

SPEEDEMISSIONS INC
Form SB-2/A
October 07, 2005

As filed with the Securities and Exchange Commission on October 7, 2005

Registration No. 333-127814

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

First Amended
Form SB-2/A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

SPEEDEMISSIONS, INC.
(Name of small business issuer in its charter)

Florida
(State or jurisdiction of
incorporation or organization)

7549
(Primary Standard Industrial
Classification Code Number)

33-0961488
(I.R.S. Employer
Identification No.)

1134 Senoia Road
Suite B2
Tyrone, GA 30290
(Address of principal executive offices
and intended principal place of business)

(770) 306-7667
(Telephone number)

Richard A. Parlontieri, President
1134 Senoia Road, Suite B2
Tyrone, Georgia 30290
(770) 306-7667
(Name, address, and telephone
number of agent for service)

COPIES TO:

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Rancho Santa Margarita, California 92688
(949) 635-1240

Approximate date of commencement of proposed sale to the public:

From time to time after this registration statement becomes effective.

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

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock of certain selling shareholders	848,286	\$0.205 (1)	\$173,899	\$20.47
Common Stock underlying the exercise of warrants held by certain warrant holders	89,424,299	\$0.233 (2)	\$20,835,862	\$2,452.39
Common Stock underlying the conversion of Series B Preferred Stock	189,000,000	\$0.035	\$6,615,000	\$778.59
Total Registration Fee				\$3,251.45

(1) The offering price per share for the selling security holders was estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the "Act"). For purposes of this table, we used the average of the closing bid and ask prices on August 15, 2005.

(2) Represents the weighted-average exercise price for the warrants.

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

may determine.

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

Subject to Completion, Dated October 6, 2005

PROSPECTUS

Up to 279,272,585 shares of common stock

SPEEDEMISSIONS, INC.

Speedemissions is registering 848,286 shares for sale by existing shareholders, and 278,424,299 shares for sale by existing warrant and preferred stock holders upon the exercise of warrants or conversion of preferred shares. This offering will terminate when all 279,272,585 shares are sold or on June 30, 2008, unless we terminate it earlier.

Our common stock is quoted on the over-the-counter electronic bulletin board under the symbol "SPEM."

Investing in the common stock involves risks. Speedemissions currently has limited operations, limited income, and limited assets, is in unsound financial condition, and you should not invest unless you can afford to lose your entire investment. See "Risk Factors" beginning on page 3.

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

All of the common stock registered by this prospectus will be sold by the selling shareholders at the prevailing market prices at the time they are sold. Speedemissions is not selling any of the shares of common stock in this offering and therefore will not receive any proceeds from this offering. Speedemissions will, however, receive proceeds upon the exercise of warrants.

The date of this prospectus is October [__], 2005

PROSPECTUS SUMMARY

SPEEDEMISIONS, INC.

We have been in the vehicle emissions testing business since May 2000. We currently operate thirty-six vehicle emissions testing centers in three separate markets, greater Atlanta, Georgia, Houston, Texas, and Salt Lake City, Utah. In addition, we operate four mobile testing units in the greater Atlanta area.

Our objective is to become a national provider of vehicle emissions tests. Presently, the American Automobile Motor Vehicle Association reports that 34 states and the District of Columbia are required by the United States Environmental Protection Agency to have vehicle emissions testing. According to the 2000 census, these states constitute 72% of the U.S. population, or about 206 million citizens. The major metropolitan areas of these states represent 141 million citizens and 87.1 million vehicles. Each state, in turn, has its own regulatory structure for emissions testing with which we must comply.

We intend to grow using three methods. First, we intend to continue opening and operating company-owned testing stations. Second, we intend to acquire competitors in favorable markets. Third, we intend to offer franchises in selected markets. Currently, in addition to the Atlanta, Houston and Salt Lake City areas, we have targeted the following areas for application of our three growth strategies: Dallas, Texas; Charlotte, North Carolina; Northern Virginia; Pittsburgh and Philadelphia, Pennsylvania; Southern California; New York City; and Boston, Massachusetts. We intend to create brand awareness in each of these areas through a standard building style and facade, consistent color schemes, signs, employee uniforms, and limited local advertising.

Corporate Information

We were incorporated as SKTF Enterprises, Inc. in the State of Florida on March 27, 2001. Our original business plan, to market clothing and related merchandise at major sporting events, concerts, and political events, was abandoned. In June 2003, we acquired Speedemissions, Inc., a Georgia corporation, that is now our wholly owned subsidiary, and in September 2003 we changed our name from SKTF Enterprises, Inc. to Speedemissions, Inc.

Our principal offices are located at 1134 Senoia Road, Suite B2, Tyrone, Georgia 30290, and our telephone number is (770) 306-7667. Our website address is www.speedemissions.com. Information contained on our website is not incorporated into, and does not constitute any part of, this prospectus.

The Offering

We are registering 848,286 shares for sale by existing shareholders, and 278,424,299 shares for sale by existing warrant and preferred stock holders upon the exercise of warrants or conversion of preferred shares. All of the common stock registered by this prospectus will be sold by the selling shareholders at the prevailing market prices at the time they are sold. We currently have 26,610,808 shares of common stock outstanding, and if all of the warrants are exercised and preferred shares converted, we will have 305,035,107 shares of common stock outstanding.

RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the following information, together with the other information contained in this prospectus, before you decide to buy our common stock. If any of the following events actually occurs, our business, financial condition or results of operations would likely suffer. In this case, the market price, if any, of our common stock could decline, and you could lose all or part of your investment in our common stock.

We depend upon government laws and regulations that may be changed in ways that hurt our business.

Our business depends upon government legislation and regulations mandating air pollution controls. At this point, Georgia, Texas and Utah law are especially important to us because all of our existing emissions testing services are conducted in those states. Changes in federal or state law that govern or apply to our operations could have a materially adverse effect on our business. For example, Georgia law could be changed so as to require that vehicles in the state be tested every other year, as opposed to every year. Such a change would reduce the number of vehicles that need to be tested in any given year and such a reduction would have a material adverse effect on our revenues in Georgia. Other changes that would adversely affect us would be a reduction in the price we can charge customers for our testing service, an increase in the fees we must pay to the state in order to operate emissions testing stations in its jurisdiction, and the adoption of a system whereby the state, as opposed to private operators, performs vehicle emissions testing. We cannot be assured that changes in federal or state law would not have a materially adverse effect on the vehicle emissions testing industry generally or, specifically, on our business.

We have a limited operating history and limited historical financial information upon which you may evaluate our performance.

You should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages of development. We may not successfully address these risks and uncertainties or successfully implement our operating and acquisition strategies. If we fail to do so, it could materially harm our business and impair the value of our common stock. Even if we accomplish these objectives, we may not generate positive cash flows or profits we anticipate in the future.

We may be unable to effectively manage our growth and operations.

We anticipate rapid growth and development by both opening and acquiring stations in a relatively short period of time. The management of this growth will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, increased marketing activities, the ability to attract and retain qualified management personnel and the training of new personnel. We intend to hire additional personnel in order to manage our expected growth and expansion. Failure to successfully manage our expected growth and development and difficulties in managing our emissions testing stations could have a material adverse effect on our business and the value of our common stock.

Our strategy of acquiring and opening more testing stations may not produce positive financial results for us.

Our strategy of acquiring and opening more emissions testing stations in the greater Atlanta, Houston and Salt Lake City areas and in other areas is subject to a variety of risks, including the:

- Inability to find suitable acquisition candidates;
- Failure or unanticipated delays in completing acquisitions due to difficulties in obtaining regulatory approvals or consents;
- Difficulty in integrating the operations, systems and management of our acquired stations and absorbing the increased demands on our administrative, operational and financial resources;
 - Loss of key employees;
 - Reduction in the number of suitable acquisition targets resulting from continued industry consolidation;
 - Inability to negotiate definitive purchase agreements on satisfactory terms and conditions;
- Increases in the prices of sites and testing equipment due to increased competition for acquisition opportunities or other factors; and
 - Inability to sell any non-performing stations or to sell used equipment.

If we are not able to successfully address these risks, it could materially harm our business and impair the value of our common stock.

We do not have any experience in franchising, and thus our strategy of franchising locations may not be profitable for us.

One of our growth strategies is to franchise locations throughout certain regions of the country. We believe this will allow us to grow at a much faster rate than opening only company-owned stores, and will help us create brand identity and loyalty. However, we do not have any experience in franchising, and none of our current management team has any direct experience in franchising. Although we intend to acquire personnel with the necessary experience, we may not be able to attract such personnel, or the personnel we do attract may not be successful in managing our growth through franchising. If we are not able to manage our franchise strategy, it could materially harm our business, affect our overall financial results, and impair the value of our common stock.

We may not have access to additional financing or money.

In order to fund our opening and acquiring of emissions testing stations, we will require additional equity or debt financing. We cannot be assured that any such financing will be available to us in the future or, if available, will be offered on terms and conditions that are acceptable to us. It is unlikely that any bank or financial institution would provide a conventional loan to us given our limited operating history.

Because the emissions testing industry is highly competitive, we may lose customers and revenues to our competitors.

