

RADIANT LOGISTICS, INC
Form S-1/A
June 22, 2006

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**AS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON JUNE 22,
2006**

REGISTRATION NO. 333-133048

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Amendment No. 2 to FORM SB-2
On
FORM S-1**

**REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

RADIANT LOGISTICS, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	4731 (primary standard industrial classification code number)	04-3625550 (I.R.S. Employer Identification No.)
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**1227 120th Avenue N.E
Bellevue, WA 98005
(425) 943-4599**

(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

**Bohn H. Crain
Chief Executive Officer
Radiant Logistics, Inc.
1227 120th Avenue N.E.
Bellevue, WA 98005
(425) 943-4599**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Lawrenceville, NJ 08648-2311
 (609) 896-4571

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462I under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price	Amount of registration fee
Common stock, par value \$0.001 per share	14,847,461 ⁽³⁾	\$1.00	\$14,847,461	\$1,596 ⁽⁴⁾

(1)In accordance with Rule 416(a) of the Securities Act of 1933, the registrant is also registering hereunder an indeterminate number of additional shares that may be issued upon stock splits, stock dividends or similar transactions.

(2)Estimated in accordance with Rule 457(c) of the Securities Act of 1933 solely for the purpose of computing the amount of the registration fee based on the average of the bid and asked price per share of the registrant’s common stock reported on the OTC Bulletin Board on April 3, 2006.

(3)Represents shares of the registrant’s common stock being registered for resale that have been issued to the selling shareholders named in this registration statement.

(4) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the United States Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED June 22, 2006

PRELIMINARY PROSPECTUS

RADIANT LOGISTICS, INC.

14,847,461 shares of common stock

The 14,847,461 shares of our common stock, \$0.001 par value per share, are being offered by the selling shareholders identified in this prospectus. All of the shares were previously issued by us in private placement transactions.

We are not selling any shares of our common stock in this offering and, therefore, will not receive any proceeds from this offering. We will bear all costs associated with this registration. The selling shareholders may offer the shares covered by this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices or negotiated prices, in negotiated transactions, or in trading markets for our common stock.

Our common stock trades on the OTC Bulletin Board under the symbol "RLGT.OB" The closing price of our common stock on the OTC Bulletin Board on June 19, 2006, was \$1.05 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 3 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved these securities or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June ___, 2006.

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION PROVIDED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS PROSPECTUS.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. It is not complete and may not contain all of the information that is important to you. To understand this offering fully, you should read the entire prospectus carefully. Investors should carefully consider the information set forth under the heading "Risk Factors." In this prospectus, the terms "the Company," "we," "us," and "our" refer to Radiant Logistics, Inc.

Our Company

We are a non-asset based supply chain management company. We offer domestic and international air, ocean and ground freight forwarding for shipments. Our primary operations involve obtaining shipment or material orders from customers, creating and delivering a wide range of logistics solutions to meet customers' specific requirements for transportation and related services, and arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. 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 turn key cost for the movement of their freight. In turn, we assume the responsibility for arranging and paying for the underlying means of transportation.

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 is designed to allow 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.

Our Strategy

Through the strategic acquisition of regional best-of-breed non-asset based transportation and logistics service providers, we intend to build a leading global transportation and supply-chain management company offering a full range of domestic and international freight forwarding and other value added supply chain management services, including order fulfillment, inventory management and warehousing.

Our strategy has been designed to take advantage of shifting market dynamics. The third party logistics industry continues to grow as an increasing number of businesses outsource their logistics functions to more cost effectively manage and extract value from their supply chains. We believe the industry is positioned for further consolidation as it remains highly fragmented, and as customers continue to demand the types of sophisticated and broad reaching service offerings that can more effectively be handled by larger more diverse organizations.

Our 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. As to our first factor, effective January 1 2006, we acquired Airgroup Corporation ("Airgroup"), a non-asset based logistics company located in the Seattle, Washington area. Airgroup provides domestic and international freight forwarding services through a network of 34 exclusive agent offices across North America. It services a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and over 100 international agents positioned strategically around the world. We have also identified a number of additional companies that may be suitable acquisition candidates and are in preliminary discussions with a select number of them. As to our second factor, 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, neither of which can be assured.

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Our strategy also relies upon our ability to efficiently integrate the businesses of the companies we acquire, generate the anticipated economies of scale from the integration, and maintain the historic sales growth of the acquired businesses in order to generate continued organic growth.

There are a variety of risks associated with our ability to achieve our strategic objectives, including our ability to finance and locate candidates for acquisition, to profitably manage additional businesses, once acquired, and to compete in our industry for customers and for the acquisition of additional businesses. The business risks associated with these factors are identified or referred to later in this prospectus.

Background

We were formed under the laws of the state of Delaware on March 15, 2001 as “Golf Two, Inc.” From inception through the third quarter of 2005, our principal business strategy focused on the development of retail golf stores. In October 2005, our management team consisting of Bohn H. Crain and Stephen M. Cohen, completed a change of control transaction when they acquired a majority of the Company’s outstanding securities from the Company’s former officers and directors in privately negotiated transactions. In conjunction with the change of control transaction, we: (i) elected to discontinue the Company’s former business model; (ii) repositioned ourselves as a global transportation and supply chain management company; and (iii) changed our name to “Radiant Logistics, Inc.” to, among other things, better align our name with our new business focus.

Our principal executive offices are located at 1227 120th Avenue N.E., Bellevue, WA 98005, and our telephone number is (425) 943-4599. We maintain a web site at www.radiant-logistics.com. Information contained on our web site does not constitute part of this prospectus.

The Offering

Common stock outstanding: 33,611,639 shares as of June 19, 2006

Common stock that may be offered by selling shareholders: Up to 14,847,461 shares that were previously issued to the selling shareholders in private placement transactions. This prospectus includes 7,243,182 shares being offered by certain of our principal shareholders and 113,637 shares offered by one of our executive officers.

Total proceeds raised by offering: We will not receive any proceeds from the resale or other disposition of the shares covered by this prospectus by any selling shareholder.

Risk factors: There are significant risks involved in investing in our Company. For a discussion of risk factors you should consider before buying our common stock, see “Risk Factors” beginning on page 2.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors in addition to other information in this prospectus before purchasing our common stock. The risks and uncertainties described below are those that we currently deem to be material and that we believe are specific to our company and our industry. In addition to these risks, our business may be subject to risks currently unknown to us. If any of these or other risks actually occurs, our business may be adversely affected, the trading price of our common stock may decline and you may lose all or part of your investment.

