FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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SPORTS RESORTS INTERNATIONAL INC

CIK:**771249**| IRS No.: **383262264** | State of Incorp.:**MI** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-14418** | Film No.: **1696668**
SIC: **3714** Motor vehicle parts & accessories

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2001

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

For the transition period from ____________________ to ____________________

Commission File Number: 2-98277C

SPORTS RESORTS INTERNATIONAL, INC.
(Formerly The Colonel's International, Inc.)
(Exact name of registrant as specified in its charter)

MICHIGAN	38-3262264
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
951 AIKEN ROAD, OWOSSO, MICHIGAN	48867
(Address of principal executive offices)	(Zip code)

(989) 725-8354
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.01 Par Value

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

Yes X No

Number of shares of the registrant's Common Stock, $0.01 par value, outstanding as of July 11, 2001: 24,177,805

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The financial statements required under Item 1 of Part I are set forth in Appendix A to this Report on Form 10-Q and are herein incorporated by reference.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

Some of the statements in this report are forward-looking statements. These forward-looking statements include statements relating to our performance. In addition, we may make forward-looking statements in future filings with the Securities and Exchange Commission and in written material, press releases and oral statements issued by us or on our behalf. Forward-looking statements include statements regarding the intent, belief or current expectations of us or our officers, including statements preceded by, "should," "believe," "may," "will," "expect," "anticipate," "estimate," "continue," "predict," "propose," or similar expressions.

It is important to note that our actual results could differ materially from those anticipated in our forward-looking statements depending on various "risk factors". Such risk factors include: concentration of stock ownership, relationship with race sanctioning bodies, competition for leisure dollars, reliance on key personnel, potential liabilities for personal injuries, need for additional financing, limited trading market for our stock, dependence on the North American new truck industry, variability of raw material and labor costs, failure to manage mergers, acquisitions, dispositions and diversification into other lines of business, the need to effectively manage a large sports and entertainment development project and other factors discussed under the caption "Risk Factors".

All forward-looking statements in this report are based on information available to us on the date of this report. We do not undertake to update any forward-looking statements that may be made by us or on our behalf in this report or otherwise. In addition please note that the matters discussed under the caption "Risk Factors" constitute cautionary statements identifying important factors with respect to the forward-looking statements, including certain risks and uncertainties, that could cause actual results to differ materially from those in such forward-looking statements.

BACKGROUND

We are a Michigan corporation and a holding company with two active wholly owned subsidiaries. We have no independent operations of our own, however, we provide various administrative functions for our operating subsidiaries. The Colonel's Truck Accessories, Inc. ("CTA"), and The Colonel's Brainerd International Raceway, Inc. (formerly named Brainerd International Raceway, Inc.) ("CBIR") are our two operating subsidiaries. Our subsidiaries operate in two segments, truck accessories and sports and entertainment.

THE COLONEL'S TRUCK ACCESSORIES, INC. CTA manufactures and sells pickup truck bedliners and tailgate covers through a distributor network. Truck bedliners are plastic inserts that are placed in the rear beds of pickup trucks to protect the paint and structural integrity of the bed. CTA manufactures approximately 90 different bedliners.

THE COLONEL'S BRAINERD INTERNATIONAL RACEWAY, INC. CBIR operates a motor sports facility located approximately six miles northwest of Brainerd, Minnesota. Substantially all of CBIR's revenues are obtained from motor sports racing events at the racetrack. CBIR schedules racing and other events held at the racetrack during weekends in May through September of each year.

NAME CHANGE/DEVELOPMENT OF SPORTS AND ENTERTAINMENT COMPLEX. Effective March 8, 2001 we began doing business under the assumed name of Sports Resorts International, Inc. On March 12, 2001, we changed our ticker symbol on the Nasdaq Small-Cap Market from "COLO" to "SPRI". We received written consent from a majority of our shareholders and legally changed our name on April 16, 2001. We changed our name to reflect the increasing prominence of the sports and leisure segment of our business.

We are proposing the development of a new sports and entertainment complex (the "Complex") to be located on approximately 340 acres northeast of I-75 and Mount Morris Road in Mount Morris Township, Genesse County, Michigan. This project is in the development stage. The Complex would include a coliseum, domed stadium, hotel, theme restaurant, and a combined gas station, convenience and souvenir store, and would have 130 acres of parking.

