UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______.

Commission file number: 000-49606

Segmentz, Inc.
(Exact name of small business issuer as specified in its charter)

Delaware	**03-0450326**
(State or other jurisdiction of incorporation or organization)	**(I.R.S.Employer Identification no.)**

18302 Highwoods Preserve Parkway Suite 100
Tampa, FL 33647
(Address of principal executive offices, including zip code)

(813) 989-2232
(Registrant's telephone number, including area code)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section l2, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

The Registrant has 26,397,034 shares of its common stock issued and outstanding as of November 10, 2004

The Registrant has no shares of its preferred stock issued or outstanding as of November 10, 2004

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements

Segmentz, Inc.

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

Segmentz, Inc.

Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

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Segmentz, Inc.
Balance Sheet
September 30, 2004 (Unaudited)

Assets	
Current assets:	
Cash and cash equivalents	$ 1,490,531
Accounts receivable, net of allowance of $894,704	9,450,715
Prepaid expenses	1,329,034
Other current assets	877,944
Total current assets	13,148,224
Property and equipment, net of accumulated depreciation	4,244,534
Goodwill and intangible assets	6,167,386
Loans and advances	136,926
Other long term assets	904,915
	$24,601,985
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 2,081,939
Accrued salaries and wages	570,601
Accrued expenses, other	1,569,082
Short-term portion of long-term debt	554,943
Other current liabilities	104,450
Total current liabilities	4,881,015
Notes payable and capital leases	607,605
Stockholders' equity:	
Common stock, $.001 par value; 40,000,000 shares authorized; 26,397,034 shares issued and outstanding	26,397
Additional paid-in capital	20,065,916
Accumulated deficit	(978,948)
Total stockholders' equity	19,113,365
	$24,601,985

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

Segmentz, Inc.

Statements of Operations (Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2004	Sept. 30, 2003	Sept. 30, 2004	Sept. 30, 2003
Revenues:				
Operating revenue	$14,361,376	$ 3,776,245	$28,550,218	$ 9,976,636
Consulting and other revenue		250,000		257,641
	14,361,376	4,026,245	28,550,218	10,234,277
Expenses:				
Operating expenses	12,113,206	2,860,157	23,803,296	7,435,884
General and administrative expenses	2,691,363	1,050,238	6,341,145	2,269,260
Interest expense	11,590	42,608	93,942	69,922
	14,816,159	3,953,003	30,238,383	9,775,066
Income (loss) before tax (benefit) provision	(454,783)	73,242	(1,688,165)	459,211
Income tax (benefit) provision	(166,000)	21,200	(601,000)	133,500
Net (loss) income	$ (288,783)	$ 52,042	$ (1,087,165)	$ 325,711
Basic (loss) earnings per common share	$ (.01)	$ .01	$ (.05)	$ .04
Basic weighted average common shares outstanding	26,287,697	9,912,511	23,058,423	7,878,469
Diluted (loss) earnings per common share	$ (.01)	$ .00	$ (.05)	$ .04
Diluted weighted average common shares outstanding	26,287,697	11,113,950	23,058,423	9,077,939

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

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Segmentz, Inc.

Statement of Changes in Stockholders' Equity

Nine Months Ended September 30, 2004 (Unaudited)

	Preferred Stock		Capital Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2003	773,896	$ 773,896	17,087,840	$17,088	$ 7,427,013	$ 108,217	$ 8,326,214
Conversion of series A preferred stock	(773,896)	(773,896)	763,923	764	773,132		—
Issuance of common stock for acquisition			127,000	127	153,873		154,000
Issuance of common stock, net			8,418,271	8,418	11,711,898		11,720,316
Net loss through September 30, 2004						(1,087,165)	(1,087,165)
Balance, September 30, 2004	—	$ —	26,397,034	$26,397	$20,065,916	$ (978,948)	$19,113,365

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

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Segmentz, Inc.

Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2004	2003
Operating activities		
Net (loss) income	$ (1,087,165)	$ 325,711
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Provision for doubtful accounts receivable	(345,475)	108,845
Depreciation and amortization	822,578	105,789
Valuation on deferred tax asset	—	(38,700)
Non-cash expenses related to issuance of stock and warrants	32,391	37,935
Changes in:		
Accounts and other trade receivables	(1,777,157)	(393,838)
Other current assets	(796,149)	—
Prepaid expenses and other assets	(372,129)	(548,166)
Other assets	(16,807)	(450,915)
Accounts payable	(77,158)	(93,166)
Accrued expenses	115,786	172,367
Accrued salaries and wages	611,839	121,730
Other liabilities	(28,806)	—
Total adjustments	(1,831,087)	(978,119)
Net cash used in operating activities	(2,918,252)	(652,408)
Investing activities		
Purchases of equipment	(982,200)	(488,397)
Acquisition of business, net of cash acquired	(6,373,463)	—
Loans, advances, and other receivables	(31,983)	(13,703)
Net cash used in investing activities	(7,387,646)	(502,100)
Financing activities		
Net obligations under factoring arrangements	(1,032,708)	(571,501)
Advances to Murphy Surf Air	—	(1,427,430)
Proceeds from issuance of debt and capital leases	565,924	1,034,227
Payment on debt and capital leases	(838,400)	
Payments and proceeds from line of credit, net	(406,437)	
Proceeds from issuance of equity, net	11,478,752	3,991,193
Net cash provided by financing activities	9,767,131	3,026,489
Net (decrease) increase in cash	(538,767)	1,871,981
Cash, beginning of period	2,029,298	3,758
Cash, end of period	$ 1,490,531	$ 1,875,739
Supplemental disclosure of cash flow information and non-cash financing activities:		
Cash paid during the period for interest	$ 83,000	$ 67,000

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

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (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 September 30, 2004, (b) the results of operations for the three month and nine month periods ended September 30, 2004 and 2003, and (c) cash flows for the nine month periods ended September 30, 2004 and 2003, 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, 2003. The results of operations for the three month and nine month period ended September 30, 2004 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 nine months ended September 30, 2004:

	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2004
Net loss:		
as reported	$ (288,783)	$(1,087,165)
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	(56,300)	(224,900)
Pro forma		
Net loss	$ (345,083)	$(1,312,065)
Loss per share		
Basic – as reported	$ (0.01)	$ (0.05)
Basic – pro forma	$ (0.01)	$ (0.06)
Diluted loss per share		
Diluted – as reported	$ (0.01)	$ (0.05)
Diluted – pro forma	$ (0.01)	$ (0.06)

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Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

1. Significant Accounting Principles -continued

Stock-Based Compensation

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 nine month periods ended September 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 35% 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.

For the three months and nine months ended September 30, 2003:

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
Net income:		
as reported	$ 52,042	$ 325,711
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	(1,200)	(1,200)
Pro forma		
Net income	$ 50,842	$ 324,511
Loss per share		
Basic – as reported	$ .01	$ .04
Basic – pro forma	$ .01	$ .04
Diluted loss per share		
Diluted – as reported	$ .00	$ .04
Diluted – pro forma	$ .00	$ .04

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

1. Significant Accounting Principles -continued

Stock-Based Compensation

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 nine month periods ended September 30, 2003 (1) risk-free interest rate of 1.33%, (2) no dividend yield, (3) expected life of 5.0 years and (4) volatility of 13%. 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.

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.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

1. Significant Accounting Principles -continued

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 no allowance recorded as of September 30, 2004 on any 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.

Common stock equivalents in the three month and nine month periods ended September 30, 2004 was anti-dilutive due to the net losses sustained by the Company during this period. Therefore, the diluted weighted average common shares outstanding in this period is 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.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (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. Line of Credit

In January of 2004, the Company entered into a term credit facility with Merrill Lynch Business Financial Services (MLBFS) with a stated credit limit of $1.75 million. This facility is a revolving facility that provides for advances against the Company's eligible accounts receivable balances. The facility bears interest at London InterBank Over the Counter Rate (LIBOR) plus 275 basis points. The LIBOR rate at September 30, 2004 was 1.84%. As of September 30, 2004, the Company had approximately $1,750,000 available under this credit facility.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

5. Equity

During February of 2004 the Series A Preferred Stock was converted into 763,923 shares of common stock.

