

OPEXA THERAPEUTICS, INC.

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 08/15/01 for the Period Ending 06/30/01

Address	2635 TECHNOLOGY FOREST BLVD. THE WOODLANDS, TX 77381
Telephone	(281) 272-9331
CIK	0001069308
Symbol	OPXA
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	12/31

PHARMAFRONTIERS CORP

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 8/15/2001 For Period Ending 6/30/2001

Address	2408 TIMBERLOCH PLACE, SUITE B-7 THE WOODLANDS, Texas 77380
Telephone	(281)272-9331
CIK	0001069308
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended June 30, 2001

OR

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

Commission File Number: 000-25513

SPORTAN UNITED INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

TEXAS
(State of Incorporation)

760333165
(IRS Employer
Identification Number)

**3170 OLD HOUSTON ROAD
HUNTSVILLE, TEXAS 77340**

936-295-2726

(Address and telephone number of principal executive offices)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes x No .

The number of shares of common stock of the Registrant outstanding at June 30, 2001 was 6,316,812.

PART I. FINANCIAL INFORMATION

Sportan United Industries, Inc.
Balance Sheet
June 30, 2001

ASSETS

Current Assets

Cash	\$ 150
Accounts receivable, net of allowance for doubtful accounts of \$67,720	8,804
Accounts receivable-stockholder and employees	5,812
Inventory, net of valuation allowance of \$18,659	97,296

Total Current Assets 112,062

Property and Equipment, net of \$82,670
accumulated depreciation

42,654

Other assets

1,400

TOTAL ASSETS

\$ 156,116

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 356,503
Accounts payable to stockholder	14,204
Accrued expenses	68,019
Dividends payable	54,350
Accrued salary due to stockholder	51,652
Notes payable to stockholders	422,816

Total Current Liabilities 967,544

STOCKHOLDERS' DEFICIT

Stockholders' Deficit

Convertible preferred stock, \$.001 par value, 10,000,000 shares authorized, 2,144,006 shares issued and outstanding	2,144
Common stock, \$.001 par value, 50,000,000 shares authorized, 6,316,812 issued and outstanding	6,317
Paid in capital	741,814
Retained earnings (deficit)	(1,561,703)

Total Stockholders' Deficit (811,428)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT

\$ 156,116

Sportan United Industries, Inc.
Statement of Operations
For the Three Months and Nine Months
Ended June 30, 2000 and 2001

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2001	2000	2001	2000
Revenues	\$ 33,082	\$ 212,077	\$ 312,768	\$ 612,574
Cost of Sales	42,151	177,862	347,693	501,433
Gross Margin	(9,069)	34,215	(34,925)	111,141
Operating Expenses				
General and administrative	96,558	232,928	354,420	591,748
Operating Loss	(105,627)	(198,713)	(389,345)	(480,607)
Other Income and (Expense)				
Gain on sale of assets	2,742	0	1,982	1,210
Other income	0	10,784	0	11,949
Interest expense	(13,765)	(11,878)	(40,484)	(21,199)
Miscellaneous income(expense)	366	(69)	516	(533)
Total Other Income (Expense)	(10,657)	(1,163)	(37,986)	(8,573)
NET (LOSS)	(116,284)	(199,876)	(427,331)	(489,180)
Preferred dividends	(13,443)	(8,962)	(40,329)	(8,962)
NET (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	\$(129,727)	\$(208,838)	\$ (467,660)	\$ (498,142)
Net (loss) per common share	\$ (.021)	\$ (.042)	\$ (.078)	\$ (.102)
Weighted average common shares Outstanding	6,236,812	4,944,333	5,987,790	4,901,000

Sportan United Industries, Inc.
Statements of Cash Flows
For the Nine Months Ended June 30, 2001 and 2000

