

QUEST DIAGNOSTICS INC
Form 10-Q
April 24, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013
Commission file number 001-12215

Quest Diagnostics Incorporated

Three Giralda Farms
Madison, NJ 07940
(973) 520-2700

Delaware
(State of Incorporation)

16-1387862
(I.R.S. Employer Identification Number)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

As of April 19, 2013, there were outstanding 158,029,409 shares of the registrant’s common stock, \$.01 par value.

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QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2013	2012
Net revenues	\$1,786,647	\$1,908,697
Operating costs and expenses:		
Cost of services	1,091,834	1,109,164
Selling, general and administrative	447,869	483,252
Amortization of intangible assets	19,284	18,825
Other operating expense (income), net	666	(363)
Total operating costs and expenses	1,559,653	1,610,878
Operating income	226,994	297,819
Other income (expense):		
Interest expense, net	(39,865)	(42,102)
Equity earnings in unconsolidated joint ventures	6,146	7,609
Other income, net	3,391	4,756
Total non-operating expenses, net	(30,328)	(29,737)
Income from continuing operations before taxes	196,666	268,082
Income tax expense	73,337	102,562
Income from continuing operations	123,329	165,520
Income from discontinued operations, net of taxes	20,288	2,995
Net income	143,617	168,515
Less: Net income attributable to noncontrolling interests	7,838	9,397
Net income attributable to Quest Diagnostics	\$135,779	\$159,118
Amounts attributable to Quest Diagnostics' stockholders:		
Income from continuing operations	\$115,491	\$156,123
Income from discontinued operations, net of taxes	20,288	2,995
Net income	\$135,779	\$159,118
Earnings per share attributable to Quest Diagnostics' common stockholders - basic:		
Income from continuing operations	\$0.73	\$0.98
Income from discontinued operations	0.13	0.02
Net income	\$0.86	\$1.00
Earnings per share attributable to Quest Diagnostics' common stockholders - diluted:		
Income from continuing operations	\$0.72	\$0.97
Income from discontinued operations	0.13	0.02

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Net income	\$0.85	\$0.99
Weighted average common shares outstanding:		
Basic	158,098	158,293
Diluted	159,406	159,706
Dividends per common share	\$0.30	\$0.17

The accompanying notes are an integral part of these statements.

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QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(unaudited)

(in thousands)

	Three Months Ended March 31,	
	2013	2012
Net income	\$143,617	\$168,515
Other comprehensive income (loss):		
Currency translation	(4,387) 18,216
Market valuation, net of tax	(58) 201
Net deferred loss on cash flow hedges, net of tax	210	210
Other	10	—
Other comprehensive income (loss)	(4,225) 18,627
Comprehensive income	139,392	187,142
Less: Comprehensive income attributable to noncontrolling interests	7,838	9,397
Comprehensive income attributable to Quest Diagnostics	\$131,554	\$177,745
The accompanying notes are an integral part of these statements.		

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QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2013 AND DECEMBER 31, 2012

(in thousands, except per share data)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$133,603	\$ 295,586
Accounts receivable, net of allowance for doubtful accounts of \$238,574 and \$235,747 at March 31, 2013 and December 31, 2012, respectively	929,966	867,010
Inventories	89,817	<p>of regulatory activity in the intermodal segment could potentially affect the Company and</p> <p>its suppliers and customers. Future laws and regulations may be more stringent and</p> <p>require changes in operating practices, influence the demand for transportation services</p> <p>or require the outlay of significant additional costs. Additional expenditures incurred</p> <p>by the Company, or by its suppliers, who would pass the costs onto the Company through</p> <p>higher prices, would adversely affect the Company's results of operation.</p> <p>If the Company expands its services internationally, the Company may become subject</p> <p>to international economic and political risks. Doing business outside the United States</p> <p>subjects the Company to various risks, including changing economic and political conditions,</p> <p>major work stoppages, exchange controls, currency fluctuations,</p>

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armed conflicts and

unexpected changes in United States and foreign laws relating to tariffs, trade

restrictions, transportation regulations, foreign investments and taxation. Significant

expansion in foreign countries will expose the Company to increased risk of loss from

foreign currency fluctuations and exchange controls as well as longer accounts receivable

payment cycles. The Company has no control over most of these risks and may be unable

to anticipate changes in international economic and political conditions and, therefore,

unable to alter business practices in time to avoid the adverse effect of any of these changes.

If the Company fails to comply with or lose any required licenses, governmental

regulators could assess penalties or issue a cease and desist order against the Company's

operations that are not in compliance.

There are newly adopted and pending laws regarding transportation, whether by air,

sea, freight or rail, which may have an effect on the Company. At this time, the Company

cannot ascertain the full effects of such laws. Internet Regulation - Few laws or regulations

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are currently directly applicable to the Company's access to the Internet or conducting

business on the Internet. However, because of the Internet's popularity and increasing use,

new laws and regulations may be adopted. Such laws and regulations may cover issues such

as: user privacy, pricing, content, copyrights, distribution, and characteristics and

quality of products and services.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

The Company has developed Broker/Agent and internal Company software that

enables the management, analysis and deployment of transportation and logistics solutions

over Internet connections or via secure dial in access. The Company maintains all rights

to the code, concepts and visual appearance of this software and is in the process of

cataloguing the unique features of these software products, with the intention of

filing for patent or copyright protection. However, the Company has not filed for

any patents, copyrights or trademarks. The Company name has not been federally

trademarked.

REPORTS TO SECURITY HOLDERS

The Company does not currently intend to voluntarily send an annual report to its

security holders of record.

ADDITIONAL INFORMATION

Statements contained in this Annual Report regarding the contents of any contract

or any other document are not necessarily complete and, in each instance, reference is

hereby made to the copy of such contract or other document filed as an exhibit to

the registration statement or herewith. The Company is subject to the informational

requirements of the Securities Exchange Act of 1934 and, consequently, will be required

to file annual and quarterly reports, proxy statements and other information with the SEC.

This information, including exhibits, may be inspected without charge at the SEC's

principal office in Washington, D.C., and copies of all or any part thereof may be obtained

from the Public Reference Section, Securities and Exchange Commission, 450 Fifth Street,

NW, Washington, D.C. 20549 upon payment of the prescribed fees. You may obtain information

on the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330. The SEC

maintains a Website that contains reports, proxy and information statements and other

information regarding registrants that file electronically with it. The address of

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the SEC's Website is
<http://www.sec.gov>.

RISK FACTORS

Purchase of the Company's
Shares involves significant risk.
An

investment should be made only
after careful consideration of the
significant

risk factors set forth below as
well as information set forth
elsewhere in this

Form 10-SB and should be
undertaken only for long-term
investment purposes by

persons who can afford to sustain
a loss of their entire investment.
In addition

to considerations bearing on their
individual financial positions and
the

factors set forth elsewhere
herein, prospective purchasers
should consider the

following:

RISKS ASSOCIATED WITH THE BUSINESS

The Company's business is
dependent upon a number of factors
beyond its

control that may have a material
adverse effect on the business.
These factors

include excess capacity in the
trucking industry and significant
increases or

rapid fluctuations in fuel prices,
interest rates, fuel taxes,
government

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regulations, governmental and law enforcement anti-terrorism actions, tolls,

license and registration fees and insurance premiums. It is difficult at times

to attract and retain qualified drivers and owner-operators. Operations also are

affected by recessionary economic cycles and downturns in the Company's

customers' business cycles, particularly in market segments and industries (such

as retail and paper products) in which the Company has a significant

concentration of customers. Seasonal factors could also adversely affect the

Company. Customers tend to reduce shipments after the winter holiday season and

operating expenses tend to be higher in the winter months primarily due to

increased operating costs in colder weather and higher fuel consumption due to

increased idle time. Regional or nationwide fuel shortages could also have

adverse affects.

The trucking industry is dependent upon transportation equipment such

as chassis and containers and rail, truck and ocean services provided by

independent third parties. Periods of equipment shortages have occurred

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historically in the transportation industry, particularly in a strong economy.

If the Company cannot secure sufficient transportation equipment or

transportation services from these third parties to meet the customers' needs,

the business, results of operations and financial position could be materially

adversely affected and customers could seek to have their transportation and

logistics needs met by other third parties on a temporary or permanent basis.

The reliance on agents and independent contractors could reduce operating

control and the strength of relationships with customers, and the Company may

have trouble attracting and retaining agents and independent contractors.

Historically, sectors of the transportation industry have been cyclical

as a result of economic recession, customers' business cycles, increases in

prices charged by third-party carriers, interest rate fluctuations and other

economic factors over which the Company has no control. Increased operating

expenses incurred by third-party carriers can be expected to result in higher

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costs, and net revenues and income from operations could be materially adversely

affected if the Company was unable to pass through to the customers the full

amount of increased transportation costs. The Company has a large number of

customers in the automotive and consumer goods industries. If these customers

experience cyclical movements in their business activity, due to an economic

downturn, work stoppages or other factors over which the Company has no control,

the volume of freight shipped by those customers may decrease and operating

results could be adversely affected. Any unexpected reduction in revenues for a

particular quarter could cause the Company's quarterly operating results to be

below the expectations of public market analysts or investors. In this event,

the trading price of the Company's common stock may fall significantly. The

Company's significant debt levels may limit its flexibility in obtaining

additional financing and in pursuing other business opportunities.

If, for any reason, the Company's business of providing warehousing and

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logistic services ceases to be a preferred method of outsourcing these

functions, or if new technological methods become available and widely utilized,

the Company's business could be adversely affected.

Moreover, increasing consolidation among customers and the resulting

ability of such customers to utilize their size to negotiate lower outsourcing

costs has and may continue in the future to have a depressing effect on the

pricing of third-party logistic services.

THE COMPANY MAY FACE INTERRUPTION OF BUSINESS DUE TO INCREASED SECURITY MEASURES

IN RESPONSE TO TERRORISM

Terrorist attacks in New York and Washington, D.C. on September 11,

2001 have disrupted commerce throughout the United States. The continued threat

of terrorism within the United States and the ongoing military action and

heightened security measures in response to such threat may cause significant

disruption to commerce. The Company's business depends on the free flow of

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products and services through these channels of commerce. Recently, in response

to terrorists' activities and threats aimed at the United States, transportation

and other services have been slowed or stopped altogether. Further delays or

stoppages in transportation or other services could have a material adverse

effect on the Company's business, results of operations and financial condition.

Furthermore, the Company may experience an increase in operating costs, such as

costs for transportation, insurance and security as a result of the activities

and potential activities. The Company may also face interruption of services due

to increased security measures in response to terrorism. The Company may also

experience delays in receiving payments from payers that have been affected by

the terrorist activities and potential activities. The U.S. economy in general

is being adversely affected by the terrorist activities and potential activities

and any economic downturn could adversely impact our results of operations,

impair our ability to raise capital or otherwise adversely affect our ability to

grow our business.

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It is impossible to predict how this may affect our business or the

economy in the U.S. and in the world, generally. In the event of further threats

or acts of terrorism, the Company's business and operations may be severely

adversely affected or destroyed.

