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FORM 10KSB

(Annual Report (Small Business Issuers))

Filed 01/12/00 for the Period Ending 09/30/99

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

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PHARMAFRONTIERS CORP

FORM 10KSB

(Annual Report (Small Business Issuers))

Filed 1/12/2000 For Period Ending 9/30/1999

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

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1999

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

SPORTAN UNITED INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Commission file number: 000-25513

Texas	76-0333165
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3170 Old Houston Road, Huntsville, Texas	77340
(Address of Principal Executive Office)	(Zip Code)

409-295-2726
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

Issuer's revenues for the 12 months ended September 30, 1999 were $2,901,829.

As of December 20, 1999 registrant had 7,000,000 shares of Common Stock outstanding.

TABLE OF CONTENTS

ITEMS		PAGE
	PART I	
ITEM 1.	DESCRIPTION OF BUSINESS.	
ITEM 2.	DESCRIPTION OF PROPERTIES.	
ITEM 3.	LEGAL PROCEEDINGS	
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.	
	PART II	
ITEM 5.	MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.	
ITEM 6.	MANAGEMENT'S DISCUSSION AND ANALYSIS.	
ITEM 7.	FINANCIAL STATEMENTS.	
ITEM 8.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.	
	PART III	
ITEM 9.	DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT OFFER.	
ITEM 10.	EXECUTIVE COMPENSATION.	
ITEM 11.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.	
ITEM 12.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	
ITEM 13.	EXHIBITS AND REPORTS ON FORM 8-K.	

PART I

All references to Sportan United Industries, Inc. ("Company" or "Sportan") common stock reflect a 41.43455 for 1 forward stock split effected March 1998 (the "Common Stock").

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Form 10-KSB, discuss future expectations, contain projections of results of operations or financial condition or state other "forward-looking" information. These statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and is derived using numerous assumptions. Important factors that may cause actual results to differ from projections include, for example:

- the success or failure of management's efforts to implement their business strategy;

- the ability of the Company to raise sufficient capital to meet operating requirements;

- the ability of the Company to protect its intellectual property rights;

- the ability of the Company to compete with major established companies;

- the effect of changing economic conditions;

- the ability of the Company to attract and retain quality employees; and

- other risks which may be described in future filings with the SEC.

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

The Company was founded in 1986. The Company is engaged in the distribution and sales of sports novelties, memorabilia, apparel and collectibles. The Company has been engaged in distributing sports related products for 15 years. The products are sports novelties, memorabilia, apparel and collectibles. The Company has recently modified its business strategy and has now entered the e-commerce market with the launch of its web site, "uglyfan.com."

The Company's primary marketing segments include:

- Wholesale - Distributing product to brick and mortar retail storefronts.
- Fulfillment - Distributing product for other online (sports and non-sports) companies.
- Retail - Sales from several different online storefronts owned by Sportan.
- uglyfan.com - The sports portal and flagship store owned by Sportan.
- Auctions - Sales from products submitted to auction sites.

BUSINESS STRATEGY

The Company's goal is to become a leading fulfillment center for online sales of sports novelties and collectibles in America, and to promote its own Internet site to become a successful sports portal on the web. To accomplish this goal, management is committed to the highest standards in distributing diversified products to the sports/hobby industry in an aggressive, reliable, and ethical manner. The Company's strategy involves several key business objectives. Management's strategy is to establish the Company as the fulfillment firm of preference in the markets it serves, by acquiring new product lines and expanding to meet the needs of all customers. Management believes the key factor for success will be a strong and efficient marketing program. Management's goal is to increase market share by being the best choice for wholesale needs, fulfillment needs, and retail customer needs in the sports products market.

PRODUCTS

The Company distributes all types of sports memorabilia and collectibles. The sports collectibles industry includes:

- Sports novelties,
- periodicals,
- apparel,
- hats,
- racing items,
- autograph memorabilia,
- artwork,
- posters, and
- other licensed memorabilia and collectibles.

The Company does not have any agreements with manufacturers with respect to ordering the products it distributes. The Company orders products on an as needed basis based on its internal estimates. Although the Company does not foresee its inability to order products from manufacturers in the future, the Company can provide no assurance that it will be able to continue to order products on favorable terms from any of its manufacturers. The loss of one of the Company's manufacturers could limit the Company's ability to offer a wide variety of products to customers, which could damage the Company's trade name and have an adverse effect on its business.

