SANGSTAT MEDICAL CORP
Form S-8
May 29, 2002

As filed with the Securities and Exchange Commission on May 29, 2002
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
Under
The Securities Act of 1933

SANGSTAT MEDICAL CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3076-069**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

6300 Dumbarton Circle
Fremont, California 94555
(Address, Including Zip Code, of Registrant s Principal Executive Offices)

SANGSTAT MEDICAL CORPORATION

2002 Stock Option Plan

(Full Title of the Plan)

Stephen G. Dance

SangStat Medical Corporation

6300 Dumbarton Circle

Fremont, California 94555

(510) 789-4300
(Name, Address and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

Gregory C. Smith

Skadden, Arps, Slate, Meagher & Flom LLP

525 University Avenue

Palo Alto, California 94301

(650) 470-4500

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered (2)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Common Stock (1), par value $0.001 per share, to be issued under the 2002 Stock Option Plan:				
Shares not previously registered	2,150,000	$ 22.26(3)	$ 47,859,000	$ 4,403.03
Shares previously registered under the 1993 Stock Option Plan (4)	3,261,331	N/A	N/A	N/A

(1) Includes rights (Rights) to purchase shares of the Registrant s Series A Junior Participating Preferred Stock, issuable pursuant to that certain Rights Agreement between the Registrant and The First National Bank of Boston, as Rights Agent, dated as of August 14, 1995, as amended by the First Amendment to Rights Agreement by and among the Registrant, Fleet National Bank (f/k/a The First National Bank of Boston), as Rights Agent, and EquiServe Trust Company, N.A., dated as of October 8, 2001. The value attributable to the Rights, if any, is reflected in the market price of the Common Stock.

(2) This Registration Statement shall also cover any additional shares of Common Stock which may become issuable under the 1993 Plan or the 2002 Plan being registered pursuant to this Registration Statement by reason of any stock dividend, stock split, recapitalization or any other similar transaction effected without the receipt of consideration which results in an increase in the number of the Registrant s outstanding shares of Common Stock.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and (h) under the Securities Act on the basis of the average of the high and low sale prices for a share of Common Stock of the Registrant as reported on the Nasdaq National Market on May 24, 2002.

(4) Shares to be offered or sold under the SangStat Medical Corporation 2002 Stock Option Plan (the 2002 Plan) include 2,150,000 shares which have not been previously registered, and 3,261,331 shares which were previously registered for offer or sale under the SangStat Medical

Corporation 1993 Stock Option Plan (the 1993 Plan), and which now may be offered or sold under the 2002 Plan (the Carried Forward Shares). The 1993 Plan terminated on May 14, 2002 upon stockholder approval of the 2002 Plan. The Carried Forward Shares are shares subject to outstanding awards under the 1993 Plan, and shares reserved but not issued under the 1993 Plan, immediately prior to the termination of the 1993 Plan. Because the Carried Forward Shares were registered on Forms S-8 filed on June 25, 2001 (file no. 333-63784), January 12, 2000 (file no. 333-94555), September 14, 1998 (file no. 333-63345) and May 20, 1998 (file no. 333-53181), the filing fee is not required with respect to the Carried Forward Shares, pursuant to Interpretation 89 under Section G of the Manual of Publicly Available Telephone Interpretations of the Division of Corporation Finance of the Securities and Exchange Commission (July 1997) and Instruction E to the General Instructions to Form S-8.

This Registration Statement shall become effective upon filing in accordance with Rule 462(a) under the Securities Act.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information*

Item 2. Registrant Information and Employee Plan Annual Information*

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* The document(s) containing the information specified in Part I of Form S-8 have been or will be sent or given to employees as specified by Rule 428(b)(1) under the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

SangStat Medical Corporation (the Company or the Registrant) hereby incorporates by reference into this Registration Statement the following documents:

(a) Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed with the Securities and Exchange Commission (the Commission) on April 1, 2002.

(b) Registrant s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2002, filed with the Commission on May 14, 2002, as amended on Form 10-Q/A, filed with the Commission on May 14, 2002.

(c) Registrant s Current Report on Form 8-K, filed with the Commission on February 5, 2002.

(d) Registrant s Current Report on Form 8-K, filed with the Commission on May 22, 2002.

(e) Registrant s Registration Statement on Form 8-B filed with the Commission on December 4, 1995 under Section 12 of the Securities Exchange Act of 1934 (the Exchange Act) in which there is described the terms, rights and provisions applicable to the Registrant s outstanding common stock.

(f) Registrant s Registration Statement on Form 8-A filed with the Commission on August 25, 1995, as amended by Amendment No. 1 to Form 8-A filed with the Commission on October 9, 2001.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents. Statements contained in this Registration Statement or in a document incorporated by reference may be modified or superseded by later statements in this Registration Statement or by statements in subsequent documents incorporated by reference, in which case you should refer to the later statement.

Item 4. Description of Securities

Not applicable.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act. The Company s Certificate of Incorporation and Bylaws provide for indemnification of its directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, the Company has entered into Indemnification Agreements with its directors and officers. The Company also has purchased and maintained insurance for its officers, directors, employees or agents against liabilities that an officer, a director, an employee or an agent may incur in his or her capacity as such.

Item 7. Exemption From Registration Claimed

Not applicable.

Item 8. Exhibits

See Index to Exhibits.