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated current assets decreased from $8,472,000 at December 31, 2000 to $8,460,000 at June 30, 2001. This decrease primarily related to a $241,000 decrease in inventory and a $840,000 decrease in cash offset by a $392,000 increase in trade accounts receivable a $217,000 increase in related party accounts receivable and a $474,000 increase in other current assets. Our consolidated current liabilities increased from $3,938,000 at December 31, 2000 to $4,161,000 at June 30, 2001. This increase primarily relates to a $465,000 decrease in accounts payable, offset by an increase in accrued expenses of $653,000.

Cash decreased by $840,000 from the year end 2000 to June 30, 2001 primarily due to capital expenditures of $672,000 and debt repayments of $513,000.

Accounts receivable-trade increased by approximately $392,000 from $784,000 as of December 31, 2000 to $1,177,000 at June 30, 2001, due to normal increased sales activity associated with the first six months of 2001, as compared to the fourth quarter of 2000.

During 2000 and the first six months of 2001, we paid certain expenses on behalf of affiliated entities. The amount to be reimbursed at June 30, 2001 was $1,055,000.

A Federal income tax receivable of $1,029,000 was recorded in 2000 and relates to net operating losses eligible for carryback to 1998.

Note receivable - related party at June 30, 2001 is comprised of a note, which is secured by a mortgage and personal guarantee from the majority shareholder and requires monthly principal and interest payments.

Inventories decreased by approximately $241,000 between December 31, 2000 and June 30, 2001, from $1,796,000 to $1,555,000 primarily as a result of normal increased sales activity associated with operations associated with the first six months of the year, as compared to sales in the fourth quarter of 2000.

Assets held for sale of $524,000 at June 30, 2001 and December 31, 2000 are comprised of a six-unit condominium townhouse at CBIR's facility in Brainerd Minnesota.

Other assets-current increased $474,000, from $788,000 at December 31, 2000 to $1,262,000 at June 30, 2001, primarily due to the advance payment of $586,000 in sanction fees for events to be held at CBIR in the third quarter of 2001, offset by amounts received relative to the sale of miscellaneous non-productive assets recorded at December 31, 2000.

Net property, plant and equipment decreased by approximately $328,000 from $12,087,000 at December 31, 2000 to $11,759,000 at June 30, 2001 due to fixed asset additions of $672,000 offset by depreciation for the period of $994,000. Leasehold improvements, furniture and fixtures, molds, tooling and the construction of a twelve-unit condominium townhouse at CBIR comprised additions during the period.

Goodwill decreased by approximately $194,000 from $1,518,000 at December 31, 2000 to $1,324,000 at June 30, 2001 as a result of normal amortization expense over a seven-year period.

Other assets-long term increased $76,000 from $1,807,000 at December 31, 2000 to $1,883,000 at June 30, 2001 primarily as a result of payments made for option agreements on the purchase of land to develop the Complex.

LIABILITIES AND EQUITY

Accounts payable decreased by approximately $465,000 from $1,526,000 at December 31, 2000 to $1,061,000 at June 30, 2001 due to available cash to pay amounts owed.

Accrued expenses increased by $653,000 from $1,217, 000 at December 31, 2000 to $1,870,000 at June 30, 2001, primarily due to advance ticket sales of $805,000 at CBIR, offset by a decrease in other accrued expenses of $152,000.

OUTSTANDING LOANS

CBIR entered into a term loan in August 1999 in the amount of $403,000. This loan is secured by a permanent grandstand addition and requires annual principal payments of $100,675, plus 9% interest, through 2003. CBIR also has a term loan of $200,000, which is secured by property. The loan requires quarterly interest payments at 2% above the prime rate and a single principal payment of $50,000 per year through 2004.

In 1995, we leased $2,689,000 of equipment under a six-year equipment lease agreement that includes an option to purchase the equipment for $1.00 upon expiration of the lease term. The payment amounts under the lease represent principal payments, with interest at rates between 7.5 and 8.75 percent. In 1996, we leased additional equipment in the amount of $3,744,000 structured in the same manner as noted above.