Our testing stations face competition from other emission station operators that are located near our sites. We expect such competition whenever and wherever we open or acquire a station. Our revenue from emissions testing is affected primarily by the number of vehicles our stations service, and the price charged per test. Other emissions testing operators may have greater financial resources than us, which may allow them to obtain more expensive and advantageous locations for testing stations, to provide services in addition to emissions testing, to charge lower prices than us, and to advertise and promote their businesses more effectively than us. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain, or will increase, their current testing volumes and revenues. A decrease in testing volume as the result of competition or other factors could materially impair our profitability and our cash flows, thereby adversely affecting our business and the value of our common stock.

A downturn at any one of our emission testing stations could adversely affect our revenues and the amount of cash we have.

We currently operate thirty-six emissions testing stations. A significant decline in testing volume and revenue at any one of our stations could have a materially adverse effect on our overall operations and financial condition, thereby adversely affecting our business and the value of our common stock.

The loss of Richard A. Parlontieri, President and Chief Executive Officer, and the inability to hire or retain other key personnel, would adversely affect our ability to manage and control our business.

Our business now depends primarily upon the efforts of Mr. Richard A. Parlontieri, who currently serves as our President and Chief Executive Officer. We believe that the loss of Mr. Parlontieri's services would have a materially adverse effect on us. In this regard, we note that we have entered into a three-year employment agreement with Mr. Parlontieri.

As our business grows and expands, we will need the services of other persons to fill key positions in our company. As an early growth-stage company with limited financial resources, however, we may not be able to attract, or retain, competent, qualified and experienced individuals to direct and manage our business. The absence of skilled persons within our company will have a materially adverse effect on us and the value of our common stock.

We have a large amount of outstanding common stock held by a single shareholder, and a large amount of common stock that could be acquired by a second shareholder upon conversion of preferred stock, which if sold could have a negative impact on our stock price.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliates, owns 14,570,619 shares of our common stock and upon conversion of all their outstanding warrants and preferred stock could own up to 88,559,190 shares of our common stock. Another shareholder, Baron Partners LP, could acquire up to 275,448,364 shares of our common stock upon the exercise of warrants and the conversion of preferred stock. If either of these shareholders sold a large number of shares of our common stock into the public market, or if the public market perceived the sale of those shares into the market, it would have a negative impact on our stock price.

Restrictions and limitations imposed under any credit facility could adversely affect our ability to expand our business, thereby hurting the value of our common stock.

We will require additional financing, and one source of financing may be a credit facility. We expect that any credit facility we enter into will restrict our ability to, among other things:

- Incur additional indebtedness;
- Pay dividends or make certain other payments or distributions;
 - Enter into certain transactions with affiliates;
 - Merge or consolidate with any other entity; or
- Sell, assign, transfer, lease, convey, or otherwise dispose of all or substantially all of our assets.

In addition, any credit facility may restrict our ability to incur liens or to sell certain assets and may require us to maintain specified financial ratios and satisfy certain financial condition tests.

These restrictions and limitations may adversely affect our ability to grow and expand our business, which may, in turn, adversely affect the value of our common stock.

Our largest shareholder controls our company, allowing them to direct the company in ways that may be contrary to the wishes of other shareholders.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliate, owns approximately 55% of our outstanding shares, and controls approximately 88% of our outstanding voting securities. They have the ability to control the direction of our company, which may be contrary to the wishes of other shareholders or new investors.

Upon completion of this offering, approximately 7,529,622 shares of our common stock will be available for immediate resale. The immediate availability for sale of such a large amount of our stock may decrease the price at which our investors are able to sell their shares.

Immediately following the completion of this offering, there will be approximately 7,529,622 shares, including the 848,286 shares held by existing shareholders included in this offering, of our common stock available for immediate resale. The sale of all or substantially all of those shares in the public market, or the market's expectation of such sales, may result in an immediate and substantial decline in the market price of our shares. Such a decline will adversely affect our investors, and make it more difficult for us to raise additional funds through equity offerings in the future.

Certain shares of our common stock are restricted from immediate resale. The lapse of those restrictions, coupled with the sale of the related shares in the market, or the market's expectation of such sales, could result in an immediate and substantial decline in the market price of our common stock.

A substantial number of our shares of common stock are restricted from immediate resale in the public market. However, those restrictions began to expire on June 17, 2004. The sale or resale of those shares in the public market, or the market's expectation of such sales, may result in an immediate and substantial decline in the market price of our shares. Such a decline will adversely affect our investors, and make it more difficult for us to raise additional funds through equity offerings in the future.

Our stock price will fluctuate after this offering, which could result in substantial losses for investors.

The market price for our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include:

- Quarterly variations in operating results;
- Changes in financial estimates by securities analysts;
- Announcements by us or our competitors of new products, significant contracts, acquisitions or strategic relationships;
 - Publicity about our company, management, products or our competitors;
 - Additions or departures of key personnel;
 - Any future sales of our common stock or other securities; and
- Stock market price and volume fluctuations of publicly traded companies.

These and other external factors have caused and may continue to cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock.

In the past, securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. If securities class action litigation is brought against us it could result in substantial costs and a diversion of our management's attention and resources, which could hurt our business.

Because we are subject to the "penny stock" rules, the level of trading activity in our stock may be reduced.

Our common stock is traded on the OTC Electronic Bulletin Board. Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on Nasdaq. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

The conversion terms and the exercise price, respectively, of the preferred stock and the warrants, may be adjusted if we do not meet certain goals, and as a result you may incur dilution in the future.

The conversion price for the preferred stock may be adjusted downward if we obtain financing on terms less favorable than our terms with the preferred stock holders. In addition, if certain earnings per share and other milestones are not met, the exercise price of the warrants may be reduced. Either of these events, or similar events, will cause substantial additional dilution to our shareholders.

We will require additional funds to support our working capital requirements or for other purposes, and will seek to raise additional funds through public or private equity financing. Also, we may acquire other companies or finance strategic alliances by issuing equity. Any capital raising transaction may result in additional dilution to our shareholders.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks outlined under “Risk Factors” and elsewhere in this prospectus.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievement. We are not under any duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results, unless required by law.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling shareholders. We will not receive any proceeds from the sale of shares of common stock in this offering. However, we may receive proceeds from the exercise of warrants. The weighted average exercise price to acquire all of the shares of common stock included in this prospectus underlying the exercise of warrants is \$0.33 per share, and the maximum proceeds to us upon the exercise of all the warrants is approximately \$15,493,500.

These proceeds would be received from time to time as warrants are exercised, and we will use these proceeds for working capital needs.

Our allocation of proceeds represents our best estimate based upon the expected exercise of warrants and the requirements of our proposed business and marketing plan. If any of these factors change, we may reallocate some of the net proceeds. The portion of any net proceeds not immediately required will be invested in certificates of deposit or similar short-term interest bearing instruments.

SELLING SECURITY HOLDERS

The following table provides information with respect to shares offered by the selling stockholders:

Selling stockholder	Shares for sale	Shares Underlying Warrants or Preferred Stock	Shares before offering	Percent before offering	Shares after offering	Percent after offering (1)
Barron Partners LP	-0-	275,448,364 (2)	-0-	-0-%	-0-	-0-%
Prospect Financial Advisors, LLC	-0-	2,850,000 (3)	-0-	-0-%	-0-	-0-%
The Lebrecht Group, APLC (4)	138,888	-0-	832,530	3.1 %	693,642	2.6 %
GCA Strategic Investment Fund Limited	-0-	100,000 (5)	14,570,619	55.1 %	14,570,619	55.1 %
Global Capital Advisors, LLC	-0-	100,000 (5)	100,000	-0-%	-0-	-0-%
Pamplona Capital, Inc.	709,398	-0-	709,398	2.7 %	-0-	-0-%
Ronald Muschetta	-0-	70,833 (6)	-0-	-0-%	-0-	-0-%
P. Tony Polyviou	-0-	70,833 (6)	-0-	-0-%	-0-	-0-%
Andrew Gonchar	-0-	70,834 (6)	-0-	-0-%	-0-	-0-%
Brian K. Coventry	-0-	212,500 (6)	-0-	-0-%	-0-	-0-%
Michael Shumacher	-0-	37,500 (6)	-0-	-0-%	-0-	-0-%
Allan M. Levine	-0-	37,500 (6)	-0-	-0-%	-0-	-0-%
Total	848,286	278,998,364	16,212,547	60.9 %	15,264,261	57.7 %

*

Less than 1%

(1) Based on 26,610,808 shares outstanding.

(2) Includes up to 86,448,364 shares of common stock which may be acquired upon the exercise of warrants, and 189,000,000 shares of common stock which may be acquired upon conversion of 2,500,000 shares of Series B Convertible Preferred Stock.

- (3) Includes 2,850,000 shares of common stock which may be acquired upon the exercise of warrants.
- (4) Includes 138,888 shares issued as compensation for legal services rendered in connection with the registration statement. The Lebrecht Group, APLC is legal counsel to Speedemissions.
- (5) Includes 100,000 shares of common stock which may be acquired upon the exercise of warrants.
- (6) Includes shares of common stock which may be acquired upon the exercise of warrants.