Item 9. Undertakings

A. The undersigned Registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, *however*, that paragraphs (A)(1)(i) and (A)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the Registrant s directors, officers and controlling persons under the indemnification provisions summarized in Item 6 or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SANGSTAT MEDICAL CORPORATION

REGISTRATION STATEMENT ON FORM S 8

INDEX TO EXHIBITS

Exhibit Number		**Documents**
4.1		Certificate of Incorporation of SangStat Delaware, Inc. (filed as Exhibit 3.1 to the Registrant s Registration Statement on Form 8-B, filed on December 4, 1995, and incorporated herein by reference).
4.2		Certificate of Amendment of the Certification of Incorporation, filed with the Delaware Secretary of State on July 24, 2000 (filed as Exhibit 3.6 to the Registrant s Current Report on Form 8-K, filed on August 30, 2000, and incorporated herein by reference).
4.3		Certificate of Designation for the Series A Junior Participating Preferred Stock, filed with the Delaware Secretary of State on August 16, 1995 (filed as Exhibit 3.4 to the Registrant s Current Report on Form 8-K, filed on September 1, 1995, and incorporated herein by reference).
4.4		Second Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.5 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended March 30, 2000, filed on May 15, 2000, and incorporated herein by reference).
4.5		Specimen Common Stock Certificate of Registrant (filed as Exhibit 4.5 to the Registrant s Registration Statement on Form S-1, file no. 033-70436, and incorporated herein by reference).
4.6		Rights Agreement, dated as of August 14, 1995, between the Registrant and First National Bank of Boston (filed as Exhibit 2 to the Registrant s Registration Statement on Form 8-A, filed on August 25, 1995, and incorporated herein by reference).
4.7		First Amendment to Rights Agreement, dated as of October 8, 2001, among the Registrant, Fleet National Bank (f/k/a The First National Bank of Boston) and EquiServe Trust Company, N.A. (filed as Exhibit 99.1 to the Registrant s Current Report on Form 8-K, filed on October 9, 2001, and incorporated herein by reference).
5.1		Opinion of Skadden, Arps, Slate, Meagher & Flom LLP.
23.1		Consent of Deloitte & Touche LLP, independent auditors.
23.2		Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1).
24.1		Power of Attorney (included on signature page herein).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Fremont, California, on this 29th day of May, 2002.

SANGSTAT MEDICAL CORPORATION

By:	/s/ Stephen G. Dance
Name:	Stephen G. Dance
Title:	Senior Vice President, Finance

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jean-Jacques Bienaimé and Stephen G. Dance, and each of them individually (with full power to each of them to act alone), as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this registration statement on Form S-8 and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ Jean-Jacques Bienaimé Jean-Jacques Bienaimé	Chairman of the Board of Directors, President & Chief Executive Officer (Principal Executive Officer)	May 29, 2002
s/ Stephen G. Dance Stephen G. Dance, CPA, FCA	Senior Vice President, Finance (Principal Financial Officer and Accounting Officer)	May 29, 2002
/s/ Fredric J. Feldman Fredric J. Feldman, Ph.D.	Director	May 29, 2002

/s/ Richard D. Murdock Richard D. Murdock	Director	May 29, 2002
/s/ Andrew J. Perlman Andrew J. Perlman, M.D., Ph.D.	Director	May 29, 2002
/s/ Hollings C. Renton Hollings C. Renton	Director	May 29, 2002
/s/ Nicholas J. Simon III Nicholas J. Simon III	Director	May 29, 2002
/s/ Vincent R. Worms Vincent R. Worms	Director	May 29, 2002

IGN="bottom"> (146,000) 7,211,000 **Cash, beginning of period** 854,000 2,029,000

Cash, end of period $708,000 $9,240,000

Supplemental disclosure of cash flow information and non-cash financing activities:

Cash paid during the period for interest

$52,000 $64,700

Debt used to finance purchase of building	$680,000	$

The accompanying notes are an integral part of the financial statements.

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Six Months Ended June 30, 2005 and 2004 (Unaudited)

1. Significant Accounting Principles

Basis of Presentation

In the opinion of management, all adjustments consisting of normal recurring adjustments necessary for a fair statement of (a) the financial position at June 30, 2005, (b) the results of operations for the three month and six month periods ended June 30, 2005 and 2004, and (c) cash flows for the six month periods ended June 30, 2005 and 2004, have been made.

The unaudited financial statements and notes are presented as permitted by Form 10-QSB. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. The accompanying financial statements and notes should be read in conjunction with the audited financial statements and notes of the Company for the fiscal year ended December 31, 2004. The results of operations for the three month and six month period ended June 30, 2005 are not necessarily indicative of those to be expected for the entire year.

Stock-Based Compensation

Segmentz, Inc. (the Company) accounts for stock based compensation under the intrinsic value method of accounting for stock based compensation and has disclosed pro forma net income and earnings per share amounts using the fair value based method prescribed by Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock Based Compensation. The Company has implemented the disclosure provisions of SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*.