In January of 2004, the Company received approximately $1,737,500 in gross proceeds from a private placement offering of the Company's stock that was made in accordance with exemption under Regulation D, Rule 506 of the Securities and Exchange Act of 1933, as amended, in which the Company sold approximately 400,000 units to accredited investors at a price of $2.00 per unit, each unit consisting of two shares of common stock and one warrant to purchase a share of common stock of the Company at an exercise price of $1.50 per share, and two investors exercised purchase rights under the terms of options issued in connection with this placement, buying 625,000 shares for $1.50 per share.

In March 2002, the Company issued 350,000 warrants to purchase common stock in the Company for between $1.01 and $1.15 in connection with a term note to Sports Funding Inc. that has been repaid. In February of 2004 the company received approximately $367,500 related to these warrants being exercised. Subsequent to the repayment of the loan and the warrants being exercised the President of Sports Funding joined the Segmentz, Inc. Board of Directors.

In April 2004, the Company received approximately $10,672,500 in gross proceeds from a private placement offering of the Company's stock that was made in accordance with exemption under regulation D, Rule 506 of the Securities and Exchange Act of 1933, as amended, in which the Company sold 6,098,571 units to accredited investors at a price of $1.75 per unit, each unit consisting of one share of common stock and two tenths of a warrant to purchase a share of common stock for an exercise price of $2.20 per share. The Company incurred offering costs of approximately $1,250,000 related to this offering.

In April 2004, approximately 350,000 cashless options were exercised and converted into approximately 183,000 shares of common stock. The Company received no consideration related to this transaction.

In July 2004, approximately 250,000 options were exercised at an exercise price of $1.00 per share. In addition, the exercise price of the remaining 1,000,000 options held by the same stockholder were reduced from $1.40 to $1.00 in consideration for the Company not returning equity that was contractually obligated to be returned due to common shares not being registered timely.

In July 2004, the company returned approximately $120,000 of equity as contractually obligated due to related common shares not being registered timely.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

5. Equity - continued

In August 2004, 50,000 shares were issued related to the acquisition of Express-1, Inc.

The Company incurred total offering costs of approximately $1,420,000 during the nine month period ended September 30, 2004.

6. Acquisitions

In January 2004, the Company entered into an agreement to acquire selected assets and to assume certain liabilities of Frontline Freight Systems, Inc. In concert with this acquisition, the Company issued 77,000 shares of Segmentz Inc.'s stock that is held in escrow, pending the achievement of revenue milestones, and assumed certain liabilities that have been defined not to exceed the collection of assets acquired by the Company in connection with this transaction.

On December 31, 2003, Segmentz, Inc. acquired all of the outstanding capital stock of Dasher Express, Inc. ("Dasher"). Dasher is in the business of providing expedited trucking, scheduled line haul movements, trade show transportation and integrated third party logistics services. As consideration for the purchase the Company paid $1,300,000 cash, 538,462 shares of Segmentz, Inc.'s common stock and conditional payments that could total up to $800,000 over a four year period based on the financial performance of the business.

In September of 2004, Segmentz, Inc. paid the former owners of Dasher approximately $300,000, which includes the Company's expenses in consideration for the mutual agreement of the Company and the former owners to treat the transaction above as an asset acquisition under section 338(h)(10) of the internal revenue code. This has increased the initial consideration paid by the Company, however it has eliminated the deferred tax liability that was originally recorded of approximately $500,000. The total purchase price was $2,350,000, which includes acquisition costs of approximately $85,000, but excludes the contingent consideration.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

6. Acquisitions - continued

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition, including changes of estimates and the amended agreement through September 30, 2004. Segmentz, Inc. is in the process of obtaining a third-party valuation of certain intangible assets, and thus the allocation of the purchase price is preliminary and subject to change.

Current assets	$1,143,441
Fixed assets	765,109
Other long-term assets	6,725
Identifiable intangible assets	—
Goodwill	1,135,018
Total assets acquired	3,050,293
Current liabilities assumed	(700,293)
Net assets acquired	$2,350,000

Segmentz Inc. acquired all of the issued and outstanding stock of Express-1, Inc., a privately owned provider of third party logistics services. As consideration for the purchase the Company paid $6,000,000 cash, 50,000 shares of Segmentz, Inc.'s common stock, approximately 2,930,000 options at $1.75 per share and conditional payments that could total up to $6,500,000 in cash and stock over a four-year period based on the financial performance of the business. The estimated purchase price was approximately $6,800,000, which includes acquisition costs of approximately $250,000 and maximum additional tax payments to the former owners of approximately $300,000 but excludes the contingent consideration.

Segmentz, Inc.

Notes to Financial Statements

Three Months and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

6. Acquisitions - continued

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition. Segmentz, Inc. is in the process of obtaining a third-party allocation of certain intangible assets, and thus the allocation of the purchase price is preliminary and subject to change.

Current assets	$ 3,224,801
Fixed assets	804,859
Identifiable intangible assets	4,730,000
Goodwill	245,132
Total assets acquired	9,004,792
Current liabilities assumed	(2,204,792)
Net assets acquired	$ 6,800,000

Preliminary allocation of the intangible assets is $3,346,000 trade name, $190,000 computer software, $70,000 ISO Certification, $256,000 owner operator agreements, $125,000 employment contracts, $643,000 non-compete agreements and $100,000 customer relationships.

The following unaudited pro forma information is presented as if the purchase of the stock of Dasher and Express-1 had occurred on January 1, 2003:

	Nine Months Ended	
	September 30, 2004	September 30, 2003
Total revenues	$41,809,332	$25,556,823
Net (loss) Income applicable to common stock	(451,842)	540,527
Earnings per share:		
Basic	$ (.02)	$ .05
Diluted	$ (.02)	$ .04

Earnings per share is calculated based on approximately 3,500,000 additional shares being outstanding to account for the purchase price of Express-1, Inc.

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 similar 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 premium transportation and logistics services to over 1,000 active customers, specializing in time-definite delivery in support of specific supply chain requirements. Services include expedited transportation, local cartage, capacity management, aircraft charters, dedicated delivery, consolidation, warehouse management and fulfillment. The Company offers an ISO 9001 certified, 24 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, proof of delivery reconciliation, billing status and performance reports via a custom designed web site. 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.

The Segmentz acquisition strategy focuses on integrating logistics businesses that will enhance service offerings within our current market areas as well as extend our network to targeted locations in the Midwestern and Southeastern United States. The Company selects acquisition targets based upon their ability to demonstrate: (i) consistent profitability; (ii) history of service level delivery and brand identity; (iii) regional or service niche and position that is accretive to our current footprint and overlaps or enhances our current service offerings; and (iv) creates maximum capacity and equipment utilization to stabilize a platform that will support continued enterprise revenue growth that drives profitability. Through September 30, 2004, Segmentz has completed the acquisition of four strategically located logistics and transportation providers. The acquisition companies are as follow: Express-1 Inc., (“Express-1”) on August 1, 2004, Dasher Express, Inc., (“Dasher”) on December 31, 2003, certain assets of Frontline Freight (“Frontline”) on January 8, 2004, and Bullet Freight Systems (“Bullet”) on October 1, 2003. Since September 30, 2004 the Company has entered into discussion to acquire the assets of a fifth company.

Results of Operations

For the three months ended September 30, 2004 compared to the three months ended September 30, 2003.

Revenues increased approximately $10,335,000 or 257%, to approximately $14,361,000 for the period ended September 30, 2004, as compared to approximately $4,026,000 for the period ended September 30, 2003. The increases in revenue primarily relate to (i) the four recent acquisitions (ii) expansion of the Louisville terminal, (iii) cross-selling of expanded company services and points of service throughout the Company’s client base, (iv) selling of services under the new agency agreement with Temple Trucking Inc., (v) increased ability to provide expedited service through increases in scheduled services within the Company’s freight network and, (vi) general increases resulting from marketing efforts and brand awareness.

