA on our consolidated financial statements during fiscal year 2011. The pro forma information has been presented for three months ended September 30, 2011 and 2010 as if we had acquired DBA as of July 1, 2010. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of DBA and the Company as adjusted to reflect the amortization of acquired intangibles and are also provided in the Financial Statements included within this report.

The pro forma financial data is not necessarily indicative of results of operations that would have occurred had this acquisition been consummated at the beginning of the periods presented or which might be attained in the future.

Three months ended September 30, 2011 (actual and unaudited) and September 30, 2010 (actual and unaudited)

We generated transportation revenue of $71.9 million and $46.4 million and net transportation revenue of $21.2 million and $14.1 million for the three months ended September 30, 2011 and 2010, respectively. Net income was $0.7 million for the three months ended September 30, 2011, compared to net income of $0.8 million for the three months ended September 30, 2010.

We had adjusted EBITDA of $1.6 million and $1.7 million for three months ended September 30, 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, transaction costs, severance costs and other non-cash charges consistent with the financial covenants of our senior credit facility. As explained above, we believe 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 September 30, 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 September 30, 2011 and 2010:

	Three months ended September 30,		Change	
	2011	2010	Amount	Percent
Net income	$655	$783	$(128)	(16.3%)
Income tax expense	401	506	(105)	(20.8%)
Net interest expense	88	36	52	144.4%
Depreciation and amortization	390	325	65	20.0%
EBITDA	$1,534	$1,650	$(116)	(7.0%)
Share-based compensation and other non-cash costs	24	59	(35)	(59.3%)
Transaction related costs	69	-	69	NM
Severance costs	12	-	12	NM
Adjusted EBITDA	$1,639	$1,709	$(70)	(4.1%)

The following table summarizes transportation revenue, cost of transportation and net transportation revenue (in thousands) for the three months ended September 30, 2011 and 2010 (actual and unaudited):

Three months ended September 30,		Change	
2011	2010	Amount	Percent

Transportation revenue	$71,833	$46,361	$25,472	54.9	%
Cost of transportation	50,594	32,242	18,352	56.9	%
Net transportation revenue	$21,239	$14,119	$7,120	50.4	%
Net transportation margins	29.6 %	30.5 %			

Transportation revenue was $71.8 million for the three months ended September 30, 2011, an increase of 54.9% over transportation revenue of $46.4 million for the three months ended September 30, 2010. Domestic transportation revenue increased by 74.5% to $42.3 million for the three months ended September 30, 2011, from $24.3 million for the three months ended September 30, 2010. International transportation revenue increased by 33.5% to $29.5 million for the three months ended September 30, 2011, from $22.1 million for the comparable prior year period. The increase in domestic and international revenues was due to additional revenues included in the current quarter that were related to the acquisition of DBA.

Cost of transportation increased by 56.9% to $50.6 million for the three months ended September 30, 2011, compared to $32.2 million for the three months ended September 30, 2010, as a result of increased transportation costs associated with the acquisition of DBA.

Net transportation margins decreased to 29.6% of transportation revenue for the three months ended September 30, 2011, as compared to 30.5% of transportation revenue for the three months ended September 30, 2010. The key driver to this margin compression was attributed to the value added services (fulfillment) introduced in connection with our acquisition of DBA which operate at lower margins than our core transportation services.

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 September 30, 2011 and 2010 (actual and unaudited):

	Three months ended September 30,					
	2011		2010		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	$21,239	100.0 %	$14,119	100.0 %	$7,120	50.4 %
Agent commissions	13,892	65.4 %	9,833	69.7 %	4,059	41.3 %
Personnel costs	2,894	13.6 %	1,557	11.0 %	1,337	85.9 %
Selling, general and administrative	2,661	12.5 %	1,063	7.5 %	1,598	150.3 %
Transition costs associated with DBA acquisition	283	1.3 %	-	0.0 %	283	NM
Depreciation and amortization	390	1.9 %	325	2.3 %	65	20.0 %
Total operating expenses	20,120	94.7 %	12,778	90.5 %	7,342	57.5 %
Income from operations	1,119	5.3 %	1,341	9.5 %	(222)	(16.6 %)
Other expense	(15)	(0.1 %)	(10)	(0.1 %)	(5)	50.0 %
Income before income taxes and non-controlling interest	1,104	5.2 %	1,331	9.4 %	(227)	(17.1 %)
Income tax benefit (expense)	(401)	(1.9 %)	(506)	(3.6 %)	105	(20.8 %)
Income before non-controlling interest	703	3.3 %	825	5.8 %	(122)	(14.8 %)
Non-controlling interest	(48)	(0.2 %)	(42)	(0.3 %)	(6)	14.3 %
Net income	$655	3.1 %	$783	5.5 %	$(128)	(16.3 %)