We believe that we will be able to satisfy our ongoing cash requirements for the next 12 months and thereafter with available cash, cash flows from operations and the collection of notes receivable outstanding from the majority shareholder and related entities, supplemented by borrowing arrangements or additional public capital that will be necessary to fund the development of the proposed sports and entertainment Complex.

RESULTS OF OPERATIONS

Our revenues were $4,011,000 in the three months ended June 30, 2001, compared to $5,602,000 in the same period of 2000. The $1,591,000 decrease in 2001 was primarily due to the sale of our retail store

operations in 1999 and 2000. Revenue from retail store operations was $2,077,000 in the second quarter of 2000. CBIR traditionally has little revenue during the first two quarters, as the racing season doesn't begin until May each year. Revenues were $7,641,000 and $12,157,000 for the six month periods ending June 30, 2001 and 2000, respectively for the same reasons. Revenue from retail store operations was $4,735,000 for the six month period ending June 30, 2000.

Cost of sales were $3,164,000 and $5,282,000 for the quarters ended June 30, 2001 and 2000 respectively or 79% and 94% as a percentage of revenue. The decrease in cost of sales is primarily attributable to the sale of retail store operations and the consolidation of the bedliner manufacturing operations of our former subsidiary, The Colonel's Rugged Liner, Inc. ("CRL") with CTA's Owosso, Michigan facility during 2000. Cost of sales were $6,103,000 and $10,958,000 for the six month periods ending June 30, 2001 and 2000 respectively or 80% and 90% as a percentage of revenues for the same reasons.

Selling, general and administrative expenses were $1,058,000 and $1,553,000 for the quarters ended June 30, 2001 and 2000, respectively, or as a percentage of revenues, 26% and 28%, respectively. The overall decrease in expense is primarily due to the sale of retail store operations. Additionally, we consolidated most of our administrative functions into our Owosso, Michigan facility in 2000. Selling, general and administrative expenses were $2,196,000 and $3,506,000 for the six month periods ending June 30, 2001 and 2000 respectively or as a percentage of revenues 29% for both periods for the same reasons.

Interest expense in the second quarter of 2001 decreased by $442,000 from the second quarter of 2000 primarily due to interest and penalties of $417,000 in 2000 associated with the late payment of the Company's 1998 Federal income taxes and the reduction of outstanding debt. Interest expense in the six month period ending June 30, 2001 decreased by $470,000 from the same period in 2000 for the same reasons.

Interest income in the second quarter of 2001 increased by $5,000 from the second quarter of 2000 primarily due to excess cash available for investment purposes and interest earned on note receivable related party. Interest income in the six month period ending June 30, 2001 increased by $67,000 from the same period in 2000 for the same reasons.

We ceased leasing portions of our Tecumseh, Michigan facility due to its sale in the second quarter of 2000. Net rental income was $37,000 and $25,000 for the quarters ended June 30, 2001 and 2000 respectively, and $61,000 and $145,000 for the six month periods ending June 30, 2001 and 2000 respectively.

RISK FACTORS

INTEREST RATE CHANGES

Other than the term loans described above, and the other items described in Note 6 to the consolidated financial statements included in Appendix A, we currently have no borrowings outstanding. If we borrow money in the future, we may be exposed to changes in interest rates. Our credit facilities are usually based on the prime rate. If this rate changes there could be an adverse effect on the Company's cash flow and profits.

OWNERSHIP OF OUR COMMON STOCK IS CONCENTRATED IN TWO SHAREHOLDERS, WHICH ARE ABLE TO EXERCISE CONTROL AND MAKE DECISIONS THAT MAY NOT BE IN THE BEST INTEREST OF ALL OF OUR SHAREHOLDERS

Donald and Patsy Williamson own approximately 97.3% of our issued and outstanding shares of common stock. Accordingly, Donald and Patsy Williamson are able to control the election of directors and all

other matters which are subject to a vote of shareholders. This concentration of ownership may have the effect of delaying or preventing a change of control of Sports Resorts International, Inc. even if this change of control would benefit all of the shareholders.