Costs of services provided, which consist primarily of payment for trucking services, fuel, insurance, cross dock facilities, equipment costs and payroll expenses increased by approximately $9,253,000, or 324%, to approximately $12,113,000 for the period ended September 30, 2004, as compared to approximately $2,860,000 for the period ended September 30, 2003. As a percentage of revenues cost of services amounted to approximately 84% of related revenues for the period ended September 30, 2004, as compared with approximately 71% for the period ended September 30, 2003. Increased costs of service for the third quarter result primarily from (i) costs related to the elimination of some unprofitable line hauls between terminals, (ii) a significant increase in rental equipment costs and repair costs, related to the short term needs to integrate our operations, (iii) the initial costs related to the consolidation of operations and call center functions, (iv) increased infrastructure costs related to expanded delivery network and (v) a significant increase in depreciation and amortization related to the recent acquisitions, which should reduce as we integrate equipment plans with operational consolidation. The Company anticipates continuing to integrate, consolidate and eliminate redundant expenses in the fourth quarter. In addition the Company 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 $1,641,000 or 156% to approximately $2,691,000 for the period ended September 30, 2004 as compared to approximately $1,050,000 for the period ended September 30, 2003. The increase of general and administrative expenses resulted primarily from (i) the four acquisitions (ii) expansion of technology, equipment, personnel and infrastructure for increased sales and anticipated increases in the future, (iii) expenses directly related to integration of acquisitions, (iv) additional sales, marketing and branding efforts to introduce our expanded locations, service offerings and brands to our new and expanding client base (v) amortization of intangible assets, (vi) increases in expenses directly related to being a public entity and (vii) expenses related to prospective acquisitions. 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 compared to revenue as additional acquisitions are completed, integrated and synergies are capitalized upon. The Company is in the process of consolidating the administrative functions and expects this to continue through the end of the first quarter.

The Company realized a loss from continuing operations before provisions for income taxes of approximately $454,000 for the period ended September 30, 2004, compared with income from continuing operations before provisions for income taxes of approximately $73,000 for the period ended September 30, 2003.

The income tax benefit was approximately $166,000 for the three months ended September 30, 2004 compared to an income tax provision of approximately $21,200 for the three months ended September 30, 2003. Differences between the effective tax rate used for 2004 and 2003, 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 September 30, 2004 was $.01, compared with basic earnings of $.01 for the period ended September 30, 2003. Diluted loss per share from continuing operations for the period ended September 30, 2004 was $.01, compared with diluted earnings per share of $.00 for the period ended September 30, 2003.

For the nine months ended September 30, 2004 compared to the nine months ended September 30, 2003.

Revenues increased approximately $18,316,000, or 179%, to approximately $28,550,000 for the period ended September 30, 2004, as compared to approximately $10,234,000 for the period ended September 30, 2003. The increases in revenue primarily relate to (i) the four recent acquisitions (ii) expansion of the Chicago and Louisville terminal locations, (iii) a dedicated delivery services (DDS) contract to provide staging, processing, delivery and report integration from a regional cross-dock hub facility in Evansville, IN., (iv) cross-selling of expanded company services and points of service throughout the Company's client base, (v) selling of services under the new agency agreement with Temple Trucking Inc., (vi) increased ability to provide expedited service through increases in scheduled services within the Company's freight network and, (vii) general increases resulting from marketing efforts and brand awareness.

Costs of services provided, which consist primarily of payment for trucking services, fuel, insurance, cross dock facilities, equipment costs and payroll expenses increased by approximately $16,367,000, or 220%, to approximately $23,803,000 for the period ended September 30, 2004, as compared to approximately $7,436,000 for the period ended September 30, 2003. As a percentage of revenues cost of services amounted to approximately 83% of related revenues for the period ended September 30, 2004, as compared with approximately 73% for the period ended September 30, 2003. Increased costs of service for the nine-month period resulted primarily from (i) lower freight volume in accordance with historical results and a lower growth rate than expected, (ii) costs related to the elimination of some unprofitable line hauls between terminals, (iii) a significant increase in rental equipment costs and repair costs, related to the short term needs to integrate our operations, (iv) the initial costs related to the consolidation of operations and call center functions (v) increased infrastructure costs related to expanded delivery network and (vi) a significant increase in depreciation and amortization related to the recent acquisitions, which should reduce as we integrate equipment plans with operational consolidation. The Company anticipates continuing to integrate, consolidate and eliminate redundant expenses in the fourth quarter. In addition the Company 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 $4,072,000 or 179% to approximately $6,341,000 for the period ended September 30, 2004 as compared to approximately $2,269,000 for the period ended September 30, 2003. The increase of general and administrative expenses resulted primarily from (i) the four acquisitions (ii) expansion of technology, equipment, personnel and infrastructure for increased sales and anticipated increases in the future, (iii) expenses directly related to integration of acquisitions, (iv) additional sales, marketing and branding efforts to introduce our expanded locations, service offerings and brands to our new and expanding client base (v) amortization of intangible assets, (vi) increases in expenses directly related to being a public entity and (vii) expenses related to prospective acquisitions. 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 compared to revenue as additional acquisitions are completed, integrated and synergies are capitalized upon. The Company is in the process of consolidating the administrative functions and expects this to continue through the end of the first quarter.

The Company realized a loss from continuing operations before provisions for income taxes of approximately $1,688,000 for the period ended September 30, 2004, compared with income from continuing operations before provisions for income taxes of approximately $459,000 for the period ended September 30, 2003.

The income tax benefit was approximately $601,000 for the nine months ended September 30, 2004 compared to a provision of approximately $133,500 for the nine months ended September 30, 2003. Differences between the effective tax rate used for 2004 and 2003, 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 September 30, 2004 was $.05, compared with basic earnings of $.04 for the period ended September 30, 2003. Diluted loss per share from continuing operations for the period ended September 30, 2004 was $.05, compared with diluted earnings per share of $.04 for the period ended September 30, 2003.

For the pro-forma nine months ended September 30, 2004 compared to the pro-forma nine months ended September 30, 2003.

On a pro-forma basis revenues increased approximately $18,252,000, or 64%, to approximately $41,809,000 for the period ended September 30, 2004, as compared to pro-forma revenue of approximately $25,557,000 for the period ended September 30, 2003. The increases in revenue primarily relate to (i) the permanent shift of expedited freight using ground transportation versus air transportation, (ii) the significant increase in the demand for trucking services in the United States, which has caused capacity issues that has drastically increased the rates paid for transportation services, (iii) increased fuel costs, which are passed on to the customer (iv) a dedicated delivery services contract, (v) increased customer base to provide additional transportation services, (vi) growing economy and (vii) general increases resulting from marketing efforts and brand awareness.

On a pro-forma basis the Company realized a loss of approximately $452,000 for the nine month period ended September 30, 2004, compared with pro-forma income of approximately $541,000 for the nine month period ended September 30, 2003. The increase in loss of approximately $993,000 resulted primarily from (i) costs related to the elimination of some unprofitable line hauls between terminals, (ii) a significant increase in rental equipment costs and repair costs, related to the short term needs to integrate our operations, (iii) the initial costs related to the consolidation of operations and call center functions (iv) expenses directly related to integration of acquisitions, (v) additional sales, marketing and branding efforts to introduce our expanded locations, service offerings and brands to our new and expanding client base (vi) amortization of intangible assets, (vii) increases in expenses directly related to being a public entity and (viii) expenses related to prospective acquisitions.

Critical Accounting Policies

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Operating Revenues

Operating revenues for transportation services are recognized on the date the freight is delivered. Related costs of delivery of shipments in transit are accrued as incurred. Revenues from warehousing and other services are recognized as the services are performed.

Accounts Receivable

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 $900,000 as of September 30, 2004 is deemed adequate. 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 by approximately $60,000. The Company does not accrue interest on past due receivables.

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.

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.

EBITDA

EBITDA for the three months and nine months ended September 30, 2004 was approximately $(149,000) and $(772,000) compared to approximately $186,000 and $635,000 in the comparable period of the prior year, respectively. 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.

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Net (loss) income as reported	$ (288,783)	$ 52,042	$ (1,087,165)	$ 325,711
Income tax (benefit) provision	(166,000)	21,200	(601,000)	133,500
Interest expense	11,590	42,608	93,942	69,922
Depreciation and amortization	293,871	69,653	822,578	105,789
EBITDA	$ (149,322)	$ 185,503	$ (771,645)	$ 634,922

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. 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.