SALES AND MARKETING

The Company distributes its products to retailers that sell to the end user, customers of online companies, customers of the Company's Internet retail store, and to customers from auction sites. Management believes the increased demand for sports collectibles and the emergence of e-commerce, means that:

- retailers cannot afford to stock their inventory with all the products produced by a manufacturer,
- online stores have no time, facilities, and experience in distributing sports products, and
- the development of the online sports portal created by the Company will provide the Company with access to this market.

Currently, the Company has one retail agreement and is currently negotiating more, although there is no assurance that it will be able to execute any other retail agreements. The retail agreement already established is with Gridiron.com, which the Company has exclusive rights for fulfillment of all products sold on site. The agreement with Gridiron.com expires in August 2000, but may be extended on a year-to-year basis by the mutual agreement of the parties. In addition, either party may terminate the agreement on 180 days notice.

The Company's business is service-oriented, and its primary marketing focus is on responding rapidly to customer requirements. The Company conducts limited advertising in the trade magazine Card Trade for the traditional wholesale segment of the business. The Company is developing a market strategy for advertising the online sports portal. For the fulfillment portion of the business, most arrangements are made through personal contact.

Sales of sports memorabilia and collectibles in general are influenced by the popularity of the sports to which the products or memorabilia relate. During 1994, Major League Baseball experienced a strike and the National Hockey League experienced a work stoppage. In 1998, the National Basketball Association also experienced a work stoppage. These labor disputes resulted in a loss of interest in these sports by many fans, which in turn triggered a significant and immediate reduction in memorabilia sales. There can be no assurance that similar labor disputes will not occur again or that the popularity of the sports for which the Company distributes sports memorabilia will not decline for other reasons. Further labor disputes or any such decline in popularity could have a material adverse effect on the Company's business.

COMPETITION

The Company competes with a few companies on distribution of some products. The Company believes the number of different product lines it offers makes it unique in the industry. The Company's main competition is from the manufacturers that produce the products it offers. The Company believes manufacturers have a significant competitive advantage in the traditional retail store front distribution. The retail store can buy direct but are often forced, at this time, to buy in large quantities. There is no assurance that manufacturers will not allow retailers to purchase smaller quantities of product in the future, which would reduce or eliminate the Company's advantage over such manufacturers.

For the fulfillment and online segments, there is a threat of new entrants into the market because of the growth potential the Company believes this market has experienced and will continue to experience. The Company expects to compete with corporation with significantly greater financial and personnel resource than the Company. There is no assurance that the Company will be able to successfully compete in this market.

The Company competes based on a number of factors, such as:

- customer service and support,
- product diversification,
- timely and reliable delivery, and
- price.

Of these factors, the Company believes that product diversification is the most important factor in attracting new customers, while service is the most important factor in retaining customers. The Company believes that its ability to compete effectively in the industry requires sales and support organizations that are well versed in the various products distributed by the Company. Management's business strategy is to acquire a multitude of product lines, forming a one-stop distributor of novelty products, while expanding its reach to a national level through the Internet. The Company's ability to adequately execute its business strategy will be directly related to its level of capital. There is no assurance that the Company will be able to raise sufficient capital to fully execute its strategy.

INSURANCE

The Company has insurance covering risks incurred in the ordinary course of business, covering fire, theft and other destruction, in amounts management believes adequate for its needs. The Company does not maintain key-man life insurance on the life of Jason G. Otteson, president and chief executive officer of the Company. The Company believes its insurance coverage is adequate, but the loss of Mr. Otteson, for any reason, could have a material adverse effect on the prospects of the Company.

FACILITIES

The Company's headquarters facility, which includes its principal administrative offices, is located at 3170 Old Houston Road, Huntsville, Texas

77340. These premises are leased from Jason G. Otteson and consist of approximately 12,000 square feet. The lease expires on September 30, 2000 and the monthly rental is $2000.

EMPLOYEES

As of January 3, 2000, the Company employed sixteen persons, six of whom are full-time employees, and ten part-time employees. No employees are covered by a collective bargaining agreement. Management considers relations with its employees to be very satisfactory. To date the Company does not have any employment agreements with its officers, directors, or employees.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's headquarters facility, which includes its principal administrative offices, is located at 3170 Old Houston Road, Huntsville, Texas 77340. These premises are leased from Jason G. Otteson and consist of approximately 12,000 square feet. The lease expires on September 30, 2000 and the monthly rental is $2000.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Currently, there is no public trading market for the company's securities and there can be no assurance that any market will develop. If a market develops for the company's securities, it will likely be limited, sporadic and highly volatile. The Company has submitted its application to be listed on the OTC Electronic Bulletin Board.