PLAN OF DISTRIBUTION

The selling stockholders have advised us that the sale or distribution of our common stock owned by the selling stockholders may be effected by the selling stockholders as principals or through one or more underwriters, brokers, dealers or agents from time to time in one or more transactions (which may involve crosses or block transactions) (i) on the over-the-counter market or on any other market in which the price of our shares of common stock are quoted or (ii) in transactions otherwise than in the over-the-counter market or in any other market on which the price of our shares of common stock are quoted. Any of such transactions may be effected at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at negotiated or fixed prices, in each case as determined by the selling stockholders or by agreement between the selling stockholders and underwriters, brokers, dealers or agents, or purchasers. If the selling stockholders effect such transactions by selling their shares of common stock to or through underwriters, brokers, dealers or agents, such underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of common stock for whom they may act as agent (which discounts, concessions or commissions as to particular underwriters, brokers, dealers or agents may be in excess of those customary in the types of transactions involved).

We will pay all expenses in connection with the registration and sale of the common stock by the selling security holders, who may be deemed to be underwriters in connection with their offering of shares. The estimated expenses of issuance and distribution are set forth below:

Registration Fees	Approximately	\$ 3,300.00
Transfer Agent Fees	Approximately	\$ 1,000.00
Costs of Printing and Engraving	Approximately	\$ 1,000.00
Legal Fees	Approximately	\$ 50,000.00
Accounting Fees	Approximately	\$ 5,000.00
Total		\$ 60,300.00

Under the securities laws of certain states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. The selling stockholders are advised to ensure that any underwriters, brokers, dealers or agents effecting transactions on behalf of the selling stockholders are registered to sell securities in all fifty states. In addition, in certain states the shares of common stock may not be sold unless the shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and we have complied with them. The selling stockholders and any brokers, dealers or agents that participate in the distribution of common stock may be considered underwriters, and any profit on the sale of common stock by them and any discounts, concessions or commissions received by those underwriters, brokers, dealers or agents may be considered underwriting discounts and commissions under the Securities Act of 1933.

In accordance with Regulation M under the Securities Exchange Act of 1934, neither we nor the selling stockholders may bid for, purchase or attempt to induce any person to bid for or purchase, any of our common stock while we or they are selling stock in this offering. Neither we nor any of the selling stockholders intends to engage in any passive market making or undertake any stabilizing activity for our common stock. None of the selling stockholders will engage in any short selling of our securities. We have been advised that under the rules and regulations of the NASD, any broker-dealer may not receive discounts, concessions, or commissions in excess of 8% in connection with the sale of any securities registered hereunder.

LEGAL PROCEEDINGS

In April 2005, a lawsuit was filed against us by Weingarten Realty Investors in the U.S. District Court of Harris County, Texas, case number 2005-25671. The Complaint alleges breach of contract arising out of a real property lease in Texas for two testing sites that were to be built. The case does not allege specific damages, although the total of all monthly payments under the two leases is approximately \$516,000. We filed an Answer to the Complaint, and we are in discussions to settle the matter.

We are not a party to or otherwise involved in any other legal proceedings.

In the ordinary course of business, we may be from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS

The following table sets forth the names and ages of the current directors and executive officers of the Company, the director nominees, and the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one-year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers, and none of our officers or directors serves as a director of another reporting issuer.

Name	Age	Position(s)
Richard A. Parlontieri	59	Director, President, and Secretary (2003)
Bahram Yusefzadeh	59	Director (2003)
Bradley A. Thompson	41	Director (2003)
Larry C. Cobb	54	Chief Financial Officer (2005)
Erik Sander	44	Director (2005)
Ernest A. Childs, PhD.	58	Director (2005)

Richard A. Parlontieri was appointed to our Board of Directors and as an officer in connection with the acquisition of Speedemissions, Inc., a Georgia corporation, our subsidiary of which Mr. Parlontieri is a founder and President/CEO. He was the founder, Chairman and Chief Executive Officer of ebank.com, Inc., a publicly held bank holding company headquartered in Atlanta. ebank, which began as a traditional bank designed to deliver banking services in a non-traditional way, was the first internet bank to provide banking services focusing on small business owners. The Company opened in August 1998, and was named one of “The Best 100 Georgia Companies” in May 2000, by the Atlanta-Journal Constitution.

Prior to starting ebank, Mr. Parlontieri was President/CEO of Habersham Resource Management, Inc., a consulting firm with over 16 years experience in the financial services, mortgage banking, real estate, home health care and capital goods industries. While at Habersham, Mr. Parlontieri co-founded and organized banks (including Fayette County Bank which was sold to Regions Financial Corporation) and completed strategic acquisitions or divestitures for banks, mortgage companies and real estate projects.

Mr. Parlontieri currently serves on the Georgia Emissions Industry Advisory Board as Secretary. He also is a member of the Georgia Emissions Testing Association (GETA). Over the past several years he has spoken or given presentations at various conferences concerning the financial services industry and the Internet. These include the American Banker Online Financial Services in Cyberspace Conference, the Phoenix International Users Banking Conference, GE Capital Management Conference and the eFinancial World Conference.

Mr. Parlontieri is an active participant in community and civic organizations, including serving as a three-term city councilman in suburban Atlanta, a past two-term President of the local chapter of the American Heart Association, and was an Organizer/Director of the suburban YMCA.

Bahram Yusefzadeh was elected to our Board of Directors at our annual shareholders meeting in August 2003. Mr. Yusefzadeh is currently the founder and Managing Director of V2R, LLC. V2R is a strategic, multi-faceted consulting firm that assists both United States and international organizations with increasing their value and accelerating their growth through C-Level services and capital investment. To further support their clients, V2R provides strategic management services across mission critical business areas, including sales and marketing, finance, legal, and human resources management.

A seasoned businessman and entrepreneur, Mr. Yusefzadeh's career began in 1969 when he co-founded a banking software company, Nu-Comp Systems, Inc., and developed the Liberty Banking System. This system was marketed by IBM as the IBM Banking System from 1981 through 1985. He served as Nu-Comp's Chief Executive Officer and President through Broadway & Seymour, Inc.'s acquisition of the company in June 1986 and remained with Broadway & Seymour as their Chairman of the Board through November 1986.

From 1986 to 1992, he served in various capacities at The Kirchman Corporation, first as President of the product and marketing strategies division, where he was instrumental in bringing innovative bank automation products to market. He later served as President of both the independent banking group, which focused on delivering products in-house, and the outsourcing division, where the focus was on data center operations.

In 1993, he founded Phoenix International, a provider of integrated, client/server based software applications for the global financial services industry. Mr. Yusefzadeh served as their Chairman and Chief Executive Officer and was instrumental in Phoenix's successful initial public offering in 1996, secondary offering in 1997 and acquisition by London Bridge Software Holdings plc in 2001.

Mr. Yusefzadeh has also provided his expertise to numerous boards. From 1997 to 2001, he served on the board of Towne Services, Inc. (now merged with Private Business, Inc.), a provider of a merchant sales and payment transaction processing system. He also chaired Towne Services' audit committee and was a member of the compensation committee.

Today, Mr. Yusefzadeh serves as a member of an advisory board to Capital Appreciation Partners, a venture fund that invests in stage II technology focused companies in the United States. He is also Chairman of the Board of Trustees for the International Center for Automated Information Research, a capital fund sponsored by the University of Florida College of Law and the Warrington Graduate School of Business that invests in early stage technology companies focused on enhancing the law and accounting professions.

Throughout his career, Mr. Yusefzadeh has been dedicated to community involvement. Prior to moving to Central Florida, he actively participated in various economic and community development organizations in Minneapolis. Since joining the Central Florida community, he has served as director of the Seminole County/Lake Mary Chamber of Commerce and co-chair of the Economic Development Counsel Technology Roundtable. He has also funded an Endowed Teaching Chair at Seminole Community College and serves on the advisory boards for the Central Florida Festival of Orchestra and BETA Center.

Bradley A. Thompson, CFA was elected to our Board of Directors at our annual shareholders meeting in August 2003. Mr. Thompson is currently the Chief Investment Officer and Chief Financial Analyst for Global Capital Advisors, LLC, an affiliate of GCA Strategic Investment Fund, Limited. Mr. Thompson is also the Chief Operating Officer and Secretary for Global Capital Management Services, Inc. the Corporate General Partner and Managing Partner of Global Capital Funding Group, LP, a licensed SBIC.

Mr. Thompson, born August 15, 1964, has over 18 years of experience in commercial banking, investment management, bond credit underwriting, financial analysis, and business management. Mr. Thompson received his Bachelors of Business Administration degree in Finance from the University of Georgia in 1986. Mr. Thompson also holds the Chartered Financial Analyst (CFA) designation sponsored by the CFA institute.

Mr. Thompson began his career in banking with Trust Company Bank, now SunTrust Bank, as a financial analyst. He later joined the firm of Merrill Lynch, Pierce Fenner & Smith in the securities industry managing retirement, profit sharing, pension, trust, and individual investment portfolios. While at Merrill Lynch, Mr. Thompson received his NASD Series 7 (General Securities) and Series 63 (State Securities) License, both of which have now expired. Mr. Thompson subsequently performed the duties of financial analyst and bond underwriter for SAFECO Insurance Company of America. At SAFECO, Mr. Thompson was responsible for the financial analysis and credit evaluations of the prospective and current bond accounts, and was ultimately responsible for the credit decision with a single line of credit approval authority ranging from \$1 million to \$10 million and an aggregate line of authority on specific accounts in excess of \$175 million.