THE COMPANY MAY SUBSTANTIALLY ALTER ITS CURRENT BUSINESS AND REVENUE MODEL

The Company's current business and revenue model represents the current

view of the optimal business and revenue structure, i.e., to derive revenues and

achieve profitability in the shortest period of time. There can be no assurance

that current models will not be altered significantly or replaced with an

alternative model that is driven by motivations other than near-term revenues

and/or profitability (i.e. building market share before the Company's

competitors). Any such alteration or replacement of the business and revenue

model may ultimately result in the deferring of certain revenues in favor of

potentially establishing larger market share. The Company cannot assure that any

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adjustment or change in the business and revenue model will prove to be

successful.

NEED FOR SUBSTANTIAL ADDITIONAL FINANCING

The Company relies on factors to expedite cash flow. There is no assurance

that the Company will continue to be able to factor its receivable or to obtain,

either replacement or additional financing on acceptable terms.

The Company's continued viability depends on its ability to raise

capital. Changes in economic, regulatory or competitive conditions may lead to

cost increases. Management may also determine that it is in the best interest of

the Company to expand more rapidly than currently intended, to expand marketing

activities, to develop new or enhance existing services or products, to respond

to competitive pressures or to acquire complementary services, businesses or

technologies. In any such case or other change of circumstance, additional

financing will be necessary. If any additional financing is required, there can

be no assurances that the Company will be able to obtain such additional

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financing on terms acceptable to the Company and at times required by the

Company, if at all. In such event, the Company may be required to materially

alter its business plan or curtail all or a part of its expansion plans. Any

such additional financing may result in significant dilution to existing

stockholders or the issuance of securities with rights superior to those of the

existing Common Stock. In the event that the Company is unable to raise or

borrow additional funds, the Company may be required to curtail significantly

one or more of its marketing and/or development programs or seek additional

third-party funds by relinquishing the marketing, distribution, development or

other rights to the Company's products and services.

RISKS ASSOCIATED WITH MANAGEMENT

There are several risks associated with the management of the Company.

If the Company loses key personnel and qualified technical staff, the ability to

manage the day-to-day aspects of the business will be weakened.

The Company believes that the attraction and retention of qualified

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personnel is critical to success. If the Company loses key personnel or is

unable to recruit qualified personnel, the ability to manage the day-to-day

aspects of the business will be weakened. The Company's operations and prospects

depend in large part on the performance of the senior management team. The loss

of the services of one or more members of the senior management team, could have

a material adverse effect on the business, financial condition and results of

operation. You should be aware that the Company faces significant competition in

the attraction and retention of personnel who possess the skill sets that are

needed. Because the senior management team has unique experience with the

Company and within the transportation industry, it would be difficult to replace

them without adversely affecting the business operations. In addition to their

unique experience, the management team has fostered key relationships with the

Company's suppliers. Such relationships are especially important in an

increasingly non-asset based company such as Segmentz. Loss of these

relationships could have a material adverse effect on the Company's

profitability.

The Company's business is highly dependent upon the services of

Management, particularly Allan Marshall, Chief Executive Officer and Dennis

McCaffrey, Chief Operating Officer. The loss of the services of these members

of management could have a material adverse effect on the Company's operations

and future profitability.

RISK FACTORS RELATING TO THE COMMON STOCK

Allan Marshal and Christine Otten collectively own approximately 92% of the

outstanding common stock. As a result, they are able to control all matters

requiring stockholder approval, including the election of directors and the

approval of significant corporate transactions, such as acquisitions, and to

block an unsolicited tender offer. This concentration of ownership could delay,

defer or prevent a change in control of the Company or impede a merger,

consolidation, takeover or other business combination which a stockholder, may

otherwise view favorably.

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Provisions of the certificate of incorporation and bylaws may

discourage, delay or prevent a change in control of the Company that a

stockholder may consider favorable. These provisions could also discourage proxy

contests and make it more difficult for you and other shareholders to elect

directors and take other corporate actions.

The market price of the Company's common stock may be volatile, which

could cause the value of your investment to decline. Any of the following

factors could affect the market price of the Company's common stock:

- o changes in earnings estimates and outlook by financial analysts;

- o the Company's failure to meet financial analysts' and investors'

performance expectations;

- o changes in market valuations of other transportation and logistics

companies; and

- o general market and economic conditions.

In addition, many of the risks described elsewhere in this "Risk

Factors" section could materially and adversely affect the stock price. The

stock markets have experienced price and volume volatility that has affected

many companies' stock prices. Stock prices for many companies have experienced

wide fluctuations that have often been unrelated to the operating performance of

those companies. Fluctuations such as these may affect the market price of the

Company's common stock.

VOLATILITY OF STOCK PRICES

The Company's common stock is a new issue of securities for which there

is currently no trading market. Although the Company expects its common stock to

be quoted on the NASDAQ Over the Counter Market ("NASDAQ OTC"), an active

trading market for the Company's common stock may not develop or be sustained.

In the event that an established public market does develop for the

Company's shares, market prices will be influenced by many factors, and will be

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subject to significant fluctuation in response to variations in operating

results of the Company and other factors such as investor perceptions of the

Company, supply and demand, interest rates, general economic conditions and

those specific to the industry, international political conditions, development

with regard to the Company's activities, future financial condition and

management.

FUTURE SALES OF THE COMMON STOCK IN THE PUBLIC MARKET MAY DEPRESS THE

STOCK PRICE

The market price of the common stock could decline as a result of sales

by the Company's existing stockholders of a large number of shares of the common

stock. These sales might also make it more difficult for the Company to sell

additional equity securities at a time and price that the Company deems

appropriate.

APPLICABILITY OF LOW PRICED STOCK RISK DISCLOSURE REQUIREMENTS

The common stock of the Company may be considered a low priced security

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under rules promulgated under the Exchange Act. Under these rules,

broker-dealers participating in transactions in low priced securities must first

deliver a risk disclosure document which describes that risks associated with

such stock, the broker-dealer's duties, the customer's rights and remedies, and

certain market and other information, and make a suitability determination

approving the customer for low priced stock transactions based on customer's

financial situation, investment experience and objectives. Broker-dealers must

also disclose these restrictions in writing and provide monthly account

statements to the customer, and obtain specific written consent of the customer.

With these restrictions, the likely effect of designation as a low prices stock,

would be to decrease the willingness of broker-dealers to make a market for the

stock, to decrease the liquidity of the stock and increase the transaction cost

of sales and purchase of such stocks compared to other securities.

CONTROL BY PRESENT STOCKHOLDERS

The present stockholders own a majority of the outstanding common stock

of the Company. Since there are no cumulative voting rights under the

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Company's

Certificate of Incorporation, the present stockholders will remain in control of

the Company and will be able to elect all Directors of the Company and the

purchasers of the shares will not be able to elect any Directors of the Company

and they will have no input or decision making authority with respect to the

business decisions and policies of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following analysis of the financial condition of Trans-Logistics as

of March 31, 2002, and the results of operation for the fiscal year ended

December 31 2001, should be read in conjunction with the Financial

Statements of Trans-Logistics, Inc., including footnote disclosures, and it

should be understood that this discussion is qualified in its entirety by the

foregoing and other, more detailed financial information appearing elsewhere

herein. The Company acquired all outstanding capital stock of TRANSL Holdings on

October 29, 2001, which owns Trans-Logistics, Inc.

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Historical results of operations and the percentage relationships among

any amounts included in the Statement of Operations of Trans-Logistics and any

trends which may appear to be inferable there from, should not be taken as being

necessarily indicative of trends of operations or results of operations for any

future periods.

These and other statements, which are not historical facts, are based

largely on current expectations and assumptions of management and are subject to

a number of risks and uncertainties that could cause actual results to differ

materially from those contemplated by such forward-looking statements.

Assumptions and risks related to forward-looking statements, include

that we are pursuing a growth strategy that relies in part on the completion of

acquisitions of companies in the non-asset based logistics segment of the

transportation industry, as well as the integration of third party brokers and

agents into our back office, contact and support resources.

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Assumptions relating to forward-looking statements involve judgments

with respect to, among other things, future economic, competitive and market

conditions and future business decisions, all of which are difficult or

impossible to predict accurately and many of which are beyond our control. When

used in this Report, the words "estimates", "projects", and "expect"

and similar expressions are intended to identify forward-looking statements.

Although we believe that assumptions underlying the forward-looking

statements are reasonable, any of the assumptions could prove inaccurate and,

therefore, there can be no assurance that the results contemplated in the

forward-looking information will be realized.

Management decisions are subjective in many respects and susceptible to

interpretations and periodic revisions based on actual experience and business

developments, the impacts of which may cause us to alter our business strategy,

which may in turn, affect our results of operations. In light of the significant

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uncertainties inherent in the forward-looking information included herein, the

inclusion of such information should not be regarded as our representation that

statements contained in this Report speak only as of the date of this

Report, and we do not have any obligation to publicly update or revise

any of these forward-looking statements.

Such statements may include, but are not limited to, projections of

revenues, income, or loss, capital expenditures, plans for future operations,

financing needs or plans, the impact of inflation and plans relating to the

foregoing. Statements in the Company's Form 10-SB, including Notes to the

Financial Results of Operations, describe factors, among others, that could

contribute to or cause such differences.

DESCRIPTION OF BUSINESS

CURRENT BUSINESS

Segmentz, Inc. (the "Company"), a Delaware corporation, is a

Tampa, Florida based company that provides transportation logistics management

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services and support for mid-sized and national corporate clients. The

Company serves direct users of transport, storage, staging, warehouse services

and other logistics services.

The Company and its subsidiary Trans-Logistics, Inc., a

Florida corporation ("Trans-Logistics"), have principal executive offices

located at 18302 Highwoods Preserve Parkway, Suite 210, Tampa, Florida 33467.

The telephone number is (813) 989-2232. The internet web site addresses

are <http://www.trans-logistics.com> and <http://www.segmentz.com>

(<http://www.segmentz.net> The Company provides several niche services within

the industry more broadly known as the supply chain management industry,

including transportation logistics, management and delivery. (See "Description

of Business - Products and Services").

The Company serves direct users of transport, storage, staging,

warehouse service and other logistics services, as well as larger companies

that include Bax Global, Quebecor World Logistics, Inc. (Quebecor), and CH

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Robinson, Inc. The Company offers warehouse locations in two facilities

covering the east coast and is attempting to expand to offer smaller

satellite facilities to enable conduit and direct route trucking solutions

on a contracted, dedicated route basis to larger clients.

Results of Operations

For the year ended December 31, 2001 compared to the period ended December 31, 2000.

Revenues increased approximately \$8,096,598, or 2,184%, to approximately

\$8,467,230 for the year ended December 31, 2001 as compared to

approximately \$370,632 for the period ended December 31, 2000. This

increase was primarily due to (i) twelve complete months to realize

revenues in 2001, (ii) growth resulting from new client acquisition,

(iii) growth resulting from the acquisition of the assets of

Q Logistics, inc. (Q Logistics) from Bankruptcy (and clients

that elected to utilize the Company s services as a consequent) and

various expansion into related business lines.