RISKS PARTICULAR TO OUR BUSINESS

We are implementing a new business plan.

We have recently discontinued our former business model involving the development of retail golf stores, and adopted a new model involving the development of non-asset based third-party logistics services. We have only recently completed our platform acquisition under our new business model. As a result, we have a very limited operating history under our current business model. Even though we are being managed by senior executives with significant experience in the industry, our limited operating history makes it difficult to predict trends that may affect our business and the longer-term success of our business model.

Our present levels of capital may limit the implementation of our business strategy.

The objective of our business strategy is to build a global logistics services organization. Critical to this strategy is an aggressive acquisition program which will require the acquisition of a number of diverse companies within the logistics industry covering a variety of geographic regions and specialized service offerings. As a result of our recently completed acquisition of Airgroup, we have a limited amount of cash resources and our ability to make additional acquisitions without securing additional financing from outside sources will be limited. This may limit or slow our ability to achieve the critical mass we need to achieve our strategic objectives.

Risks related to acquisition financing.

In order to pursue our acquisition strategy in the longer term, we will require additional financing. We intend to obtain such financing through a combination of traditional debt financing or the placement of debt and equity securities. We may finance some portion of our future acquisitions by either issuing equity or by using shares of our common stock for all or a substantial portion of the purchase price for such businesses. 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 common stock 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 maintain our acquisition program. If we do not have sufficient cash resources, we will not be able to complete acquisitions and our growth could be limited unless we are able to obtain additional capital through debt or equity financings.

We have used a significant amount of our available capital to finance the acquisition of Airgroup.

We expect to structure our acquisitions with certain amounts paid at closing, and the balance paid over a number of years in the form of earn-out installments which would be payable based upon the future earnings of the acquired businesses payable in cash, Company stock or some combination thereof. As we execute our acquisition strategy, we expect that we will be required to make significant payments in the future if the earn-out installments under prospective 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 existing credit 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.

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Our credit facility places certain limits on the type and number of acquisitions we may make.

We have obtained a \$10 million credit facility from Bank of America, N.A. to provide additional funding for acquisitions and for our on-going working capital requirements. Under the terms of the credit facility, we are subject to a number of financial and operational covenants which may limit the number of additional acquisitions we make without the lender's consent. In the event that we were not able to satisfy the conditions of the credit facility in connection with a proposed acquisition, we would have to forego the acquisition unless we either obtained the lender's consent or retired the credit facility. This may prevent us from completing acquisitions which we determine are desirable from a business perspective and limit or slow our ability to achieve the critical mass we need to achieve our strategic objectives.

Our credit facility contains financial covenants that may limit its current availability.

The terms of our credit facility are subject to certain financial covenants which may limit the amount otherwise available under that facility. Principal among these are financial covenants that limit funded debt to a multiple of our consolidated earnings before interest, taxes, depreciation and amortization, or "EBITDA". Under this covenant, our funded debt is limited to a multiple of 3.25 of our EBITDA measured on a rolling four quarter basis. Our ability to generate EBITDA will be critical to our ability to use the full amount of the credit facility.

Due to our acquisition strategy, our earnings will be adversely affected by non-cash charges relating to the amortization of intangibles which may cause our stock price to decline .

Under applicable accounting standards, purchasers are required to allocate the total consideration paid in a business combination to the identified acquired assets and liabilities based on their fair values at the time of acquisition. The excess of the consideration paid to acquire a business over the fair value of the identifiable tangible assets acquired must be allocated among identifiable intangible assets and goodwill. The amount allocated to goodwill is not subject to amortization. However, it is tested at least annually for impairment. The amount allocated to identifiable intangibles, such as customer relationships and the like, is amortized over the life of these intangible assets. We expect that this will subject us to periodic charges against our earnings to the extent of the amortization incurred for that period. Because our business strategy focuses on growth through acquisitions, our future earnings will be subject to greater non-cash amortization charges than a company whose earnings are derived organically. As a result, we will experience an increase in non-cash charges related to the amortization of intangible assets acquired in our acquisitions. This will create the appearance, based on our financial statements, that our intangible assets are diminishing in value, when in fact they may be increasing because we are growing the value of our intangible assets (e.g. customer relationships). Because of this discrepancy, we believe our earnings before interest, taxes, depreciation and amortization, otherwise known as "EBITDA", a non GAAP measure of financial performance, provides a meaningful measure of our financial performance. However, the investment community generally measures a public company's performance by its net income. Thus, while we believe EBITDA provides a meaningful measure of our financial performance, should the investment community elect to place more emphasis on our net income, the future price of our common stock could be adversely affected.

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We are not obligated to follow any particular criteria or standards for identifying acquisition candidates.

Even though we have developed general acquisition guidelines, we are not obligated to follow any particular operating, financial, geographic or other criteria in evaluating candidates for potential acquisitions or business combinations. We will target companies which we believe will provide the best potential long-term financial return for our stockholders and we will determine the purchase price and other terms and conditions of acquisitions. Our stockholders will not have the opportunity to evaluate the relevant economic, financial and other information that our management team will use and consider in deciding whether or not to enter into a particular transaction.

There is a scarcity of and competition for acquisition opportunities.

There are a limited number of operating companies available for acquisition which we deem to be desirable targets. In addition, there is a very high level of competition among companies seeking to acquire these operating companies. We are and will continue to be a very minor participant in the business of seeking acquisitions of these types of companies. A large number of established and well-financed entities are active in acquiring interests in companies which we may find to be desirable acquisition candidates. Many of these entities have significantly greater financial resources, technical expertise and managerial capabilities than us. Consequently, we will be at a competitive disadvantage in negotiating and executing possible acquisitions of these businesses. Even if we are able to successfully compete with these entities, this competition may affect the terms of completed transactions and, as a result, we may pay more than we expected for potential acquisitions. We may not be able to identify operating companies that complement our strategy, and even if we identify a company that complements our strategy, we may be unable to complete an acquisition of such a company for many reasons, including:

- a failure to agree on the terms necessary for a transaction, such as the amount of the purchase price;
- incompatibility between our operational strategies and management philosophies and those of the potential acquiree;
- competition from other acquirers of operating companies;
- a lack of sufficient capital to acquire a profitable logistics company; and
- the unwillingness of a potential acquiree to work with our management.

If we are unable to successfully compete with other entities in identifying and executing possible acquisitions of companies we target, then we will not be able to successfully implement our business plan.

We may be required to incur a significant amount of indebtedness in order to successfully implement our acquisition strategy.