Prior to joining GCA, Mr. Thompson was self-employed managing his own small business enterprises. Mr. Thompson was the President and sole owner of Time Plus, an automated payroll accounting services firm for small to mid sized companies. Mr. Thompson successfully negotiated the sale of Time Plus, a sole proprietorship, for a 328% annualized return on investment. Mr. Thompson was also 50% owner and Vice President, Chief Financial Officer of AAPG, Inc., a specialty retail sporting goods firm. Mr. Thompson has since sold his interest in AAPG, Inc.

Mr. Thompson currently serves as a Director on the Board of GCA Strategic Investment Fund, and he is a former Director of Axtive Inc., a publicly traded technology consulting firm that acquires and operates various technology product and service companies and a former Director and Secretary on the Board of Directors of AdMark Systems, LLC., a privately held marketing firm.

Larry C. Cobb was hired as our Chief Financial Officer on April 15, 2005. Mr. Cobb is the principal of CFO-ON-CALL of Georgia, Inc. and has held this position since 1994. Through CFO-ON-CALL of Georgia, Inc., Mr. Cobb uses his expertise in accounting to consult with companies regarding their internal accounting processes and preparation of financial statements to assist the companies with a variety of transactions, including reorganizations, sale of the business, mergers and acquisitions, and Securities Act of 1933 and Securities Exchange Act of 1934 compliance. Mr. Cobb has consulted and worked with numerous private and public companies, including industries ranging from automotive services, hardware and construction, healthcare advertising, and electronics manufacturing. Mr. Cobb received a Bachelor of Science in Accounting from Mississippi State University, and a Master of Professional Accountancy from Georgia State University.

Erik Sander was appointed to fill a vacancy on our Board of Directors effective on May 26, 2005. Mr. Sander is currently the Director of Industry Programs at the University of Florida College of Engineering, a position he has held since 2000, and he is a member of the faculty and a frequent lecturer there as well as at the College of Business. He also has, since 1997, provided consulting services in the areas of university/government/industry collaborations, technology transfer, and business start-up and growth for a wide variety of industrial, academic and federal government clients. Finally, Mr. Sander is currently a technical advisor and one of the co-founders of Diversified Mobility, Inc., a designer and marketer of mobilized powerlift platforms. His past positions include Associate Director for Industrial Collaboration and Technology Transfer at the University of Florida Engineering Research Center and Director of Business Development and Principal at Cenetec Ventures, LLC. Mr. Sander received a Bachelor of Science in Mechanical Engineering from the University of Florida and a Master of Science in Management of Technology from the University of Alabama in Huntsville.

Ernest A. Childs, PhD. joined our Board of Directors at our annual shareholders meeting in August 2005. Mr. Childs is currently the Chief Executive Officer of ArcheaSolutions, Inc., a position he has held since 2000. ArcheaSolutions is a privately held environmental company that specializes in solutions for wastewater processing problems. Prior to joining ArcheaSolutions, Dr. Childs was the Chief Executive Officer of Benesys, Inc. and Equity Development, Inc. Benesys was a benefit consulting company for companies in the health care industry and Equity Development was a consulting company that specialized in assisting people injured in major work and traffic accidents. Dr. Childs received his Bachelor of Science from the University of Tennessee in 1968, his Masters of Science from the University of Tennessee in 1969, and his Doctorate from the University of Georgia in 1971.

Board Committees

On August 26, 2003, an Audit Committee, established in accordance with section 3(a)(58)(A) of the Exchange Act, of the Board of Directors was formed. The Audit Committee has held two meetings in 2003 and one meeting in 2004. In accordance with a written charter adopted by the Company's Board of Directors, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting process, including the system of internal controls. The directors who are currently members of the Audit Committee are Bradley A. Thompson, Bahram Yusefzadeh, and Erik Sander, with Mr. Thompson and Mr. Yusefzadeh considered audit committee financial experts, and with Mr. Thompson and Mr. Sander considered independent directors under Section 121(A) of the AMEX listing standards.

On August 26, 2003, a Compensation Committee of the Board of Directors was formed. The Compensation Committee currently consists of Bradley A. Thompson, Bahram Yusefzadeh, and Erik Sander. The Compensation Committee has held one meeting in 2003 and one meeting in 2004, and has approved the employment agreement and other compensation of Richard Parlontieri.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of September 29, 2005, certain information with respect to the Company's equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

Title of Class	Name and Address of Beneficial Owner	Common Stock	
		Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common Stock	GCA Strategic Investment Fund Ltd (2) c/o Prime Management Ltd Mechanics Bldg 12 Church St. HM11 Hamilton, Bermuda HM 11	88,599,190 (3)	88.0 % (3)
Common Stock	Richard A. Parlontieri (4) 1029 Peachtree Parkway North Suite 310 Peachtree City, GA 30269	2,639,996 (5)	9.2 % (5)
Common Stock	Bahram Yusefzadeh (4) 2180 West State Road Suite 6184 Longwood, FL 32779	311,000 (6)	1.2 % (6)
Common Stock	Bradley A. Thompson (4)(7) 227 King Street Frederiksted, USVI 00840	103,500 (7)(8)	<1 % (8)
Common Stock	Erik Sander (4) c/o Speedemissions, Inc. 1134 Senoia Road, Suite B2 Tyrone, GA 30290	25,000 (9)	<1 % (9)
Common Stock	Larry C. Cobb c/o Speedemissions, Inc. 1134 Senoia Road, Suite B2 Tyrone, GA 30290	-0-	-0-
Common Stock	Ernest A. Childs, PhD (4) c/o Speedemissions, Inc. 1134 Senoia Road, Suite B2 Tyrone, GA 30290	25,000 (9)	<1 % (9)
	All Officers and Directors as a Group (6 Persons)	3,104,496 (5)(6)(7)(8)(9)	10.6 % (5)(6)(8)(9)

- (1) Unless otherwise indicated, based on 26,610,808 shares of common stock outstanding.
- (2) Global Capital Advisors, LLC (“Global”), the investment advisor to GCA Strategic Investment Fund Limited (“GCA”), has sole investment and voting control over shares held by GCA. Mr. Lewis Lester is the sole voting member of Global.
- (3) Includes 71,428,571 shares of common stock which may be acquired upon conversion of 2,500 shares of Series A Convertible Preferred Stock. Also includes 2,500,000 shares of common stock which may be acquired upon the exercise of warrants at \$1.25 per share, and 100,000 shares of common stock which may be acquired upon the exercise of warrants at \$0.357 per share
- (4) Indicates a Director of the Company.
- (5) Includes 10,000 shares of common stock which may be acquired upon the exercise of options at \$0.25 per share. Includes 300,000 shares of common stock which may be acquired upon the exercise of options at \$0.25 per share, which are part of a grant of 400,000 options, with 100,000 options vesting on October 1, 2004 and the remaining 200,000 options vesting equally on October 1, 2005, and 2006. Includes 300,000 shares which may be acquired upon the exercise of warrants at \$0.75 per share, which are part of a grant of 450,000 warrants, with the remaining 150,000 warrants vesting on January 1, 2006. Includes 300,000 shares which may be acquired upon the exercise of warrants at \$1.05 per share, which are part of a grant of 450,000 warrants, with the remaining 150,000 warrants vesting on January 1, 2006. Includes 250,000 shares which may be acquired upon the exercise of warrants at \$0.25 per share. Includes 30,000 shares of common stock which may be acquired upon the exercise of options at \$0.25 per share. Includes 924,996 shares of common stock owned of record by Calabria Advisors, LLC, an entity controlled by Mr. Parlontieri.
- (6) Includes 85,000 shares of common stock which may be acquired upon the exercise of options at \$0.25 per share. Includes 25,000 shares which may be acquired upon the exercise of warrants at \$0.01 per share and 100,000 shares which may be acquired upon the exercise of warrants at \$0.25 per share.
- (7) Mr. Thompson is a director of GCA Strategic Investment Fund Limited, and disclaims beneficial ownership of the shares held by them.
- (8) Includes 85,000 shares of common stock which may be acquired upon the exercise of options at \$0.25 per share.
- (9) Includes 25,000 shares of common stock which may be acquired upon the exercise of options at \$0.20 per share.

There are no current arrangements that will result in a change in control.

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 250,000,000 shares of common stock, par value \$0.001, and 5,000,000 shares of preferred stock, par value \$0.001. As of September 29, 2005, there are 26,610,808 shares of our common stock issued and outstanding, and 2,502,500 shares of our preferred stock issued and outstanding.

On August 23, 2005, our shareholders approved an increase in our authorized common stock from 100,000,000 shares to 250,000,000 shares, however, this is not enough to allow for the conversion of all of our outstanding preferred stock and the exercise of all of our outstanding options and warrants. We are contractually obligated to increase our authorized common stock to an amount sufficient to allow for all conversions and exercises by March 31, 2006, and intend to do so.