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Costs of services provided, which consist primarily of payment for

trucking services, fuel, insurance, sales, marketing and general

and administrative support increased by approximately \$ 8,473,481,

or 2,389%, to approximately \$8,828,104 for the year ended December 31, 2001,

as compared to approximately \$354,623 for the period ended December 31, 2000.

As a percentage of revenues Trucking and transport related services of fuel,

insurance, sales and marketing are aggregated as cost of goods sold and

amounted to 88% of related revenues for the year ended December 31, 2001,

as compared to 92% for the period ended December 31, 2000, and general and

administrative expenses increased from 5% for the period ended

December 31, 2000 to 16% for the year ended December 31, 2001.

Gross margin increased by approximately \$922,092, or 2,602%, to

approximately \$957,518 for the year ended December 31, 2001, as compared

to approximately \$35,426 for the period ended December 31, 2000. This

increase is primarily attributable to having a full year of operations,

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increased sales and client base and efficiencies resulting from increased

size that reduces costs as a percentage of gross sales.

Selling, general and administrative expenses increased by approximately \$1,298,975 or 6,689%, to

approximately \$1,318,392 for the year ended December 31, 2001, up from approximately \$19,417 for the

period ended December 31, 2000. This increase was in large part due to: (i) increased facilities

cost to manage the acquisition of the assets of Q logistics; (ii) increased overhead costs resulting

from the period in which the company expanded personnel and facilities to support growth that was

to have resulted from the merger with LMRI, (iii) expansion of sales and business to facilitate

national transportation operations and support and (iv) due to the \$225,000 reserve against potential loss

booked against LMRI's current obligations to the Company.

The Company experienced a loss in investment value of \$78,999, booked

consequential to its settlement for expenses caused at the time of the

recission with Logistics Management Resources, Inc. (LMRI or LMR),

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resulting primarily from the value realized by the Company at the

time of sale of the securities tendered in that settlement and the

value of those securities at the time the Company received them,

as compared with no such losses in the prior fiscal period ended

December 31, 2000. (see Financial Statements Notes 2, 5 and 14)

For the period January 1, 2001 through July 1, 2001, the Company extended

credit to Huff Trucking Company (Huff), in connection with services rendered,

and to be rendered by Huff in connection with ongoing operations. Huff

Trucking Company is related to LMRI, a party to a failed merger transaction

with the Company in the 2001 calendar year. At the time of the rescission

agreement with LMRI, there remained a balance due and owing to the Company

of approximately \$265,000, such amounts not having been paid as of the fiscal

year ended December 31, 2001. The Company continues to collect balances due

under this agreement and realized approximately \$7,000 from clients who had

been back billed for services provided by the Company in which Huff had been

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advanced funds, expenses or had billed the Client directly without the consent

or authority of the Trans-Logistics. The Company booked a reserve of \$200,000

in connection with losses it believes it may occur. The Company intends to

vigorously pursue its remedies and collection efforts against Huff Trucking

Company

The Company experienced losses from continuing operations before provisions for

income taxes that approximated \$656,421 for the fiscal year ended December 31, 2001,

compared with income from continuing operations before provisions for income taxes

of approximately \$16,009 for the fiscal period ended December 31, 2000.

The Company operates tractors and trailers, which are owned by the Company or

provided by independent owner-operators, for clients that ship products throughout

North America. The Company has insurance and requisite authorities, licenses and

permits that enable it to haul various types of freight for third parties on an

as-needed basis. The Company recognizes revenues in this line of its business that

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are directly tied to the relationship between the Company, its customers and third

parties who, from time to time, may fulfill transportation requirements. When the

Company has a client and a load to ship and a third party trucking company provides

fulfillment for that load, the Company bills the client directly for the gross value

of trucking services. In cases where the Company refers a client to a third party

company who provides trucking services, the Company would act as a broker in such

transactions and would be paid by the fulfillment firm a commission. The Company

only reports income as such definitions apply and has provided trucking service

and brokered services throughout the past fiscal year.

For the period ended March 31, 2002 compared with the period ended March 31, 2001.

Revenues increased approximately \$444,691, or 26%, to approximately \$2,150,380

for the period ended March 31, 2002 as compared to approximately \$1,705,689 for the

period ended March 31, 2001. This increase was primarily due to (i) addition of the

warehouse segment of our business and; (ii) expansion of the business client base and

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services offered.

Costs of services provided, which consist primarily of payment for trucking services,

fuel, insurance, sales, marketing and general and administrative support increased by

approximately \$ 217,813, or 15%, to approximately \$1,665,177 for the period ended

March 31, 2002, as compared to approximately \$1,447,364 for the period ended March 31, 2001.

As a percentage of revenues Trucking and transport related services of fuel, insurance,

sales and marketing are aggregated as cost of goods sold and amounted to 77.44% of related

revenues for the period ended March 31, 2002, as compared to 85% for the period ended

March 31, 2001, and general and administrative expenses increased from 7% for the period

ended March 31, 2001 to 16% for the period ended March 31, 2002.

Gross margin increased by approximately \$227,218, or 88%, to approximately

\$485,203 for the period ended March 31, 2002, as compared to approximately \$258,325

for the period ended March 31, 2001. This increase is primarily attributable to

offering various services and building value added propositions that were more

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profitable, as well as to cost management and budgeting by management that resulted

in enhanced trends in gross profit margins.

Selling, general and administrative expenses increased by approximately \$247,741

or 217%, to approximately \$361,843 for the period ended March 31, 2002, up from

approximately \$114,102 for the period ended March 31, 2001. This increase was in

large part due to: (i) costs incurred as a result of being a public company;

- ii. increased size of administration associated with two segments of business and;
- iii. (iii) additional costs resulting from size increases.

Liquidity and Capital Resources

Cash and cash equivalents were approximately \$39,489 at December 31, 2001,

compared with \$1,709 at December 31, 2000. This increase of approximately \$37,780

was primarily a result of the Company increasing in size and having greater average

cash balances as a consequent of such growth. Cash and cash equivalents were

approximately 248,310 at March 31, 2002, compared with \$46,425 at March 31, 2001.

This increase of approximately \$201,885 was primarily a result of

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the Company's

enhanced cash management and
examination of payment and
collection cycles to increase

free cash flow and quick term
availability of cash.

During the fiscal year ended December 31, 2001, the Company entered into a factoring facility with Yankton Factors Inc. that provides for the sale of eligible receivables defined as those receivables due to the Company within ninety days from the invoicing date. The facility has a discount rate of 2.5% for up to 75 days of credit and is estimated to cost approximately prime rate plus eighteen percent (18%). The facility is currently unsecured and has outstanding balances of approximately \$1.5 million as of December 31, 2001.

The Company has subsequently entered into a factoring facility with Riviera (Riviera) that provides for 80% advance against receivables at one percent (1%) per ten (10) days, which is intended to provide an enhancement for large credit clients of the Company. The facility allows 30 days to enable expansion within these clients, and the cost of the facility increases with minimal capital requirements. This facility allows the sale of approved trade receivables to Riviera as of December 31, 2001.

The Company has embarked upon an aggressive campaign to increase in greater anticipated levels of cash available. The Company believes that cash will be adequate to fund operations and financial requirements for the year. The Company arranged for the conversion of its common stock (See ITEM 12. CERTAIN RELATIONSHIPS AND FUTURE SECURITIES).

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
strategy will be dependent on our
ability to identify,

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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.

RESULTS OF OPERATIONS

Trans-Logistics began operations in the fourth quarter of 2000, therefore full

year end information does not necessarily compare like periods. In the financial statements

for the year ended December 31, 2001, the following table illustrates comparable operations

results for the partial year ending December 31, 2000 and for the full year ended

December 31, 2001:

Three Months Ended

March 31, March 31,

2002 2001

Revenues:

Operating
revenue
\$ 2,146,631 \$ 1,705,349

Consulting and other

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revenue		
	<u>3,749</u>	<u>340</u>

	<u>2,150,380</u>	<u>1,705,689</u>
--	------------------	------------------

Expenses:

Operating expenses		
	1,665,177	1,447,364

General and administrative expenses		
	<u>361,843</u>	<u>114,102</u>

	<u>2,027,020</u>	<u>1,561,466</u>
--	------------------	------------------

Income before taxes		
	123,360	144,223

Income tax expense		
	<u>25,000</u>	<u>44,800</u>

Net income		
	<u>\$ 98,360</u>	<u>\$ 99,423</u>

Basic earnings per common share		
	<u>\$.02</u>	<u>\$.02</u>

Basic weighted average common shares outstanding		
	<u>6,502,913</u>	<u>6,502,913</u>

Diluted earnings per common share		
	<u>\$.01</u>	<u>\$.02</u>

Diluted weighted average common shares outstanding		
	<u>8,904,501</u>	<u>6,502,913</u>

Continuing Operations:

OPERATING REVENUES

Total operating revenues increased approximately \$444,691, or 26.7%,

to approximately \$2,150,380 for the period ended March 31, 2002, as compared

to approximately \$1,705,689 for the period ended March 21, 2001. This increase

was primarily due to increase in revenues achieved consequential to the acquisition

of Q Logistics from bankruptcy and increase of revenues in the business lines of

the Company.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased from \$ 24,934 for the three

month period ended March 31, 2002 compared with \$ 6,467 for the three month period

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ended March 31, 2001. The reason for this increase was the placing of service those

assets acquired in the purchase of Q logistics out of bankruptcy.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased slightly from \$ 114,102 for

the period ended March 31, 2001 to \$ 361,843 for the three months ended March 31, 2002.

The reason for this was primarily due to increased size of management and administrative

staff coincidental with becoming a reporting public company, and with the Company s

efforts to increase the size of its business.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were approximately \$248,310 at March 31, 2002,

compared with \$39,489 at December 31, 2001. This increase of approximately \$208,821

was primarily a result of the Company s enhanced cash management and examination

of payment and collection cycles to increase free cash flow and quick term availability

of cash.

The Company will require significant capital to continue to

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meet its

expansion goals over the next twelve months. There can be no assurance that the

Company will be able to obtain the capital necessary to continue operations.

(See "Risk factors-Need for substantial Additional financing")

ITEM 3. DESCRIPTION OF PROPERTY

The Company leases its Corporate Headquarters, located at 18302

Highwood's Preserve Parkway, Suite 210, Tampa, FL 33467, which is 2,073 square

feet. The Company pays \$3,411 per month and the lease expires May 2006.

A lease period begins in May 2001 and expires in April 2006. The

initial lease term is for a period of 5 years and the lease agreement includes

an optional lease period of an additional three (3) years.

Minimum future rent commitments under this agreement are:

YEAR ENDING DECEMBER	AMOUNT
----------------------	--------

2002	
50,979	

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2003	
52,658	
2004	49,195
2005	
47,292	
Thereafter	
15,969	

Total	
\$216,093	

=====

As part of the lease agreement the Company is liable for an unused letter of credit in the amount of \$40,000. This amount is reduced by \$8,000 per year and may be drawn upon if certain lease commitments have not been met or have been violated.

On December 15, 2001, the Company moved the location of its northeast regional support and logistics center from 40 Brunswick Avenue in Edison New Jersey to 39 Mill Road in Edison New Jersey. This facility was moved in concert with expansion needs of the Company's largest logistics support client,

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increasing the space from 120,000 square feet to 140,000, the number of trailer

bays for loading and unloading products by over fifty percent and a location

that offers enhanced accessibility for ground transportation carriers. The

Company continues to provide comparable services for this client and others from

its new facility.