WE NEED TO MAINTAIN AND ENHANCE OUR WORKING RELATIONSHIP WITH THE NHRA

In order to be successful, our raceway operations need to maintain a good relationship with the primary sanctioning body of our racing events, The National Hot Rod Association ("NHRA"). While we believe that we have good relationship with the NHRA, the current term of our sanctioning agreement ends on December 31, 2002. In the event the sanctioning agreement is not extended, it is likely that our results of operations would be adversely affected.

OUR RACEWAY OPERATIONS FACE COMPETITION FOR TICKET SALES AND MARKETING AND ADVERTISING DOLLARS

We compete for marketing, advertising and ticket sales with other sports and with other entertainment and recreational activities. In the event fan interest in racing declines, it is likely that our results of operations would be adversely affected. We compete with well-established raceway operations some of which have greater market recognition and substantially greater financial, technical, marketing, distribution and other resources than we have. Our ability to compete successfully depends on a number of factors, which are primarily outside our control including our ability to develop and maintain effective marketing programs, the number and location of our competitors and general market and economic conditions.

OUR FUTURE SUCCESS WILL BE DEPENDENT ON THE SKILL OF OUR KEY PERSONNEL

Our success depends upon the availability and performance of our officers and senior management and other key personnel. We rely heavily upon the expertise of a relatively small core of executives. We do not have employment agreements with any of our key personnel. The loss of the services of one or more of our key executives could have a material adverse effect on our operations.

WE MAY INCUR LIABILITY FOR PERSONAL INJURIES

Racing events can be dangerous to participants and to spectators. We maintain insurance policies that provide coverage within limits that in our judgement are sufficient to protect us from material financial loss due to liability for personal injuries sustained by or death of, spectators in the ordinary course of our business. Our insurance may not be adequate or available at all times and in all circumstances. In the event damages for injuries sustained by our spectators exceed our liability coverage or our insurance company denies coverage, our financial condition, results of operations and cash flows could be adversely affected to the extent claims and associated expenses exceed our insurance recoveries.

WE WILL NEED ADDITIONAL FINANCING WHICH MAY OR MAY NOT BE AVAILABLE OR WHICH MAY DILUTE THE OWNERSHIP INTEREST OF CURRENT SHAREHOLDERS

We have previously announced plans to develop a large sports and entertainment complex in Mt. Morris, Michigan. We are currently evaluating various financing alternatives, which may include the issuance of either debt or equity to fund the development costs of this complex. When additional capital is needed, there is no assurance that it can be obtained on terms acceptable to us. If we cannot obtain sufficient capital to develop the complex we may not be able to implement our business plan.

OUR COMMON STOCK HAS A LIMITED TRADING MARKET, WHICH MAY MAKE IT DIFFICULT TO SELL OR OBTAIN AN ADEQUATE PRICE FOR YOUR SHARES

There is a limited public market for our common stock and there is no assurance that an active trading market will develop or be sustained. Because of this lack of liquidity, our stock price may be highly volatile.

OUR TRUCK ACCESSORY BUSINESS IS TIED TO THE NORTH AMERICAN VEHICLE INDUSTRY, WHICH IS HIGHLY CYCLICAL AND DEPENDENT ON CONSUMER SPENDING AND GENERAL ECONOMIC CONDITIONS IN NORTH AMERICA

Sales of our truck accessories including bedliners is tied to the North American vehicle industry. The truck industry is highly cyclical and dependent on consumer spending and general economic conditions in North America. We only sell our truck accessories in the United States and as result we are solely dependent on the health and vitality of the U.S. economy for our success. There can be no assurance that production of pickup trucks will not decline in the future or that we will be able to fully utilize our manufacturing capacity. Economic factors adversely affecting truck sales and production and consumer spending could adversely impact our sales and operating results.

OUR TRUCK ACCESSORIES BUSINESS FACES STRONG COMPETITION WHICH COULD AFFECT OUR SALES AND PROFIT MARGINS

We compete for sales of bedliners and other truck accessories against a number of companies. Many of these companies are larger, have greater market recognition and substantially greater financial, technical, marketing, distribution and other resources than we have. While product quality is an important factor, price is also very important to our customers. We attempt to manufacture a high quality product which is cost competitive. We have faced and will continue to face additional competition from new entrants into our markets. We cannot be certain that we will be able to compete successfully with existing or new competitors.