Common Stock. Each shareholder of our common stock is entitled to a pro rata share of cash distributions made to shareholders, including dividend payments. The holders of our common stock are entitled to one vote for each share of record on all matters to be voted on by shareholders. There is no cumulative voting with respect to the election of our directors or any other matter. Therefore, the holders of more than 50% of the shares voted for the election of those directors can elect all of the directors. The holders of our common stock are entitled to receive dividends when and if declared by our Board of Directors from funds legally available therefore. Cash dividends are at the sole discretion of our Board of Directors. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining available for distribution to them after payment of our liabilities and after provision has been made for each class of stock, if any, having any preference in relation to our common stock. Holders of shares of our common stock have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to our common stock.

Dividend Policy. We have never declared or paid a cash dividend on our common stock and we do not expect to pay cash dividends on our common stock in the foreseeable future. We currently intend to retain our earnings, if any, for use in our business. Any dividends declared on our common stock in the future will be at the discretion of our Board of Directors and subject to any restrictions that may be imposed by our lenders.

Our Series A Convertible Preferred Stock pays a dividend of seven percent per year. The dividend can be paid in common stock or additional shares of preferred stock, in our discretion. We have not paid any dividends on the Series A Convertible Preferred Stock to date.

Our Series B Convertible Preferred Stock does not pay a dividend.

Preferred Stock. We are authorized to issue 5,000,000 shares of preferred stock, par value \$0.001.

In January 2004, we designated 3,500 shares as Series A Convertible Preferred Stock, of which 2,500 are issued and outstanding, and which pays a dividend of seven percent per year, and each share was originally convertible into one thousand shares of our common stock, or 2,500,000 shares of common stock in the aggregate. In July 2005, as a result of the issuance of our Series B Convertible Preferred Stock, the conversion ratio for our Series A Preferred Stock was adjusted so that the holders are entitled to receive 71,428,571 shares upon conversion thereof. Upon certain changes in control, we could be required to redeem the Series A preferred stock at its original issue price of \$1,000 per share, plus accrued but unpaid dividends.

In July 2005, we designated 3,000,000 shares of Series B Convertible Preferred Stock, of which 2,500,000 are issued and outstanding. Each share is convertible into 75.6 shares of our common stock, or 189,000,000 shares of common stock in the aggregate. The Series B Convertible Preferred Stock does not pay a dividend.

The availability or issuance of preferred shares in the future could delay, defer, discourage or prevent a change in control.

Stock Option Plans.

On May 15, 2001, our directors and shareholders approved the SKTF, Inc. 2001 Stock Option Plan, effective June 1, 2001. At our annual shareholders meeting on August 27, 2003, our shareholders approved an amendment to the plan, changing its name to the Speedemissions, Inc. 2001 Stock Option Plan, and increasing the number of shares of our common stock available for issuance under the plan from 600,000 shares to 1,000,000 shares. The plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. As of September 29, 2005, we have issued 50,000 shares of stock and options to acquire another 966,750 shares under the plan.

On July 8, 2005, our directors and shareholders approved the Speedemissions, Inc. 2005 Omnibus Stock Grant and Option Plan. There are 2,500,000 shares of our common stock available for issuance under the plan. On September 1 of each year, the number of shares in the Plan shall automatically be adjusted to an amount equal to ten percent (10%) of the outstanding stock of the Company on August 31 of the immediately preceding year. The plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. As of September 29, 2005, we have not issued any shares or options under the plan.

Transfer Agent. The transfer agent for our common stock is Interwest Transfer Company, Inc., 1981 - 4800 South, Suite 100, Salt Lake City, Utah 84117, telephone number (801) 272-9294.

INTERESTS OF NAMED EXPERTS AND COUNSEL

The Lebrecht Group, APLC serves as our legal counsel in connection with this offering. As of September 29, 2005, The Lebrecht Group is the owner of 832,530 shares of our common stock.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Article X of our Articles of Incorporation provides that, to the fullest extent permitted by law, no director or officer shall be personally liable to us or our shareholders for damages for breach of any duty owed to us or our shareholders. In addition, we have the power, in our bylaws or in any resolution of our stockholders or directors, to indemnify our officers and directors against any liability as may be determined to be in our best interest, and in conjunction therewith, to buy, at our expense, policies of insurance. Our bylaws do not further address indemnification.

We have entered into separate indemnification agreements with each of our current directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

DESCRIPTION OF BUSINESS

Introduction

We were incorporated as SKTF Enterprises, Inc. in the State of Florida on March 27, 2001. Effective September 5, 2003, after our acquisition of our wholly owned subsidiary, we changed our name to Speedemissions, Inc.

Our original business plan was to develop, market and distribute branded and licensed hats and clothing at major events such as sporting events, concerts, and conventions. However, our management abandoned our original business plan, and on June 16, 2003, we acquired Speedemissions, Inc., a Georgia corporation.

Our Principal Services and Markets

We currently operate thirty-six vehicle emissions testing centers in three separate markets, greater Atlanta, Georgia, Houston, Texas, and Salt Lake City, Utah. In addition, we operate four mobile testing units in the greater Atlanta area.

Recent Acquisitions

On January 21, 2004, we acquired all of the assets of the businesses known and operated as NRH Enterprises/Procam Emissions and Georgia Emissions, which consisted primarily of five emissions testing centers in the Atlanta, Georgia area.

On January 30, 2004, we acquired all of the assets of the businesses known and operated as \$20 Emission, which consisted primarily of seven emissions testing centers in the Atlanta, Georgia area.

On June 11, 2004, we acquired all of the assets of BB&S Emissions, LLC, consisting of one emissions testing center in the Atlanta, Georgia area.

On December 2, 2004, we acquired five mobile testing units from State Inspections of Texas, Inc., and on December 30, 2004, we acquired the remainder of their assets, consisting of six emissions testing centers in the Houston, Texas area.

On June 30, 2005, we acquired six emissions testing centers in the Houston, Texas area when we acquired Mr. Sticker, Inc., a Texas corporation and now our wholly-owned subsidiary.

On September 8, 2005, we acquired eight emissions testing centers in the Salt Lake City, Utah area when we acquired Just, Inc., a Utah corporation and now our wholly-owned subsidiary.

Our Typical Site

The typical testing site is located inside of a structure similar to a typical lube or tire change garage with doors at both ends so vehicles can “drive-through” the facility. We also have structures that resemble a bank drive-through facility. A computerized testing system is located in the building. There are two types of primary tests that are performed, the Accelerated Simulated Model (ASM) and the On-Board Diagnostic (OBD). In selected markets a vehicle safety inspection must also be performed. These tests apply to vehicles generally manufactured from 1980 through 2001, depending on the state. The ASM test is done on vehicles 1995 and older, while the OBD test is conducted on vehicles 1996 and newer. In all new sites, we expect to operate two testing lanes. The cost of equipment for operating one ASM and two OBD machines is approximately \$50,000. The cost of facilities varies, depending on location and market rates in that area. Generally, we do not expect to own any land or buildings. Instead, although we own the land and building at one of our sites, in the future we intend to lease or sublease all of the land and the buildings that we

use in our business. We expect the total cost for a new emissions testing site will be approximately \$150,000, including emission testing equipment and related installation, deposits and prepaid items such as certificates, furniture and office equipment, renovations if necessary, signage, and capital necessary to fund operations during the first year. Such amount does not include future years' costs, such as rent and utilities or other operating costs.

Under the guidelines of the Georgia Clean Air Force program, the mobile vehicle emission testing units are only permitted to conduct the OBD test on 1996 and newer vehicles. We currently have five units and they serve the automobile fleets of the federal, state, and local governments. Also, all used cars, prior to being re-sold, must have a vehicle emission test, and thus we serve both the new and used car dealers throughout the greater Atlanta market. Finally, these units serve the fleets of major corporate customers as well. The start-up cost for the mobile testing unit is about 60% less than the cost of a typical brick-and-mortar location. As a result, they are a more profitable operating unit.

Our Growth Strategy

Our objective is to become a national provider of vehicle emissions tests and safety inspections where applicable.

We intend to grow using three methods. First, we intend to continue opening and operating company-owned testing stations. Second, we intend to continue acquiring competitors in favorable markets. Third, we intend to offer franchises in selected markets. Currently, in addition to the Atlanta, Houston and Salt Lake City areas, we have targeted the following areas for application of our three growth strategies: Dallas, Texas; Charlotte, North Carolina; Northern Virginia; Pittsburgh and Philadelphia, Pennsylvania; Southern California; New York City; and Boston, Massachusetts. We intend to create brand awareness in each of these areas through a standard building style and facade, consistent color schemes, signs, employee uniforms, and limited local advertising.

Industry Background - Government and Regulatory Overview

Presently, the American Automobile Motor Vehicle Association reports that 34 states and the District of Columbia are required by the United States Environmental Protection Agency to have vehicle emissions testing. According to the 2000 census, these states constitute 72% of the U.S. population, or about 206 million citizens. The major metropolitan areas of these states represent 141 million citizens and 87.1 million vehicles. Each state, in turn, has its own regulatory structure for emissions testing with which we must comply.