The Company has been party to a lease in its Atlanta facility that it

believed to be month-to-month pursuant to data provided by LMR. In cooperation

with LMR, the Company purchased the assets of QLS from bankruptcy and began

utilizing the space in Forest Park, Georgia pursuant to providing logistic services

for clients. The Company notified the landlord, IDI Services, Inc. ("IDI"), of its

intentions to find smaller space and offered IDI an opportunity to provide a lesser

facility size within the facility currently occupied by the Company. IDI informed

the Company at that time that the Company was party to a lease arrangement that had

previously not been disclosed or evidenced. IDI and the Company are engaged in

discussions to resolve this misunderstanding in which the Company asserts that IDI

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accepted a letter of credit provided by LMRI as inducement to enter into the lease

with LMR with whom the Company had an arrangement to vacate the premises of its

month-to-month sublease on 30 days written notice. IDI's assertion included a variety

of material issues, including a representation that the Company was a prime lease

holder with an obligation through May 2006. The Company has secured legal counsel

and continues to assert that any lease documents that exist suggesting the Company's

prime tenancy are not authorized by the Company, its board, or officers as provided

for in the Company's bylaws. The Company continues to defend its position in this

matter and will endeavor to reach an amicable settlement pursuant to this issue.

As the result of its purchase of Q Logistic Solutions, Inc., the

Company utilizes facilities located in Atlanta, Georgia and Edison, New Jersey

on an "at-will" basis; monthly rents for these facilities are approximately

\$51,000 and \$43,000 respectively.

The Company also has six Sales Agent offices across the United States.

These offices are located at:

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- RR 1 Box 385, Clinton,
ME 04927

- 11448 Rene Drive,
Jacksonville, FL 32218

- 7240 Indiana Avenue,
Fort Worth, TX 76137

- 9 Beacon Hill, East
Brunswick, NJ 08816

- 2059 S. Hamilton,
Dalton, GA 30720

The Company believes that
the condition of its facilities is
excellent

and that the provided space is
sufficient for its use and
operation at the

present time. In the opinion of
the Company's management, these
properties are

adequately insured, in good
condition and suitable for the
Company's anticipated

future use.

ITEM 4. SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT

The table below sets forth, as of
April 1, 2002, certain information
with respect to the beneficial
ownership of the Common Stock of
the Company by each person who the
Company knows to be a beneficial

owner of more than 5% of any class
or series of the Company's capital
stock, each of the directors and
executive officers individually,
and all directors and executive
officers as a group.

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(1) Allan Marshall and Christine Otten are husband and wife.

Name	Shares	Owned
Beneficially		
Percentage of		
Shares		
Allan Marshall (1)		
4,187,876	64.4	
Christine Otten (1)		
1,794,804	27.6	
-----	-----	
5,982,680	92.0%	

Ownership of Preferred Stock if
Converted*

Name	Owned
Shares	
Beneficially	
Percentage of	
Shares	
Allan Marshall (1)	
4,187,876	54.4%
Christine Otten (1)	
1,794,804	23.3%

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5,982,680

Bryant
Plastics 773,896
10.0%

(Series B)

Bryant
Plastics 245,000
3.2%

(Series A)

Allan J.
Marshall 181,898

(Series A) Total:
7,703,707
93.3%

As of April 1, 2002, there were a total of 6,502,913 shares of the Company's common stock outstanding, of which 520,233 shares are held by approximately 464 shareholders of record, 5,982,680 shares are held by the principal shareholder, 773,896 shares of the Company's Series B Preferred Stock outstanding, held by one shareholder of record as disclosed in the above table, and 426,898 shares of the Company's Series A Preferred Stock outstanding, held by two shareholders of record as disclosed in the above table.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS.

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Directors and Executive Officers

The following sets forth information concerning the officers and directors, including their ages, present principal occupations, other business experience during the last five years, membership on committees of the board of directors and directorships in other publicly held companies.

NAME	AGE	POSITION WITH SEGMENTZ
Allan Marshall		
34		Chairman & Chief Executive Officer
John S. Flynn		
37		President & Chief Financial Officer
Dennis M. McCaffrey		
33		Chief Operating Officer

Allan Marshall was a director of Trans-Logistics from November 2000 to November 2001, when Trans-Logistics changed its name to Segmentz. He has served as Director and the Chief Executive Officer of Segmentz since its acquisition on November 1, 2001. Prior to Trans-Logistics and Segmentz, Mr. Marshall founded U.S. Transportation Services, Inc. (UST) in 1995, whose main focus was third party logistics. UST was sold to Professional Transportation Group, Inc. in January of 2000 and Professional Transportation Group ceased business in November of 2000. Prior to 1995, Mr. Marshall served as Vice President of U.S. Traffic Ltd, where he founded their USA Logistics division.

John S. Flynn, is a Senior Managing Member of Aspen Rhodes

Capital Corporation, LLC (Aspen Rhodes). Prior to co-founding Aspen Rhodes, Mr. Flynn was an entrepreneur, developing a nationwide computer service company, a regional environmental service firm and a management consulting firm. Mr. Flynn has completed over \$500 million of funding in his career, including asset based capital market products, below investment grade bonds and private equities. He has completed numerous merger transactions and consulting related to acquisitions for Small and Micro cap public companies, including Westbury Metals Group, US Automotive and RT Industries during his career.

Dennis McCaffrey served as the Chief Operations Officer of UST since 1996, before joining the Company in November 2000. He was responsible for creating and implementing strategic business plans; supervising operations staff; designing and managing all sales and marketing programs; assisting in the design and implementation of their internal software program; and forming strategic alliances with contract carriers including U.S. Express, MS Carriers, Heartland Express, and Swift Transportation. When UST was sold to Professional Transportation Group in 2000, Mr. McCaffrey served as an Operations Manager for the Florida division. Mr. McCaffrey also worked as the Operations Manager for U.S. Traffic Ltd's U.S. operations from 1992 to 1996. Previously, Mr. McCaffrey served in the United States Marine Corps from 1988 to 1992. Mr. McCaffrey, as Chief Operating Officer, is directly responsible for the management, growth and success of Trans-Logistics transportation, brokerage, and logistics operations.

ITEM 6. EXECUTIVE COMPENSATION

Executive Officers

The Company's Board appoints the executive officers to serve at the discretion of the Board. Directors who are also employees receive no compensation for serving on the Board. The Company's non-employee directors receive no compensation for serving on the Board. The Company intends to reimburse non-employee directors for travel and other expenses incurred in connection with attending the Board meetings. Allan Marshall, the Company's Chief Executive Officer, received approximately \$75,000 in compensation for the year ended December 31, 2001.

EMPLOYMENT AGREEMENTS

The Company has entered into an Employment Agreements with Allan Marshall, the Company's Chief Executive Officer, which terminates on November 15, 2006. The agreement shall be automatically extended for an additional one-year period after the initial term unless at least 30 days prior to the termination date either the Company or Mr. Marshall give written notice to the other that the Employment Agreement will not be renewed. Mr. Marshall will receive an annual base salary of \$150,000 plus a non-accountable expenses allowance of \$35,000 per year, which may be increased at the discretion of the Board. Additionally, Mr. Marshall may be eligible to receive an annual bonus based on the Company's financial performance in the form of stock options and cash not to exceed 15% of his base salary.

The Company has offered an Employment Agreement to John S. Flynn, the Company's President

which terminates December 31, 2005. This Agreement provides for an annual base salary of \$120,000.00, a non-accountable expense allowances of \$1,000 per month, auto, health and cellular phone reimbursement and bonus of \$30,000.00 payable in warrant value or cash, at the discretion of the Board of Directors. As of March 31, 2002, the Employment Agreement has not been executed.

KEY MAN INSURANCE

The Company intends to obtain a life insurance policy in the amount of \$1,000,000 on the life of Allan Marshall, the Company's Chief Executive Officer. The proceeds of the policy would be payable to the Company.

STOCK OPTION PLAN

On November 1, 2001, the majority stockholders of the Company approved the 2001 Stock Compensation Plan. The number of shares of common stock which may be issued under the 2001 Plan shall initially be 600,000 shares which amount may, at the discretion of the Board, be increased from time to time to a number of shares of common stock equal to 5% of the total outstanding shares of common stock, provided that the aggregate number of shares of common stock which may be granted under the 2001 Plan shall not exceed 600,000 shares. The Company may also utilize the granting of options under the 2001 Plan to attract qualified individuals to become its employees and non-employee directors, as well as to ensure the retention of management of any acquired business operations. Under the 2001 Plan the Company may also grant restricted stock awards. Restricted stock represents shares of common stock issued to eligible participants under the 2001 Plan subject to the satisfaction by the recipient of

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Allan	2001	
\$75,000	\$0	
\$0		
\$0		\$0

Marshall

	2000	
\$0	\$0	
\$0		
\$0		\$0

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has as of December 31, 2001, no outstanding balances due to Allan Marshall or to ATECH, a company owned solely by Mr. Marshall, both having numerous transactions completed with the Company during the fiscal year ending December 31, 2001. In December 2001, Allan Marshall converted \$181,898 of debt due from the Company to him, to 181,898 shares of Series B Preferred Stock.

The Company utilized facilities, equipment, and employees of this related company in return for a commission paid equal to 85% of operating revenues less direct expenses. As of January 1, 2002, the Company does not intend to conduct any business with ATECH, without obtaining approval of the Board of Directors. Expenses incurred during the periods ended December 31, 2001 and 2000 amounted to approximately \$206,000 and \$174,000, respectively. The expenses incurred for these services are not necessarily indicative of the amounts that may have been incurred had these

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services been provided by
independent third parties

ITEM 8. DESCRIPTION OF SECURITIES

Capital Stock

The Company's authorized
capital stock consists of
40,000,000 shares of

common stock, par value \$.001 and
10,000,000 shares of preferred
stock, par

value \$.001. Each share of common
stock entitles a shareholder to
one vote on

all matters upon which
shareholders are permitted to
vote. No shareholder has

any preemptive right or other
similar right to purchase or
subscribe for any

additional securities issued by
the Company, and no shareholder
has any right to

convert the common stock into
other securities. No shares of
common stock are

subject to redemption or any
sinking fund provisions. All the
outstanding shares

of the Company's common stock are
fully paid and non-assessable.
Subject to the

rights of the holders of the
preferred stock, if any, the
Company's shareholders

of common stock are entitled to
dividends when, as and if declared
by the Board

from funds legally available
therefore and, upon liquidation,
to a pro-rata

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share in any distribution to shareholders. The Company does not anticipate

declaring or paying any cash dividends on the common stock in the year 2001 or

in the foreseeable future.