We may be required to incur a significant amount of indebtedness in order to complete future acquisitions. If we are not able to generate sufficient cash flow from the operations of acquired companies to make scheduled payments of principal and interest on the indebtedness, then we will be required to use our capital for such payments. This will restrict our ability to make additional acquisitions. We may also be forced to sell an acquired company in order to satisfy indebtedness. We cannot be certain that we will be able to operate profitably once we incur this indebtedness or that we will be able to generate a sufficient amount of proceeds from the ultimate disposition of such acquired companies to repay the indebtedness incurred to make these acquisitions.

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Risks related to our acquisition strategy.

We intend to continue to build our business through a combination of organic growth, and to a greater extent, through additional acquisitions. Growth by acquisitions involve a number of risks, including possible adverse effects on our operating results, diversion of management resources, failure to retain key personnel, and risks associated with unanticipated liabilities, some or all of which could have a material adverse effect on our business, financial condition and results of operations.

Dependence on key personnel.

For the foreseeable future our success will depend largely on the continued services of our Chief Executive Officer, Bohn H. Crain, as well as certain of the other key executives of Airgroup, because of their collective industry knowledge, marketing skills and relationships with major vendors and customers. We have secured employment arrangements with each of these individuals, which contain non-competition covenants which survives their actual term of employment. Nevertheless, should any of these individuals leave the Company, it could have a material adverse effect on our future results of operations.

We may experience difficulties in integrating the operations, personnel and assets of companies that we acquire which may disrupt our business, dilute stockholder value and adversely affect our operating results.

A core component of our business plan is to acquire businesses and assets in the transportation and logistics industry. We have only made one such acquisition and, therefore, our ability to complete such acquisitions and integrate any acquired businesses into our Company is unproven. Increased competition for acquisition candidates may develop, in which event there may be fewer acquisition opportunities available to us as well as higher acquisition prices. There can be no assurance that we will be able to identify, acquire or profitably manage businesses or successfully integrate acquired businesses into the Company without substantial costs, delays or other operational or financial problems. Such acquisitions also involve numerous operational risks, including:

- difficulties in integrating operations, technologies, services and personnel;
- the diversion of financial and management resources from existing operations;
- the risk of entering new markets;
- the potential loss of key employees; and
- the inability to generate sufficient revenue to offset acquisition or investment costs.

As a result, if we fail to properly evaluate and execute any acquisitions or investments, our business and prospects may be seriously harmed.

We are largely dependent on the efforts of our exclusive agents to generate our revenue and service our customers.

We currently sell principally all of our services through a network of 34 exclusive agents stationed throughout the United States. Although we have exclusive and long-term relationships with these agents, the agency agreements are terminable by either party on 10-day's notice. Although we have no customers that account for more than 5% of our revenues, there are five agency locations that each account for more than 5% of our revenues. The loss of one or more of these exclusive agents could negatively impact our ability to retain and service our customers. We will need to expand our existing relationships and enter into new relationships in order to increase our current and future market share and revenue. We cannot be certain that we will be able to maintain and expand our existing relationships or enter into new relationships, or that any new relationships will be available on commercially reasonable terms. If we are unable to maintain and expand our existing relationships or enter into new relationships, we may lose customers,

customer introductions and co-marketing benefits and our operating results may suffer.

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We face intense competition in the freight forwarding, logistics and supply chain management industry.

The freight forwarding, logistics and supply chain management industry is intensely competitive and is expected to remain so for the foreseeable future. We face competition from a number of companies, including many that have significantly greater financial, technical and marketing resources. There are a large number of companies competing in one or more segments of the industry, although the number of firms with a global network that offer a full complement of freight forwarding and supply chain management services is more limited. Depending on the location of the customer and the scope of services requested, we must compete against both the niche players and larger entities. In addition, customers increasingly are turning to competitive bidding situations involving bids from a number of competitors, including competitors that are larger than us.

Our industry is consolidating and if we cannot gain sufficient market presence in our industry, we may not be able to compete successfully against larger, global companies in our industry.

There currently is a marked trend within our industry toward consolidation of the niche players into larger companies which are attempting to increase global operations through the acquisition of regional and local freight forwarders. If we cannot gain sufficient market presence or otherwise establish a successful strategy in our industry, we may not be able to compete successfully against larger companies in our industry with global operations.

Provisions of our charter, bylaws and Delaware law may make a contested takeover of our Company more difficult.

Certain provisions of our certificate of incorporation, bylaws and the General Corporation Law of the State of Delaware (the "DGCL") could deter a change in our management or render more difficult an attempt to obtain control of us, even if such a proposal is favored by a majority of our stockholders. For example, we are subject to the provisions of the DGCL that prohibit a public Delaware corporation from engaging in a broad range of business combinations with a person who, together with affiliates and associates, owns 15% or more of the corporation's outstanding voting shares (an "interested stockholder") for three years after the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Our certificate of incorporation provides that directors may only be removed for cause by the affirmative vote of 75% of our outstanding shares and that amendments to our bylaws require the affirmative vote of holders of two-thirds of our outstanding shares. Our certificate of incorporation also includes undesignated preferred stock, which may enable our Board of Directors to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Finally, our bylaws include an advance notice procedure for stockholders to nominate directors or submit proposals at a stockholders meeting.

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RISKS RELATED TO OUR COMMON STOCK

Trading in our common stock has been limited and there is no significant trading market for our common stock.

Our common stock is currently eligible to be quoted on the OTC Bulletin Board, however, trading to date has been limited. Trading on the OTC Bulletin Board is often characterized by low trading volume and significant price fluctuations. Because of this limited liquidity, stockholders may be unable to sell their shares. The trading price of our shares may from time to time fluctuate widely. The trading price may be affected by a number of factors including events described in the risk factors set forth in this Prospectus as well as our operating results, financial condition, announcements, general conditions in the industry, and other events or factors. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock.

The influx of additional shares of our common stock onto the market may create downward pressure on the trading price of our common stock.

We completed the private placement of approximately 15.4 million shares of our common stock between October 2005 and February 2006. This prospectus covers the public resale of 14,847,461 of these shares. The availability of a substantial number of additional shares for sale to the public and sale of such shares in the public markets, could have an adverse effect on the market price of our common stock. Such an adverse effect on the market price would make it more difficult for us to sell our equity securities in the future at prices which we deem appropriate or to use our shares as currency for future acquisitions which will make it more difficult to execute our acquisition strategy.

Our acquisition strategy may result in additional dilution to our existing stockholders.