Public awareness of air pollution and its hazardous effects on human health and the environment has increased in recent years. The U.S. Environmental Protection Agency estimates that in the United States alone approximately 46 million persons live in areas where air quality levels fail to meet the EPA's national air quality standards. Increased awareness of air pollution and its hazardous effects on human health and the environment has led many governmental authorities to pass more stringent pollution control measures. One especially effective measure that many governmental authorities have adopted is vehicle emissions testing. Vehicle emissions produce approximately 35% to 70% of the ozone air pollution and nearly all of the carbon monoxide air pollution in metropolitan areas. The EPA estimates that enhanced emissions testing on motor vehicles is approximately 10 times more cost-effective in reducing air pollution than increasing controls on stationary pollution sources such as factories and utilities. Consequently, the EPA has made emissions testing an integral part of its overall effort to reduce air pollution by ensuring that vehicles meet emissions standards.

In general, these vehicle emissions tests are performed either in a centralized program or in a decentralized program. In a centralized program, a select number of emissions testing operators are licensed by the state or are operated by certain states to perform vehicle emissions testing. These operators are authorized to perform emissions tests, but generally they are prohibited from repairing vehicles that fail to pass an emissions test.

On the other hand, in a decentralized program, a wider range of persons may perform emissions tests, including those engaged primarily in other businesses, such as automotive repair shops, automobile dealers and others. For many of these operators, performing emissions tests is not their primary business.

The EPA has granted state governmental authorities the discretion to determine how best to establish and operate a network of emissions testing facilities, including the flexibility to choose either a centralized or a decentralized program. Nineteen states have implemented decentralized programs and twelve states and the District of Columbia have implemented centralized programs. There are three states that have implemented a hybrid program, whereby there are both decentralized and centralized testing stations. The percentage of programs that are either centralized or decentralized has remained relatively constant since 1991.

Vehicle emissions control requirements have become progressively more stringent since the passage of the Clean Air Act in 1970. The 1990 Amendments, in particular, emphasized the need for effective emissions control programs and, in 1992, the EPA adopted regulations that required areas across the United States to implement certain types of emissions control programs by certain dates, depending on the area's population and their respective levels of air pollution. The EPA has the authority under the Clean Air Act to withhold non-safety related federal highway funds from states that fail to implement such mandated programs by prescribed deadlines. To date, the EPA has been willing, in certain circumstances, to grant extensions of these deadlines. However, there are also examples where it has withheld non-safety related highway funding. This occurred for a period of two years in Georgia because of Atlanta's high vehicle emissions (New York Times, January 4, 2001).

More recently, on July 31, 1998, the EPA issued a final study that concluded that more stringent air quality standards for motor vehicle emissions are needed, and that such standards should be implemented as it becomes technologically feasible and cost-effective to do so. We believe that the setting of such standards will be the most important EPA regulatory initiative affecting motor vehicles since the passage of the 1990 Amendments. We believe that the EPA study is likely to result in more stringent standards that will have the effect of increasing the number of areas that must implement emissions testing programs and thereby potentially increasing the market for our service.

Since 1977, when federal legislation first required states to comply with emissions standards through the use of testing programs, California has been a leader in testing procedures and technical standards. California has approximately 23 million vehicles subject to emissions testing, more than two times that of any other state. California's testing program is overseen by the California Bureau of Automotive Repair. The Bureau has revised its emissions testing standards three times: in 1984, 1990 and, most recently, in 1997. With each of these revisions, the Bureau has required the use of new, more sophisticated and more accurate emissions testing and analysis equipment, which must be certified by the Bureau. California's testing standards have become the benchmark for emissions testing in the United States. All states with decentralized programs and many states with centralized programs require emissions testing and analysis equipment used in their programs to be either BAR-84, BAR-90, or BAR-97 certified, with all newly implemented enhanced programs requiring BAR-97 certification.

As emissions testing equipment has become more technologically advanced, government regulators have required that testing facilities use this more advanced equipment. The most significant technological advance that has occurred in the emissions testing industry over the past decade is the development of enhanced testing systems. Prior to 1990, the EPA required government agencies to test vehicles only for emissions of carbon monoxide and hydrocarbons, which form smog. During this "basic" test, a technician inserts a probe in the vehicle's tailpipe while the vehicle is idling and emissions analyzers then measure pollution levels in the exhaust. These basic tests worked well for pre-1981, non-computerized vehicles containing carburetors because typical emission control problems involved incorrect air/fuel mixtures and such problems increase pollution levels in the exhaust even when the vehicle is idling.

However, today's vehicles have different emissions problems. For tests on modern vehicles to be effective, the equipment must measure nitrogen oxide emissions that also cause smog and must test the vehicle under simulated driving conditions. The EPA now requires these enhanced tests in the major metropolitan areas of the 34 states and the District of Columbia. A technician conducts these Accelerated Simulated Mode (ASM) tests on a dynamometer, a treadmill-type device that simulates actual driving conditions, including periods of acceleration, deceleration and cruising, or the On Board Diagnostic (OBD) by plugging into the vehicles computerized operation system.

Emissions Testing in the State of Georgia

As a result of a rapidly increasing population, which has caused the levels of smog to escalate sharply, the 13 counties that make up the metro Atlanta area have been identified by the EPA as target sites for a mandatory vehicle inspection and maintenance program. In 1996, the Environmental Protection Division of the State of Georgia initiated "Georgia's Clean Air Force" program that requires testing of certain vehicles in a 13 county area surrounding Atlanta, Georgia, for certain emission levels. These rules are set forth in Sections 391-3-20-.01 through .22 of the Rules of the Georgia Department of Natural Resources, Environmental Protection Division.

Georgia's program is a decentralized program. All operators performing emissions testing in Georgia must have their technicians attend and complete certain state certified training, and report to the state on their emissions testing activities every month. Testing stations may be licensed to test all vehicles, which is known as an ALL VEHICLES WELCOME station, or only vehicles not more than five years old, known as a NEW VEHICLES ONLY station. All the stations we currently operate in Georgia, are "ALL VEHICLES WELCOME" stations.

The Georgia Clean Air Force Program initially required a basic test of exhaust gases every two years. In 1997, the program was changed to include enhanced testing, which combines the simple exhaust test with a simulated road test using a dynamometer. Prior to January 1, 2000, Georgia required that vehicles in the 13 covered counties undergo an emissions test once every two years. In December 1999, however, Georgia amended this rule so as to require testing on an annual basis, with an annual exemption for the three most recent model years.

The market for emissions testing in Georgia is highly fragmented and generally consists of services provided by independent auto repair service providers, service stations, oil and tire repair stores, and independent test-only facilities. According to the State of Georgia, there were approximately 700 licensed test sites, and approximately 2,137,000 tests were performed in Georgia under the Georgia Clean Air Force Program during the calendar year 2004.

Under Georgia law, the price that a testing station may charge per test may not be less than \$10 nor more than \$25. A fee of \$6.95 must be paid by the station operator to the state. The balance of the current charge, or \$18.05 assuming the maximum price of \$25 is charged, is retained by the station operator. If a vehicle fails an emissions test, it may be retested at no additional charge for up to 30 days after the initial test, so long as the subsequent test is performed at the same facility.

If a vehicle fails to pass an emissions test, the owner of the vehicle must have repair work performed to correct the deficiency, up to a total cost of \$689 under current law. If a vehicle fails a re-inspection despite the maximum expenditure required by law, the owner must apply for a compliance waiver from the state.

Georgia law mandates compliance with its vehicle emissions testing program. For vehicles subject to the state's emissions law, a successful test, or a waiver from the state, is required to obtain a vehicle registration in Georgia.

Emissions Testing in the State of Texas

The market in Texas is highly fragmented and consists of testing services implemented under the current guidelines in May 2002. The Texas Department of Public Safety manages the vehicle emissions testing and safety inspection for the state. The emissions tests conducted are the same as in Georgia. The fee is set at a maximum of \$39.50 for both the emissions test and the safety inspection. The operator is charged \$8.00 for the ASM sticker, and \$14.00 for the OBD sticker. The safety inspection cost is included in these amounts. Vehicles are required to be tested on an annual basis, with an annual exemption for the two most recent model years. According to the American Automobile Motor Vehicle Association, there are 4.6 million eligible vehicles in the state.

If a vehicle fails, the operator must provide a free re-test at the same facility within 15 days. Texas also has provisions for those vehicles that cannot pass an emissions test, with no limit on the amount of repairs. The owner may apply to the state for a compliance waiver.

Texas law mandates compliance with its vehicle emissions and safety inspection program. For a vehicle to obtain a sticker for yearly registration the owner must have a successful emissions and safety inspection, or a waiver.

Emissions Testing in the State of Utah

The vehicle emission testing law in Utah applies to the counties of Davis, Utah, Salt Lake and Weber. Each county conducts its own inspection & maintenance program. The first year is exempt from testing. The types of vehicles tested are gasoline in all four counties, light duty and heavy duty diesel in Davis, Salt Lake and Utah counties. Tests are conducted on an annual basis and due at the time of vehicle registration. Fees vary depending on the county with no maximum fee set by the county. There is also a safety inspection required at the time of the emissions test.