For the three-months and six-months ended June 30, 2005:

	Three Months	Six Months
	Ended June 30, 2005	
Net loss:		

As reported	$ (1,211,000)	$ (5,861,000)
Total stock-based employee compensation expense included in reported net income applicable to common stockholder, net of tax		
Total stock-based employee compensation determined under fair value based method, net of related tax effects	(53,000)	(104,000)
Pro forma		
Net loss	$ (1,264,000)	$ (5,965,000)
Loss per share		
Basic as reported	$ (0.05)	$ (0.22)
Basic pro forma	$ (0.05)	$ (0.22)
Diluted loss per share		
Diluted as reported	$ (0.05)	$ (0.22)
Diluted pro forma	$ (0.05)	$ (0.22)

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Six Months Ended June 30, 2005 and 2004 (Unaudited)

1. Significant Accounting Principles -continued

Stock-Based Compensation

The preceding pro forma results were calculated using the Black-Scholes option pricing model. The following assumptions were used; (1) risk-free interest rate of 2.80%, (2) no dividend yield, (3) expected lives of between 4.0 and 5.0 years, and (4) volatility of 35% to 85%. Results may vary depending on the assumptions applied within the model. Compensation expense recognized in providing pro forma disclosures may not be representative of the effects on net income for future years.

For the three-months and six-months ended June 30, 2004:

	Three Months	Six Months
	Ended June 30, 2004	
Net loss:		
As reported	$ (394,000)	$ (798,000)
Total stock-based employee compensation expense included in reported net income applicable to common stockholder, net of tax		
Total stock-based employee compensation determined under fair value based method, net of related tax effects	(35,000)	(169,000)
Pro forma		
Net loss	$ (429,000)	$ (967,000)
Loss per share		
Basic as reported	$ (0.02)	$ (0.04)
Basic pro forma	$ (0.02)	$ (0.05)
Diluted loss per share		
Diluted as reported	$ (0.02)	$ (0.04)
Diluted pro forma	$ (0.02)	$ (0.05)

The preceding pro forma results were calculated with the use of the Black-Scholes option pricing model. The following assumptions were used for the three month and the six month periods ended June 30, 2004 (1) risk-free interest rate of 2.80%, (2) no dividend yield, (3) expected lives of between 3.0 and 5.0 years and (4) volatility of between 45% and 85%. Results may vary depending on the assumptions applied within the model. Compensation expense recognized in providing pro forma disclosures may not be representative of the effects on net income for future years.

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Six Months Ended June 30, 2005 and 2004 (Unaudited)

1. Significant Accounting Principles -continued

Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require 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 revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, purchased transportation, recoverability of long-lived assets, recoverability of prepaid expenses, valuation of investments and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

Income Taxes

Taxes on income are provided in accordance with SFAS No. 109, *Accounting for 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 and the tax effects of net operating loss and capital loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized as income or expense in the period that included the enactment date. 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. There is an allowance recorded as of June 30, 2005 of approximately $2,150,000 on deferred tax assets.

Earnings Per Share

Earnings per common share are computed in accordance with SFAS No. 128, Earnings Per Share, which requires companies to present basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding and dilutive options outstanding during the year. The diluted weighted average number of shares was 26,730,034 and 26,582,234 for the three months period ended June 30, 2005 and 2004, respectively. The diluted weighted average number of shares was 26,727,269 and 23,213,857 for the six months period ended June 30, 2005 and 2004, respectively.

Common stock equivalents in the three month and six month periods ended June 30, 2005 and 2004 were anti-dilutive due to the net losses sustained by the Company during these periods. Therefore, the diluted weighted average common shares outstanding in these periods are the same as the basic weighted average common shares outstanding.

2. Obligations Due Under Factoring Arrangement

As of January 31, 2004 the Company terminated the factoring agreement and the obligation due under factoring arrangement was fully satisfied.

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Six Months Ended June 30, 2005 and 2004 (Unaudited)

3. Commitments and Contingencies

Litigation

In the ordinary course of business, the Company may be a party to a variety of legal actions that affect any business. The Company does not anticipate any of these matters or any matters in the aggregate to have a material adverse effect on the Company s business or its financial position or results of operations.

Regulatory Compliance

The Company s activities are regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

4. Debt

Line of Credit

In November 2004, Segmentz entered into agreements with Fifth Third Bank, a Michigan banking corporation, under which Fifth Third Bank extended an asset-based line of credit to Segmentz. Under the Loan Documents, Segmentz may draw down under the line of credit the lesser of $3,500,000 or 80% of the eligible accounts receivable of Segmentz and its wholly owned subsidiary Express-1, Inc. All obligations of Segmentz under the agreements are secured by the accounts receivable of Segmentz. Express-1, Inc. entered into agreements providing for a guaranty of the obligations of Segmentz under the Loan Documents, which the guaranty is secured by the accounts receivable of Express-1, Inc. All advances under the Loan Documents are subject to interest at the rate of the one-month LIBOR plus 2.0%, payable monthly. The maturity date of the loan is July 1, 2005, which has been extended 90 days. The Company s line of credit contains various covenants pertaining to the maintenance of certain financial ratios. As of June 30, 2005, the Company did not meet one of the required ratios. It is management s belief that it is highly unlikely the bank may demand payment, foreclose its security interest or lien against the Company s accounts without notice, or exercise other rights or remedies as provided under the note or other loan documents. As of June 30, 2005 the interest rate was approximately 4.6% and there was approximately $1,000,000 available under this credit facility.

Bank Note

In April 2005, Segmentz entered into a mortgage with Fifth Third Bank for approximately $680,000 related to the purchase of the Buchanan facility. The note is amortized over a ten year period at a fixed rate of approximately 6%; with a final balloon payment for all accrued interest and principal after five years.