We will require additional financing to fund our acquisition strategy. At some point this may entail the issuance of additional shares of common stock or common stock equivalents, which would have the effect of further increasing the number of shares outstanding. In connection with future acquisitions, we may undertake the issuance of more shares of common stock without notice to our then existing stockholders. We may also issue additional shares in order to, among other things, compensate employees or consultants or for other valid business reasons in the discretion of our Board of Directors, and could result in diluting the interests of our existing stockholders.

We may issue shares of preferred stock with greater rights than our common stock.

Although we have no current plans or agreements to issue any preferred stock, our certificate of incorporation authorizes our board of directors to issue shares of preferred stock and to determine the price and other terms for those shares without the approval of our shareholders. Any such preferred stock we may issue in the future could rank ahead of our common stock, in terms of dividends, liquidation rights, and voting rights.

As we do not anticipate paying dividends, investors in our shares will not receive any dividend income.

We have not paid any cash dividends on our common stock since our inception and we do not anticipate paying cash dividends in the foreseeable future. Any dividends that we may pay in the future will be at the discretion of our Board of Directors and will depend on our future earnings, any applicable regulatory considerations, covenants of our debt facility, our financial requirements and other similarly unpredictable factors. For the foreseeable future, we anticipate that we will retain any earnings which we may generate from our operations to finance and develop our growth and that we will not pay cash dividends to our stockholders. Accordingly, investors seeking dividend income should not

purchase our stock.

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We are not subject to certain of the corporate governance provisions of the Sarbanes-Oxley Act of 2002

Since our common stock is not listed for trading on a national securities exchange, we are not subject to certain of the corporate governance requirements established by the national securities exchanges pursuant to the Sarbanes-Oxley Act of 2002. These include rules relating to independent directors, and independent director nomination, audit and compensation committees. Unless we voluntarily elect to comply with those obligations, investors in our shares will not have the protections offered by those corporate governance provisions. As of the date of this prospectus, we have not elected to comply with any regulations that do not apply to us. While we may make an application to have our securities listed for trading on a national securities exchange, which would require us to comply with those obligations, we can not assure that we will do so or that such application will be approved.

FORWARD-LOOKING STATEMENTS

This prospectus 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 facts included or incorporated by reference in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objective of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “expects,” “intends,” “plans,” “projects,” “estimates,” “anticipates,” or “or the negative thereof or any variation thereon or similar terminology or expressions. We have based these forward-looking statements on our current expectations, projections and assumptions about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that, if not realized, 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: (i) our belief that Airgroup will be able to serve as a platform acquisition under our business strategy; (ii) our ability to use Airgroup as a “platform” upon which we can build a profitable global transportation and supply chain management company, which itself relies upon securing significant additional funding, as to which we have no present assurances; (iii) our ability, on a long term basis, to at least maintain historical levels of transportation revenue, net transportation revenue (gross profit margins) and related operating expenses at Airgroup; (iv) competitive practices in the industries in which we compete, (v) our dependence on current management; (vi) the impact of current and future laws and governmental regulations affecting the transportation industry in general and our operations in particular; and (vii) other factors which may be identified from time to time in our Securities and Exchange Commission (SEC) filings and other public announcements. Furthermore, the general business assumptions used for purposes of the forward-looking statements included within this prospectus represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. Except as required by law, we undertake no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

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USE OF PROCEEDS

We will not receive any proceeds from sale of the shares of common stock covered by this prospectus by the selling shareholders.

MARKET FOR COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Market Information

Our common stock currently trades on the OTC Bulletin Board under the symbol "RLGT.OB." The first reported trade in our common stock occurred on December 27, 2005. The following table states the range of the high and low bid-prices per share of our common stock for each of the calendar quarters since the first reported trade, as reported by the OTC Bulletin Board. These quotations represent inter-dealer prices, without retail mark-up, markdown, or commission, and may not represent actual transactions. The last price of our common stock as reported on the OTC Bulletin Board on June 19, 2006, was \$1.05 per share.

	High	Low
<u>Year Ended December 31, 2005:</u>		
Quarter ended December 31, 2005	\$ 1.05	\$.95
<u>Year Ending December 31, 2006:</u>		
Quarter ended March 31, 2006	\$ 1.05	\$.95
Quarter ending June 30, 2006 (through May 31, 2006)	\$ 1.05	\$.85

Holders

As of June 19, 2006, the number of stockholders of record of our common stock was 89. We believe that there are additional beneficial owners of our common stock who hold their shares in street name.

Dividend Policy

We have not paid any cash dividends on our common stock to date, and we have no intention of paying cash dividends in the foreseeable future. Whether we declare and pay dividends will be determined by our board of directors at their discretion, subject to certain limitations imposed under Delaware law. The timing, amount and form of dividends, if any, will depend on, among other things, our results of operations, financial condition, cash requirements and other factors deemed relevant by our Board of Directors. Our ability to pay dividends is limited by the terms of our Bank of America, N.A. credit facility.

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Transfer Agent

We have retained Pacific Stock Transfer Company, 500 East Warm Springs, Suite 240, Las Vegas, Nevada 89119, as our transfer agent.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present portions of our financial statements and are not complete. You should read the following selected consolidated financial data together with our consolidated financial statements and related footnotes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected historical consolidated statement of operations and balance sheet data for each of the five years in the period ended December 31, 2005 are derived from our consolidated financial statements that have been audited by Stonefield Josephson, Inc.

From inception through the third quarter of 2005, our principal business strategy focused on the development of retail golf stores. In October 2005, our management team, consisting of Bohn H. Crain and Stephen M. Cohen, completed a change of control transaction when they acquired a majority of the Company's outstanding securities from the Company's former officers and directors in privately negotiated transactions. In conjunction with the change of control transaction, we: (i) elected to discontinue the Company's former business model; (ii) repositioned ourselves as a global transportation and supply chain management company; and (iii) changed our name to "Radiant Logistics, Inc." to, among other things, better align our name with our new business focus.

The selected financial data that appears below has been presented utilizing a combination of historical and, where relevant, pro forma information to include the effects on our consolidated financial statements of our recently completed: (i) equity offerings; and (ii) acquisition of Airgroup Corporation. Historical financial data has been supplemented, where appropriate, with pro forma financial data since historical data which merely reflects the prior period results of the Company on a stand-alone basis, would provide no meaningful data with respect to our ongoing operations since we were in the development stage prior to our acquisition of Airgroup. The pro forma information has been presented as if we had completed our equity offerings and acquired Airgroup as of January 1, 2005. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of Airgroup and Radiant as adjusted to reflect the amortization of acquired intangibles and are provided in the Financial Statements included within this prospectus. Similarly, pro forma statements of income have been presented for Airgroup's fiscal years ended June 30, 2005 and 2004 as if we had completed our equity offerings and acquired Airgroup as of July 1, 2003. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of Airgroup and the Company as adjusted to reflect the amortization of acquired intangibles and are also provided in the Financial Statements included within this prospectus.