Liquidity and Capital Resources

As of September 30, 2004 the Company has approximately $8,250,000 of working capital and has cash and cash equivalents of approximately $1,490,000, compared with approximately $1,876,000 of cash and cash equivalents at September 30, 2003. The change is primarily the result of the Company's capital transactions during the year ended December 31, 2003 and the nine months ended September 30, 2004.

During the nine months ended September 30, 2004 cash has decreased by approximately $540,000. During the nine month period ended September 30, 2004 the approximate $11,400,000 of proceeds from issuance of equity was primarily decreased by: (i) the elimination of approximately $2,200,000 of debt; (ii) the net operating loss before tax of approximately $1,700,000; (iii) the $6,000,000 cash paid related to the purchase of Express-1; and (iv) a $1,780,000 increase in accounts receivable. While the Company continues to experience rapid revenue growth, management expects to continue to have negative cash flow from operations as the Company operationally funds the growth of accounts receivable. The Company will fund this growth through operations and the line of credit.

In January of 2004, the Company received approximately $1,737,500 in gross proceeds from a private placement offering of the Company's stock that was made in accordance with exemption under Regulation D, Rule 506 of the Securities and Exchange Act of 1933, as amended, in which the Company sold approximately 400,000 units to accredited investors at a price of $2.00 per unit, each unit consisting of two shares of common stock and one warrant to purchase a share of common stock of the Company at an exercise price of $1.50 per share, and two investors exercised purchase rights under the terms of options issued in connection with this placement, buying 625,000 shares for $1.50 per share.

In March 2002, the Company issued 350,000 warrants to purchase common stock in the Company for between $1.01 and $1.15 in connection with a term note that has been repaid. In February of 2004 the company received approximately $367,500 related to these warrants being exercised.

In January of 2004, the Company entered into a term credit facility with Merrill Lynch Business Financial Services (MLBFS) with a stated credit limit of $1.75 million. This facility is a revolving facility that provides for advances against the Company's eligible accounts receivable balances. The facility bears interest at London InterBank Over the Counter Rate (LIBOR) plus 275 basis points. The LIBOR rate at September 30, 2004 was 1.84%. As of September 30, 2004, the Company had approximately $1,750,000 available under this credit facility.

In April 2004, the Company received approximately $10,672,500 in gross proceeds from a private placement offering of the Company's stock that was made in accordance with exemption under regulation D, Rule 506 of the Securities and Exchange Act of 1933, as amended, in which the Company sold 6,098,571 units to accredited investors (each of which was a qualified institutional buyer) at a price of $1.75 per unit, each unit consisting of one share of common stock and two tenths of a warrant to purchase a share of common stock for an exercise price of $2.20 per share. The Company incurred offering costs of approximately $1,250,000.

In July 2004, approximately 250,000 options were exercised at an exercise price of $1.00 per share. In addition, the exercise price of the remaining 1,000,000 options held by the same stockholder were reduced from $1.40 to $1.00 in consideration for the Company not returning equity that was contractually obligated to be returned due to common shares not being registered timely.

In July 2004, the company returned approximately $120,000 of equity as contractually obligated due to related common shares not being registered timely.

In August 2004, 50,000 shares were issued related to the acquisition of Express-1, Inc.

The Company incurred total offering costs of approximately $1,420,000 during the nine month period ended September 30, 2004.

The Company may receive proceeds in the future from the exercise of warrants and options outstanding as of September 30, 2004 in accordance with the following schedule:

	Approximate Number of Shares	Approximate Proceeds
Options outstanding under the Company's Stock Option Plan	200,000	$ 265,000
Non-Plan Options	1,238,000	1,820,000
Warrants	11,293,450	17,718,000
Total	12,731,450	$ 19,803,000

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.

Our strategy is to continue to expand through acquisitions and internal development. We intend to seek, on a selective basis, acquisition of businesses that have product lines or services which complement and expand our existing services and product lines, and provide us with strategic distribution locations or attractive customer bases. Our ability to implement our growth will depend on a number of things, which may be beyond our control. Successful deployment of this strategy will be dependent on our ability to identify, consummate and assimilate such acquisitions on desirable economic terms. 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.

Item 3. Controls and Procedures.

Definition of Controls

Management of the Company, including the Company's Chief Executive Officer and Chief Financial Officer, has designed, or caused to be designed, and maintained disclosure controls and procedures, as defined in Exchange Act Rules 13a-15 and 15d-15 (the "Disclosure Controls and Procedures"), to reasonably assure that material information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and to reasonably assure that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, in a timely manner to allow for appropriate decisions regarding required disclosures. Management has also designed internal controls, including internal controls over financial reporting (the "Internal Controls"), to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States ("GAAP").

Limitations on the Effectiveness of Controls

As more fully discussed in the American Institute of Certified Public Accountants ("AICPA") auditing standards pronouncement "Consideration Of Internal Control in a Financial Statement Audit," AU Section 319, paragraphs .21 to .24, an internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control objectives will be met. Limitations inherent in any system of internal controls might include, among other things, (i) faulty human judgment and simple errors or mistakes, (ii) collusion of two or more people or inappropriate management override of procedures, (iii) imprecision in estimating and judging cost-benefit relationships in designing controls and (iv) reductions in the effectiveness of one deterring component (such as a strong cultural and governance environment) by a conflicting component (such as may be found in certain management incentive plans). Because of such inherent limitations in any system of internal controls, no evaluation of controls can provide absolute assurance that all weaknesses or instances of fraud, if any, have been detected.

The Company, including its Chief Executive Officer and Chief Financial Officer, believes that the aforementioned limitations apply to any applicable system of internal controls, including the Disclosure Controls and Procedures and Internal Controls. The Company will continue the process of identifying and implementing corrective actions where required to improve the effectiveness of its Disclosure Controls and Procedures and Internal Controls. Significant supplemental resources may continue to be required to prepare the required financial and other information during this ongoing process.

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for designing, establishing, maintaining and reviewing the Company's Disclosure Controls and Procedures. As of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have concluded, subject to the limitations noted above, that the Disclosure Controls and Procedures are effective based on such evaluation.

Changes in Internal Controls

There were no significant changes in the Company's Internal Controls or in other factors that have materially affected, or are reasonably likely to affect, Internal Controls over financial reporting during the most recent fiscal quarter.

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 September 30, 2004.

Item 2. Changes in Securities and Use of Proceeds.

The Company has sold its common and preferred shares during the past three years. The following information is a summary of such sales as required under Item 701 (Rule 228.701) of Regulation S-B:

Date	Type of Securities	Shares/Description	Additional Information	Amount of Securities
12/2001	Preferred A & B	1,200,805	Conversion by Related Parties	$ 1,200,805
7/2002	Common Stock	20,000	Regulation D Exempt	10,000
			Rule 506 Private Placement	
10/2002	Preferred Stock	600	Series C Preferred	60,000
			Common Stock	18,000
7/2003	Common Stock	2,673,333	Regulation D Exempt	2,000,000
	Warrants	1,337,500	Rule 506 Private Placement	
9/2003	Common Stock	3,743,999	4(2) Exempt	2,559,000
	Warrants	2,724,999	Private Placement	
10/2003	Preferred Stock	414,923	Redemption	(240,655)
1/2004	Common Stock	3,832,666	4(2) Exempt	4,125,000
			Private Placement	
1/2004	Preferred Stock	(773,896)	Exchange	
	Common Stock	763,923		
1/2004	Common Stock	500,000	Exercise $1.50 warrants	750,000
1/2004	Common Stock	125,000	Exercise $1.50 warrants	187,500
2/2004	Common Stock	350,000	Exercise various warrants	367,500
4/2004	Common Stock	182,865	Exercise 350,000 cashless warrants	0
5/2004	Common Stock	6,098,571	4(2) Exempt Private Placement	$ 10,672,500
	Warrants	1,219,714	$2.20 exercise price	
8/2004	Common Stock	250,000	Exercise $1.00 warrants	$ 250,000

Item 3. Defaults upon Senior Securities.

The Company has not defaulted on any securities.

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

No items have been submitted to Security Holders to be voted upon during the period ended September 30, 2004.

Item 5. Other Information.

The Company has no other information to report for the period ended September 30, 2004.