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Six Months Ended June 30, 2005 and 2004 (Unaudited)

5. Restructuring, Exit and Consolidation Expenses

During the fourth quarter of 2004, shortly after the Express-1 acquisition was completed, the Company implemented a restructuring plan aimed at optimizing performance in our call center operations, consolidating several duplicate functions throughout the Company, eliminating unprofitable locations and focusing the Company on providing premium transportation to our customers. The primary goal was to convert more of our transportation cost to a variable cost model, effectively reducing our fixed cost and appropriately aligning our support functions with sustainable revenue levels. As a result we incurred total employee payments of approximately $630,000, approximately $305,000 of equipment related expenses, approximately $245,000 of adverse lease expenses, approximately $737,000 of non-cash impairment of assets and approximately $651,000 of other related expenses.

Based on the three-month period ended March 31, 2005, the board implemented phase-two of the restructuring plan, which includes the elimination of all non-expediting services and the elimination of excess overhead costs. As a result we incurred approximately $3,303,000 of non-cash impairment of assets, approximately $375,000 of employee related expenses and approximately $280,000 of accruals and increases in the allowance for doubtful accounts for the six month period ended June 30, 2005. Management estimates additional restructuring costs of between $25,000 and $50,000 of additional employee related payments, between $100,000 and $250,000 of additional non-cash impairments of long-lived assets and between $75,000 and $150,000 of adverse lease accruals, which will be expensed during the remainder of the year ended December 31, 2005.

For the six month period ended June 30, 2005, restructuring accruals changed as follows:

December 31, 2004, adverse lease accruals	$ 200,000
Additions to adverse lease accruals	
Lease payments	113,000
June 30, 2005, adverse lease accruals	$ 87,000

The lease obligations for the closed facilities are approximately $700,000 over the next four years. At June 30, 2005, one of the facilities was subleased and the Company is continuing to search for a sublease tenant for the two remaining facilities.

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6. Acquisitions

The following unaudited pro forma information is presented as if the purchase of the stock of Express-1, Bullet and Dasher had occurred on January 1, 2004:

	Three Months ended June 30, 2004	Six Months ended June 30, 2004
Total revenues	$ 14,034,000	$ 25,728,000
Net income applicable to common stock	$ 244,000	$ 134,000
Earnings per share:		
Basic	$ .01	$ .01
Diluted	$ .01	$ .00

Earnings per share is calculated based on approximately 3,500,000 additional shares being outstanding as of January 1, 2004 to account for the shares issued to raise capital to pay the initial purchase price of Express-1, Inc.

7. Subsequent Events

On July 1, 2005, Segmentz, Inc. (Segmentz) entered into an agreement with TTSI Holdings, Inc., and Paul Temple to sell certain assets of approximately $330,250 in value and provide a $250,000 line of credit for one year at a rate of 6%, which is secured by accounts receivables. TTSI Holdings, Inc., and Paul Temple will pay Segmentz the fair market value of the assets sold through a $105,000, six year term note at a rate of 6% and 265,000 shares of Segmentz, Inc. common stock and assumed approximately $135,000 of capital lease obligations.

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Item 2. Management s Discussion and Analysis or Plan of Operation.

Forward-Looking Statements. This Form 10-QSB 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. All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-QSB which address activities, events or developments which the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), finding suitable merger or acquisition candidates, expansion and growth of the Company s business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results or developments will conform with the Company s expectations and predictions is subject to a number of risks and uncertainties, general economic market and business conditions; the business opportunities (or lack thereof) that may be presented to and pursued by the Company; changes in laws or regulation; and other factors, most of which are beyond the control of the Company.

This Form 10-QSB contains statements that constitute forward-looking statements. These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as believes, anticipates, expects, estimates, plans, may, will, or si terms. These statements appear in a number of places in this filing and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) trends affecting the Company s financial condition or results of operations for its limited history; (ii) the Company s business and growth strategies; (iii) the Company s ability to integrate the companies it has acquired and, (iv) the Company s financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Factors that could adversely affect actual results and performance include, among others, the Company s limited operating history, potential fluctuations in quarterly operating results and expenses, government regulation, technology change and competition. Consequently, all of the forward-looking statements made in this Form 10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

General

Segmentz provides transportation and logistics services to over 1,000 active customers, specializing in time definite transportation and offers a variety of exclusive use vehicles, providing reliable same day or overnight service to customers throughout the United States and Canada. Services include expedited transportation, capacity management, aircraft charters, dedicated delivery and warehouse management. The Company offers an ISO 9001:2000 certified, twenty-four hour, seven day a week call center allowing the customer immediate communication and status of time sensitive shipments in transit. The Company also provides the customer remote order entry capability, shipment tracking, on-line proof of delivery, billing status and performance reports. The Company is dedicated to providing premium services that are customized to meet its client s individual needs and flexible enough to cope with an ever-changing business environment. Segmentz, Inc. is publicly traded on the American Stock Exchange under the symbol SZI.

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The Company has undertaken several major initiatives designed to enhance our operating flexibility, upgrade and standardize our business processes, improve our customer service and increase our profitability. Most of these initiatives began in the fourth quarter of 2004 and management does not expect these initiatives to yield significant benefits until the second half of the year ending December 31, 2005. In addition, the Company significantly reduced the use of company drivers and owned equipment in transformation to an asset-light business model.