Pursuant to the Company's Articles of Incorporation, the Board has the

authority, without further shareholder approval, to provide for the issuance of

up to 10,000,000 shares of the Company's preferred stock in one or more series

and to determine the dividend rights, conversion rights, voting rights, rights

in terms of redemption, liquidation preferences, the number of shares

constituting any such series and the designation of such series. The Company's

Board has the power to afford preferences, powers and rights (including voting

rights) to the holders of any preferred stock preferences, such rights and

preferences being senior to the rights of holders of common stock. No shares of

the Company's preferred stock are currently outstanding. Although the Company

has no present intention to issue any shares of preferred stock, the issuance of

shares of preferred stock, or the issuance of rights to purchase such shares,

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may have the effect of delaying, deferring or preventing a change in control of

the Company.

As a WBNI successor, the Company is prohibited from issuing non-equity

voting securities under Section 1123(a)(6) of the United States Bankruptcy Code.

If there are to be any classes of securities issued in the future, all shall

possess voting power, an appropriate distribution of such voting power among

such classes, including, in the case of any class of equity securities having a

preference over another class of equity securities with respect to dividends,

and adequate provision for the election of directors representing such preferred

class in the event of default in the payment of such dividends.

PROVISIONS HAVING A POSSIBLE ANTI-TAKEOVER EFFECT

The Company's Articles of Incorporation and Bylaws contain certain

provisions, that are intended to enhance the likelihood of continuity and

stability in the composition of the Company's Board and in the policies

formulated by the Board and to discourage certain types of transactions which

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may involve an actual or threatened change of control of the Company. In

addition, the Board has the authority, without further action by the Company's

shareholders, to issue up to 10,000,000 shares of its preferred stock in one or

more series and to fix the rights, preferences, privileges and restrictions

thereof. The issuance of the Company's preferred stock or additional shares of

common stock could adversely affect the voting power of the holders of common

stock and could have the effect of delaying, deferring or preventing a change in

the Company's control.

ADDITIONAL INFORMATION

Statements contained in this registration statement regarding the

contents of any contract or any other document are not necessarily complete and,

in each instance, reference is hereby made to the copy of such contract or other

document filed as an exhibit to the registration statement. As a result of this

registration statement, the Company will be subject to the informational

requirements of the Securities Exchange Act of 1934 and, consequently, will be

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required to file annual and quarterly reports, proxy statements and other

information with the SEC. The registration statement, including exhibits, may be

inspected without charge at the SEC's principal office in Washington, D.C., and

copies of all or any part thereof may be obtained from the Public Reference

Section, Securities and Exchange Commission, 450 Fifth Street, NW, Washington,

D.C. 20549 upon payment of the prescribed fees. You may obtain information on

the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330.

The SEC maintains a Website that contains reports, proxy and information

statements and other information regarding registrants that file electronically

with it. The address of the SEC's Website is <http://www.sec.gov>.

SPECIAL NOTE
REGARDING FORWARD-LOOKING
STATEMENTS;

MARKET DATA

This registration statement contains forward-looking statements. These

statements relate to future events or the Company's future financial

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performance. In some cases, you can identify forward-looking statements by

terminology such as "may," "will," "should," "expects," "plans," "anticipates,"

"believes," "estimates," "predicts," "potential" or "continue" or the negative

of such terms or other comparable terminology. Forward-looking statements are

speculative and uncertain and not based on historical facts. Because

forward-looking statements involve risks and uncertainties, there are important

factors that could cause actual results to differ materially from those

expressed or implied by these forward-looking statements, including those

discussed under "Management's Discussion and Analysis of Financial Condition and

Results of Operations" and "Description of Business."

Although the Company believes that the expectations reflected in the

forward-looking statements are reasonable, the Company cannot guarantee future

results, levels of activity, performance, or achievements. Moreover, neither the

Company nor any other person assumes responsibility for the accuracy and

completeness of such statements. The reader is advised to consult any further

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disclosures made on related subjects in the Company's future SEC filings.

PART II

ITEM 1. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common stock is listed on the Over-the-Counter Pink

Sheets. Since the Company's common stock has not begun trading, there is not an

established active public market for its common stock. No assurance can be given

that an active market will exist for the Company's common stock and the Company

does not expect to declare dividends in the foreseeable future since the Company

intends to utilize its earnings, if any, to finance its future growth, including

possible acquisitions.

The Company is filing this Registration Statement on Form 10- SB for

the purpose of enabling its common stock to commence trading on the NASD OTC

Bulletin Board.

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The Company's
Registration Statement on Form 10
must be declared

effective by the SEC prior to it
being approved for trading on the
NASDAQ OTC

Bulletin Board, and until such
time as this Form 10- SB is
declared effective,

the Company's common stock will
continue to be quoted on the "Pink
Sheets." The

Company's market makers must make
an application to the National
Association of

Securities Dealers, Inc., or NASD,
following the effective date of
this Form

10-SB in order to have the common
stock quoted on the NASD OTC
Bulletin Board.

Holder. As of May 31,
2002, there were a total of
6,502,913

shares of the Company's common
stock outstanding, held by
approximately 464

shareholders of record.

Dividends. The Company
has not declared any dividends on
its common

stock during the last two fiscal
years.

ITEM 2. LEGAL PROCEEDINGS

On June 17, 2002, the Company
received a summons from Industrial
Property Fund I, LP that named the

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Company as a co-defendant in a civil action pursuant to the Company's tenancy in Forest Park, GA., which the Company continues to assert and claim is a month-to-month tenancy under which the Company has no obligation other than payment of rent when due. No remedy is being sought against the Company at this time relating to this civil action.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

Not Applicable

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES

Pursuant to the Reorganization Plan of WBNI, all of its outstanding

capital stock as of February 10, 1999, the date of its bankruptcy petition, was

canceled. Subsequently, WBNI issued an aggregate of 520,233 shares of common

stock to certain of its creditors. The 520,233 shares were issued in accordance

with Section 1145 under the United States Bankruptcy Code and the transaction

was thus exempt from the registration requirements of Section 5 of the

Securities Act of 1933.

On October 29, 2001, WBNI's majority stockholders approved a merger with

TRANSL Holdings and issued 5,982,680 shares of common stock. Minority

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stockholders were mailed notices of such action as well as other actions taken

by the majority stockholders pursuant to the Delaware General Corporation law.

WBNI was the surviving entity and changed its name to Segmentz, Inc. The Company

relied on Section 4(2) of the Securities Act of 1933 for the issuance of the

5,982,680 shares because the transaction did not involve a public offering and

was therefore exempt from the registration requirements of Section 5 of the

Securities Act. No underwriters were used in connection with this transaction.

ITEM 5. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Segmentz is a Delaware corporation. The Company certificate of

incorporation provides that the Company will indemnify and hold harmless its

officers, directors and others serving the corporation in various capacities to

the fullest extent permitted by the DGCL. Section 145 of the DGCL provides that

a Delaware corporation has the power to indemnify officers and directors in

specified circumstances.

Under Section 145 of the DGCL, a corporation may indemnify its

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directors and officers as well as other employees and individuals against

expenses (including attorneys' fees), judgments, fines and amounts paid in

settlement in connection with specified actions, suits or proceedings, whether

civil, criminal, administrative or investigative (other than an action by or in

the right of the corporation, referred to as a derivative action) if they acted

in good faith and in a manner they reasonably believed to be in or not opposed

to the best interests of the corporation, and with respect to any criminal

action or proceeding, had no reasonable cause to believe their conduct was

unlawful. A similar standard of conduct is applicable in the case of derivative

actions, except that indemnification only extends to expenses (including

attorneys' fees) incurred in connection with defense or settlement of that

action, and Section 145 requires court approval before there can be any

indemnification where the person seeking indemnification has been found liable

to the corporation.

Section 145 of the DGCL further provides that to the extent that a

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director or officer has been
successful on the merits or
otherwise in the

defense of any action, suit or
proceeding referred to above or in
the defense of

any claim, issue or matter within
that action, suit or proceeding,
that person

shall be indemnified against
expenses (including attorneys'
fees) actually and

reasonably incurred by that person
in connection with that defense.
The

Company's certificate of
incorporation provides that the
indemnification rights

described above shall be contract
rights and shall include the right
to be paid

expenses incurred in defending any
proceeding in advance of its final

disposition subject to any
undertakings required under the
DGCL. Section 145

requires an undertaking to repay
any amount advanced if the
director or officer

receiving that amount is
ultimately determined not to be
entitled to

indemnification.

Indemnification provided for
by Section 145 of the DGCL and the
Company's

certificate of incorporation is
not to be deemed exclusive of any
other rights

to which the indemnified party may
be entitled. Both Section 145 and
the

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Company's certificate of incorporation permit the Company to maintain insurance

on behalf of a director, officer or others against any liability asserted

against that person and incurred by that person, whether or not the Company

would have the power to indemnify that person against those liabilities under

Section 145. Anyone claiming rights to indemnification under the Company's

certificate of incorporation may bring suit if that indemnification is not paid

within thirty days.

SIGNATURES

In accordance with Section 12 of the Exchange Act, the Company caused

this Registration Statement to be signed on its behalf by the undersigned,

thereunto duly authorized.

SEGMENTZ, INC.

DATE: June 17 ,
2002
Allan Marshall

By: /s/

Allan Marshall, President

PART F/S

Financial Statements

Segmentz, Inc.

*Year Ended December 31, 2001 and the
Period*

*April 28, 2000 (Date of Inception)
through December 31, 2000*

Independent Auditors Report

Segmentz, Inc.

Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

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Independent Auditors' Report

Board of Directors

Segmentz, Inc.

Tampa, Florida

We have audited the accompanying balance sheet of Segmentz, Inc. as of December 31, 2001 and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the management of Segmentz, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Segmentz, Inc. as of December 31, 2001 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pender Newkirk & Company

Certified Public Accountants

Tampa, Florida

June 14, 2002

{except for the second paragraph of Note 14, as to which the date is June 17, 2002}

Independent Auditors' Report

Board of Directors

Segmentz, Inc.

Tampa, Florida

We have audited the accompanying statements of operations, changes in stockholders' equity, and cash flows of Segmentz, Inc. (f/k/a Trans-Logistics, Inc.) for the period April 28, 2000 (date of inception) through December 31, 2000. These financial statements are the responsibility of the management of Segmentz, Inc. (f/k/a Trans-Logistics, Inc.). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Segmentz, Inc. (f/k/a Trans-Logistics, Inc.) for the period April 28, 2000 (date of inception) through December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Valiente Hernandez, P.A.

Certified Public Accountants

Tampa, Florida

May 8, 2001

Segmentz, Inc.

Balance Sheet

December 31, 2001

Assets

Current assets:

Cash and cash
equivalents
\$ 39,489

Accounts receivable, net of allowance
of
\$45,000
1,008,576

Other
receivables
108,421

Prepaid expenses and other current
assets
167,840

Total current
assets
1,324,326

Equipment, net of accumulated
depreciation
321,808

Other assets:

Note receivable, net of allowance of
\$225,000
225,000

Other receivables, net of allowance of
\$200,000
64,833

Loans and
advances
31,850

Total other
assets
321,683

\$ 1,967,817

Liabilities and Stockholders Equity

Current liabilities:

Accounts
payable
\$ 623,677

Accrued salaries and
wages
66,962

Accrued expenses,
other
80,152

Obligation due under factoring
arrangement
639,461

Total current
liabilities
1,410,252

Stockholders equity:

Convertible preferred stock;
10,000,000 shares authorized;

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1,200,794 shares issued and
outstanding
1,200,794

Common stock; \$.001 par value;
40,000,000 shares authorized;

6,502,913 shares issued and
outstanding
6,503

Additional paid-in
capital
(6,403)

Accumulated
deficit
(643,329)

Total stockholders
equity
557,565

\$ 1,967,817

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

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Segmentz, Inc.