THE OPERATIONS OF OUR RACEWAY OPERATIONS ARE SEASONAL AND THEREFORE ADVERSE WEATHER CAN AFFECT OUR RESULTS OF OPERATIONS

Our raceway operations primarily operate on the weekends from May through September. In the event that adverse weather conditions curtail attendance at any of our races, it could have a material adverse affect on our results of operations.

OUR PROFITABILITY IS DEPENDENT ON CONTROL OF OUR COSTS, IN THE EVENT WE ARE UNABLE TO CONTROL OUR COSTS, OUR FINANCIAL RESULTS COULD BE ADVERSELY AFFECTED

In order to manufacture our truck accessories we require plastic resin as a raw material. The cost of plastic resin is directly dependent upon fluctuations in petroleum prices. We do not have any long-term supply contracts and do not use any hedging techniques to manage the costs of plastic resin. In the event petroleum prices increase, we may be unable to pass the increased raw material costs on to our customers which could adversely affect our results of operations. In addition, we attempt to control our labor costs. In the event that the cost of labor increases and we are unable to pass such increased labor costs to our customers, our results of operations could be adversely affected.

EFFECTS OF INFLATION

We believe that the relatively moderate inflation rate over the last decade has not had a significant impact on our operations. We do not expect inflation to have any near-term material effect on the sales of our products, although there can be no assurance that such an effect will not occur in the future.

OUR FAILURE TO PROPERLY MANAGE MERGERS, ACQUISITIONS, DISPOSITIONS AND DIVERSIFICATION INTO OTHER LINES OF BUSINESS COULD ADVERSELY AFFECT OUR BUSINESS

Recently, we announced that we have decided to expand the sports and entertainment aspects of our business. In the future we may expand or contract our operations through mergers, acquisitions, dispositions and diversification. These activities expose us to a number of special risks, including diversion of management's attention, failure to retain key personnel or customers of an acquired business, difficulties transitioning operations to accommodate new businesses or activities and limited experience in managing a large sports and entertainment enterprise. There can be no assurance that we will be able to effectively manage these special risks

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 141 "Business Combinations". SFAS No. 141 standardizes the accounting for business combinations by requiring that all business combinations be accounted for by using the purchase method and modifies the recognition criteria for identification of intangible assets acquired in a business combination. This statement is effective for all business combinations initiated after June 30, 2001.

In July 2001, the FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangibles. SFAS No. 142 requires testing of goodwill annually for impairment and requires that goodwill and other intangibles with infinite lives not be amortized as required by previous guidance. The Company's annual goodwill amortization is approximately $388,000. This statement is required to be adopted by the Company on January 1, 2002.

Management has not assessed the impact of these accounting pronouncements on the Company's financial position and results of operations.

SEGMENT REPORTING

For a discussion of the Company's business segments, see Note 13 to the consolidated financial statements included in Appendix A.

DISGORGEMENT OF TRADING PROFITS

During the quarter ending June 30, 2001, the Company became aware that one of its officers, William Singleterry, had engaged in trading in the stock of the Company that was not in compliance with Section 16 of the Securities Exchange Act of 1934. As a result, the Company has sought and has received the disgorgement of any profits that Mr. Singleterry received as result of his improper trading. During the quarter ending June 30, 2001, Mr. Singleterry paid the Company $208,126 which was credited to paid in capital. In July 2001, Mr. Singleterry paid the Company an additional $16,926, satisfying this matter in its entirety.

RECENT DEVELOPMENTS

On July 9, 2001, the Board of Directors of the Company declared a 2 for 1 stock split payable to shareholders of record on August 9, 2001. In order to effectuate the stock split, the Company has obtained the consent of the majority

shareholders to amend the Company's articles of incorporation to increase the number of authorized shares of common stock from 35,000,000 to 70,000,000. Supplemental information after giving effect for the stock split is included in the consolidated statements of operations included in Appendix A.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

See the discussion under "Market Risk Disclosure" in Item 2 above.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

In previous filings, the Company has disclosed that as a result of the crash of an airplane owned by the Company in August 2000, claims have been made against the Company. Recently, a claim involving the estate of one of the pilots was successfully settled. A second claim, filed March 12, 2001, is currently in litigation. The claimant in the second claim is seeking $10 million in damages against the Company. A third claim of an undisclosed amount has been made by the estate of another crewmember and is also in litigation. In addition to the above claims, there exists the potential of at least one or more additional claims against the Company. In the opinion of Company management and outside legal counsel, who have conducted a thorough review of case settlements and verdicts in the State of Michigan, it is expected that all claims concerning the crash cumulatively should fall within the $25 million per occurrence coverage limits under the Company's insurance policy. However, there can be no assurance that the Company's insurance will be adequate to satisfy all the claims concerning the crash.