The Company will be focusing on organic growth and operating efficiency. Any future acquisitions would be based on meeting strategic expediting needs.

There are a variety of risks associated with the Company s ability to achieve strategic objectives, including the ability to acquire and profitably manage additional businesses, current reliance on key customers, the risks inherent in expanding, and the intense competition in the industry for customers and for the acquisition of additional businesses. For a more detailed discussion of these risks, see the form 10KSB for the year ended December 31, 2004 the section entitled Risks Particular to The Company s Business.

Results of Operations

For the three months ended June 30, 2005 compared to the three months ended June 30, 2004.

Revenues increased approximately $2,722,000, or 36%, to approximately $10,290,000 for the period ended June 30, 2005, as compared to approximately $7,568,000 for the period ended June 30, 2004. The increases in revenue primarily relate to the acquisitions and the general increases resulting from marketing efforts and brand awareness. The increase was significantly decreased by the restructuring plan implemented in the fourth quarter of 2004 and lower than expected growth in the industry.

Operating expenses, which consist primarily of payment for trucking services provided by both partners and independent contractors, fuel, insurance, cross dock facilities, equipment costs and payroll expenses increased by approximately $1,838,000, or 30%, to approximately $8,057,000 for the three months period ended June 30, 2005, as compared to approximately $6,219,000 for the three months period ended June 30, 2004. As a percentage of revenues, operating expenses amounted to approximately 78% of related revenues for the period ended June 30, 2005, as compared with approximately 82% for the period ended June 30, 2004. The change in operating expenses for the second quarter result primarily from (i) the recent acquisitions, (ii) decrease in fixed costs related to the Temple and Bullet business units, and (iii) a significant increase in depreciation related to the recent acquisitions. The Company anticipates continuing to integrate, consolidate and eliminate redundant expenses in 2005 and will continue its efforts to transform a significant portion of its fleet to an owner operator model, reduce fixed payroll and reduce equipment costs as the fleet is transformed.

General and administrative expense increased by approximately $1,331,000 or 68% to approximately $3,278,000 for the period ended June 30, 2005 as compared to approximately $1,947,000 for the period ended June 30, 2004. The change in general and administrative expenses resulted primarily from (i) the additional restructuring, exit and consolidation costs of approximately $375,000 recognized in the second quarter, (ii) the recent acquisitions, (iii) changes in personnel and infrastructure, (iv) additional sales, marketing and branding efforts, (v) unrealized loss on trading stock, and (vi) certain severance not included as part of the restructuring. The Company had anticipated these increases in general and administrative costs in connection with acquisitions and internally generated growth and believes it will be able to reduce expenses to historical percentage levels as the Company completes the restructuring in the third quarter.

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The Company realized a loss from continuing operations before provisions for income taxes of approximately $1,211,000 for the period ended June 30, 2005, compared with losses from continuing operations before provisions for income taxes of approximately $609,000 for the period ended June 30, 2004.

There was no tax benefit recorded for the three months period ended June 30, 2005 compared to a benefit of approximately $215,000 for the three months period ended June 30, 2004. There was no tax benefit recorded as the Company fully reserved for any newly created tax assets. Differences between the effective tax rate used for 2005 and 2004, as compared to the U.S. federal statutory rate, are primarily due to permanent differences and adjustments to the deferred tax asset valuation allowance.

Basic loss per share from continuing operations for the period ended June 30, 2005 was $.05, compared with basic loss of $.02 for the period ended June 30, 2004. Diluted loss per share from continuing operations for the period ended June 30, 2005 was $.05, compared with diluted loss per share of $.02 for the period ended June 30, 2004.

For the pro-forma three months period ended June 30, 2005 compared to the pro-forma three months ended June 30, 2004.

The following unaudited and unreviewed pro forma information is presented as if the purchase of the stock of Express-1, Bullet and Dasher had occurred on January 1, 2004.

On a pro-forma basis revenues decreased approximately $3,744,000, or 27%, to approximately $10,290,000 for the three months period ended June 30, 2005, as compared to pro-forma revenue of approximately $14,034,000 for the three months period ended June 30, 2004. The decrease in revenue primarily relates to the restructuring plan that was implemented by management in the fourth quarter of 2004 and lower than expected industry sales volume.

The Company realized a loss of approximately $1,211,000 for the three months period ended June 30, 2005, compared with a pro-forma income of approximately $244,000 for the three months period ended June 30, 2004. The increase in loss of approximately $1,455,000 resulted primarily from (i) the additional restructuring, exit and consolidation costs of approximately $375,000, (ii) costs related to the elimination of unprofitable terminals, (iii) amortization of intangible assets and (iv) certain severance payments not included in the restructuring costs.

For the six months ended June 30, 2005 compared to the six months ended June 30, 2004.

Revenues increased approximately $6,450,000, or 45%, to approximately $20,639,000 for the period ended June 30, 2005, as compared to approximately $14,189,000 for the period ended June 30, 2004. The increases in revenue primarily relate to the acquisitions and the general increases resulting from marketing efforts and brand awareness. The increase was significantly decreased by the restructuring plan implemented in the fourth quarter of 2004.