Agent commissions were $13.9 million for the three months ended September 30, 2011, an increase of 41.3% from $9.8 million for the three months ended September 30, 2010. Agent commissions as a percentage of net transportation revenue decreased to 65.4% for the three months ended September 30, 2011, from 69.7% for the comparable prior year period as a result of increased company owned locations associated with the DBA acquisition's where commissions are not payable.

Personnel costs were $2.9 million for the three months ended September 30, 2011, an increase of 85.9% from $1.6 million for the three months ended September 30, 2010. Personnel costs as a percentage of net transportation revenue increased to 13.6% for the three months ended September 30, 2011, from 11.0% for the comparable prior year period primarily as a result of increased headcount associated with the acquisition of DBA.

Selling, general and administrative costs were $2.7 million for the three months ended September 30, 2011, an increase of 150.3% from $1.1 million for the three months ended September 30, 2010. As a percentage of net transportation revenue, other selling, general and administrative costs increased to 12.5% for the three months ended September 30, 2011, from 7.5% for the comparable prior year period as a result of increased costs associated with the acquisition of DBA. These higher costs were driven principally by non-recurring legal expenses which we incurred in connection with transactions in process, capital market initiatives and a small number of immaterial legal matters.

Transition costs associated with DBA acquisition were $0.3 million for the three months ended September 30, 2011. Transition costs consist of personnel costs related to employees whose positions will be eliminated with the integration of DBA into Radiant. There were no such costs during the comparable prior period. As a percentage of net transportation revenue, non-recurring transition costs were 1.3% for the three months ended September 30, 2011.

Depreciation and amortization costs for the three months ended September 30, 2011, were $0.4 million, an increase of 20.0% from $0.3 million for the three months ended September 30, 2010. Depreciation and amortization as a percentage of net transportation revenue decreased to 1.9% for the three months ended September 30, 2011, from 2.3% for the comparable prior year period, primarily due to a greater percentage of increased net transportation revenues as a result of the acquisition of DBA.

Income from operations was $1.1 million for the three months ended September 30, 2011, compared to income from operations of $1.3 million for the three months ended September 30, 2010.

Other expense was less than $0.1 million for the three months ended September 30, 2011 and 2010.

Net income was $0.7 million for the three months ended September 30, 2011, compared to net income of $0.8 million for the three months ended September 30, 2010.

Supplemental Pro forma Information

The following table provides a reconciliation for the three months ended September 30, 2011 (actual and unaudited) and September 30, 2010 (pro forma and unaudited) of adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Three months ended September 30,		Change	
	2011	2010	Amount	Percent
Net income	$655	$963	$(308)	(32.0%)
Income tax expense	401	626	(225)	(35.9%)
Net interest expense	88	55	33	60.0%
Depreciation and amortization	390	377	13	3.4%
EBITDA	$1,534	$2,021	$487	(24.1%)
Share based compensation and other non-cash costs	24	59	(35)	(59.3%)
Transaction related costs	69	-	69	NM

Severance costs	12	-	12	NM
Adjusted EBITDA	$1,639	$2,080	$441	(21.2 %)

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The following table summarizes September 30, 2011 (actual and unaudited) and September 30, 2010 (pro forma and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Three months ended September 30,		Change	
	2011	2010	Amount	Percent
Transportation revenue	$71,833	$71,911	$(78)	(0.1%)
Cost of transportation	50,594	49,661	933	1.9%
Net transportation revenue	$21,239	$22,250	$(1,011)	(4.5%)
Net transportation margins	29.6%	30.9%		

Transportation revenue was $71.8 million for the three months ended September 30, 2011, compared to $71.9 million for the three months ended September 30, 2010.

Cost of transportation increased 1.9% to $50.6 million for the three months ended September 30, 2011, compared to $49.7 million for the three months ended September 30, 2010.