The pro forma presentation for the interim period ended March 31, 2005 differs from the initial presentation provided in our Current Report on Form 8-K filed with the SEC on January 18, 2006 reporting the acquisition of Airgroup to: (1) increase our initial estimates for the amortization of acquired intangibles as a result of increased values attributable to the acquired intangibles, (2) reduce our estimate for interest expense associated with the acquisition financing because we incurred less debt to complete the acquisition than we had originally expected; and (3) exclude the impact of anticipated contractual reductions of officers' and related family members' compensation at Airgroup so that any such cost reductions could be more easily identified in our comparative analysis.

The pro forma financial data presented 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 that might be attained in the future.

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Consolidated Statement of Operations Data for the interim periods ending March 31, 2006 and 2005 (historic and unaudited); (in thousands, except per share amounts):

	Historic Three Months Ended March 31,	
	2006	2005
Consolidated Statement Of Operations Data: (In Thousands, Except Per Share Amounts)		
Total revenue	\$ 11,843	\$ —
Cost of transportation	7,480	—
Net revenue	4,363	—
Operating expenses	4,490	14
Loss from operations	(127)	(14)
Other income (expense)	(2)	—
Loss before income taxes	(129)	(14)
Income tax expense (benefit)	(102)	—
Net loss	\$ (27)	\$ (14)
Net loss per common share ⁽¹⁾ :		
Basic and diluted	\$ 0.00	\$ 0.00
Weighted average common shares:		
Basic and diluted	32,755	25,964

(1) For all periods presented, the weighted average common shares outstanding have been adjusted to reflect 3.5:1 stock split effected in October of 2005.

Consolidated Statement of Operations Data for the Five Years ended December 31, 2005 (historical and audited); (in thousands, except per share amounts):

	Selected Financial Data Year ended December 31,				
	2005	2004	2003	2002	2001
Consolidated Statement Of Operations Data: (In Thousands, Except Per Share Amounts)					
Total revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Cost of transportation	—	—	—	—	—
Net revenue	—	—	—	—	—
Operating expenses	162	23	30	124	14

Income (loss) from operations	14	(23)	(30)	(124)	(14)
Other income (expense)	(1)	(2)	—	—	—
Income (loss) from continuing operations before income tax expense and minority interest	(149)	(25)	(30)	(124)	(14)
Income tax expense	—	—	—	—	—
Net income (loss)	\$ (149)	\$ (25)	\$ (30)	\$ (124)	\$ (14)
Net income (loss) per common share:					
Basic and diluted	\$ (0.01)	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average common shares (1) :					
Basic and diluted	26,490	25,964	25,964	22,424	8,138

(1) For all periods presented, the weighted average common shares outstanding have been adjusted to reflect 3.5:1 stock split effected in October of 2005.

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Consolidated Balance Sheet Data: (In Thousands)

	December 31,					
	March 31, 2006	2005	2004	2003	2002	2001
Cash and cash equivalents	\$ 703	\$ 5,266	\$ 19	\$ 51	\$ 27	\$ —
Working capital	803	5,143	17	42	20	(10)
Total assets	15,753	5,307	19	51	27	—
Long-term debt	1,781	—	50	50	—	—
Stockholders' equity	6,261	5,159	(33)	(8)	20	(10)

Supplemental Pro Forma Financial Information

Consolidated Statement of Operations Data for the interim periods ending March 31, 2006 (historic and unaudited) and March 31, 2005 (pro forma and unaudited); (in thousands, except per share amounts):

	Historic Three Months Ended March 31, 2006	Pro Forma ⁽¹⁾ Three Months Ended March 31, 2005
Consolidated Statement Of Operations Data: (In Thousands, Except Per Share Amounts)		
Total revenue	\$ 11,842	\$ 12,566
Cost of transportation	7,480	7,330
Net revenue	4,363	5,236
Operating expenses	4,490	5,243
Loss from operations	(127)	(7)
Other income (expense)	(2)	(2)
Loss before income taxes	(129)	(9)
Income tax expense (benefit)	(102)	(3)
Net loss	\$ (27)	\$ (6)
Net loss per common share:		
Basic and diluted	\$ 0.00	\$ 0.00
Weighted average common shares:		
Basic and diluted	32,755	25,964

(1) The pro forma income from operations information provided above includes approximately \$14,000 in costs associated with the continuing operations of the Company plus the historical results of Airgroup, adjusted to reflect amortization of acquired intangibles.

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Consolidated Statement of Operations Data for the Two Years ended June 30, 2005 (pro forma and unaudited); (in thousands, except per share amounts)

Supplemental pro forma information is being provided since historical data which merely reflects the prior period results of the Company on a stand-alone basis prior to the acquisition of Airgroup would provide no meaningful data with respect to our ongoing operations.

	Pro Forma ⁽¹⁾ Years Ended June 30,	
	2005	2004
Consolidated Statement Of Operations Data: (In Thousands, Except Per Share Amounts)		
Total revenue	\$ 51,521	\$ 42,972
Cost of transportation	29,957	22,832
Net revenue	21,564	20,140
Operating expenses	19,974	18,588
Income (loss) from operations	1,590	1,552
Other income (expense)	(162)	(163)
Income (loss) from continuing operations before income tax expense and minority interest	1,428	1,389
Income tax expense	486	472
Net income (loss)	\$ 942	\$ 917
Net income (loss) per common share:		
Basic and diluted	\$ 0.04	\$ 0.04
Weighted average common shares ⁽²⁾ :		
Basic and diluted	25,964	25,964

(1) The pro forma income from operations information provided above includes the costs associated with the continuing operations of the Company (approximately \$29,000 for 2005 and \$31,000 for 2004), plus the historical results of Airgroup, adjusted to reflect amortization of acquired intangibles.

(2) For all periods presented, the weighted average common shares outstanding have been adjusted to reflect 3.5:1 stock split effected in October of 2005.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Overview

In conjunction with a change of control transaction completed during October 2005 and discussed under the "Business" section of this prospectus, we: (i) discontinued our former business model; (ii) adopted a new business strategy focused on building a global transportation and supply chain management company; (iii) changed our name to "Radiant Logistics, Inc." to, among other things, better align our name with our new business focus; and (iv) completed our first acquisition within the logistics industry.