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

(a) Exhibit list

10.1 Amendment to Dasher Express, Inc. Agreement

10.2 Chief Financial Officer Employment Agreement

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

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

32.1 Certification of Chief Executive 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.)

32.2 Certification of 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.)

(b) Reports on Form 8-K

The Company filed nine reports on Form 8-K related to activities during the nine months ended September 30, 2004:

(i) January 7, 2004 – Acquisition of Dasher Express, Inc. (as of December 31, 2003)

(ii) May 7, 2004 – Completion of Private Placement

(iii) May 17, 2004 – Results of Operations and Financial Condition

(iv) July 14, 2004 – Notice of New Chief Financial Officer

(v) August 13, 2004 – Notice material agreement – Express-1, Inc.

(vi) September 8, 2004 – Completion of Acquisition – Express-1, Inc.

(vii) September 8, 2004 – Departure of Director or Principle Officer and Appointment of Director or Principle Officer – Departure of John Flynn and Appointment of Mike Welch

(viii) October 22, 2004 – Amendment to September 8, 2004 8k – Completion of Acquisition – Express-1, Inc.

(ix) November 1, 2004 – Departure of Director or Principle Officer – David Hare

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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 November 10, 2004

/s/ Allan J. Marshall

Chief Executive Officer

/s/ Mike Welch

President

/s/ Dennis M. McCaffrey

Chief Operating Officer

/s/ Andrew J. Norstrud

Chief Financial Officer

/s/ Jay Taylor

Director, Audit Committee Chairman

/s/ Robert Gries

Director

* Print the name and title of each signing officer under his signature.

Exhibit 10.1

AMENDMENT TO
STOCK PURCHASE AGREEMENT

This **Amendment To Stock Purchase Agreement** (the “Amendment”) is entered into on September 14, 2004, by and among (i) **Segmentz, Inc.**, a Delaware corporation (the “Buyer”), and (ii) **Brad Kelley** (“BK”), and **Jeff Wiseman** (“JW” and together with “BK” collectively the “Sellers”). The Buyer and the Sellers are referred to collectively herein as the “Parties.”

W I T N E S S E T H:

WHEREAS, on December 1, 2003, the Parties entered into that certain Stock Purchase Agreement (the “Dasher Stock Agreement”) pertaining to the purchase by Buyer of all of the outstanding capital stock of **Dasher Express, Inc.**, a Kentucky corporation (referred to herein as “Dasher Express”);

WHEREAS, the closing of the transactions contemplated in the Dasher Stock Agreement took place on or about December 31, 2003;

WHEREAS, on August 9, 2004, the Buyer entered into a Stock Purchase Agreement (the “Express-1 Stock Agreement”) with Mike Welch, John Welch, Jim Welch, Keith Avery and Ralf Mojsiejenko (the “Express-1 Sellers”), pertaining to the purchase by Buyer of all of the outstanding capital stock of **Express-1, Inc.**, a Michigan corporation (referred to herein as “Express-1”);

WHEREAS, the closing of the transactions contemplated in the Express-1 Stock Agreement took place on September 1, 2004;

WHEREAS, the Sellers desire to consent to an election by Buyer under Section 338(h)(10) of the Internal Revenue Code; and

WHEREAS, the Parties desire to revise the Dasher Stock Agreement as provided for in this Amendment;

NOW THEREFORE, for and in consideration of the mutual covenants and provisions set forth herein, and for other good and valuable consideration, the receipt, sufficiency and mutuality of which are hereby acknowledged, Buyer and Sellers hereby agree as follows:

1. Except as otherwise defined herein, all capitalized terms used in this Amendment shall have the respective meanings ascribed thereto in the Dasher Stock Agreement.

2. Sellers hereby consent to the joint election by the Sellers and Buyer under Section 338(h)(10) of the Internal Revenue Code (the “IRS Election”). Sellers agree to execute such documents and instruments as Buyer may reasonably request to accomplish the IRS Election.

3. Buyer hereby covenants and agrees, at Buyer's sole cost and expense, that Buyer shall indemnify, protect and save Sellers, and each and every one of them, harmless from and against any and all Adverse Consequences of any kind or of any nature whatsoever which may at any time be imposed upon, incurred by or asserted or awarded against Sellers, or any one or more of them, in direct connection with or directly arising from or out of the IRS Election or Sellers' consent thereto (collectively, the "Indemnified Matters"), including but not limited to:

a. Taxes, interest, penalties and/or fees imposed by the Internal Revenue Service, the Kentucky Revenue Cabinet and any other taxing authority against Sellers, or any one or more of them, in connection with the IRS election; and

b. Taxes, interest, penalties and/or fees imposed by the Internal Revenue Service, the Kentucky Revenue Cabinet and any other taxing authority against Sellers, or any one or more of them, in connection with the performance of Buyer's obligations for the Indemnified Matters; and

c. Attorneys, accountants and experts fees and costs of investigations incurred in defending against and/or settling such Indemnified Matters and any amounts paid in settlement thereof, with legal counsel and experts to be selected by Buyer; and

d. Reasonable attorneys, accountants and experts fees incurred in connection with the negotiation and preparation of this Amendment.

Buyer's obligations for the Indemnified Matters and pursuant to the provisions of this Section (i) shall survive the termination or expiration of the Dasher Stock Agreement and the closing of the transactions contemplated therein, (ii) shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or the pursuit of any other remedies by Sellers against Buyer under the terms of the Dasher Stock Agreement, and (iii) shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or the pursuit of any other remedies by the Buyer against the Sellers under the terms of the Dasher Stock Agreement. The Buyer shall wire transfer immediately available funds totaling Two Hundred and Sixty-Five Thousand Dollars ($265,000) (the "Estimated Payment") to Sellers not later than September 15, 2004, which sum represents a preliminary estimate of the total amount which Buyer will owe to Sellers for the Indemnified Matters. Buyer and Sellers each hereby acknowledge that the Estimated Payment shall not be construed as liquidated damages nor final payment for the Indemnified Matters, nor shall the Estimated Payment limit in any way Buyer's obligations for the Indemnified Matters pursuant to this Amendment. After the IRS Election is made, no later than June 30, 2005, a declaration of actual cost to the Sellers for the Indemnified Matters through April 30, 2005 shall be made to the Buyer requesting additional payments for actual costs in excess of the Estimated Payment or returning the amount by which the Estimated Payment exceeds the actual costs of the Indemnified Matters through April 30, 2005. Supporting documentation must accompany the declaration. The Buyer and Sellers agree that the declaration of actual costs to Sellers through April 30, 2005 does not in any way limit the obligation of the Buyer for the Indemnified Matters.

4. The definition of "Revenues" as set forth in Section 1 of the Dasher Stock Agreement is deleted and the following is hereby inserted in lieu thereof:

> "Revenues" means all existing and future revenues of Dasher Express; plus all existing and future revenues of Express-1; plus all revenue generated by after acquired entities that handle expedite business; plus all revenue from expedites handled through the central call center operations from Buyer's network of terminals. For the year ended December 31, 2004, "Revenues" shall also include all revenues of Express-1 prior to its closing date.

5. For purposes of this Amendment and the Dasher Stock Agreement, "Change in Control" of the Buyer shall mean a change in control (a) as set forth in Section 280G of the Internal Revenue Code or (b) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as: (i) any "person", other than the Sellers, (as such term is used in Section 13(d) and 14(d) of the Exchange Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Buyer representing fifty percent (50%) or more of the combined voting power of the Buyer's outstanding securities then having the right to vote at elections of directors; or (ii) there is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Buyer to the Board of Directors; or (iii) the individuals who at the commencement date of the Dasher Stock Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, or each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Dasher Stock Agreement; or (iv) the business of Dasher Express is disposed of by the Buyer pursuant to a partial or complete liquidation of the Buyer, a sale of assets (including stock of a subsidiary of the Buyer) or otherwise.

6. For purposes of this Amendment and the Dasher Stock Agreement, "Gross Profit Margins" means the Net Revenues minus cost of goods sold as determined by GAAP accounting methods.

7. For purposes of this Amendment and the Dasher Stock Agreement, "Net Revenues" means Revenue less returns, allowances, and cash discounts taken by customers.