Operating Strategy

Our operating strategy focuses on (a) increasing the number of sites we operate in a given market, (b) increasing the volume of business at each site, (c) creating brand awareness for our services, and (d) creating repeat customer sales, all of which are designed to enhance our revenue and cash flow. To achieve these goals, we:

- Seek to secure and maintain multiple stations at well-traveled intersections and other locations that are easily reachable by our customers;
- Coordinate operations, training and a local outreach program in each market to enhance revenue and maximize cost efficiencies within each market;
 - Implement regional management and marketing initiatives in each of our markets;
 - Seek to acquire existing testing sites where significant volume potential exists;
- Tailor each facility, utilize limited local advertising and the services we offer to appeal to the broadest range of consumers; and
- Recently expanded the use of our mobile vehicle testing units by adding a sales manager to call on federal, state, and local governments for their fleets, as well as corporate accounts and car dealers.

Most of our emissions testing stations are open for business during weekdays between the hours of 8:00 am and 6:00 pm, and from 8:30 am to 5:00 pm on Saturdays, for a total of 58.5 hours per week. Our stations are closed on Sundays. The average emissions test in Georgia takes approximately 8 to 12 minutes to complete. In Texas and Utah, because of the safety inspection, the completion time is slightly longer. Therefore, each of our stations with one testing bay can test anywhere from three to four vehicles per hour. Assuming steady demand throughout the day, six days a week, each of our stations would have the capacity to test approximately 234 vehicles per week (58.5 hours times 4 vehicles per hour), or 936 vehicles per month (234 vehicles per week times 4 weeks). Based upon our calculations involving our existing emissions stations, stations with one testing bay need to receive payment for 450 emissions tests per month to cover the costs associated with its operation, while stations with two testing bays need 475 tests per month to break even. In addition, we do a limited (about 10%) oil change business in six of our Texas locations.

We currently purchase our raw materials, such as filters, hoses, etc., from 2 suppliers, and because these raw materials are readily available from a variety of suppliers, we do not rely upon any one supplier for a material portion of our materials. Certificates of Emission Inspection are purchased from the Georgia Clean Air Force, and emission and safety inspection stickers are purchased from the Texas Department of Public Safety and the Salt Lake Valley Health Department.

Intellectual Property

We have registered the trade name “Speedemissions” in Fulton County, Georgia, and Austin, Texas, and are thereby authorized to conduct our business in Georgia and Texas under the name “Speedemissions.” We have filed a Federal Service Mark Registration for the name and logo of Speedemissions, Inc., and for the tag line “The Fastest Way to Keep Your Air Clean.”

Competition

The emissions testing industry is full of small owner-operators. Auto repair shops, tire stores, oil change stores, muffler shops, service stations, and other emissions testing stations all offer the service. Competition is fierce, and we expect competition from local operators at all of our locations. There are no national competitors at this time. Our market share is too small to measure. We intend to compete by creating brand awareness through advertising, a standard building style and facade, and consistent color schemes and uniforms. Because most families own more than one vehicle, and they are required to have their vehicle tested on a regular basis, we anticipate that we can retain repeat customers.

Research and Development

We have not spent any material amount of time or money on research and development, and do not anticipate doing so in the future.

Compliance with Environmental Laws

There are no environmental laws applicable to the vehicle emissions and safety inspection business.

Employees

We currently employ 109 individuals. Of these 109 employees, eight are employed in administrative positions at our headquarters, including our Chief Executive Officer, Richard A. Parlontieri, and our Chief Financial Officer, Larry C. Cobb, while 101 are employed on-site at our testing locations. 108 of our employees are full-time, while one is employed on a part-time basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Disclaimer Regarding Forward Looking Statements

Our Management's Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this prospectus reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

Overview

We currently operate 36 vehicle emissions testing centers in three separate markets, greater Atlanta, Georgia, Houston, Texas, and Salt Lake City, Utah. In addition, we operate four mobile testing units in the greater Atlanta area. We do not provide automotive repair services at our centers because we believe that it inhibits our ability to provide timely customer service and creates a perception that our test results might be compromised.

We charge a fee for each test, whether it passes or not, and a portion of that fee is passed on to the state governing agency. In Georgia, the maximum fee that we can charge is \$25, and a fee of \$6.95 is paid to the State of Georgia. In Texas, the maximum fee that we can charge is \$39.50, for both an emissions test and a safety inspection, and a fee varying between approximately \$5.50 and \$14.00 per certificate, depending on the type of test, is paid to the State of Texas. In Utah, we charge \$55.00 for a combined emissions and vehicle safety inspections test. Fees paid to the county range from \$3.00 to \$7.50 depending on the minimum tests conducted in a month.

We want to grow. We completed four acquisitions during 2004, which added nineteen testing centers and seven mobile units, and we have completed two acquisitions in 2005 which added fourteen testing centers. We intend to close more acquisitions, and to open company-owned stations, throughout 2005 and 2006.

As a result of our growth plans, our biggest challenge will be managing our growth and integrating our acquisitions. We have tried to attract qualified personnel to assist us with this growth, while keeping our overhead expenses manageable. We have not operated at a profit, nor have we operated on a break-even cash flow basis. However, if we are successful in implementing our growth strategy, we believe that both of these financial goals are achievable in the next 12 months. Until that time, we will have to continue to fund our operations, and our acquisitions, with capital raised from selling our stock.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Results of Operations

Introduction

Our operations reflect a significantly different company in 2004 versus 2003. At the beginning of 2003 we were a privately held company operating two emissions testing stations in Georgia and three stations in Texas. During 2003 we were acquired by a public company in a reverse acquisition, but our number of emissions testing stations remained at five as of December 31, 2003. During 2004 we made four acquisitions (adding 19 stations), opened two new stations and closed one existing station, increasing our emissions testing stations to twenty-five plus seven mobile units as of December 31, 2004. Of the net twenty stations added during 2004, only fourteen had a significant impact on revenues and expenses as six of the acquired stations were purchased on December 30, 2004. As a result, our revenues and operating expenses increased significantly in 2004 compared to 2003. Additionally, our acquisition and capital raising activities during 2004 added significant expenses associated with common stock issued at discounts from the trading values for our common stock.

Revenue and Loss from Operations

Our revenue, cost of emission certificates (our cost of goods sold), general and administrative expenses, and loss from operations for the year ended December 31, 2004 as compared to the year ended December 31, 2003 are as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Percentage Change
Revenue	\$ 2,867,921	\$ 612,948	368%
Cost of Emission Certificates	874,507	173,495	404%
General & Administrative Expenses	4,901,360	1,781,370	175%
Loss from Operations	(2,907,946)	(1,341,917)	117%

Our revenues increased 368% in 2004 because of the fourteen stations added through acquisition and new stations openings, while combined revenues from existing stations increased by approximately 3% when compared to 2003.

Our cost of emission certificates increased \$701,012 during 2004 and was \$874,507, or 30% of revenues, compared to \$173,495 or 28% of revenues, during 2003. This increase was largely attributable to revenues at the seven stations acquired in the \$20 Emissions acquisition providing emission testing services at a rate of \$20 per test rather than the maximum \$25 per test fee allowed in the state of Georgia and charged by the Company's other Georgia emission testing stations.

Our general and administrative expenses during 2004 were \$4,901,360, an increase of \$3,119,990, or 175% as compared to 2003. The 175% increase in general and administrative expenses from 2003 to 2004 compares favorably with the 368% increase in revenues during the same period and indicates that the significant fixed expenses associated with being a public company do not increase proportionally with increased revenues. As we grow through future acquisitions we expect revenues will continue to increase at a faster rate than do general and administrative expenses and these efficiencies will result in more profitable operations. The primary causes of the increased expenses were as follows:

Increased wages and rent expense associated with fourteen additional emissions testing stations	\$ 969,700
Excess of purchase price over fair market value of assets purchased	559,514
Expense associated with common stock issued in conversion of promissory notes	489,812
Increased legal, accounting and consulting expenses due to acquisitions and public company issues	435,351
Increased depreciation and maintenance expense associated with fourteen additional emissions testing stations	189,628
	\$ 2,644,005

Interest Expense, Taxes, and Net Loss

Our interest expense, income tax benefit, and net loss for the year ended December 31, 2004 as compared to the year ended December 31, 2003 are as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Percentage Change
Interest Expense	\$ 64,110	\$ 137,276	(53)%
Net Loss	(2,972,056)	(1,479,193)	101%
Basic and Diluted Loss per Share	(0.14)	(0.16)	(13)%

Our interest expense during 2004 was \$64,110, a \$73,166, or 53% decrease compared to \$137,276 for 2003. The decrease was due to reductions in the Company's outstanding debt; a total of \$540,000 in promissory notes were converted to the Company's common stock during 2004 and \$1,450,000 in convertible debentures was converted to the Company's common stock in December 2003.

During 2004, we had a net loss of \$2,972,056 or \$0.14 per weighted-average share. During 2003, we reported a net loss of \$1,479,193 or \$0.16 per weighted-average share. The \$1,492,863 increase in net loss for 2004 was primarily due to the \$2,644,005 in additional expenses as detailed above, partially offset by an increase of \$1,554,207 in revenue less cost of emission certificates, due to the fourteen additional stations, for 2004 compared to 2003. The 101% increase in net loss from 2003 to 2004 compares favorably with the 368% increase in revenues during the same period and indicates that the significant fixed expenses associated with being a public company do not increase proportionally with increased revenues. As we grow through future acquisitions we expect revenues will continue to increase at a faster rate than associated expenses and these efficiencies will result in more profitable operations.