	2001	2000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$(427,331)	\$(489,180)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	12,024	13,511
Securities issued for services	96,251	107,950
(Gain) loss on disposal of property and equipment	(1,982)	(1,210)
Net (increase) decrease in:		
Accounts receivable	107,228	(33,630)
Inventory	126,155	6,700
Accounts receivable - stockholder and employees	(520)	(1,007)
Other current assets		(1,444)
Net increase (decrease) in:		
Accounts payable	19,802	176,833
Accrued expenses	613	17,459
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(67,760)	(204,018)
	-----	-----
CASH FLOWS (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	6,215	2,250
Cash paid for property and equipment		(52,324)
	-----	-----
NET CASH (USED) BY INVESTING ACTIVITIES	6,215	(50,074)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) from line of credit	(99,000)	89,000
Net proceeds from notes to stockholders	108,316	149,000
Net increase (decrease) in stockholder advances to the company	(2,031)	6,458
Collection of stock subscription receivable	4,359	
Net increase in accrued salary to shareholder	39,000	
Net increase (decrease) in preferred dividends payable	(3,814)	
	-----	-----
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	46,830	244,458
	-----	-----
NET DECREASE IN CASH	(14,715)	(9,634)
CASH BALANCES		
-Beginning of period	14,865	18,490
	-----	-----
-End of period	\$ 150	\$ 8,856
	=====	=====

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements of Sportan United Industries, Inc. have been prepared in accordance with generally accepted accounting principles and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the company's latest Annual Report filed with the SEC on Form 10-KSB, as amended. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements, which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year 2000, as reported in the 10-KSB, have been omitted.

NOTE B - COMMON STOCK ISSUANCES

On September 29, 2000, the Company contracted with a firm to provide financial consulting services for a period of six months. This firm is to be compensated with 100,002 shares of restricted common stock. Shares have been issued as follows: 33,333 shares issued October 2000 with the remainder being issued at 16,667 shares per month. As of March 31, 2001 all 100,002 shares have been issued. Additionally, the Company issued 50,000 shares to each of three employees for services rendered for a total of 150,000 shares.

NOTE C - STOCKHOLDER LOAN

On June 22, 2001, the Company signed a note in the amount of \$108,316 with a single stockholder. This note is secured by the assets, accounts receivable, and inventory of the Company with an interest rate of 10.5% and is payable upon demand. The proceeds from this note were used to pay the line of credit at First National Bank of Huntsville in the amount of \$99,000 and the interest due from the line of credit in the amount of \$5,946.

NOTE D - COMMON STOCK

In March 2001, the Company entered into a consulting agreement with a consulting firm. Under the agreement the Company issued 100,000 shares at \$.063 per share for a total value of \$6,300, for services provided by the firm from October 2000 through February 2001. Additionally, the Company agreed to issue \$5,000 in common stock every month for ongoing consulting services totaling \$20,000 as of June 30, 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis as of June 30, 2001 and for the nine-month period ended June 30, 2001 and 2000 should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto set forth in Item 1 of this report.

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, words such as, "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statement. Factors that might cause or contribute to such a discrepancy include, but are not limited to the risks discussed in our other SEC filings, including those in our annual report on Form 10-KSB for the year ended September 30, 2000. These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

GENERAL

We recognize revenues from sales of sports memorabilia at the time of shipment. General and administrative costs are charged to expense as incurred. Property, plant and equipment are recorded at cost and depreciated using an appropriate accounting method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over the estimated useful lives. The cost and related accumulated depreciation of the assets are removed from the accounts upon disposition.

RESULTS OF OPERATIONS

Nine months ended June 30, 2001 compared to the same period in 2000

Our sales for the nine months ended June 30, 2001 was \$312,768, a decrease of 49% from the same period in 2000, and our gross margin percentage declined for nine months ended June 30, 2001 to -11% from 18% during the same period in 2000. We believe the decrease in sales was due to lack of funding, which reduced our sales and marketing capability. We reduced purchases because of poor cash flow therefore resulting in lower sales.

Our general and administrative expenses decreased during the nine months ended June 30, 2001, 40% to \$354,420 from the same period in 2000. We believe the decrease in general and administrative expenses are largely due to a decrease in legal and accounting expenses, computer expenses, public relations, and a reduction of personnel and overall spending by the company.

Our interest expense increased during the nine months ended June 30, 2001, 91% to \$40,484 from the same period in 2000. We believe that this increase is due to lack of funding resulting in a decrease in sales. This decrease in sales translates to a reduction of cash, which inhibits our paying on the principal of our loans and lines of credit.

As our sales decreased 49% and our general and administrative expenses decreased 40%, our net loss decreased 13% to \$427,331 for the nine months ended June 30, 2001.