8. Section 2(b)(iii) of the Dasher Stock Agreement is hereby deleted in its entirety, and the following is inserted in lieu thereof:

(iii) An Annual Payment Amount for each of calendar years 2004 through 2007 (a "Year"), to be determined as follows:

(A) Each Year shall have an established Revenue and Gross Profit threshold (respectively the "Revenue Benchmark" and "Gross Profit Margins" for such Year). The Revenue Benchmarks and Gross Profit Margins for each Year are as follows:

Year Ended	Revenue Benchmark	Gross Profit Margins
12/31/2004	$19,000,000	NA
12/31/2005	$22,000,000	15%
12/31/2006	$26,000,000	15%
12/31/2007	$30,000,000	15%

As shown above, with respect to a Year (except the Year ending 12/31/2004, where only the Revenue Benchmark shall apply) where Revenue equals or exceeds both the Revenue Benchmark and the Gross Profit Margins for such Year, the Buyer shall pay to the Sellers for such Year an Annual Payment Amount of Two Hundred Ten Thousand Dollars ($210,000) (or immediately available funds or in Buyer's Shares as detailed in subsection (C) hereof).

(B) Not later than 45 days after the end of each year through 2008, Buyer shall (i) review Dasher Express and Express-1's combined financial performance for the prior year, (ii) shall compile calculations setting forth in sufficient detail Dasher Express and Express-1's combined Revenues for the prior year, and any resulting Annual Payment Amount due as a result thereof (an "APA Report"), and (iii) shall deliver the APA Report to Sellers. Sellers shall have 15 days after the date of mailing (the "APA Objection Period") to provide Buyer, in writing, with any objections Sellers shall have to the calculations set forth in the APA Report ("APA Objections"). In the event Buyer has not received any such APA Objections within the APA Objection Period, the APA Report shall be considered final and conclusive, and any Annual Payment Amount due thereunder shall be paid by Buyer to Sellers within 15 days after the expiration of the APA Objection Period. In the event Buyer receives one or more APA Objections within the APA Objection Period, the Parties hereto shall collectively agree upon an outside, independent accounting firm which shall then be engaged to compile the information required to be included in the APA Report. Once completed, the APA Report compiled by the outside independent accounting firm shall be conclusive, and any Annual Payment Amount due thereunder shall be paid by Buyer to Sellers within 15 days of the date thereof. Any costs associated with the engagement of an outside independent accounting firm shall be shared equally by the Parties.

(C) Each Annual Payment Amount shall be paid, at the Sellers' option, in either immediately available funds or in Buyer Shares that will be registered for sale within 90 days of Sellers notification of intent to have payment made in Buyer Shares. If the Sellers chose to have the payment made in Buyers Shares, the value used for determining the number of shares issued will be the average market price per share determined by a weighted average of the closing price of the stock over the ten trading days ending March 15 immediately following the Benchmark Year.

(D) Sellers shall have the right at any time and from time to time during normal business hours at their sole cost and expense to personally examine or to have agents appointed by them to examine the books and records of Dasher Express, Express-1, and Buyer's Affiliated Group to verify the correctness of the computation of Revenues.

(E) In the event one or more of the Annual Payment Amounts is not earned as a result of a failure to meet the Benchmark for any such Year as set forth above, and Revenue in the amount of $30,000,000 is achieved for the fiscal year ending December 31, 2008, then, and in that event, Buyer shall pay to Sellers any Annual Payment Amounts not previously earned.

(F) In the event of a "Change of Control" prior to fiscal year ending December 31, 2008, all Annual Payment Amounts will be considered earned and the Buyer shall pay to the Sellers all remaining Annual Payment Amounts within 180 days after the event.

(G) In the event Buyer terminates the employment of 3 or more of the Express-1 Sellers without cause as defined in each Express-1 Seller's employment agreement, all Annual Payment Amounts due to Sellers will be considered earned and the Buyer shall pay to the Sellers all remaining Annual Payments Amounts within 180 days after the event.

(H) In the event Buyer terminates the employment of both the Sellers without cause as defined in the Employment Agreements, all Annual Payment Amounts due to Sellers will be considered earned and the Buyer shall pay to the Sellers all remaining Annual Payments Amounts within 180 days after the event.

(I) On the date of this agreement the Sellers will be granted two hundred and eighty thousand (280,000) common stock purchase warrants, with an exercise price of $1.75, exercisable as follows:

Number of Warrants	**Exercise Period**
70,000	May 15, 2005 to June 15 2005
70,000	May 15, 2006 to June 15 2006
70,000	May 15, 2007 to June 15 2007
70,000	May 15, 2008 to June 15 2008

In the event of a conflict between the terms of this Amendment and the terms of the Dasher Stock Agreement, the terms of this Amendment shall apply. Except as expressly modified by this Amendment, all remaining provisions of the Dasher Stock Agreement are hereby ratified and confirmed and shall remain in full force and effect. Buyer and Sellers confirm that the Revenue Benchmark for the period ending December 31, 2004 has been reached and satisfied as of the date of this Amendment.

IN WITNESS WHEREOF, this Amendment to Stock Purchase Agreement has been executed by the undersigned as of the date first written above.

BUYER:

SEGMENTZ, INC., a Delaware corporation

By: /s/ Andrew J. Norstrud

Andrew Norstrud, CFO

SELLERS:

/s/ Brad Kelly

BRAD KELLEY

/s/ Jeff Wiseman

JEFF WISEMAN

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of the 12th day of July, 2004 and will be effective as of the 12th day of July, 2004 (the "Effective Date"), between Segmentz, Inc., a Florida corporation, whose principal place of business is 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 (the "Company") and Andrew Norstrud, an individual whose address is Tampa, Florida 33615 (the "Executive"). This agreement supersedes any and all previous employment agreements as of the effective date.

RECITALS

A. The Company is a Delaware corporation and is principally engaged in the business of Third Party Logistics (the "Business").

B. The Executive has extensive experience in financial management and financial management, accounting and SEC reporting.

C. The Company desires to employ the Executive and the Executive desires to be employed by the Company.

D. The parties agree that a covenant not to compete is essential to the growth and stability of the Business of the Company.

NOW, THEREFORE, in consideration of the mutual agreements herein made, the Company and the Executive do hereby agree as follows:

1. Recitals. The above recitals are true, correct, and are herein incorporated by reference.

2. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

3. Authority and Power During Employment Period.

a. Duties and Responsibilities. During the term of this Agreement, the Executive shall serve as the Chief Financial Officer for the Company and shall have general executive operating supervision over the accounting and information technology departments of the Company, its subsidiaries and divisions, subject to the guidelines and direction of the Board of Directors of the Company.

b. Time Devoted. Throughout the term of the Agreement, the Executive shall devote most of the Executive's business time and attention to the business and affairs of the Company consistent with the Executive's position with the Company.

4. Term. The Term of employment hereunder will commence on the date as set forth above and terminate five (5) years from the Effective Date, and such term shall automatically be extended for a one (1) year term thereafter at the request of the Company. For purposes of this Agreement, the Term (the "Term") shall include the initial term and all renewals thereof.

5. Compensation and Benefits.

a. Salary. The Executive shall be paid a base salary (the "Base Salary") at an annual rate of One Hundred and Twenty-Five Thousand Dollars ($125,000) beginning at the Effective Date of this Agreement for the first year and an increase in base salary of between Seven Thousand Five Hundred Dollars and Fifteen Thousand Dollars ($7,500 to $15,000) each year. The range of the raise will be at the discretion of the compensation committee. In addition the Executive will receive a car allowance of $600.00 per month during the term of this agreement

b. Performance Based Bonus. As additional compensation, the Executive shall be entitled to receive a bonus ("Bonus") for each fiscal year during the Term of the Executive's employment by the Company in an amount determined by the compensation committee and paid in either stock, stock options and or cash.

c. Options. On July 12, the Employee shall be granted cashless options to purchase 150,000 shares at $1.45 per share, which shall vest proportionately over a two-year period and will be exercisable for five (5) years. In addition options will be issued to the employee as approved by the compensation committee each year.

d. Executive Benefits. The Executive shall be entitled to participate in benefit programs of the Company currently existing or hereafter made available to comparable executives, including, but not limited to, group life insurance and health insurance.

e. Vacation. During each fiscal year of the Company, the Executive shall be entitled to four (4) weeks paid-time-off per year as defined in the Company's employee handbook.

f. Business Expense Reimbursement. During the Term of employment, the Executive shall be entitled to receive proper reimbursement for all reasonable, out-of-pocket expenses incurred by the Executive (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder, provided the Executive properly accounts therefore.