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

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPORTS RESORTS INTERNATIONAL, INC.

Dated: August 2, 2001   By: /s/ Gregory T. Strzynski

Gregory T. Strzynski
Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Financial Officer of the Registrant)

APPENDIX A

SPORTS RESORTS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	June 30, 2001 (unaudited)	December 31, 2000 (audited)
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,726,327	$ 2,566,036
Accounts receivable:		
Trade (net of allowance for doubtful accounts of $297,000 at June 30, 2001 and December 31, 2000)	1,176,866	784,501
Related party (Note 2)	1,054,925	837,767
Note receivable - related party (Note 2)	131,525	146,486
Federal income taxes receivable (Note 9)	1,028,564	1,028,564
Inventories (Note 3)	1,554,950	1,796,335
Assets held for sale (Note 4)	524,259	524,259
Other	1,262,172	788,484
Total current assets	8,459,588	8,472,432
PROPERTY, PLANT, AND EQUIPMENT - Net (Notes 5 and 6)	11,758,912	12,086,938
OTHER ASSETS:		
Note receivable - related party (Note 2)	4,808,228	4,875,301
Goodwill (Net of accumulated amortization of $1,626,000 and $1,432,000 at June 30, 2001, and December 31, 2000, respectively)	1,324,424	1,517,937
Other	1,883,408	1,806,601
Total other assets	8,016,060	8,199,839
TOTAL ASSETS	$28,234,560	$28,759,209

</TABLE>

SPORTS RESORTS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	June 30, 2001 (unaudited)	December 31, 2000 (audited)
<S>	<C>	<C>
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 6)	$ 1,230,374	$ 1,194,814

Accounts payable	1,061,139	1,525,661
Accrued expenses (Note 7)	1,869,750	1,217,213
	-----------	-----------
Total current liabilities	4,161,263	3,937,688
LONG-TERM DEBT (Note 6)	1,329,861	1,878,785
LONG-TERM PORTION OF DEFERRED COMPENSATION	36,400	62,400
SHAREHOLDERS' EQUITY		
Common stock: 35,000,000 shares authorized at $0.01 par value, 24,177,805 shares issued and outstanding at June 30, 2001 and December 31, 2000	241,778	241,778
Additional paid-in-capital	5,790,465	5,582,339
Retained earnings	16,674,793	17,056,219
	-----------	-----------
Total shareholders' equity	22,707,036	22,880,336
	-----------	-----------
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$28,234,560	$28,759,209
	===========	===========

</TABLE>

SPORTS RESORTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	Six Months Ending June 30		Three Months Ending June 30	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
SALES	$ 7,641,321	$ 12,157,130	$ 4,011,425	$ 5,602,246
COST OF SALES	6,102,745	10,958,090	3,163,529	5,282,393
	------------	------------	------------	------------
GROSS PROFIT	1,538,576	1,199,040	847,896	319,853
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,196,345	3,506,074	1,058,416	1,553,403
NET GAIN (LOSS) ON DISPOSAL OF ASSETS	12,435	47,950	208	(1,910)
	------------	------------	------------	------------
LOSS FROM OPERATIONS	(645,334)	(2,259,084)	(210,312)	(1,235,460)
OTHER INCOME(EXPENSE):				
Interest expense	(122,001)	(591,877)	(58,881)	(500,683)
Interest income	318,619	252,116	220,851	215,898
Net rental income	61,139	144,890	36,837	25,092
Other	6.151	35,848	3,744	2,825
	------------	------------	------------	------------
Other income (expense) net	263,908	(159,023)	202,551	(256,868)
LOSS BEFORE INCOME TAX BENEFIT	(381,426)	(2,418,107)	(7,761)	(1,492,328)
INCOME TAX BENEFIT (Note 9)	--	771,437	--	512,219
	------------	------------	------------	------------