Operating expenses, which consist primarily of payment for trucking services provided by both partners and independent contractors, fuel, insurance, cross dock facilities, equipment costs and payroll expenses increased by approximately $4,745,000, or 41%, to approximately

$16,435,000 for the six months period ended June 30, 2005, as compared to approximately $11,690,000 for the six months period ended June 30, 2004. As a percentage of revenues, operating expenses amounted to approximately 80% of related revenues for the period ended June 30, 2005, as compared with approximately 82% for the period ended June 30, 2004. The change in operating expenses for the second quarter result primarily from (i) the recent acquisitions, (ii) decrease in fixed costs related to the Temple and Bullet business units, and (iii) a significant increase in depreciation related to the recent acquisitions. The Company anticipates continuing to integrate, consolidate and eliminate redundant expenses in 2005 and will continue its efforts to transform a significant portion of its fleet to an owner operator model, reduce fixed payroll and reduce equipment costs as the fleet is transformed.

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General and administrative expense increased by approximately $6,220,000 or 170% to approximately $9,870,000 for the period ended June 30, 2005 as compared to approximately $3,650,000 for the period ended June 30, 2004. The change in general and administrative expenses resulted primarily from (i) the additional restructuring, exit and consolidation costs of approximately $3,958,000, (ii) the recent acquisitions, (iii) changes in personnel and infrastructure, (iv) additional sales, marketing and branding efforts, (v) unrealized loss on trading stock, and (vi) certain severance not included as part of the restructuring. The Company had anticipated these increases in general and administrative costs in connection with acquisitions and internally generated growth and believes it will be able to reduce expenses to historical percentage levels as the Company completes the restructuring in the third quarter.

The Company realized a loss from continuing operations before provisions for income taxes of approximately $5,861,000 for the period ended June 30, 2005, compared with losses from continuing operations before provisions for income taxes of approximately $1,233,000 for the period ended June 30, 2004.

There was no tax benefit recorded for the six months period ended June 30, 2005 compared to a benefit of approximately $435,000 for the six months period ended June 30, 2004. There was no tax benefit recorded as the Company fully reserved for any newly created tax assets. Differences between the effective tax rate used for 2005 and 2004, as compared to the U.S. federal statutory rate, are primarily due to permanent differences and adjustments to the deferred tax asset valuation allowance.

Basic loss per share from continuing operations for the period ended June 30, 2005 was $.22, compared with basic loss of $.04 for the period ended June 30, 2004. Diluted loss per share from continuing operations for the period ended June 30, 2005 was $.22, compared with diluted loss per share of $.04 for the period ended June 30, 2004.

For the pro-forma six months period ended June 30, 2005 compared to the pro-forma six months ended June 30, 2004.

The following unaudited and unreviewed pro forma information is presented as if the purchase of the stock of Express-1, Bullet and Dasher had occurred on January 1, 2004.

On a pro-forma basis revenues decreased approximately $5,089,000, or 20%, to approximately $20,639,000 for the six months period ended June 30, 2005, as compared to pro-forma revenue of approximately $25,728,000 for the six months period ended June 30, 2004. The decrease in revenue primarily relates to the restructuring plan that was implemented by management in the fourth quarter of 2004.

The Company realized a loss of approximately $5,861,000 for the six months period ended June 30, 2005, compared with a pro-forma income of approximately $134,000 for the six months period ended June 30, 2004. The loss of approximately $5,995,000 resulted primarily from (i) the additional restructuring, exit and consolidation costs of approximately $3,958,000, (ii) costs related to the elimination of some unprofitable terminals, (iii) costs related to the consolidation of operations and call center functions, (iv) amortization of intangible assets and (v) certain severance payments not included in the restructuring costs.

Critical Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Segmentz, Inc. and all of its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation. The Company does not have any variable interest entities whose financial results are not included in the consolidated financial statements.

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Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, purchased transportation, recoverability of long-lived assets, recoverability of prepaid expenses, valuation of investments and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made as information is available. Management believes that these estimates are reasonable and have been discussed with the audit committee; however, actual results could differ from these estimates.

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, are cash and cash equivalents and accounts receivables.

The majority of cash is maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand, and, therefore, bear minimal risk.

Concentration of credit risk with respect to trade receivables is limited due to the Company s large number of customers and wide range of industries and locations served. No customer comprised more than ten percent of the June 30, 2005 or December 31, 2004 customer accounts receivable balance.

The Company extends credit to its various customers based on evaluation of the customer s financial condition and ability to pay the Company in accordance with the payment terms. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of accounts receivables, customers payment history and the customer s current ability to pay its obligation. Based on managements review of accounts receivable and other receivables, an allowance for doubtful accounts of approximately $578,000 is considered necessary as of June 30, 2005, which is primarily related to the accounts receivables of the Bullet and Temple business units. Although management believes that account receivables are recorded at their net realizable value, a 10% decline in historical collection rate would increase the current bad debt expense for the three months period ended June 30, 2005 by approximately $25,000. We do not accrue interest on past due receivables.

Contingent Liabilities

The Company is party to a number of legal actions, which are not material to operations pursuant to Item 301 of Regulation S-B.

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EBITDA

EBITDA for the six months ended June 30, 2005 was approximately $(966,000) compared to approximately $(622,000) in the comparable period of the prior year. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization costs. The Company also excludes the cumulative effect of a change in accounting principle, discontinued operations, and the impact of restructuring and other charges from the computation. The Company believes EBITDA is a useful measure of operating performance before the impact of investing and financing transactions, making comparisons between companies earnings power more meaningful and providing consistent comparisons of the Company s performance. In order to provide consistent comparisons of year-over-year EBITDA, the following reconciliation is provided.