It is the present policy of the Company not to pay cash dividends and to retain future earnings to support the Company's growth. Any payment of cash dividends in the future will be dependent upon the amount of funds legally available therefor, the Company's earnings, financial condition, capital requirements and other factors that the Board of Directors may deem relevant. The Company has not paid any dividends during the last two fiscal years and does not anticipate paying any cash dividends in the foreseeable future.

The following information sets forth certain information for all securities the Company sold within the past three years, without registration under the Act.

Between April 1998 and August 1998, the Company issued 1,000,000 shares of Common Stock at a purchase price of $0.05 per share. The issuance was made pursuant to Rule 504 promulgated under the Act. In connection with the offering, the Company paid a cash sales commission of $5,000, a non-accountable expense allowance of $1,500, and issued warrants to purchase 100,000 shares of Common Stock at an exercise price of $0.06 per share to the underwriters, Di Paulo Securities, Ltd. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

In August 1998, the Company issued warrants to purchase 71,000 shares of Common Stock at an exercise price of $0.01 per share to Brewer & Pritchard, P.C. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

In April 1998, the Company issued 15,000 shares of Common Stock to current and former officers and directors, Messrs. Rodriguez, Strader, and Westbrook, for services rendered. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The Company was incorporated in March 1991, but has experienced significant changes in its management and operations since the death of its founder, James R. Otteson, in October 1995. The Company's operating results have been declining since 1995. The Company's fiscal year was changed from December 31 to September 30 in 1997.

The Company recognizes 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.

Historically, the Company has concentrated on the distribution of sports cards. In June 1999, the Company sold the sports cards and supplies portion for net cash of $344,279, plus assumption by the buyer of $216,703 in related accounts payable. The sales price included transfer of $320,040 in inventory, $31,741 in accounts receivable, $2,300 in equipment, their St. Louis warehouse lease, and a 3-year non-compete agreement with the Company and 3 key officers valued at $206,901. The net gain recognized in 1999 was 206,903. The proceeds were used to retire $85,000 in bank debt and $55,000 in related party debt, with the balance used to fund current operating losses. Management estimates that trading cards accounted for 80% of its past revenues.

RESULTS OF OPERATIONS

Year Ended September 30, 1999 Compared to the Year Ended September 30, 1998

Revenues. For the year ended September 30, 1999, revenues decreased to $2,901,829 from $3,057,734 during the year ended September 30, 1998. The decrease of $155,905 or 5% was attributable to the sale of its trading card business which represented approximately 80% of its revenues. For the year ended September 30, 1999, gross margins decreased to $363,104 from $453,331 during the year ended September 30, 1998.

Cost of Sales. For the year ended September 30, 1999, cost of sales decreased to $2,538,725 from $2,604,403 during the year ended September 30, 1998. The decrease of $65,678 or 3% was primarily attributable to the sale of merchandise and inventory of the trading card business.

General and Administrative Expenses. For the year ended September 30, 1999, general administrative expenses increased to $685,812 from $569,931 during the year ended September 30, 1998. The increase of $115,881 or 20% was partially attributable to the increase in offering expenses, increased legal and accounting fees incurred in connection with and in preparation for the Company's initial public filing with the Securities and Exchange Commission, and contract labor used in determining the Company's year 2000 readiness.

Net Loss. For the year ended September 30, 1999, the Company's net loss increased to $178,248 from $129,304 during the year ended September 30, 1998. The increase of $48,944 or 38% was attributable to the decrease in revenues and the increase in general and administrative expenses discussed above.

Historical Cash Flows

Cash Flow from Operating Activities. The Company's net cash flow from operating activities resulted in cash provided by operations of $149,177 for the year ended September 30, 1999, and cash used in operations of $66,363 for the year ended September 30, 1998. The increase was primarily attributable to net operating losses for both years, offset in fiscal 1999 by the sale of inventory in connection with the sale of the Company's trading card business.

Cash Flow from Investing Activities. The Company's net cash used in investing activities for the year ended September 30, 1999 decreased to $2,368 from $8,270 for the year ended September 30, 1998. The decrease was due to the Company's sale of property and equipment in connection with the sale of the Company's trading card business in fiscal 1999.