We accomplished the first step in our new business strategy by completing the acquisition of Airgroup effective as of January 1, 2006. Airgroup is a Seattle-Washington based non-asset based logistics company providing domestic and international freight forwarding services through a network of 34 exclusive agent offices across North America. Airgroup services a diversified account base including manufacturers, distributors and retailers using a network of independent carriers and over 100 international agents positioned strategically around the world.

Through the strategic acquisition of regional best-of-breed non-asset based transportation and logistics service providers, we intend to build a leading global transportation and supply-chain management company offering a full range of domestic and international freight forwarding and other value added supply chain management services, including order fulfillment, inventory management and warehousing.

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.

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 turn key 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.

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

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

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 that affect our financial statements, the areas that are particularly significant include the assessment of the recoverability of long-lived assets, specifically goodwill, acquired intangibles, and revenue recognition.

We follow the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires an annual impairment test for goodwill and intangible assets with indefinite lives. Under the provisions of SFAS No. 142, 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. In the future, we will perform our annual impairment test during our fiscal fourth quarter unless events or circumstances indicate an impairment may have occurred before that time.

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Acquired intangibles consist of customer related intangibles and non-compete agreements arising from our acquisitions. Customer related intangibles will be amortized using accelerated methods over approximately 5 years and non-compete agreements will be amortized using the straight line method over a 5 year period.

We follow the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which establishes accounting standards for the impairment of long-lived assets such as property, plant and equipment and intangible assets subject to amortization. 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 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.

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. In accordance with Emerging Issues Task Force (“EITF”) 91-9 “Revenue and Expense Recognition for Freight Services in Process”, revenue from freight forwarding and export services is recognized at the time the freight is tendered to the direct carrier at origin, and direct expenses associated with the cost of transportation are accrued concurrently. These accrued purchased transportation costs are estimates 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 to reflect differences between the original accruals and actual costs of purchased transportation.

We recognize revenue on a gross basis, in accordance with EITF 99-19, “Reporting Revenue Gross versus Net”, as a result of the following: 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. We, at our sole discretion, 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.

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Results of Operations

Basis of Presentation

The results of operations discussion that appears below has been presented utilizing a combination of historical and, where relevant, pro forma information to include the effects on our consolidated financial statements of our recently completed: (i) equity offerings; and (ii) acquisition of Airgroup Corporation. Historical financial data has been supplemented, where appropriate, with pro forma financial data since historical data which merely reflects the prior period results of the Company on a stand-alone basis, would provide no meaningful data with respect to our ongoing operations since we were in the development stage prior to our acquisition of Airgroup. The pro forma information has been presented as if we had completed our equity offerings and acquired Airgroup as of January 1, 2005. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of Airgroup and Radiant as adjusted to reflect the amortization of acquired intangibles and are provided in the Financial Statements included within this prospectus. Similarly, pro forma statements of income have been presented for Airgroup's fiscal years ended June 30, 2005 and 2004 as if we had completed our equity offerings and acquired Airgroup as of July 1, 2003. The pro forma results are also adjusted to reflect a consolidation of the historical results of operations of Airgroup and the Company as adjusted to reflect the amortization of acquired intangibles and are also provided in the Financial Statements included within this prospectus.

The pro forma presentation for the interim period ended March 31, 2005 differs from the initial presentation provided in our Current Report on Form 8-K filed with the SEC on January 18, 2006 reporting the acquisition of Airgroup to: (1) increase our initial estimates for the amortization of acquired intangibles as a result of increased values attributable to the acquired intangibles, (2) reduce our estimate for interest expense associated with the acquisition financing because we incurred less debt to complete the acquisition than we had originally expected; and (3) exclude the impact of anticipated contractual reductions of officers' and related family members' compensation at Airgroup so that any such cost reductions could be more easily identified in our comparative analysis.

The pro forma financial data presented 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 that might be attained in the future.

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Quarter ended March 31, 2006 (historic and unaudited) compared to Quarter ended March, 31, 2005 (historic and unaudited)

We generated transportation revenue of \$11.8 million and net transportation revenue of \$4.4 million for the three months ended March 31, 2006 with no revenues for the comparative prior year period. Net loss was \$27,110 for the three months ended March 31, 2006 compared to a loss of \$14,330 for the three months ended March 31, 2005.

We had adjusted earnings (loss) before interest, taxes, depreciation and amortization (EBITDA) of approximately \$122,000 and (\$14,000) for three months ended March 31, 2006 and 2005, 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 goodwill, leasehold improvements and other intangible assets. While management considers EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

The following table provides a reconciliation of March 31, 2006 (historic and unaudited) and March 31, 2005 (historic and unaudited) adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Three months ended March 31,		Change	
	2006	2005	Amount	Percent
Net loss	\$ (27)	\$ (14)	\$ (13)	NM
Income tax expense (benefit)	(102)	-	(102)	NM
Interest expense	2	-	2	-
Depreciation and amortization	206	-	206	NM
EBITDA (Earnings before interest, taxes, depreciation and amortization)	\$ 79	\$ (14)	\$ 93	127.4%
Stock Options and other non-cash costs	43	-	43	NM
Adjusted EBITDA	\$ 122	\$ (14)	\$ 136	NM

The following table summarizes March 31, 2006 (historic and unaudited) and March 31, 2005 (historic and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Three months ended March 31,		Change	
	2006	2005	Amount	Percent
Transportation revenue	\$ 11,843	\$ -	\$ 11,843	NM
Cost of transportation	7,480	-	7,480	NM
Net transportation revenue	\$ 4,363	\$ -	\$ 4,363	NM
<i>Net transportation margins</i>	<i>36.8%</i>	<i>-</i>		

Transportation revenue was \$11.8 million for the three months ended March 31, 2006. Domestic and International transportation revenue was \$7.5 million and \$4.3 million, respectively. There were no revenues for the comparable prior year period.

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Cost of transportation increased to 63.2% of transportation revenue for the three months ended March 31, 2006 with no comparable data for the prior year period.

Net transportation margins were 36.8% of transportation revenue for the three months ended March 31, 2006 with no comparable data for the prior year period.