Transportation margins decreased to 29.6% of transportation revenue for the three months ended September 30, 2011, as compared to 30.9% of transportation revenue for the three months ended September 30, 2010.

The following table compares certain condensed consolidated statement of income data as a percentage of our net transportation revenue (in thousands) for the three months ended September 30, 2011 (actual and unaudited) and September 30, 2010 (pro forma and unaudited):

	Three months ended September 30,					
	2011		2010		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	$21,239	100.0%	$22,250	100.0%	$(1,011)	(4.5%)
Agent commissions	13,892	65.4%	15,081	67.8%	(1,189)	(7.9%)
Personnel costs	2,894	13.6%	3,320	14.9%	(426)	(12.8%)
Selling, general and administrative	2,661	12.5%	1,821	8.2%	840	46.1%
Transition costs associated with DBA acquisition	283	1.3%	-	0.0%	283	NM
Depreciation and amortization	390	1.9%	377	1.7%	13	3.4%
Total operating expenses	20,120	94.7%	20,599	92.6%	(479)	(2.3%)
Income from operations	1,119	5.3%	1,651	7.4%	(532)	(32.2%)
Other income (expense)	(15)	(0.1%)	(20)	(0.1%)	5	(25.0%)
Income before income taxes and non-controlling interest	1,104	5.2%	1,631	7.3%	(527)	(32.3%)
Income tax expense	(401)	(1.9%)	(626)	(2.8%)	225	(35.9%)
Income before non-controlling interest	703	3.3%	1,005	4.5%	(302)	(30.0%)

Non-controlling interest	(48	)	(0.2	%)	(42	)	(0.2	%)	(6	)	14.3	%
Net income	$655		3.1	%	$963		4.3	%	$(308	)	(32.0	)%

Agent commissions were 13.9 million for the three months ended September 30, 2011, a decrease of 7.9% compared to $15.1 million for the three months ending September 30, 2010. Agent commissions as a percentage of net transportation revenue decreased to 65.4% for three months ended September 30, 2011, from 67.8% for the comparable prior year period.

Personnel costs were $2.9 million for the three months ended September 30, 2011, a decrease of 12.8% from $3.3 million for the three months ended September 30, 2010. Personnel costs as a percentage of net transportation revenue decreased to 13.6% for three months ended September 30, 2011, from 14.9% for the comparable prior year period.

Selling, general and administrative costs were $2.7 million for the three months ended September 30, 2011, an increase of 46.1% from $1.8 million for the three months ended September 30, 2010. As a percentage of net transportation revenue, selling, general and administrative costs increased to 12.5% for three months ended September 30, 2011, from 8.2% for the comparable prior year period. These higher costs were driven principally by non-recurring legal expenses which we incurred in connection with transactions in process, capital market initiatives and a small number of immaterial legal matters.

Transition costs associated with DBA acquisition were $0.3 million for the three months ended September 30, 2011. There were no such costs during the comparable prior period. As a percentage of net transportation revenue, non-recurring transition costs were 1.3% for the three months ended September 30, 2011.

Depreciation and amortization costs for the three months ended September 30, 2011, were $0.4 million, an increase of 3.4% from $0.4 million for the three months ended September 30, 2010. Depreciation and amortization as a percentage of net transportation revenue increased to 1.9% for the three months ended September 30, 2011, from 1.7% for the comparable prior year period.

Income from operations was $1.1 million for the three months ended September 30, 2011, compared to income from operations of $1.7 million for the three months ended September 30, 2010.

Other expense was less than $0.1 million for the three months ended September 30, 2011 and 2010.

Net income was $0.7 million for the three months ended September 30, 2011, compared to net income of $1.0 million for the three months ended September 30, 2010.

Liquidity and Capital Resources

Net cash provided by operating activities was $0.3 million for the three months ended September 30, 2011, compared to net cash provided of $0.7 million for the three months ended September 30, 2010. The change was principally driven by income taxes attributable to current year net income, offset by an increase in uncollectable accounts receivable which decreased the net collections on outstanding receivables.

Net cash used in investing activities was $0.9 million for the three months ended September 30, 2011, compared to $0.2 million for the three months ended September 30, 2010. Use of cash for the three months ended September 30, 2011, consisted of the purchase of $0.3 million of fixed assets and payments made to former shareholders of acquired operations totaling $0.6 million. Use of cash for the three months ended September 30, 2010, consisted of the purchase of $0.1 million of fixed assets and payments made to former shareholders of acquired operations totaling $0.1 million.