Cash Flow from Financing Activities. The Company's net cash flows used in financing activities for the year ended September 30, 1999 was $134,982, compared to net cash flows provided in financing activities of $45,214 for the year ended September 30, 1998. In fiscal 1999, cash used in financing activities consisted primarily of repayments on the Company's line of credit, repayments of principal on notes to stockholders, and repayment of stockholder advances to the Company. In fiscal 1998, cash provided in financing activities consisted primarily of proceeds from the Company's line of credit, proceeds from the sale of common stock, stockholder advances to the Company, and proceeds from notes to stockholders, which was partially offset by the repayment of principal on notes to stockholders.

LIQUIDITY AND CAPITAL RESOURCES

Management believes that working capital as of September 30, 1999 of $35,534 should enable the Company to continue its current operations for approximately the next six months. However, unforeseen costs could shorten the period during which the current working capital may be expected to satisfy the Company's capital requirements. Management estimates its current monthly

operating costs are approximately $50,000. Management expects to finance year 2000 operating deficits with through additional vendor credits. In December 1999, the Company updated its computer systems, financing approximately $30,000 in computer hardware. The Company does not have any other material commitments for capital expenditures. Management estimates that its current product sales will not raise sufficient profits to meet its operating costs, and the Company believes it will need to add additional product lines to increase revenues. The Company may raise additional capital through equity sales to fund its business strategy. The Company can provide no assurance that it will be able to make such equity sales on terms favorable to the Company, if at all. If the Company is able to raise funding through the sale of equity, it will result in additional dilution to the Company's stockholders.

The Company has established a line of credit in the amount of $100,000 with First National Bank of Huntsville. At September 30, 1999, the Company had a balance of approximately $10,000 on the line of credit. At October 31, 1998, the Company had borrowed $90,000 in the form of a note payable due on demand, at an annual interest rate of 9.5% with principal plus accrued interest payments beginning March 1999. The note payable is collateralized by all accounts receivable and inventory of the Company. There can be no assurance that the Company will be able to obtain additional funding from other external sources on suitable terms, if at all.

The Company still owes stockholders $53,500 in the form of a note payable due on demand, at an annual interest rate of 5% with principal plus accrued interest to be paid on repayment. There can be no assurance that additional stockholder funds will be available in the future.

The Company may in the future experience significant fluctuations in its results of operations. Such fluctuations may result in volatility in the price and/or value of the Company's common stock if any market develops. Results of operations may fluctuate as a result of a variety of factors, including demand for the Company's products, introduction of new products by the Company or its competitors, the variety of products distributed by the Company, the number and timing of the hiring of additional personnel, the timing of acquisitions, general competitive conditions in the industry, and general economic conditions. Shortfalls in revenues may adversely and disproportionately affect the Company's results of operations because a high percentage of the Company's operating expenses are relatively fixed. Accordingly, the Company believes that 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 the Company's operating results will be below expectations.

SEASONALITY

Sales of sports-related memorabilia products tend to be more constant, with sales peaks during holiday seasons and the then current sport season.

YEAR 2000 COMPLIANCE

Even though the date is now past January 1, 2000, and the Company has not experienced any immediate adverse impact from the transition to the year 2000, it cannot provide any assurance that its suppliers and customers have not been affected in a manner that is not yet apparent. In addition, certain computer programs which were date sensitive to the year 2000 may not have been programmed to process the year 2000 as a leap year, and any negative consequential effects remain unknown. As a result, the Company will continue to monitor its year 2000 compliance and the year 2000 compliance of its suppliers and customers.

In assessing the effect of the year 2000 problem, management determined that there existed two general areas that needed to be evaluated:

- Internal infrastructure and
- Supplier/third-party relationships.

A discussion of the various activities related to assessment and actions resulting from those evaluations is set forth below.

INTERNAL INFRASTRUCTURE.

The Company verified that all of its personal computers and software are Year 2000 compliant. The Company replaced or upgraded all items that were not to Year 2000 compliant. The costs related to these efforts were not material.

SUPPLIERS/THIRD-PARTY RELATIONSHIPS.

The Company relies on its outside vendors for water, electrical, and telecommunications services as well as climate control, building access, and other infrastructure services. Although the Company has not experienced any delays or interruptions in its service, it has received any assurance of compliance from the providers of these services. Any failure of these third-parties to resolve year 2000 problems with their systems could have a material adverse effect on the Company's operations.

CONTINGENCY PLANS.