	Six months ended June 30,	
	2005	**2004**
Net loss as reported	$ (5,861,000)	$ (798,000)
Income tax (benefit) provision		(435,000)
Interest expense	76,000	82,000
Restructuring, exit and consolidation expenses	3,958,000	
Depreciation and amortization	861,000	529,000
EBITDA	$ (966,000)	$ (622,000)

SELECTED FINANCIAL DATA

For the six months period ended June 30, 2005:

	Bullet and Temple	Express-1 and Dasher	Dedicated	Other	Corporate	As Reported
Operating revenues	$ 4,222,000	$ 14,067,000	$ 2,129,000	$ 221,000	$	$ 20,639,000
Operating expenses	3,345,000	10,500,000	2,056,000	534,000		16,435,000
Sales, general and administrative expenses	1,210,000	3,186,000	237,000	105,000	5,132,000	9,870,000
Other expenses					195,000	195,000
Total expenses	4,555,000	13,686,000	2,293,000	639,000	5,327,000	26,500,000
Net income (loss) before tax provision (benefit)	$ (333,000)	$ 381,000	$ (164,000)	$ (418,000)	$ (5,327,000)	$ (5,861,000)
Restructuring expenses					$ 3,958,000	$ 3,958,000
Depreciation and amortization	$ 109,000	$ 387,000	$ 214,000		$ 151,000	$ 861,000

Interest expense, net	$	76,000	$	76,000

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The selected data represents reporting units within the Company and are primarily allocated based on acquisitions, which is the basis for their respective earn-out provisions. Dedicated represents the dedicated contract in Evansville, Indiana and Other represents services or location revenue and expenses that has primarily been eliminated based on the restructuring plan implemented in the fourth quarter of 2004. Neither Dedicated nor Other met the quantitative criteria in 2004 or 2005 required for segment reporting.

USE OF GAAP AND NON-GAAP MEASURES

In addition to results presented in accordance with generally accepted accounting principles (GAAP), the Company has included in this report earnings EBITDA with EBITDA being defined by the Company as earnings before interest, taxes, depreciation and amortization. The Company also excludes the cumulative effect of a change in accounting principle, discontinued operations, and the impact of restructuring and other charges from the computation of EBITDA. The Company also included some selected financial data related to the various acquisitions. For each non-GAAP financial measure, the Company has presented the most directly comparable GAAP financial measure and has reconciled the non-GAAP financial measure with such comparable GAAP financial measure.

These non-GAAP financial measures provide useful information to investors to assist in understanding the underlying operational performance of the Company. Specifically, EBITDA is useful measures of operating performance before the impact of investing and financing transactions, making comparisons between companies earnings power more meaningful and providing consistent period-over-period comparisons of the Company s performance. In addition, the Company uses these non-GAAP financial measures internally to measure its on-going business performance and in reports to bankers to permit monitoring of the Company s ability to pay outstanding liabilities.

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Liquidity and Capital Resources

As of June 30, 2005 the Company has approximately $773,000 of working capital and has cash and cash equivalents of approximately $708,000, compared with approximately $854,000 of cash and cash equivalents at December 31, 2004.

During the six months period ended June 30, 2005 cash has decreased by approximately $146,000. During the six months period ended June 30, 2005 there were significant payments related to previous acquisitions of approximately $1,519,000 and significant operational losses which was primarily off-set by: (i) the net increase of approximately $885,000 in debt; (ii) the significant decrease in the accounts receivable from the fourth quarter restructuring of approximately $1,899,000; (iii) the sale of the Lexington facility and (iv) the $3,303,000 of non-cash impairments recorded during the period. While the Company continues to experience rapid revenue growth, management expects to have negative cash flow from operations as the Company operationally funds the growth of accounts receivable. In addition, independent contractors are typically paid within two weeks of providing the service, which will also significantly impact our cash flow as we continue to grow our independent contractor fleet. The Company will fund this growth primarily through operations and the line of credit.

To ensure that the Company has adequate near-term liquidity, Segmentz entered into agreements with Fifth Third Bank, a Michigan banking corporation, under which Fifth Third Bank extended an asset-based line of credit to Segmentz. Under the Loan Documents, Segmentz may draw down under the line of credit the lesser of $3,500,000 or 80% of the eligible accounts receivable of Segmentz and its wholly owned subsidiary Express-1, Inc. All obligations of Segmentz under the agreements are secured by the accounts receivable of Segmentz. Express-1, Inc. entered into agreements providing for a guaranty of the obligations of Segmentz under the Loan Documents, which the guaranty is secured by the accounts receivable of Express-1, Inc. All advances under the Loan Documents are subject to interest at the rate of the one-month LIBOR plus 2.0%, payable monthly. The maturity date of the loan is July 1, 2005, which has been extended 90 days. The Company s line of credit contains various covenants pertaining to the maintenance of certain financial ratios. As of June 30, 2005, the Company did not meet one of the required ratios. It is management s belief that it is highly unlikely the bank may demand payment, foreclose its security interest or lien against the Company s accounts without notice, or exercise other rights or remedies as provided under the note or other loan documents. As of June 30, 2005 the interest rate was approximately 4.6% and there was approximately $1,000,000 available under this credit facility.