The following table compares certain March 31, 2006 (historic and unaudited) and March 31, 2005 (historic and unaudited) condensed consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Three months ended March 31, 2006		2005		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	\$ 4,363	100.0%	\$ -	NM	\$ 4,363	-0.4%
Agent commissions	3,198	73.3%	-	NM	3,198	-17.6%
Personnel costs	639	14.6%	-	NM	639	-23.2%
Other selling, general and administrative	447	10.2%	14	NM	433	36.3%
Depreciation and amortization	206	4.7%	-	NM	206	3.5%
Total operating costs	4,490	102.9%	14	NM	4,476	-14.4%
Loss from operations	(127)	-2.9%	(14)	NM	(113)	NM
Other expense	(2)	-0.1%	-	NM	(2)	NM
Loss before income taxes	(129)	-3.0%	(14)	NM	(115)	NM
Income tax expense (benefit)	(102)	-2.4%	-	NM	(102)	NM
Net loss	\$ (27)	-.6%	\$ (14)	NM	\$ (13)	NM

Agent commissions were \$3.2 million and 73.3% of net revenues for the three months ended March 31, 2006. There were no similar costs for the comparable prior year period.

Personnel costs were \$639,000 14.6% of net revenues for the three months ended March 31, 2006. There were no similar costs for the comparable prior year period.

Other selling, general and administrative costs were \$447,000 and 10.2% of net revenues for the three months ended March 31, 2006 compared to \$14,000 for the three months ended March 31, 2005

Depreciation and amortization costs were approximately \$200,000 and 4.7% of net revenues for the three months ended March 31, 2006. There were no similar costs for the comparable prior year period.

Loss from operations was \$127,000 for the three months ended March 31, 2006 compared to a loss from operations of \$14,000 for the three months ended March 31, 2005.

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Net loss was \$27,000 for the three months ended March 31, 2006, compared to a net loss of \$14,000 for the three months ended March 31, 2005.

Quarter ended March 31, 2006 (historic and unaudited) compared to the Quarter ended March 31, 2005 (pro forma and unaudited)

We generated transportation revenue of \$11.8 million and \$12.6 million and net transportation revenue of \$4.4 million and \$5.2 million for the three months ended March 31, 2006 and 2005, respectively. Net loss was \$27,000 for the three months ended March 31, 2006 compared to a loss of \$6,000 for the three months ended March 31, 2005.

We had adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately \$122,000 and \$192,000 for three months ended March 31, 2006 and 2005, 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 goodwill, leasehold improvements and other intangible assets. While management considers EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

The following table provides a reconciliation of March 31, 2006 (historic and unaudited) and March 31, 2005 (pro forma and unaudited) adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Three months ended March 31,		Change	
	2006	2005	Amount	Percent
Net loss	\$ (27)	\$ (6)	\$ (21)	NM
Income tax expense (benefit)	(102)	(3)	(99)	NM
Interest expense	2	2	-	-
Depreciation and amortization	206	199	7	3.5%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	\$ 79	\$ 192	\$ (113)	-58.9%
Stock Options and other non-cash costs	43	-	43	100%
Adjusted EBITDA	\$ 122	\$ 192	\$ (70)	-36.5%

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The following table summarizes March 31, 2006 (historic and unaudited) and March 31, 2005 (pro forma and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Three months ended March 31,		Change	
	2006	2005	Amount	Percent
Transportation revenue	\$ 11,843	\$ 12,566	\$ (723)	-5.8%
Cost of transportation	7,480	7,330	(150)	-2.0%
Net transportation revenue	\$ 4,363	\$ 5,236	\$ (873)	-16.7%
<i>Net transportation margins</i>	36.8%	41.7%		

Transportation revenue was \$11.8 million for the three months ended March 31, 2006, a decrease of 5.8% over total transportation revenue of \$12.6 million for the three months ended March 31, 2005. Domestic transportation revenue decreased by 15.6% to \$7.5 million for the three months ended March 31, 2006 from \$8.9 million for the three months ended March 31, 2005. The decrease was due primarily to project services work done in 2005 which was completed in April of 2005. International transportation revenue increased by 18.4% to \$4.3 million for the three months ended March 31, 2006 from \$3.6 million for the comparable prior year period, due mainly to increased air and ocean import freight volume.

Cost of transportation increased to 63.2% of transportation revenue for the three months ended March 31, 2006 from 58.3% of transportation revenue for the three months ended March 31, 2005. This increase was primarily due to increased international ocean import freight volume which historically reflects a higher cost of transportation as a percentage of sales.

Net transportation margins decreased to 36.8% of transportation revenue for the three months ended March 31, 2006 from 41.7% of transportation revenue for the three months ended March 31, 2005 as a result of the factors described above.

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The following table compares certain March 31, 2006 (historic and unaudited) and March 31, 2005 (pro forma and unaudited) condensed consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Three months ended March 31, 2006		2005		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	\$ 4,363	100.0%	\$ 5,236	100.0%	\$ (873)	-0.4%
Agent commissions	3,198	73.3%	3,883	74.2%	(685)	-17.6%
Personnel costs	639	14.6%	832	15.9%	(193)	-23.2%
Other selling, general and administrative	447	10.2%	328	6.3%	119	36.3%
Depreciation and amortization	206	4.7%	199	3.8%	7	3.5%
Total operating costs	4,490	102.9%	5,243	100.1%	(753)	-14.4%
Loss from operations	(127)	-2.9%	(7)	-0.1%	(120)	NM
Other expense	(2)	-0.1%	(2)	-0.1%	0	NM
Loss before income taxes	(129)	-3.0%	(9)	-0.2%	(120)	NM
Income tax expense (benefit)	(102)	-2.4%	(3)	-0.1%	(99)	NM
Net loss	\$ (27)	-0.6%	\$ (6)	-0.1%	\$ (21)	NM

Agent commissions were \$3.2 million for the three months ended March 31, 2006, a decrease of 17.6% from \$3.9 million for the three months ended March 31, 2005. Agent commissions as a percentage of net revenue decreased to 73.3% for three months ended March 31, 2006 from 74.2% for the comparable prior year period as a result of increased international ocean import freight volume at reduced margins which reduced amounts paid as commissions.

Personnel costs were \$639,000 for the three months ended March 31, 2006, a decrease of 23.2% from \$832,000 for the three months ended March 31, 2005. Personnel costs as a percentage of net revenue decreased to 14.6% for three months ended March 31, 2006 from 15.9% for the comparable prior year period as a result of contractual reductions in compensation paid to certain of the selling shareholders of Airgroup.

Other selling, general and administrative costs were \$447,000 for the three months ended March 31, 2006, an increase of 36.3% from \$328,000 for the three months ended March 31, 2005. As a percentage of net revenue, other selling, general and administrative costs increased to 10.2% for three months ended March 31, 2006 from 6.3% for the comparable prior year period primarily as a result of transaction costs incurred by Airgroup in connection with the sale of the company to us and the incremental costs associated with operating as a public company.