Based on the above actions, the Company has not developed a formal contingency plan to be implemented as part of its efforts to identify and correct year 2000 problems affecting our internal systems. However, if it deems necessary, the Company may take the following actions:

- Accelerated replacement of affected equipment or software;
- Short to medium-term use of backup equipment and software;
- Increased work hours for Company personnel;
- Other similar approaches.

If the Company is required to implement any of these contingency plans, such plans could have a material adverse effect on its business.

Based on the actions taken to date, and the lack of any problems to date, the Company is reasonably certain that it has identified and resolved all year 2000 problems that could hurt its business.

ITEM 7. FINANCIAL STATEMENTS

Our financial statements, commencing on page F-1 have been audited by Malone & Bailey, PLLC, independent certified public accountants, to the extent and for the periods set forth in their reports appearing elsewhere herein and are included in reliance upon such reports given upon the authority of said firm as experts in auditing and accounting.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

This information was "previously reported," as defined in Rule 12b-2 of the Securities Exchange Act of 1934, in its Form 8-K dated November 29, 1999, as amended on December 14, 1999.

PART III

ITEMS 9 TO 12 INCLUSIVE.

These items have been omitted in accordance with the general instructions to Form 10-KSB. Prior to January 28, 2000, the Company will file a definitive proxy statement or information statement that will involve the election of directors. The information required by these items will be included in such proxy statement or information statement and are incorporated by reference in this annual report.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibits are to be filed as part of this Form 10-KSB:

EXHIBIT NO.	IDENTIFICATION OF EXHIBIT
Exhibit 3.1(1)	Amended and Restated Articles of Incorporation of Sportan United Industries, Inc.
Exhibit 3.2(1)	Bylaws of Sportan United Industries, Inc.
Exhibit 4.1(1)	Common Stock Certificate, Sportan United Industries, Inc.

Exhibit 10.1(1) Sportan United Industries, Inc. 1999 Stock Option Plan Exhibit 10.2(3) Lease Agreement
Exhibit 16.1(2) Letter on change in certifying accountant Exhibit 23.1(3) Consent of Malone & Bailey, PLLC Exhibit 27.1(3) Financial Data Schedule

(1) Filed previously on registration statement Form 10-SB SEC File No. 000-25513.
(2) Filed previously on current report Form 8-K/A SEC File No. 000-25513.
(3) Filed herewith.

(b) The Company filed no reports on Form 8-K during the last quarter of the fiscal year ended September 30, 1999.

SIGNATURES

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

Sportan United Industries, Inc.

By: /s/ Jason G. Otteson

Jason G. Otteson, Chairman of the Board, President, Chief Executive Officer, and Treasurer

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In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	*Title*	*Date*
/s/ Jason G. Otteson	*Chairman of the Board, President,*	*January 12, 2000*

---------- Chief Executive Officer, and Treasurer Jason G. Otteson

/s/ Brian E. Rodriguez	*Director*	*January 12, 2000*

Brian E. Rodriguez		

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sportan United Industries, Inc.
Huntsville, Texas

We have audited the accompanying balance sheet of Sportan United Industries, Inc. as of September 30, 1999, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sportan United Industries, Inc. as of September 30, 1999, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

The financial statements of Sportan United Industries, Inc. as of September 30, 1998, were audited by other auditors whose report dated December 30, 1998 expressed an unqualified opinion on those statements.

MALONE & BAILEY, PLLC
Houston, Texas

December 16, 1999

SPORTAN UNITED INDUSTRIES, INC.
BALANCE SHEET
September 30, 1999

ASSETS	
Current Assets	
Cash	$ 18,490
Accounts receivable, net of allowance for doubtful accounts of $64,450	63,463
Accounts receivable-stockholder and employees	10,235
Inventory, net of valuation allowance of $0	265,256
Total Current Assets	357,444
Property and Equipment, net of $90,699 accumulated depreciation	26,840
TOTAL ASSETS	$ 384,284
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$ 219,110
Accounts payable to stockholder	1,482
Accrued expenses	37,818
Notes payable to stockholders	53,500
Note payable to bank	10,000
Total Current Liabilities	321,910
STOCKHOLDERS' EQUITY	
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued or outstanding	
Common stock, $.001 par value, 50,000,000 shares authorized, 7,000,000 issued and outstanding	7,000
Paid in capital	246,263
Retained earnings (deficit)	(190,889)
Total Stockholders' Equity	62,374
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 384,284

See summary of accounting policies and notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF OPERATIONS
For the Years Ended September 30, 1999 and 1998