Statements of Operations

Period April 28,

2000 (Date of

Year Ended Inception) to

December 31, December 31,

2001 2000

Revenues:

Operating revenue	
\$ 8,455,766	\$ 364,898

Consulting and other revenue	
<u>11,464</u>	<u>5,734</u>

<u>8,467,230</u>	<u>370,632</u>
------------------	----------------

Expenses:

Operating expenses	
-----------------------	--

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7,509,712	335,206
-----------	---------

General and administrative expenses	
1,318,392	19,417

Loss in investment	
78,999	

Interest expense	
<u>216,548</u>	

<u>9,123,651</u>	<u>354,623</u>
------------------	----------------

(Loss) income before taxes	
(656,421)	16,009

Income tax expense	
	<u>2,917</u>

Net (loss) income	
<u>\$ (656,421)</u>	<u>\$ 13,092</u>

Net (loss) income per common share	
<u>\$(.10)</u>	<u>\$.00</u>

Weighted average common shares outstanding	
<u>6,502,913</u>	<u>6,502,913</u>

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

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Segmentz, Inc.

Statements of Changes in
Stockholders Equity

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

Preferred Stock

Shares Amount

Inception, April 28,
2000

Net income for the
year

Balance, December 31,
2000

Acquisition of
company

Recapitalization of
company

Issuance of Series B redeemable
convertible preferred stock
426,898 \$ 426,898

Issuance of Series A convertible preferred
stock
773,896 773,896

Net loss for the
year

Balance, December 31,
2001
1,200,794 \$ 1,200,794

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

(500)	(50)
(10,933)	4,153
(6,830)	

426,898

773,896

(656,421) (656,421)

<u>6,502,913</u>	<u>\$ 6,503</u>	<u>\$</u>
<u>(6,403)</u>	<u>\$ (643,329)</u>	<u>\$</u>
<u>557,565</u>		

Segmentz, Inc.

Statements of Cash Flows

Period April 28,

2000 (Date of

Year Ended Inception) to

December 31, December 31,

2001 2000

Operating activities

Net (loss)
income
\$ (656,421) \$ 13,092

Adjustments to reconcile net (loss) income to
net cash

and cash equivalents (used) provided by
operating

activities:

Securities received as payment for
services
(148,500)

Loss on sale of
securities
78,999

Provision for doubtful accounts and other
receivables 483,365

Note receivable received to offset General
& Administrative

expenses
(450,000)

Depreciation
53,335

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Increase in:

Accounts and other trade receivables		
(905,404)	(269,958)	

Prepaid expenses and other assets		
(92,840)		

Increase (decrease) in:

Accounts payable		
427,464	121,213	

Accounts payable to related party		(126,845)
126,845		

Accrued expenses		
139,614	7,500	

Income taxes payable		
(2,917)	2,917	_____

Total adjustments		
(543,729)	(11,483)	

Net cash and cash equivalents (used) provided
by

operating activities		
(1,200,150)	1,609	

Investing activities

Purchase of equipment		
(375,143)		

Proceeds from sale of securities		
69,501		

Loans, advances, and other receivables		
(296,683)		_____

Net cash and cash equivalents used by investing activities		
	(602,325)	_____

Financing activities

Issuance of common
stock
100

Net obligations incurred under factoring
arrangements
639,461

Proceeds from issuance of
debt
1,200,794

Net cash and cash equivalents provided by
financing activities 1,840,255
100

**Net increase in cash and cash
equivalents**

37,780 1,709

**Cash and cash equivalents, beginning of
year/period**

1,709

**Cash and cash equivalents, end of
year/period**

39,489 \$ 1,709

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

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Statements of Cash Flows

Period April 28,

2000 (Date of

Year Ended Inception) to

December 31, December 31,

2001 2000

Supplemental disclosures of cash flow information

and noncash financing activities:

Cash paid during the year for			
interest			<u>\$</u>
201,469	\$	0	

During the year ended December 31, 2001, the holders of debt amounting to \$1,200,794 received 1,200,794 shares of preferred stock in satisfaction of this liability.

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

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Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

1. Acquisition

In October 2001, Segmentz, Inc., formerly known as WBNI, Inc., merged with TransL Holdings, Inc., the sole stockholder of Trans-Logistics, Inc. This consolidated entity is hereinafter referred to as the Company. Prior to acquisition, Segmentz, Inc. was an inactive public shell with approximately 460 stockholders who owned 520,233 shares of common stock.

Pursuant to the agreement, the stockholders of TransL Holdings, Inc. (TransL) received in return for all of their shares in TransL, 5,982,680 unregistered shares of Segmentz, Inc., which represented approximately 92 percent of its total shares outstanding.

The acquisition has been accounted for as a reverse acquisition in which TransL is treated as the acquirer and Segmentz, Inc.

as the acquiree. All references in the accompanying financial statements to the number of common shares and the per share amounts have been restated to reflect the subsequent change in the common stock as if the acquisition had occurred on April 28, 2000.

2. Background Information

WBNI, Inc., a Texas corporation incorporated in 2000, is the surviving corporation of a sequence of mergers and reverse mergers of inactive companies. In November 2001, WBNI, Inc. changed its name to Segmentz, Inc.

TransL Holdings, Inc., a Delaware corporation incorporated in October 2001, is the 100 percent stockholder of Trans-Logistics, Inc., a Florida corporation incorporated in April 2000. This parent and subsidiary are hereinafter referred to as Trans-Logistics. Trans-Logistics is a logistics and brokerage organization serving irregular route, long haul, and common motor carriers of general commodities throughout the southeastern United States. It was incorporated on April 28, 2000; however, it began its operations during September 2000. Trans-Logistics corporate headquarters is located in Tampa, Florida.

During May 2001, Trans-Logistics acquired the assets of Q Logistic Solutions, Inc. (QLS) for approximately \$367,000. QLS operated warehouse facilities in Atlanta, Georgia; Edison, New Jersey; Orlando, Florida; and

Chicago, Illinois. Operations in Orlando and Chicago were subsequently discontinued. This acquisition was accounted for using the purchase method of accounting.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

**2. Background Information
(continued)**

Effective January 1, 2001, Trans-Logistics was acquired by Logistics Management Resources, Inc. (LMR) in August 2001. This acquisition was rescinded and cancelled. It is the Company's assertion that this transaction was never consummated and, therefore, never occurred. No consideration was ever tendered and control was never transferred. The purchase price was to be determined based on results of future revenues plus \$80,000, less certain liabilities assumed. A portion of the consideration was to be paid at closing with the balance to be paid in installments. The delivery of shares by either party to the other never occurred and, therefore, the Company has not recorded this acquisition under applicable pushdown accounting rules. Under the terms of the Rescission Agreement, the Company agreed to a reimbursement of 1,500,000 shares of LMR's common stock and a note receivable in the amount of \$450,000, which the Company has an allowance of \$225,000 recorded for estimated, uncollectible amounts as of December 31, 2001. LMR tendered a certificate for 1.5 million shares pursuant to the Rescission Agreement, which was received by Trans-Logistics on August

10, 2001. The shares closed at \$.99, which resulted in a reduction of general and administrative expenses of \$148,500 and extinguishment of the first part of rescission obligation due to Trans-Logistics under the terms of that agreement. The shares were sold to the market as soon as conditions permitted with the intention of maximizing cash value received while ensuring that shares were sold as quickly as was practical. There are no current liabilities to LMR pursuant to the Rescission Agreement. Any liabilities to Trans-Logistics that might have existed were extinguished pursuant to mutual conditional general releases executed simultaneously with the Rescission Agreement. The Company incurred a loss of approximately \$79,000 on the sale of these shares.

3. Significant Accounting Policies

The significant accounting policies are as follows:

The financial statements reflect the accounts of Segmentz, Inc., Trans-Logistics, Inc., and TransL, Inc. Prior to October 2001, the date of the merger, the financial statements are those of Trans-Logistics, the only operating company at that time.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

**3. Significant Accounting Policies
(continued)**

Operating revenues for truck brokerage 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 services are recognized as the services are performed.

Cash equivalents consist of all highly liquid debt instruments purchased with an original maturity of three months or less.

The Company extends credit to its various customers based on the customer's ability to pay. The Company provides for estimated losses on accounts receivable based on bad debt experience and a review of existing receivables. Based on management's review of accounts receivable and other receivables, an allowance for doubtful accounts of \$245,000 is considered necessary as of December 31, 2001.

Equipment is recorded at cost. Depreciation is calculated by the straight line method over the estimated useful lives of the assets, ranging generally from two to seven years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective income tax bases. 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 tax rates is recognized as income in the period that included the enactment date.

Basic loss per share has been computed using the weighted average number of shares of common stock outstanding for the period. The Company's diluted loss per share includes the effect, if any, of unissued shares under options, warrants, and stock award computed using the treasury method. In all periods presented, there were no differences between basic and diluted loss per common share because the assumed exercise of common share equivalents, if any, was anti-dilutive. The assumed exercise of warrants, as well as conversion of preferred stock, could

potentially dilute basic earnings per share.

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Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

**3. Significant Accounting Policies
(continued)**

Financial instruments, which potentially subject the Company to concentrations of credit risk, include trade receivables. Concentration of credit risk with respect to trade receivables is limited due to the Company's large number of customers and wide range of industries and locations served. One customer comprised approximately 21 percent of the December 31, 2001 customer accounts receivable balance. Sales to this customer comprised approximately 26 percent of the Company's sales for the year ended December 31, 2001.

The Company maintains its cash accounts with substantially one financial institution located in Tampa, Florida. The balances are insured by the Federal Deposit Insurance Corporation's insured limit of \$100,000.

The Company believes the carrying amount of cash, cash equivalents, accounts receivable (net of allowance),

notes receivable, accounts payable, and accrued expenses approximates fair value due to their short maturity.

The Company follows Statement of Financial Accounting Standards Board No. 121 (SFAS No. 121), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. In performing the review of recoverability, the Company estimates the future undiscounted cash flows that are expected to result from the use of the assets and their eventual disposition. Because events and circumstances frequently do not occur as expected, there will usually be differences between the estimated and actual future undiscounted cash flows, and these differences may be material. If an asset is determined to be impaired, the Company recognizes a loss for the difference between the carrying amount and the fair value of the asset. The fair value of the asset is measured using quoted market prices or, in the absence of quoted market prices, fair value is based on an estimate of discounted cash flow analysis. During the periods presented, the Company determined that its long-lived assets were not impaired.