Net cash provided by financing activities was $0.7 million for the three months ended September 30, 2011, compared to net cash used of $0.4 million for the three months ended September 30, 2010. The cash provided by financing activities for the three months ended September 30, 2011, consisted primarily of net borrowings from our credit facility. The cash used for financing activities for the three months ended September 30, 2010, consisted primarily of $0.4 million of treasury stock purchases and a distribution to the non-controlling interest of a subsidiary of less than $0.1 million, offset by net proceeds from our credit facility of $0.1 million.

Acquisitions

Below are descriptions of recent material acquisitions, 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 September 5, 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) $250,000 in cash payable shortly after the closing, subject to adjustment, based upon the working capital of Adcom as of August 31, 2008; (iii) up to $2.8 million in four "Tier-1 Earn-Out Payments" of up to $700,000 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 September 30, 2011, we owe the former owner of Adcom $33,709 in cash and $308,547 in Company stock, which includes the Tier-1 earn-out payment for the year ended June 30, 2011.

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 year indicated based on results of the prior year (in thousands):

Estimated payment anticipated for fiscal year(1):		2013
Earn-out period:		7/1/2011 – 6/30/2012
Earn-out payments:		
Cash	$	350
Equity		350
Total potential earn-out payments	$	700
Total gross margin targets	$	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 an Agreement and Plan of Merger (the "Agreement") pursuant to which we acquired all of the outstanding stock of DBA Distribution Services, Inc. ("DBA"), a privately-held New Jersey corporation. For financial accounting purposes, the transaction was deemed to be effective as of April 1, 2011. 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 us 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 cash of $5.4 million paid at closing, the delivery of $4.8 million in seller notes payable over the next three years, and $1.8 million in connection with the achievement of certain integration milestones to be paid within 180 days after the milestones have been achieved; however, no later than the 18th month anniversary of the closing. In May 2011, we elected to satisfy $2.4 million of the seller notes through the issuance of shares of the Company's common stock. The seller notes may be subject to acceleration upon occurrence of a “Corporate Transaction” (as defined in the Form of Note), which includes a future sale of DBA or Radiant, 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 an existing revolving credit facility provided by Bank of America, N.A.

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.

Credit Facility

In April 2011, in connection with the acquisition of DBA, our $20.0 million revolving credit facility, including a $0.5 million sublimit to support letters of credit (collectively, the "Facility"), was extended to a maturity date of March 31, 2013. Advances under the Facility are available to fund future acquisitions, capital expenditures or for other corporate purposes. Borrowings under the facility accrue 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 our 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 our consolidated EBITDA (as adjusted) measured on a rolling four quarter basis. The second financial covenant requires that we 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 us 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 $10.0 million in aggregate purchase price financed by funded debt. In the event 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), Adcom Express, Inc. (d/b/a Adcom Worldwide), DBA (d/b/a Distribution by Air), Radiant Transportation Services ("RTS", f/k/a Radiant Logistics Global Services, Inc.), and RLP. 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 September 30, 2011, we were in compliance with all of our 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. 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 as 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 September 30, 2011, we have approximately $17.5 million in eligible accounts receivable and, net of advances outstanding, approximately $11.0 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. 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 of equity.

Off Balance Sheet Arrangements

As of September 30, 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 are amortized using accelerated methods over approximately 5 years and CNTC agreements are 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.

We are the primary obligor responsible for providing the service desired by the customer and are responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. At our sole discretion, we set the prices charged to our customers and are not required to obtain approval or consent from any other party in establishing our prices. We have multiple suppliers for the services we sell to our customers and have 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, we determine the nature, type, characteristics, and specifications of the service(s) ordered by the customer. We also assume credit risk for the amount billed to the customer.

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 September 30, 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 September 30, 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 September 30, 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	Filed herewith

	Sarbanes-Oxley Act of 2002	
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 November 14, 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: November 14, 2011	/s/ Bohn H. Crain Bohn H. Crain Chief Executive Officer
Date: November 14, 2011	/s/ Todd E. Macomber Todd E. Macomber Chief Financial Officer

EXHIBIT INDEX

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