	1999	1998
Revenues	$2,901,829	$3,057,734
Cost of Sales	2,538,725	2,604,403
Gross Margin	363,104	453,331
Operating Expenses		
General and administrative	685,812	569,931
Bad debts	44,661	
Total Operating Expenses	730,473	569,931
Operating Loss	(367,369)	(116,600)
Other Income and (Expense)		
Gain on sale of facility	206,901	
Interest expense	(13,950)	(5,141)
Miscellaneous expense	(3,830)	(7,563)
Total Other Income (Expense)	189,121	(12,704)
NET (LOSS)	$(178,248)	$(129,304)
Net (loss) per common share	$(.02)	$(.02)
Weighted average common shares Outstanding	7,000,000	6,159,167

See summary of accounting policies and notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended September 30, 1999 and 1998

	Shares	Amount	Capital	Retained Earnings (Deficit)	Totals
Balances at September 30, 1997	5,985,000	$ 5,985	$196,528	$ 116,663	$319,176
Issuance of stock to employees	15,000	15	735		750
Proceeds from sale of stock	1,000,000	1,000	49,000		50,000
Net loss				(129,304)	(129,304)
Balances at September 30,1998	7,000,000	7,000	246,263	(12,641)	240,622
Net loss				(178,248)	(178,248)
Balances at September 30, 1999	7,000,000	$ 7,000	$246,263	$(190,889)	$ 62,374

See summary of accounting policies and notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
for the Years Ended September 30, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$(178,248)	$(129,304)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	19,127	18,330
Securities issued for services		750
(Gain) on disposal of property and equipment	(2,699)	(226)
Net (increase) decrease in:		
Accounts receivable	59,969	5,276
Inventory	259,990	(81,308)
Other current assets	3,489	31,039
Net increase (decrease) in:		
Accounts payable	(32,453)	75,232
Accrued expenses	20,002	13,848
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	149,177	(66,363)
CASH FLOWS (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	5,000	500
Cash paid for property and equipment	(7,368)	(8,770)
NET CASH (USED) BY INVESTING ACTIVITIES	(2,368)	(8,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of stock		50,000
Net proceeds (repayments)from line of credit	(85,000)	95,000
Principal payments on notes to stockholders	(10,000)	(189,532)
Net proceeds from notes to stockholders		23,500
Net increase (decrease) in stockholder advances to the company	(39,982)	41,464
Increase in drafts outstanding		24,782
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(134,982)	45,214
NET INCREASE IN CASH	11,827	(29,419)
CASH BALANCES		
-Beginning of period	6,663	36,082
-End of period	$ 18,490	$ 6,663
SUPPLEMENTAL DISCLOSURES		
Interest paid in cash	$ 5,589	$ 5,140
Income taxes paid in cash	$ 0	$ 0

See summary of accounting policies and notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations and organization: Sportan United Industries, Inc. (formerly Players Texas Sports, Inc.) (the Company) was incorporated on March 15, 1991, as Players Texas Sports, Inc., a subchapter S corporation. On March 30, 1998, the Board of Directors of Players Texas Sports, Inc. voted to change the name of the company to Sportan United Industries, Inc. and change the federal income tax filing status to a C corporation. The Company is a distributor of sports novelties and memorabilia. The Company markets its distribution services primarily to retail outlets in the United States.

Cash and cash equivalents: For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less.

Allowance for Doubtful Accounts: Earnings are charged with a provision for doubtful accounts based on a current review of the collectibility of accounts. Accounts deemed uncollectible are applied against the allowance for doubtful accounts.

Inventory: Inventory is stated at the lower of cost (determined by the specific identification method) or market.

Property and Equipment: Property and equipment are stated at cost. The Company depreciates property and equipment by the straight-line method over the estimated useful lives of the related assets as follows:

Computer equipment	5 years	$ 73,864
Furniture and fixtures	5-10 years	35,854
Transportation equipment	5-7 years	7,821
		117,539
Less accumulated depreciation		(90,699)
		$ 26,840

Revenue Recognition: Revenues are recognized as goods are shipped from the Company's warehouse. Shipments directly to customers from a third party vendor are recognized at time of shipment from vendor.