The following analysis compares the results of operations for the three and six month periods ended June 30, 2005 to the comparable periods ended June 30, 2004.

Results of Operations

Introduction

Our operations reflect a significantly different company as of June 30, 2005 versus June 30, 2004. As of June 30, 2004 we operated sixteen (16) emissions testing stations in Georgia and three (3) emissions testing stations in Texas. During December 2004 we made one (1) acquisition which resulted in the addition of six (6) emissions testing stations Texas and seven (7) mobile units in Georgia. During the six months ended June 30, 2005 we closed three (3) stations, acquired Mr. Sticker's six (6) stations and consolidated mobile operations from seven (7) to four (4) units. These actions were taken to improve efficiencies and increase profitability. As a result, we operated a total of twenty-eight (28) stations and four (4) mobile units as of June 30, 2005. Therefore, our operating expenses and revenues during the three and six months ended June 30, 2005 were significantly greater than the three and six months ended June 30, 2004, primarily due to the six (6) Texas stations acquired in December 2004.

We did not complete the acquisition of Just, Inc. until September 8, 2005, and thus the financial results of those stores are not included herein.

Revenues and Loss from Operations

Our revenue, cost of emission certificates, general and administrative expenses, and loss from operations for the three months ended June 30, 2005 as compared to the three months ended June 30, 2004 and December 31, 2004 are as follows:

	3 Months Ended		Percentage	3 Months Ended
	June 30,	3 Months Ended	Change	December 31,
	2005	June 30, 2004		2004
Revenue	\$ 1,255,586	\$ 748,608	68%	\$ 746,515
Cost of Emission Certificates	391,677	230,343	70%	225,075
General & Administrative Expenses	1,263,803	1,335,090	(5)%	946,765
Loss from Operations	\$ (399,894)	\$ (816,825)	(51)%	\$ (425,325)

Our revenues increased in the three months ended June 30, 2005 primarily because of the six stations we acquired via acquisition during December 2004, plus the single station acquired during June 2004. For the fourth quarter of 2004, our average per-station revenue was \$39,000, compared to over \$57,000 for the second quarter of 2005, an increase of over \$18,000 per station. Contributing to the increase in revenues from fourth quarter 2004 to second quarter 2005 was the closing of two unprofitable stations during January 2005 and one unprofitable station during April 2005. Our cost of emission certificates increased in the three months ended June 30, 2005 as compared to the same period in 2004 primarily because of the six stations we acquired in December 2004 and the one station we acquired in June 2004.

Our general and administrative expenses during the three months ended June 30, 2005 were \$1,263,803, a decrease of \$71,287, or (5)% as compared to the three months ended June 30, 2004. The primary causes of the decreased general and administrative expenses were the following differences in expenses recorded between the three months ended June 30, 2004, and the three months ended June 30, 2005 which respectively increased or (decreased) expenses recorded in the three months ended June 30, 2005 when compared to the three months ended June 30, 2004:

General and administrative expenses associated with the six Texas stations purchased in December 2004	\$ 307,000
Discount from market price on 1,100,000 common shares issued in debt conversion - expensed three months ended June 30, 2004	(231,000)
Decrease in consulting fees from 2004 to 2005	(129,000)
Decrease in legal and accounting fees from 2004 to 2005	(59,000)
	\$ (112,000)

Our revenue, cost of emission certificates, general and administrative expenses, and loss from operations for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004 and December 31, 2004 are as follows:

	6 Months Ended June 30, 2005	6 Months Ended June 30, 2004	Percentage Change	6 Months Ended December 31, 2004
Revenue	\$ 2,533,876	\$ 1,367,005	85%	\$ 1,504,523
Cost of Emission Certificates	820,720	415,751	97%	458,756
General & Administrative Expenses	2,410,687	2,987,647	(19)%	1,917,620
Loss from Operations	\$ (697,531)	\$ (2,036,393)	(66)%	\$ (871,853)

Our revenues increased in the six months ended June 30, 2005 primarily because of the six stations we acquired via acquisition during December 2004, plus the single station acquired during June 2004. For the six months ended December 31, 2004, our average per-station revenue was \$79,000, compared to over \$115,000 for the six months ended June 30, 2005, an increase of over \$36,000 per station. Contributing to the increase in revenues from the six months ended December 31, 2004 to the six months ended June 30, 2005 was the closing of two unprofitable stations during January 2005 and one unprofitable station during April 2005. Our cost of emission certificates increased in the six months ended June 30, 2005 as compared to the same period in 2004 primarily because of the six stations we acquired in December 2004 and the one station we acquired in June 2004.

Our general and administrative expenses during the six months ended June 30, 2005 were \$2,410,687 a decrease of \$576,960, or (19) % as compared to the six months ended June 30, 2004. The primary causes of the decreased general and administrative expenses were the following differences in expenses recorded between the six months ended June 30, 2004, and the six months ended June 30, 2005 which respectively increased or (decreased) expenses recorded in the six months ended June 30, 2005 when compared to the six months ended June 30, 2004:

General & administrative expenses associated with the six Texas stations purchased in December 2004	\$ 577,000
Excess of purchase price over fair market value of assets purchased during the six months ended June 30, 2004	(560,000)
Discount from market price on 2,024,996 common shares issued in debt conversion - expensed six months ended June 30, 2004	(462,000)
Decrease in legal and accounting fees from 2004 to 2005	(144,000)
	\$ (589,000)

Interest Expense and Net Loss

Our interest expense and net loss for the three months ended June 30, 2005 as compared to the three months ended June 30, 2004 is as follows:

	Three months ended June 30, 2005	Three months ended June 30, 2004	% Change
Interest Expense	\$ 65,293	\$ 16,908	286%
Net Loss	(465,187)	(833,733)	(44)%
Preferred stock dividends on Series A convertible preferred stock (undeclared)	44,110	44,110	0%
Beneficial conversion feature on Series B convertible preferred stock	4,577,632		100%
Net loss after beneficial conversion feature	(5,086,929)	(877,843)	605%
Basic and Diluted Loss per Share	\$ (0.20)	\$ (0.04)	(400)%

Our interest expense during the three months ended June 30, 2005 was \$ 65,293, a \$48,385, or 286% increase compared to \$16,908 for the three months ended June 30, 2004. The increase was due to interest costs associated with an increase of debt of approximately \$1,861,000 from June 30, 2004 to June 30, 2005. Total debt, as of June 30, 2005 was approximately \$2,244,000.

During the three months ended June 30, 2005, we had a net loss, before beneficial conversion feature, of \$465,187. During the three months ended June 30, 2004, we reported a net loss of \$833,733. The \$368,546 decrease in net loss for the three months ended June 30, 2005 was primarily due to approximately \$112,000 in net general and administrative cost decreases, as detailed above, less approximately \$48,000 in increased interest expense, favorably offset by an increase of approximately \$346,000 in revenue, less cost of emission certificates, for the three months ended June 30, 2005 compared to the three months ended June 30, 2004.

During the three months ended June 30, 2005, we recorded a charge to accumulated deficit of \$4,577,632 as a result of a beneficial conversion feature associated with the 2,500,000 shares of Series B convertible preferred stock and 43,900,000 warrants issued in the June 30, 2005 capital raise (see Note 5). As a result of this beneficial conversion feature, our basic and diluted loss per share for the three months ended June 30, 2005 increased from \$(0.04) to \$(0.20).

Interest Expense and Net Loss

Our interest expense and net loss for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004 is as follows:

	Six months ended June 30, 2005	Six months ended June 30, 2004	% Change
Interest Expense	\$ 129,386	\$ 35,839	261%
Net Loss	(826,917)	(2,072,232)	(60)%
Preferred stock dividends on Series A convertible preferred stock (undeclared)	88,220	77,672	14%
Beneficial conversion feature on Series B convertible preferred stock	4,577,632		100%
Net loss after beneficial conversion expense	(5,492,769)	(2,149,904)	160%
Basic and Diluted Loss per Share	\$ (0.22)	\$ (0.11)	(120)%

Our interest expense during the six months ended June 30, 2005 was \$ 129,386, a \$93,547, or 261% increase compared to \$35,839 for the three months ended June 30, 2004. The increase was due to interest costs associated with an increase of debt of approximately \$1,861,000 from June 30, 2004 to June 30, 2005. Total debt, as of June 30, 2005 was approximately \$2,244,000.

During the six months ended June 30, 2005, we had a net loss before beneficial conversion feature, of \$826,917. During the six months ended June 30, 2004, we reported a net loss of \$2,072,232. The \$1,245,315 decrease in net loss for the six months ended June 30, 2005 was primarily due to approximately \$589,000 in net general and administrative cost decreases, as detailed above, less approximately \$94,000 in increased interest expense, plus an increase of approximately \$762,000 in revenue, less cost of emission certificates, for the six months ended June 30, 2005 compared to the six months ended June 30, 2004.

During the six months ended June 30, 2005, we recorded a charge to accumulated deficit of \$4,577,632 as a result of a beneficial conversion feature associated with the 2,500,000 shares of Series B convertible preferred stock and 43,900,000 warrants issued in the June 30, 2005 capital raise (see Note 5). As a result of this beneficial conversion feature, our basic and diluted loss per share for the six months ended June 30, 2005 increased from \$(0.11) to \$(0.22).