Certain minor reclassifications have been made in the 2000 financial statements to conform to the classifications used in 2001. These reclassifications had no effect on total assets, stockholders equity, total cash flows, or net income.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

4. Equipment

Equipment as of December 31, 2001
consists of :

improvements	L e a s e h o l d
\$ 3,685	
equipment	O f f i c e
56,621	
equipment	W a r e h o u s e
148,760	
shelving	W a r e h o u s e
67,000	
equipment	C o m p u t e r
61,000	

C o m p u t e r

software
38,077

375,143

Less accumulated
 depreciation
53,335

\$ 321,808

5. Note Receivable

As disclosed in Note 2, during the year ended December 31, 2001, the Company and LMR mutually rescinded an acquisition agreement. This agreement did not rescind an amount that was due to the Company as part of the purchase price. As a result, the Company has recognized a reduction of general and administrative expenses and a demand note receivable of an equal amount of \$450,000 due from LMR, less an allowance of \$225,000 as an estimate of uncollectible amounts as of December 31, 2001. The terms of this note exclude interest until demand is made for payment. As of the date of these financial statements, no demand has been made. Subsequent to year-end, \$25,000 has been received on this note.

6. Obligation Due Under Factoring Arrangement

The Company factors substantially all of its accounts receivable. During the year ended December 31, 2001, the Company utilized the services of two factoring companies. Accounts receivable are factored to companies with full recourse for unpaid invoices in excess of 75 days old. The most recent agreement provides for the payment of factoring fees at 2.5 percent of each invoice factored.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

7. Income Taxes

The provision for income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income (loss) before income taxes. The items causing this difference are as follows:

<u>2001</u>	<u>2000</u>
	Tax expense at U.S. statutory
	rate
223,100	\$ 5,400
	State income taxes, net of federal
	benefit
23,900	600
	Effect of non-deductible
	expenses
(1,700)	
	Change in valuation
	allowance

(245,300)

Effect of using surtax
exemption
(3,083)

\$ 0 \$ 2,917

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2001 are as follows:

Deferred tax assets:

Accounts and loan receivables
due to bad debts
\$ 176,900

Capital loss carry
forward
29,700

Net operating loss carry
forward
38,700

Total gross deferred tax
assets
245,300

Less valuation
allowance
245,300

Net deferred tax
assets
\$ 0

Based on an assessment of all available evidence, including 2001 and 2000 operating results, management does not consider realization of the deferred tax assets generated from operations to be

more likely than not, and has established a valuation allowance against the gross deferred tax asset.

As of December 31, 2001, the Company had federal and state net operating loss carry forwards totaling approximately \$103,000, which expire in 2022.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

8. Equity

Common Stock Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends

whenever funds are legally available and when declared by the Board of Directors (the Board), subject to the prior rights of the holders

of all classes of stock outstanding. Convertible Preferred Stock The authorized preferred stock of the Company consists of 10,000,000

shares at \$.001 par value, of which 773,896 shares of Series A convertible preferred stock (Series A Preferred Stock) and 426,898

shares of Series B convertible preferred stock (Series B Preferred Stock) were outstanding as of December 31, 2001.

Series A Convertible Preferred Stock

In December 2001, the Company issued 773,896 shares of Series A Preferred Stock for the conversion of a \$773,896 note payable. Interest on the shares of the Series A Preferred Stock is cumulative at an interest of six percent per annum.

Each share of the Series A Preferred Stock is convertible, at the option of the holder, at any time into shares of common stock of the Company at a conversion price equal to the trading price of the shares or at the price of the last placement of shares by the Company, whichever is less.

The Series A Preferred Stock is redeemable at the option of the Company for cash at a rate of \$1.00 per share and shares of common stock as payment for any accrued interest pursuant to the fixed interest rate of six percent through the date of the retirement, in the event that a notice to convert such shares of Series A Preferred Stock into common stock has not been made prior to such election to retire said shares.

The holders of the preferred stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote. Each preferred stockholder is entitled to the number of votes equal to the number of shares of preferred stock convertible at the time of such vote.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

8. Equity (continued)

In the event of any distribution or liquidation event, the holders of the then outstanding Series A Preferred Stock shall receive a pro-rata distribution to be determined by performing a fictional conversion into common stock, and determining the pro-rata distribution of such proceeds on the basis as-if converted, which is subordinate in classification to any debt classes and preferred stock, Series B, which may be outstanding at the time of such events.

Series B Redeemable Convertible Preferred Stock

In December 2001, the Company issued 426,898 shares of Series B Preferred Stock for the conversion of two notes payable totaling \$426,898.

Each share of the Series B Preferred Stock is convertible, at the option of the holder, at any time into shares of common stock of the Company at a conversion price equal to the trading price of the shares or at the price of the last placement of shares by the Company, whichever is less.

The holders of the preferred stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote. Each preferred stockholder is entitled to the number of votes equal to the number of shares of preferred stock convertible at the time of such vote.

In the event of any distribution or liquidation event, the holders of the then outstanding Series B Preferred Stock shall receive a pro-rata distribution to be determined by performing a fictional conversion into common stock, and determining the pro-rata distribution of such proceeds on the basis as-if converted which is subordinate in classification to any debt classes which may be outstanding at the time of such events.

9. Warrants

In connection with the merger of Segmentz, Inc. and Trans-Logistics, Inc., the Company is required to issue 78,035 warrants to purchase common stock in the Company at a per share price of \$.01, exercisable immediately, and expiring three years from the date of grant. The warrants are to be issued five days after the release of this report.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

10. Stock Option Plan

In October 2001, the Company adopted the 2001 Stock Option Plan (the Plan), under which it authorizes options to be granted to purchase 600,000 shares of common stock. The Plan entitles the holder to receive options to purchase common stock of the Company at a specified price in the future. The Board may grant options at its discretion and is responsible for determining the price to be paid for the shares upon exercise of each option, the period within which each option may be exercised, and any additional terms and conditions of each option. The Company granted no options under the Plan during the year ended December 31, 2001.

11. Related Party Transactions

The Company utilizes the trucking services of an entity related through common ownership. Expenses incurred during the periods ended December 31, 2001 and 2000 amounted to approximately \$206,000 and \$174,000, respectively. The expenses incurred for these services are not necessarily indicative of the amounts that may have been incurred had these services been provided by independent third parties.

In December 2001, the majority stockholder of the Company converted \$181,898 of debt to 181,898 shares of Series B Preferred Stock.

12. Lease Commitments

The Company leases office space for its headquarters under a lease that expires in April 2006. The initial lease term is for a period of five years and the lease agreement includes an optional lease period of an additional three years. The Company also leases certain equipment under non-cancelable operating leases.

As part of the lease agreement, the Company has issued an unused letter of credit in the amount of \$40,000. The amount required of the letter of credit is reduced by \$8,000 per year and may be drawn if certain lease commitments have not been met or have been violated.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

12. Lease Commitments (continued)

The following is a schedule by year of future minimum rental payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of December 31, 2001:

Year Ending
<u>December 31,</u>
2002
\$ 50,979
2003
52,658
2004
49,195
2005
47,292
2006
<u>15,969</u>

\$ 216,093

The Company leases facilities located in Atlanta, Georgia and Edison, New Jersey on an at will basis. Monthly rental payments for these facilities total approximately \$94,000.

Rent expense amounted to \$722,361 for the year ended December 31, 2001. There was no rent expense during the period ended December 31, 2000.

13. Other Commitments

The Company has an employment agreement with an officer of the Company that entitles the officer to receive a severance payment equal to the remaining salary owed under the employment agreement, plus the base salary for the next five years after the term of the employment agreement, including certain other benefits to be paid for following termination.

As previously disclosed, the Company has a stand by letter of credit amounting to \$40,000.

14. Contingent Liabilities

The Company has been party to a lease in its Atlanta facility that it believed to be

month-to-month pursuant to data provided by LMR, which was in operational control of the Company at the time the Company purchased the assets of QLS from bankruptcy and began utilizing the space in Forest Park, Georgia pursuant to providing logistic services for clients. The Company notified the landlord, IDI Services, Inc. (IDI), of its intentions to find smaller space and offered IDI an opportunity to provide a lesser facility size within the facility currently occupied. On June 17, 2002, the Company received a summons from Industrial Property Fund I, LP that named the Company as a co-defendant in a civil action pursuant to the Company's tenancy in Forest Park, GA., which the Company continues to assert and claim is a month-to-month tenancy under which the Company has no obligation other than payment of rent when due. No remedy is being sought against the Company at this time relating to this civil action.

Segmentz, Inc.

Notes to Financial Statements

Year Ended December 31, 2001 and the
Period

April 28, 2000 (Date of Inception)
through December 31, 2000

14. Contingent Liabilities (continued)

by the Company. IDI informed the Company at that time that the Company was party to a lease arrangement that had previously not been disclosed or evidenced. As of February 28, 2002, IDI and the Company were engaged in discussions to resolve this misunderstanding in which the Company asserts that IDI accepted a letter of credit provided by LMR as inducement to enter into the lease with LMR with whom the Company had an arrangement to vacate the premises of its month-to-month sublease on 30 days written notice. IDI's assertion included a variety of material issues, including a representation that the Company was a prime lease holder with an obligation through May 2006. The Company has subsequently secured legal counsel and continues to assert that any lease documents that exist suggesting the Company's prime tenancy are not authorized by the Company, its board, or officers as provided for in the Company's bylaws. The Company continues to defend its position in this matter and believes that it will reach an amicable settlement pursuant to this issue.

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Net loss			\$
(1,111,667)	\$ 680,246		\$ (431,421)

Equipment, net of accumulated

depreciation			\$
40,338	\$ 281,470	\$ 321,808	

Segment assets			\$
1,296,197	\$ 671,620	\$ 1,967,817	

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Financial Statements

Segmentz, Inc.

*Three Months Ended March 31, 2002 and
2001 (Unaudited)*

Segmentz, Inc.

Financial Statements

Three Months Ended March 31, 2002 and
2001 (Unaudited)

Contents

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Segmentz, Inc.

Balance Sheet

March 31, 2002 (Unaudited)

Assets

Current assets:

Cash and cash
equivalents
\$ 248,310

Accounts receivable, net of allowance
of
\$45,000
657,932

Other
receivables
57,728

Prepaid expenses and other current
assets
191,626

Total current
assets
1,155,596

Equipment, net of accumulated
depreciation
302,601

Other assets:

Note receivable, net of allowance of
\$225,000
200,000

Other receivables, net of allowance of
\$200,000
64,833

Loans and
advances
57,051

Total other
assets
321,884

\$ 1,780,081

Liabilities and Stockholders Equity

Current liabilities:

Accounts
payable
\$ 427,069

Line of
credit
238,902

Accrued salaries and
wages
15,305

Accrued expenses,
other
26,750

Income tax
payable
25,000

Obligation due under factoring
arrangement
391,130

Total current
liabilities
1,124,156

Stockholders equity:

Convertible preferred stock;
10,000,000 shares

authorized; 1,200,794 shares issued
and

outstanding
1,200,794

Common stock; \$.001 par value;
40,000,000 shares

authorized; 6,502,913 shares issued
and

outstanding
6,503

Additional paid-in
capital
(6,403)

Accumulated
deficit
(544,969)

Total stockholders
equity
655,925

\$ 1,780,081

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

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Segmentz, Inc.