Federal Income Taxes: Since March 30, 1998, the Company reports federal income taxes as a C corporation and uses the liability method in accounting for income taxes, whereby tax rates are applied to cumulative temporary differences based on when and how they are expected to affect future tax returns. Deferred tax assets and liabilities are adjusted for tax rate changes in the year changes are enacted. The realizability of deferred tax assets are evaluated annually and a valuation allowance is provided if it is more likely than not that the deferred tax assets will not give rise to future benefits in the Company's tax returns.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to conversion to a "C" corporation, the income or loss of the Company flowed through to its stockholders. Accordingly, no provision has been made for federal income taxes for periods prior to March 30, 1998.

Use of Estimates: The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications were made to prior year amounts to conform to the current year presentation.

NOTE B - BANK CREDIT LINE ARRANGEMENT

The Company presently has a credit line of up to $100,000 at First National Bank of Huntsville secured by substantially all assets, accounts receivable and inventory with interest at the bank's prime commercial rate, and maturing March 2000. The Company's outstanding balance on this line as of September 30, 1999, was $10,000.

NOTE C - INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 30, 1999, are as follows:

Deferred tax assets:	
Net operating loss carryforward	$ 81,600
Allowance for doubtful accounts	21,900
Less: valuation allowance	(103,500)
Net current deferred tax assets (liability)	0

The Company has net operating loss carryforwards of approximately $240,000 as of September 30, 1999, which expire through year 2019.

NOTE D - OPERATING LEASES

The Company rents its principal facility from a stockholder of the Company (see Note E). During the year, the Company also paid rent on an ancillary facility.

NOTE D - OPERATING LEASES (Continued)

Total rent expense under all lease agreements amounted to approximately $36,350 and $43,000 for the years ended September 30, 1999 and 1998, respectively.

NOTE E - RELATED PARTY TRANSACTIONS

The Company is involved in various transactions with stockholders or officers of the Company. The transactions and amounts incurred with these individuals are detailed as follows:

	Year Ended September 1999	Year Ended September 1998
Transaction:		
Rent-principal facility	$22,140	$22,140
Purchase of inventory	$36,537	$43,391
Interest	$ 8,362	$ 5,141

Notes payable to stockholders consist of the following:

Notes payable to two stockholders bearing interest at 5% annually, balance is due on demand. Interest is being accrued. $53,500

NOTE F - STOCK SPLIT CHANGING PAR VALUE OF STOCK

On March 30, 1998, the Board of Directors authorized a 41.43455-for-1 stock split and a reduction of par value from $.10 to $.001, thereby increasing the number of issued and outstanding shares to 5,985,000, and decreasing the par value of each share to $.001. The effect of the change is reflected in the Statements of Shareholder Equity retroactively to September 30, 1997.

Note G - PREFERRED STOCK, OUTSTANDING STOCK WARRANTS, AND OPTIONS

Preferred Stock: The Company is authorized to issue up to 10,000,000 shares of preferred stock, no par value per share. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by the Board of Directors, without further action by stockholders, and may include voting rights (including the right to vote as a series on particular matters), preferences as to dividends and liquidation, conversion, redemption rights and sinking fund provisions. The issuance of any such preferred stock could adversely affect the rights of the holders of Common Stock and, therefore, reduce the value of the Common Stock.

Outstanding Stock Warrants: At September 30, 1999, the Company had outstanding warrants to purchase 171,000 shares of the Company's common stock at prices ranging from $.01 to $.06 per share. The warrants became exercisable in 1998 and expire at various dates through 2003. At September 30, 1999, 171,000 shares of common stock were reserved for that purpose.

Note G - PREFERRED STOCK, OUTSTANDING STOCK WARRANTS, AND OPTIONS(Continued)

Stock Option Plan: Effective March 1, 1999, the Company adopted a stock option plan. Under the plan, the Company may award options for up to 1,000,000 shares of common stock to eligible key employees and certain non employee consultants and directors. As of September 30, 1999, no options had been issued pursuant to this plan.

NOTE H - MAJOR CUSTOMERS AND VENDORS

During the year ended September 30, 1999, the Company purchased $355,381, or 31% of total expenditures from Riddell. No other vendor or customer accounted for greater than 10% of total expenditures or revenues.

NOTE I - SALE OF ST. LOUIS WAREHOUSE

In June 1999, the Company sold its St. Louis, Missouri warehouse and accompanying trading card inventories located in both St. Louis and the Company's Huntsville, Texas corporate headquarters for $344,279 plus assumption of $216,703 in related accounts payable. Included with this sale was the agreement by the Company and its officers not to compete with the buyer in the sale of trading cards for a 3 year period in an 18 state geographic area roughly comprising the South and Midwest. In connection with this sale, a $206,901 gain was recognized in the current year.