6. Consequences of Termination of Employment.

a. Death. In the event of the death of the Executive during the Term, salary and earned bonus shall be paid to the Executive's designated beneficiary, or, in the absence of such designation, to the estate or other legal representative of the Executive until the date of death. Other death benefits will be determined in accordance with the terms of the Company's benefit programs and plans.

b. Disability.

(1) In the event of the Executive's disability, as hereinafter defined, the Executive shall be entitled to compensation in accordance with the Company's disability compensation practice for senior executives, including any separate arrangement or policy covering the Executive, but in all events the Executive shall continue to receive the Executive's salary for a period, at the annual rate in effect immediately prior to the commencement of disability, of five (5) days from the date on which the disability has been deemed to occur as hereinafter provided below. Any amounts provided for in this Section 6(b) shall be offset by other long-term disability benefits provided to the Executive by the Company.

(2) "Disability," for the purposes of this Agreement, shall be deemed to have occurred in the event (A) the Executive is unable by reason of sickness or accident to perform the Executive's duties under this Agreement for an aggregate of 30 days in any twelve-month period or (B) the Executive has a guardian of the person or estate appointed by a court of competent jurisdiction. Termination due to disability shall be deemed to have occurred upon the first day of the month following the determination of disability as defined in the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of employment hereunder due to disability as provided in the preceding paragraph, the Executive becomes reemployed, whether as an Executive or a consultant to the Company, any salary, annual incentive payments or other benefits earned by the Executive from such reemployment shall offset any salary continuation due to the Executive hereunder commencing with the date of re-employment.

c. Termination by the Company for Cause.

(1) Nothing herein shall prevent the Company from terminating Employment for "Cause," as hereinafter defined. The Executive shall continue to receive salary only for the period ending twenty (20) days after the date of such termination plus any accrued Bonus through such date of termination. Any rights and benefits the Executive may have in respect of any other compensation shall be determined in accordance with the terms of such other compensation arrangements or such plans or programs.

(2) “Cause” shall mean and include those actions or events specified below in subsections (A) through (G) to the extent the same occur, or the events constituting the same take place, subsequent to the date of execution of this Agreement: (A) Committing or participating in an injurious act of fraud, gross neglect or embezzlement against the Company; (B) committing or participating in any other injurious act or omission in a manner which was negligent against the Company, monetarily or otherwise; (C) engaging in a criminal enterprise involving moral turpitude; (D) conviction of an act or acts constituting a felony under the laws of the United States or any state thereof; (E) any assignment of this Agreement by the Executive in violation of Section 14 of this Agreement; (F) failure to discharge duties under this Agreement; (G) failure to reorganize accounting department or reduce overhead; or (H) general failure to satisfy Board of Directors or President as to performance of duties. No actions, events or circumstances occurring or taking place at any time prior to the date of this Agreement shall in any event constitute or provide any basis for any termination of this Agreement for Cause;

(3) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination stating that the Executive committed one of the types of conduct set forth in this Section 6(c) contained in this Agreement and specifying the particulars thereof and the Executive shall be given a ten (10) day period to cure such conduct, if possible.

d. Termination by the Company Other than for Cause. The foregoing notwithstanding, the Company may terminate the Executive’s employment for whatever reason it deems appropriate; provided, however, that in the event such termination is not based on Cause, as provided in Section 6(c) above, the Company may terminate this Agreement upon giving three (3) months’ prior written notice. During such three (3) month period, the Executive shall continue to perform the Executive’s duties pursuant to this Agreement, and the Company shall continue to compensate the Executive in accordance with this Agreement. After the three (3) month the company will continue to pay the Executive his salary for the lesser of twelve (12) months or the remainder of this agreement. All granted options vest immediately upon termination other than cause.

e. Voluntary Termination. In the event the Executive terminates the Executive’s employment on the Executive’s own volition (except as provided in Section 6(f) and/or Section 6(g)) prior to the expiration of the Term of this Agreement, including any renewals thereof, Executive shall be limited to salary, vested options and earned bonus to date of voluntary termination. The Executive will be expected to give ample notice of termination to allow the company a transition period to the new executive.

f. Termination Following a Change of Control.

(1) In the event that a “Change in Control” of the Company shall occur at any time during the Term hereof, the Executive shall have the right to terminate the Executive’s employment under this Agreement upon thirty (30) days written notice given at any time within one year after the occurrence of such event, and such termination of the Executive’s employment with the Company pursuant to this Section 6(g)(1), and, in any such event, Executive shall be entitled to (A) vesting of all options; and (B) payment of remaining salary and benefits for the greater of the Term of contract at salary or one year.

(2) For purposes of this Agreement, a “Change in Control” of the Company shall mean a change in control (A) as set forth in Section 280G of the Internal Revenue Code or (B) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as:

(A) any “person”, other than the Executive, (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s outstanding securities then having the right to vote at elections of directors; or,

(B) There is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Company to the Board of Directors; or

(C) The individuals who at the commencement date of the Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, of each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Agreement; or

(D) the business of the Company for which the Executive’s services are principally performed is disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary of the Company) or otherwise.

Anything herein to the contrary notwithstanding, this Section 6(g)(2) will not apply where the Executive gives the Executive's explicit written waiver stating that for the purposes of this Section 6(g)(2) a Change in Control shall not be deemed to have occurred. The Executive's participation in any negotiations or other matters in relation to a Change in Control shall in no way constitute such a waiver which can only be given by an explicit written waiver as provided in the preceding sentence.

g. Change of Primary Administrative Location. If the Company determines that for the Executive to effectively perform his duties the Executive must relocate to a location more than 50 miles from 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 or require the CFO to travel from this location on average more than 15 days per month, the Company can continue to keep this employment contract in force by increasing the Executives current salary by 60% and giving the executive a one time travel expense allotment of $10,000. Once this increase has occurred, all commuting expenses to and from the new primary administrative location will be the responsibility of the Executive, if the Executive elects to not change the location of his personal residence. If the company chooses not to increase the Executive's salary it will be considered a termination by the company for other than cause, under 6 (d).

7. Covenant Not to Compete and Non-Disclosure of Information.

a. Covenant Not to Compete. The Executive acknowledges and recognizes the highly competitive nature of the Company's business and the goodwill, continued patronage, and specifically the names and addresses of the Company's Clients (as hereinafter defined) constitute a substantial asset of the Company having been acquired through considerable time, money and effort. Accordingly, in consideration of the execution of this Agreement, in the event the Executive's employment is terminated by reason of disability pursuant to Section 6(b) or for Cause pursuant to Section 6(c), then the Executive agrees to the following:

(1) That during the Restricted Period (as hereinafter defined) and within the Restricted Area (as hereinafter defined), the Executive will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined), whether as an officer, director, proprietor, employer, partner, independent contractor, investor (other than as a holder solely as an investment of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor or agent.