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Depreciation and amortization costs remained relatively unchanged at approximately \$200,000 for the three months ended March 31, 2006 and 2005. Depreciation and amortization as a percentage of net revenue remained relatively unchanged at approximately 4.7% and 3.8% for the three months ended March 31, 2006 and 2005, respectively.

Loss from operations was \$127,000 for the three months ended March 31, 2006 compared to a loss from operations of \$7,000 for the three months ended March 31, 2005.

Net loss was \$27,000 for the three months ended March 31, 2006, compared to a net loss of \$6,000 for the three months ended March 31, 2005.

Year ended December 31, 2005 (historical and audited) compared to year ended December 31, 2004 (historical and audited)

The following table compares certain December 31, 2005 and 2004 (audited) consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Year ended December 31,		2004		Change	
	2005		2004		Amount	Percent
	Amount	Percent	Amount	Percent	Amount	Percent
Net revenue	\$ -	NM	\$ -	NM	\$ -	NM
Other selling, general and administrative	162	NM	23	NM	115-	NM
Total operating costs	162	NM	23	NM	139	NM
Loss from operations	(162)	NM	(23)	NM	(139)	NM
Other income (expense)	13	NM	(2)	NM	15	NM
Loss before income taxes	(149)	NM	(25)	NM	(124)	NM
Income tax expense	-	NM	-	NM	-	NM
Net loss	\$ (149)	NM	\$ (25)	NM	(124)	NM

As we remained in the development stage for all of 2005 and 2004, we had no transportation revenue for these years and incurred operating costs of approximately \$162,000 for the year ended December 31, 2005 compared to operating costs of approximately \$23,000 for the year ended December 31, 2004.

The year over year increase in operating costs resulted from our increased activities in the fourth quarter of 2005 in connection with the Company's change in management and strategy to enter into the logistics business. Net loss for the year ended December 31, 2005 was approximately \$149,000 compared to a net loss of approximately \$25,000 for the year ended December 31, 2004.

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Year ended December 31, 2004 (historical and audited) compared to year ended December 31, 2003 (historical and audited)

The following table compares certain December 31, 2004 and 2003 (audited) consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Year ended December 31,		2003		Change	
	2004		2003		Amount	Percent
	Amount	Percent	Amount	Percent	Amount	Percent
Net revenue	\$ -	NM	\$ -	NM	\$ -	NM
Other selling, general and administrative	23	NM	30	NM	(7)	-23.3%
Total operating costs	23	NM	30	NM	(7)	-23.3%
Loss from operations	(23)	NM	(30)	NM	7	-23.3%
Other income (expense)	(2)	NM	-	NM	(2)	NM
Loss before income taxes	(25)	NM	(30)	NM	5	16.7%
Income tax expense	-	NM	-	NM	-	NM
Net loss	\$ (25)	NM	\$ (30)	NM	5	16.7%

As we remained in the development stage for all of 2004 and 2003, we had no transportation revenue for these years and operating costs remained relatively unchanged at approximately \$23,000 for the year ended December 31, 2004 compared to operating costs of approximately \$30,000 for the year ended December 31, 2003.

Net loss also remained relatively unchanged at approximately \$23,000 for the year ended December 31, 2004 compared to a net loss of approximately \$30,000 for the year ended December 31, 2003.

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Supplemental Pro Forma Information for the Airgroup year ended June 30, 2005 (pro forma and unaudited) compared to year ended June 30, 2004 (pro forma and unaudited)

We generated transportation revenue of \$51.5 million and \$43.0 million, and net transportation revenue of \$21.6 million and \$20.1 million for the fiscal years ended June 30, 2005 and 2004, respectively. Net income remained relatively unchanged at approximately \$0.9 million for each of the fiscal years ended June 30, 2005 and 2004.

We had earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately \$2.3 million for each of the fiscal years ended June 30, 2005 and 2004. 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 goodwill, leasehold improvements and other intangible assets. While management considers EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

The following table provides a reconciliation of June 30, 2005 and 2004 (pro forma and unaudited) EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Year ended June 30,		Change	
	2005	2004	Amount	Percent
Net income	\$ 942	\$ 917	\$ 25	2.7%
Income tax expense	486	472	14	3.0%
Interest expense	162	163	(1)	-0.6%
Depreciation and amortization	688	760	(72)	-9.5%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	\$ 2,278	\$ 2,312	\$ (34)	-1.5%

The following table summarizes June 30, 2005 and 2004 (pro forma and unaudited) transportation revenue, cost of transportation and net transportation revenue (in thousands):

	Year ended June 30,		Change	
	2005	2004	Amount	Percent
Transportation revenue	\$ 51,521	\$ 42,972	\$ 8,549	19.9%
Cost of transportation	29,957	22,832	7,125	31.2%
Net transportation revenue	\$ 21,564	\$ 20,140	\$ 1,424	7.1%
Net transportation margins	41.9%	46.9%		

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Transportation revenue was \$51.5 million for the year ended June 30, 2005, an increase of 19.9% over total transportation revenue of \$43.0 million for the year ended June 30 2004. Domestic transportation revenue increased by 7.0% to \$38.4 million for the year ended June 30, 2005 from \$35.9 million for the prior fiscal year as a result of organic growth across the network. International transportation revenue increased by 84.5% to \$13.1 million for the 2005 fiscal year from \$7.1 million for the 2004 fiscal year, due mainly to increased air and ocean import freight volume.

Cost of transportation increased to 58.1% of transportation revenue for the year ended June 30, 2005 from 53.1% of transportation revenue for the 2004 fiscal year. This increase was primarily due to increased international ocean import freight volume which historically reflects a higher cost of transportation as a percentage of sales.

Net transportation margins decreased to 41.9% of transportation revenue for the fiscal year ended June 30, 2005 from 46.9% of transportation revenue for the 2004 fiscal year as a result of the factors described above.

The following table compares certain June 30, 2005 and 2004 (pro forma and unaudited) consolidated statement of income data as a percentage of our net transportation revenue (in thousands):

	Year ended June 30,		2004		Change	
	2005		2004		Amount	Percent
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	\$ 21,564	100.0%	\$ 20,140	100.0%	\$ 1,424	7.1%
Agent commissions	15,988	74.1%	14,912	74.0%	1,076	7.2%
Personnel costs	1,956	9.1%	1,740	8.7%	216	12.4%
Other selling, general and administrative	1,342	6.2%	1,176	5.8%	166	14.1%
Depreciation and amortization	688	3.2%	760	3.8%	(72)	-9.5%
	&					