Cash used by operations for the nine-month period decreased from \$204,018 to \$67,760 because of a substantial decrease in our accounts receivable and inventory and an increase in accounts payable during the nine months ended June 30, 2001.

Cash provided by investing activities was \$6,215 for the nine months ended June 30, 2001, compared to \$50,074 used by investing activities for the nine months ended June 30, 2000. The decrease was due to the purchase of equipment for the nine months ended June 30, 2000.

Cash provided by financing activities was \$46,830 during the nine-month period ended June 30, 2001, as compared to cash flows provided of \$244,458 during the nine-month period ended June 30, 2000. The decrease was mainly due to a \$89,000 increase in our bank line of credit for the nine months ended June 30, 2000 and the repayment of \$99,000 to our bank line of credit for the nine months ended June 30, 2001. During the nine months ended June 30, 2001, we also accrued \$39,000 in salary due to our president.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2001, we had negative working capital of \$ 855,482 and cash of \$150. We completed a private placement during 2000, which netted approximately \$240,000, through the issuance of common stock and warrants.

In connection with this funding, we asked five shareholders related to our founder to convert 2,144,006 shares of common stock held by them to the same number of preferred shares. During the next five years, we have the sole option of converting these preferred shares back to the same number of common shares or we may purchase any or all of them at the \$.418 per share stated value, or up to \$896,195. In addition, we must pay a monthly 6% annualized dividend on the \$.418 per share stated value, or \$4,481 per month, with minimum total minimum dividends of \$250,000 due regardless of when we elect to purchase or convert this stock. As of June 2001, we are fourteen months behind on our dividend payments. At the end of five years, if we have taken no action, this preferred stock automatically converts back to the same number of common shares.

We have established a line of credit in the amount of \$100,000 with First National Bank of Huntsville. At June 30, 2001, we had a zero balance on the line of credit. We have borrowed \$422,816 from our stockholders in the form of notes payable, of which \$410,816 is presently due on demand, with the remainder to come due during fiscal 2001. We have borrowed working capital from our stockholders in the past, but it should not be assumed that such funds would be available in the future.

The funds obtained in our private placement were used to speed up growth, which we believe was hampered by a lack of capital. Based on our current operating plan, we must raise at least \$500,000 in additional funding to pay our outstanding accounts payables and to continue to operate our business through September 30, 2001. At the present time, we have no commitments for capital. If we are unable to obtain additional financing in the near future, we may be required to scale back or cease operations, or find some other way to bring cash flows into balance.

In the future, we may continue to experience significant fluctuations in our results of operations. These fluctuations may result in volatility in the price or value of our common stock. Our results of operations may fluctuate as a result of a variety of factors, including, our ability to obtain needed financing, demand for our products, introduction of new products, the variety of products distributed, the number and timing of the hiring of additional personnel, general competitive conditions in the industry and general economic conditions. Shortfalls in revenues may adversely and disproportionately affect our results of operations because a high percentage of our operating expenses are relatively fixed. Accordingly, period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as an indication of future results of operations. Due to the foregoing factors, it is likely that in one or more future periods our operating results will be below the expectations of investors.

PART II
OTHER INFORMATION

Pursuant to the Instructions to Part II of the Form 10-Q, Items 1, 2, and 5 are omitted.

ITEM 2. LEGAL PROCEEDINGS

In September 2000, Racing Champions South Inc. sued us in the County Civil Court at Law No. 2 of Harris County, for the amount of approximately \$50,000, alleging that we owed them money for delivered goods and merchandise. We are in the process of evaluating the merits of the claim.

In February 2001, Riddell, Inc sued us in the 61st Judicial District Court of Harris County, for the amount of approximately \$124,000, alleging that we owed them money for delivered goods and merchandise. We are in the process of evaluating the merits of the claim.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

We currently have outstanding 2,144,006 shares of Series A Convertible Preferred Stock. We must pay a monthly 6% annualized dividend on the \$.418 per share stated value, or \$4,481 per month. As of the date of this report, we are currently fifteen months behind on our dividend payments, or \$58,768.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sportan United Industries, Inc.

Date: August 13, 2001

By: /S/ Jason G. Otteson

Jason G. Otteson, President

End of Filing

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