(2) That during the Restricted Period and within the Restricted Area, the Executive will not, directly or indirectly, compete with the Company by soliciting, inducing or influencing any of the Company's Clients which have a business relationship with the Company at the time during the Restricted Period to discontinue or reduce the extent of such relationship with the Company.

b. Non-Disclosure of Information. In the event Executive's employment has been terminated pursuant to either Section 6(b) or Section 6(c) hereof, Executive agrees that, during the Restricted Period, Executive will not use or disclose any Proprietary Information of the Company for the Executive's own purposes or for the benefit of any entity engaged in Competitive Business Activities. As used herein, the term "Proprietary Information" shall mean trade secrets or confidential proprietary information of the Company which are material to the conduct of the business of the Company. No information can be considered Proprietary Information unless the same is a unique process or method material to the conduct of Company's Business, or is a customer list or similar list of persons engaged in business activities with Company, or if the same is otherwise in the public domain or is required to be disclosed by order of any court or by reason of any statute, law, rule, regulation, ordinance or other governmental requirement. Executive further agrees that in the event his employment is terminated pursuant to Sections 6(b) or 6(c) above, all Documents in his possession at the time of his termination shall be returned to the Company at the Company's principal place of business.

c. Documents. "Documents" shall mean all original written, recorded, or graphic matters whatsoever, and any and all copies thereof, including, but not limited to: papers; books; records; tangible things; correspondence; communications; telex messages; memoranda; work-papers; reports; affidavits; statements; summaries; analyses; evaluations; client records and information; agreements; agendas; advertisements; instructions; charges; manuals; brochures; publications; directories; industry lists; schedules; price lists; client lists; statistical records; training manuals; computer printouts; books of account, records and invoices reflecting business operations; all things similar to any of the foregoing however denominated. In all cases where originals are not available, the term "Documents" shall also mean identical copies of original documents or non-identical copies thereof.

d. Company's Clients. The "Company's Clients" shall be deemed to be any partnerships, corporations, professional associations or other business organizations for whom the Company has performed Business Activities.

e. Restrictive Period. The "Restrictive Period" shall be deemed to be twelve (12) months following termination of this Agreement pursuant to Sections 6(b) or 6(c) of this Agreement.

f. Competitive Business Activities. The term "Competitive Business Activities" as used herein shall be deemed to mean the Business.

g. Covenants as Essential Elements of this Agreement. It is understood by and between the parties hereto that the foregoing covenants contained in Sections 7(a) and (b) are essential elements of this Agreement, and that but for the agreement by the Executive to comply with such covenants, the Company would not have agreed to enter into this Agreement. Such covenants by the Executive shall be construed to be agreements independent of any other provisions of this Agreement. The existence of any other claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of such covenants against the Executive.

h. Survival After Termination of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the covenants in Sections 7(a) and (b) shall survive the termination of this Agreement and the Executive's employment with the Company.

i. Remedies.

(1) The Executive acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of Section 7(a) or (b) herein would be inadequate and a breach thereof will cause irreparable harm to the Company. In recognition of this fact, in the event of a breach by the Executive of any of the provisions of Section 7(a) or (b), the Executive agrees that, in addition to any remedy at law available to the Company, including, but not limited to monetary damages, all rights of the Executive to payment or otherwise under this Agreement and all amounts then or thereafter due to the Executive from the Company under this Agreement may be terminated and the Company, without posting any bond, shall be entitled to obtain, and the Executive agrees not to oppose the Company's request for equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Company.

(2) The Executive acknowledges that the granting of a temporary injunction, temporary restraining order or permanent injunction merely prohibiting the use of Proprietary Information would not be an adequate remedy upon breach or threatened breach of Section 7(a) or (b) and consequently agrees, upon proof of any such breach, to the granting of injunctive relief prohibiting any form of competition with the Company. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach.

8. Indemnification.

a. The Executive shall continue to be covered by the Articles of Incorporation and/or the Bylaws of the Company with respect to matters occurring on or prior to the date of termination of the Executive's employment with the Company, subject to all the provisions of Florida and Federal law and the Articles of Incorporation and Bylaws of the Company then in effect. Such reasonable expenses, including attorneys' fees that may be covered by the Articles of Incorporation and/or Bylaws of the Company shall be paid by the Company on a current basis in accordance with such provision, the Company's Articles of Incorporation and Florida law. To the extent that any such payments by the Company pursuant to the Company's Articles of Incorporation and/or Bylaws may be subject to repayment by the Executive pursuant to the provisions of the Company's Articles of Incorporation or Bylaws, or pursuant to Florida or Federal law, such repayment shall be due and payable by the Executive to the Company within twelve (12) months after the termination of all proceedings, if any, which relate to such repayment and to the Company's affairs for the period prior to the date of termination of the Executive's employment with the Company and as to which Executive has been covered by such applicable provisions.

b. The Company specifically acknowledges and agrees that the Executive has personally guaranteed certain obligations on behalf of the Company and further that the Executive is personally liable for certain obligations of the Company. The Company shall indemnify and hold the Executive harmless from any and all obligations that the Executive may incur, including, without limitation, costs and attorneys fees in connection with such guaranties or personal liabilities. Any costs or expenses that may be incurred by the Executive in connection with such liabilities or guaranties shall be reimbursed to the Executive, upon receipt by the Company of documented evidence of such liabilities, within three (3) business days of the receipt of such documented evidence.

9. Withholding. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, the Company may accept other arrangements pursuant to which it is satisfied that such tax and other payroll obligations will be satisfied in a manner complying with applicable law or regulation.

10. Notices. Any notice required or permitted to be given under the terms of this Agreement shall be sufficient if in writing and if sent postage prepaid by registered or certified mail, return receipt requested; by overnight delivery; by courier; or by confirmed telecopy, in the case of the Executive to the Executive's last place of business or residence as shown on the records of the Company, or in the case of the Company to its principal office as set forth in the first paragraph of this Agreement, or at such other place as it may designate.

11. Waiver. Unless agreed in writing, the failure of either party, at any time, to require performance by the other of any provisions hereunder shall not affect its right thereafter to enforce the same, nor shall a waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other preceding or succeeding breach of any term or provision of this Agreement. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12. Completeness and Modification. This Agreement constitutes the entire understanding between the parties hereto superseding all prior and contemporaneous agreements or understandings among the parties hereto concerning the Employment Agreement. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party to be charged.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement.

14. Binding Effect/Assignment. This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns. This Agreement shall not be assignable by the Executive but shall be assignable by the Company in connection with the sale, transfer or other disposition of its business or to any of the Company's affiliates controlled by or under common control with the Company.

15. Governing Law. This Agreement shall become valid when executed and accepted by Company. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida. Anything in this Agreement to the contrary notwithstanding, the Executive shall conduct the Executive's business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the Executive is located.

16. Further Assurances. All parties hereto shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purposes of this Agreement.

17. Headings. The headings of the sections are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. Survival. Any termination of this Agreement shall not, however, affect the ongoing provisions of this Agreement which shall survive such termination in accordance with their terms.

19. Severability. The invalidity or unenforceability, in whole or in part, of any covenant, promise or undertaking, or any section, subsection, paragraph, sentence, clause, phrase or word or of any provision of this Agreement shall not affect the validity or enforceability of the remaining portions thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs.

21. Venue. Company and Employee acknowledge and agree that the 13th Judicial Circuit (or its successor) in and for Hillsborough County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement and the parties further

agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

22. Construction. This Agreement shall be construed within the fair meaning of each of its terms and not against the party drafting the document.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS ENTIRE AGREEMENT, HAS HAD THE OPPORTUNITY TO DISCUSS THIS WITH HIS COUNSEL AND FURTHER ACKNOWLEDGES THAT HE UNDERSTANDS THE RESTRICTIONS, TERMS AND CONDITIONS IMPOSED UPON THE EXECUTIVE BY THIS AGREEMENT AND UNDERSTANDS THAT THESE RESTRICTIONS, TERMS AND CONDITIONS MAY BE BINDING UPON THE EXECUTIVE DURING AND AFTER TERMINATION OF THE EMPLOYMENT OF THE EXECUTIVE.

IN WITNESS WHEREOF, the parties have executed this Agreement as of date set forth in the first paragraph of this Agreement.

Witness:	The Company:
	SEGMENTZ, INC.
______________________	By: /s/ Allan Marshall
	Allan Marshall Chief Executive Officer
Witness:	The Executive
______________________	/s/ Andrew J. Norstrud
	Andrew J. Norstrud Chief Financial Officer

CERTIFICATIONS*

I, Allan J. Marshall, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Segmentz, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 10, 2004

/s/ Allan J. Marshall

Chief Executive Officer

EXHIBIT 31.2

I, Andrew J. Norstrud, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Segmentz, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 10, 2004

/s/ Andrew J. Norstrud

Chief Financial Officer

EXHIBIT 32.1

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350
as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Executive Officer of Segmentz, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-QSB of the Company for the quarter ended September 30 2004, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2004

By: /s/ Allan J. Marshall

Chief Executive Officer

EXHIBIT 32.2

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350
as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Financial Officer of Segmentz, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-QSB of the Company for the quarter ended September 30 2004, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2004

By: /s/ Andrew J. Norstrud

Chief Financial Officer