The Company may receive proceeds in the future from the exercise of warrants and options outstanding as of June 30, 2005 in accordance with the following schedule:

	Approximate Number of Shares	Approximate Proceeds
Options outstanding under the Company s Stock Option Plan	600,000	$ 790,000
Non-Plan Options and warrants	4,728,000	8,006,000
Warrants	7,845,000	11,610,000
Total	13,173,000	$ 20,406,000

The Company has embarked on upgrades to technology and support infrastructure that it believes will enhance cash flows by providing customers and customer service representatives with access to delivery information and documentation that will enable efficient collections of accounts receivable from customers. There is no assurance that we will be able to obtain financing on terms favorable to the Company or successfully implement infrastructure upgrades pursuant to our plans.

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Our strategy is to continue to expand primarily through internal development. Our ability to implement our growth will depend on a number of factors, which may be beyond our control. There can be no assurance that we will be successful in implementing our growth strategy. Our ability to implement our growth strategy will also be dependent upon obtaining adequate financing. We may not be able to obtain financing on favorable terms.

Below is a table of the possible contingent consideration that the Company could pay over the next five years if certain criteria that is related to the acquired entities is obtained:

Year Ending December 31,	**Possible Payments***
2005	$ 267,000
2006	$ 1,977,000
2007	$ 2,226,000
2008	$ 2,210,000
Total	$ 6,680,000

* Payments are listed in the year they become due and some portions of the payments can be paid in cash or stock.

The Company will be required to make significant payments in the future if the contingent consideration installments under the Company s various acquisitions become due. While the Company believes that a significant portion of the required payments will be generated by the acquired subsidiaries, the Company may have to secure additional sources of capital to fund some portion of the contingent consideration payments as they become due. This presents the Company with certain business risks relative to the availability and pricing of future fund raising, as well as the potential dilution to the Company s stockholders if the fund raising involves the sale of equity.

These contingent consideration amounts are tied directly to divisional performance of the respective entities, mitigating some of the risks that might exist for contingent payments tied to other performance indicators. The Company will examine the annual benchmarks for each contingent consideration payment and will reserve any potential funds due under these agreements at the end of each fiscal quarter when the pro-rated annual benchmark is achieved for that quarterly period.

The Company is a defendant in a number of legal proceedings. Although the Company believes that the claims asserted in these proceedings are without merit, and the Company intends to vigorously defend these matters, there is the possibility that the Company could incur material expenses in the defense and resolution of these matters. Furthermore, since the Company has not established material reserves in connection with such claims, any such liability, if at all, would be recorded as an expense in the period incurred or estimated. This amount, even if not material to the Company s overall financial condition, could adversely affect the Company s results of operations in the period recorded.

Item 3. Controls and Procedures.

(a) ***Evaluation of disclosure controls and procedures.*** Under the supervision and with the participation of the Company s management, including the Company s principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the design and operations of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this report. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission (SEC) reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to Segmentz, Inc., including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

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(b) ***Changes in internal controls.*** There were no significant changes in our internal controls or to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the evaluation date.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, the Company is involved in various civil actions as part of its normal course of business. The Company is not party to any litigation that is material to ongoing operations as defined in Item 301 of Regulation S-B as of the period ended June 30, 2005.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the six months period ended June 30, 2005 there were no common or preferred shares sold.

Item 3. Defaults upon Senior Securities.

The Company s line of credit contains various covenants pertaining to the maintenance of certain financial ratios. As of June 30, 2005, the Company did not meet one of the required ratios.

Item 4. Submission of Matters to a Vote of Security Holders.

The following has been submitted and approved by the shareholders at the annual meeting held June 17, 2005.

(1) To elect a board of seven directors, each to serve a one-year term;

(2) To ratify the appointment of Pender Newkirk & Company as independent auditors for the Company for the year ending December 31, 2005;

(3) To approve and ratify an amendment and restatement to our Certificate of Incorporation increasing our authorized shares of common stock, par value $0.001 per share (Common Stock), from 40,000,000 shares to 100,000,000 shares, and eliminating certain other provisions; and

(4) To approve and ratify an amendment to our 2001 Stock Option Plan increasing the number of shares of our Common Stock reserved for issuance there under from 600,000 shares to 5,600,000 shares.

The votes to the above matters are as follows:

	For	Against	Abstentions
(1) Election of Directors			
Jennifer Dorris	14,979,798	696,233	63,220
Robert Gries	14,972,998	703,033	63,220
Allan Marshall	14,465,648	1,210,383	63,220
Jim Martell	14,979,798	696,233	63,220
Jay Taylor	14,979,798	696,233	63,220
Michael Welch	14,879,798	796,233	63,220
Calvin Whitehead	14,979,398	696,233	63,220
(2) Appointment of Auditor	15,566,291	89,158	83,802
(3) Amendment to Certificate of Incorporation	14,538,533	1,076,073	124,645
(4) Amendment to Stock Option Plan	6,668,167	2,138,193	9,367

Item 5. Other Information.

The Company has no other information to report for the period ended June 30, 2005.

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Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibit list

31.1 Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

32.2 Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Segmentz, Inc.
Date August 10, 2005	/s/ Mike Welch
	Chief Executive Officer
	/s/ Andrew J. Norstrud
	Chief Financial Officer
	/s/ Jennifer Dorris
	Chairman of Audit Committee

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