COMMERCIAL LEASE

This lease is made between Jason Glenn Ottesor, herein called Lessor, and Sportan United Industries, Inc., herein called Lessee.
Lessee hereby offers to lease from Lessor the premises situated in the City of Huntsville, County of Walker, State of Texas, described as 1,100 square feet of office space and warehouse at 3__0 Old Houston Road, upon the following TERMS and CONDITIONS:

1. Term and Rent. Lessor demises the above premises for a term of 1 year, commencing October 1, 1999 and terminating on September 30, 2000 or sooner as provided herein at the annual rental of ($) 21,000.00 payable in equal installments in advance on the 15th day of each month for that month's rental, during the term of this lease. All rental payments shall be made to Lessor, at the address specified above.

2. Use. Lessee shall use and occupy the premises for storage and sale of sport novelty items. The premises shall be used for no other purpose. Lessor represents that the premises may lawfully be used for such purpose.

3. Care and Maintenance of Premises. Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating installations and any other system or equipment upon the premises, and shall surrender the same at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, excepting the roof, exterior walls, structural foundations, and.

4. Alterations. Lessee shall not without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

5. Ordinance and Statutes. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

6. Assignment and Subletting. Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, at the option of the Lessor, may terminate this lease.

7. Utilities. All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity, and telephone services.

8. Entry and Inspection. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable time and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

9. Possession. If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 15 days of the commencement of the term hereof.

10. Indemnification of Lessor. Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claim for damages, no matter how caused.

11. Insurance. Lessee, at his expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:
Lessor shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation which might otherwise exist.

12. Eminent Domain. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premise, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking of any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

13. Destruction of Premises. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty
(60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

14. Lessor's Remedies on Default. If Lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 15 days, after the giving of such notice (of if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 30 days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Lessor may terminate this lease or not less

than 15 days' notice to Lessee. On the date specified in such notice the term of this lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

15. Security Deposit. Lessee shall deposit with Lessor on the signing of this lease the sum of zero Dollars ($) 0.00 as security deposit for the performance of Lessee's obligations under this lease, including without limitation, the surrender of possession of the premises in Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall upon demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

16. Tax Increase. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or violation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 100 % of the increase in taxes upon the land and building in which the leased premises are situated. In the event that such taxes are assessed for a tax year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

17. Common Area Expenses. In the event the demised premises are situated in a shopping center or in a commercial building in which there are common areas, Lessee agrees to pay his pro rata share of maintenance, taxes, and insurance for the common area.

18. Attorney's Fees. In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

19. Notices. Any notice which either party may, or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

20. Heirs, Assigns, Successors. This lease is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

21. Option to Renew. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for an additional term of 12 months commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be the sum of $2,500. The option shall be exercised by written notice given to Lessor not less than 30 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

22. Subordination. This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

23. Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this lease before the parties' execution hereof:

Signed this 1st day of October, 1999.

Sportan United Industries, Inc.

By	By
---	---
Lessee	Lessor

EXHIBIT 23.1

INDEPENDENT AUDITOR'S CONSENT

We consent to use in the Annual Report on Form 10-KSB under the Securities Exchange Act of 1934 for the year ended September 30, 1999, of Sportan United Industries, Inc. of our report dated December 16, 1999.

/s/ Malone & Bailey
Houston, Texas

January 11, 2000

ARTICLE 5

MULTIPLIER: 1

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1999
PERIOD START	OCT 01 1998
PERIOD END	SEP 30 1999
CASH	18,490
SECURITIES	0
RECEIVABLES	127,913
ALLOWANCES	(64,450)
INVENTORY	265,256
CURRENT ASSETS	357,444
PP&E	117,539
DEPRECIATION	(90,699)
TOTAL ASSETS	384,284
CURRENT LIABILITIES	321,910
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	7,000
OTHER SE	55,374
TOTAL LIABILITY AND EQUITY	(62,374)
SALES	2,901,829
TOTAL REVENUES	2,901,829
CGS	2,538,725
TOTAL COSTS	730,473
OTHER EXPENSES	(203,071)
LOSS PROVISION	0
INTEREST EXPENSE	13,950
INCOME PRETAX	(178,248)
INCOME TAX	0
INCOME CONTINUING	(178,248)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(178,248)
EPS BASIC	(.02)
EPS DILUTED	(.02)

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