Statements of Operations
(Unaudited)

Three Months Ended

March 31,	March 31,
<u>2002</u>	<u>2001</u>

Revenues:

Operating revenue	
\$ 2,146,631	\$ 1,705,349

Consulting and other revenue	
<u>3,749</u>	<u>340</u>

<u>2,150,380</u>	<u>1,705,689</u>
------------------	------------------

Expenses:

Operating expenses	
1,665,177	1,447,364

General and administrative expenses	
<u>361,843</u>	<u>114,102</u>

<u>2,027,020</u>	<u>1,561,466</u>
------------------	------------------

Income before taxes	
123,360	144,223

Income tax expense	
<u>25,000</u>	<u>44,800</u>

Net income	
<u>\$ 98,360</u>	<u>\$ 99,423</u>

Basic earnings per common share	
<u>\$.02</u>	<u>\$.02</u>

Basic weighted average common shares outstanding	
<u>6,502,913</u>	<u>6,502,913</u> —

Diluted earnings per common share	
<u>\$.01</u>	<u>\$.02</u>

Diluted weighted average common shares outstanding	
<u>8,904,501</u>	<u>6,502,913</u> —

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

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1,200,794 \$ 1,200,794

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

Additional

<u>Common Stock</u>	
<u>Paid-In</u>	<u>Accumulated</u>
<u>Shares</u>	<u>Amount</u>
<u>Capital</u>	<u>Deficit</u>
<u>Total</u>	

6,502,913	\$ 6,503	\$
(6,403)	\$ (643,329)	\$
557,565		

<u>98,360</u>	<u>98,360</u>
---------------	---------------

<u>6,502,913</u>	<u>\$ 6,503</u>	<u>\$</u>
<u>(6,403)</u>	<u>\$ (544,969)</u>	<u>\$</u>
<u>655,925</u>		

Segmentz, Inc.

**Statements of Cash Flows
(Unaudited)**

Three Months Ended

March 31,

2002 2001

Operating activities

Net
income
\$ 98,360 \$ 99,423

Adjustments to reconcile net income to net cash
provided

(used) by operating activities:

Bad debt
expense
23,928

Depreciation and
amortization
24,934 6,467

(Increase) decrease in:

Accounts and other trade
receivables
326,716 (682,314)

Prepaid expenses and other
assets

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51,907	(67,092)	
		Increase (decrease) in:
		Accounts payable
(196,608)	(49,753)	
		Accounts payable to related party
(5,028)		
		Accrued expenses
(105,059)	220,107	
		Income taxes payable
<u>25,000</u>	<u>44,800</u>	—
		Total adjustments
<u>150,818</u>	<u>(532,813)</u>	
		Net cash provided (used) by operating activities
<u>249,178</u>	<u>(433,390)</u>	—
Investing activities		
		Purchases of equipment
(5,727)	(3,096)	
		Loans, advances, and other receivables
<u>(25,201)</u>		—
		Net cash used by investing activities
<u>(30,928)</u>	<u>(3,096)</u>	—
Financing activities		
		Net obligations incurred under factoring arrangements
(248,331)	481,202	
		Proceeds from issuance of debt
<u>238,902</u>		—
		Net cash (used) provided by financing activities
<u>(9,429)</u>	<u>481,202</u>	—

Net increase in cash		
	208,821	44,716

Cash, beginning of period		
	<u>39,489</u>	<u>1,709</u>

Cash, end of period		
	<u>\$ 248,310</u>	<u>\$ 46,425</u>

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

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Segmentz, Inc.

Notes to Financial Statements

Three Months Ended March 31, 2002 and
2001 (Unaudited)

1. Basis of Presentation

In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair statement of (a) the results of operations for the three-month periods ended March 31, 2002 and 2001, (b) the financial position at March 31, 2002, and (c) cash flows for the three-month periods ended March 31, 2002 and 2001, 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, 2001. The results of operations for the three-month period

ended March 31, 2002 are not necessarily indicative of those to be expected for the entire year.

2. Contingent Liabilities

The Company has been party to a lease in its Atlanta facility that it believed to be month-to-month pursuant to data provided by LMR. In cooperation with LMR, the Company purchased the assets of QLS from bankruptcy and began utilizing the space in Forest Park, Georgia pursuant to providing logistic services for clients. The Company notified the landlord, IDI Services, Inc. (IDI), of its intentions to find smaller space and offered IDI an opportunity to provide a lesser facility size within the facility currently occupied by the Company. IDI informed the Company at that time that the Company was party to a lease arrangement that had previously not been disclosed or evidenced. IDI and the Company are engaged in discussions to resolve this misunderstanding in which the Company asserts that IDI accepted a letter of credit provided by LMR as inducement to enter into the lease with LMR with whom the Company had an arrangement to vacate the premises of its month-to-month sublease on 30 days written notice. IDI's assertion included a variety of material issues, including a representation that the Company was a prime lease holder with an obligation through May 2006. The Company has secured legal counsel and continues to assert that any lease documents that exist suggesting the Company's prime tenancy are not authorized by the Company, its board, or officers as provided for in the Company's bylaws. The Company continues to defend its position in this matter and believes that it will reach an amicable

settlement pursuant to this issue. On June 17, 2002, the Company received a summons from Industrial Property Fund I, LP that named the Company as a co-defendant in a civil action pursuant to the Company's tenancy in Forest Park, GA., which the Company continues to assert and claim is a month-to-month tenancy under which the Company has no obligation other than payment of rent when due. No remedy is being sought against the Company at this time relating to this civil action.

Segmentz, Inc.

Notes to Financial Statements

Three Months Ended March 31, 2002 and
2001 (Unaudited)

3. Sale of Accounts Receivable

During the first quarter of 2002, the Company entered into an agreement with a financing company to purchase certain receivables of the Company without recourse at a rate estimated to be one percent per ten days outstanding. The Company is treating this as a sales transaction in accordance with Statement of Financial Accounting Standards No. 140, the receivable is removed from the assets of the Company on the date of sale of the receivable in exchange for cash received, and the reserve is held until the receivable is paid to the purchaser (at which time, the remaining balance due to the Company, if any, is paid).

4. Line of Credit

As of December 31, 2001, the Company had entered into an agreement with a

related party to provide a line of credit up to \$1.0 million. At December 31, 2001, that party agreed to convert its outstanding balance of \$773,896 to Series A preferred stock of the Company. The Company currently has up to \$250,000 available under the facility, of which \$238,902 is outstanding as of March 31, 2002.

5. Income Taxes

Income tax expense for the three months ended March 31, 2002 is based on the Company's estimate of the effective tax rate expected to be applicable for the full year. The effective tax rate of 37.5 percent for the three months ended March 31, 2002 differs from the statutory rate because of the effects of utilizing a net operating loss carryover.

6. Earnings Per Share

Common stock equivalents in the three-month period ended March 31, 2001 for basic and diluted earnings per share are the same as there were no dilutive securities outstanding at March 31, 2001.

Segmentz, Inc.

Notes to Financial Statements

Three Months Ended March 31, 2002 and
2001 (Unaudited)

7. Segment Information

Segment information has been prepared in accordance with Statements of Financial Accounting Standards No. 131, Disclosure About Segments of an Enterprise and Related Information. The Company has two reportable segments: truck hauling brokering and warehouse operations. The segments were determined based on the types of services provided by each segment. The Company had only one reportable segment until the purchase of QLS in April 2001.

The brokering operations arrange truckload transportation with dedicated Company equipment, owner operator fleet, and extensive agent partners throughout 48 states.

The warehousing operation, acquired in 2001, offers warehouse locations in two facilities covering the east coast. The Company is attempting to expand to offer smaller satellite facilities to enable conduit and direct route trucking solutions on a contracted, dedicated route basis to larger clients.

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Three Months Ended March 31, 2002

	<u>Trucking</u>	<u>Warehouse</u>	
<u>Total</u>			-
Revenue			\$
1,176,633	\$ 969,997		\$ 2,146,631
Other			\$
3,749	\$ 0	\$ 3,749	
Depreciation			
\$ 3,885	\$ 21,049		\$ 24,934
Net (loss) income			\$
(90,891)	\$ 214,251		\$ 123,360
Equipment, net of accumulated depreciation			\$
35,676	\$ 266,925		\$ 302,601
Segment assets			\$
1,575,729	\$ 429,352		\$ 2,005,081

Three Months Ended March 31, 2001

	<u>Trucking</u>	<u>Warehouse</u>	
<u>Total</u>			-
Revenue			\$
1,705,394	\$ 0		\$ 1,705,349
Other			\$
\$ 340	\$ 0	\$ 340	
Net income			\$
99,423	\$ 0	\$ 99,423	
Equipment			\$
\$ 3,060	\$ 0	\$ 3,060	
Segment assets			\$
1,322,553	\$ 0	\$ 1,322,553	

PART III

ITEM 1. INDEX TO EXHIBITS

EXHIBIT

NUMBER DESCRIPTION OF EXHIBIT

-
- 2.0 Amended Joint Plan of Reorganization Dated February 10, 1999, as filed with the United States Bankruptcy Court for the Southern District of Florida, Miami Division.*
- 2.1 Order (I) Confirming Amended Joint Plan of Reorganization Dated February 10, 1999, as Modified, and (II) Limiting Notice with Respect to Post-Confirmation Matters.*
- 2.2 Certificate of Compliance with Reverse Acquisition Requirements, as filed with the United States Bankruptcy Court for the Southern District of Florida, Miami Division, on February 5, 2001.*
- 2.3 Stock Exchange Agreement by and among WBNI, Inc., TRANSL Holdings, Inc., the Stockholders of TRANSL Holdings, Inc. and Halter Financial Group, Inc., dated October 29, 2001.*
- 3.0 Agreement and Plan of Merger dated February 10, 2000, by and between Rose Auto Stores - Florida, Inc., a Florida corporation and RAS Acquisition Corp., a Delaware corporation.*
- 3.1 Articles of Merger filed on May 15, 2000 with the Florida Department of State, by and between Rose Auto Stores - Florida, Inc. and RAS Acquisition Corp. *
- 3.2 Certificate of Merger filed on May 17, 2000 with the Delaware Secretary of State, by and between RAS Liquidating, Inc. and RAS Acquisition Corp. *
- 3.3 Certificate of Merger filed on February 1, 2001 with the Texas Secretary of State, by and between WBNI, Inc. and RAS Acquisition Corp.*
- 3.4 Certificate of Merger filed on February 1, 2001 with the Delaware Secretary of State, by and between

WBNI, Inc. and RAS Acquisition Corp. *
3.5 Certificate of Incorporation of RAS
Acquisition Corp, as filed on May 8, 2000
with the Delaware Secretary of State *
3.6 Certificate of Amendment of
Certificate of Incorporation of WBNI, Inc.
as filed with the Secretary of State of
Delaware on November 1, 2001. *
3.7 Bylaws of RAS Acquisition Corp.*
10.0 Employment Agreement, by and
between Segmentz, Inc and Allan
Marshall.*
10.1 Segmentz, Inc. 2001 Stock Option
Plan. *
21.0 Subsidiaries of the Registrant:
Trans-Logistics, Inc., a Florida
corporation.*

* Previously filed in the Form 10-SB on
January 31, 2002.