NET LOSS	$ (381,426)	$ (1,646,670)	$ (7,761)	$ (980,109)
BASIC AND DILUTED LOSS PER SHARE (Note 11)	$ (0.02)	$ (0.07)	$ (0.00)	$ (0.04)
WEIGHTED AVERAGE COMMON SHARES	24,177,805	24,462,196	24,177,805	24,406,066
SUPPLEMENTAL INFORMATION AFTER GIVING EFFECT FOR STOCK SPLIT (Note 11):				
BASIC AND DILUTED LOSS PER SHARE	$ (0.01)	$ (0.03)	$ (0.00)	$ (0.02)
WEIGHTED AVERAGE COMMON SHARES	48,355,610	48,924,392	48,355,610	48,812,132

</TABLE>

SPORTS RESORTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Six Months Ending June 30	
	2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (381,426)	$(1,646,670)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,188,188	1,386,870
Deferred tax provision	--	(680,816)
Gain on sale of property and equipment	(12,435)	(47,950)
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(609,523)	226,499
Inventories	241,385	1,992,270
Other	(576,495)	(297,355)
Accounts payable	(464,522)	(1,459,620)
Accrued expenses	652,537	1,056,324
Income taxes payable	--	(2,826,019)
Net cash provided by (used in) operating activities	37,709	(2,269,467)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures and construction of assets held for sale	(671,705)	(961,690)
Proceeds from disposal of property and equipment	17,491	464,940
Proceeds from sale of business, net of cash sold	--	994,264
Proceeds from sale of Rugged Liner assets	--	361,700
Payments received on notes receivable-related party	82,034	1,458,185
Net cash (used in) provided by investing activities	(572,180)	2,317,399
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(6,375)	(15,854)
Principal payments on obligations under capital leases	(506,989)	(465,170)

Disgorgement of trading profits (Note 8)	208,126	--
Net cash (used in) financing activities	(305,238)	(481,024)
NET (DECREASE) IN CASH	(839,709)	(460,092)
CASH, BEGINNING OF PERIOD	2,566,036	1,069,338
CASH, END OF PERIOD	$ 1,726,327	$ 609,246

</TABLE>

Continued

SPORTS RESORTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Six Months Ending June 30	
	2001	2000
<S>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 105,964	$ 166,738
Cash paid during the period for taxes	$ --	$ 2,750,000
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:		
Sale of Rugged Liner assets, net of cash received (Note 10)		
Property, plant and equipment		$ 459,399
Accrued expenses		(392,621)
Goodwill		586,218
Inventory		1,257,590
Trade accounts receivable		167,813
Deferred tax assets		568,052
Common stock redeemed		(3,405)
Paid in capital		(2,325,997)
Other		44,651
Net cash proceeds from sale		$ 361,700

</TABLE>

(concluded)

SPORTS RESORTS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 BASIS OF PRESENTATION

Effective March 8, 2001 The Colonel's International, Inc. began doing business under the assumed name of Sports Resorts International, Inc. The Company received the written consent of its majority shareholders to amend its articles of incorporation and legally changed its name on April 16, 2001. The Company changed its name to reflect the increasing prominence of the sports and leisure segment of its business.

The financial information included herein is unaudited; however such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented.

Interim results of operations are not necessarily indicative of the results expected for the full year.

NEW ACCOUNTING PRONOUNCEMENTS - In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 141 "Business Combinations". SFAS No. 141 standardizes the accounting for business combinations by requiring that all business combinations be accounted for by using the purchase method and modifies the recognition criteria for identification of intangible assets acquired in a business combination. This statement is effective for all business combinations initiated after June 30, 2001.

In July 2001, the FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangibles. SFAS No. 142 requires testing of goodwill annually for impairment and requires that goodwill and other intangibles with infinite lives not be amortized as required by previous guidance. The Company's annual goodwill amortization is approximately $388,000. This statement is required to be adopted by the Company on January 1, 2002.

Management has not assessed the impact of these accounting pronouncements on the Company's financial position and results of operations.

RECLASSIFICATIONS - Certain 2000 amounts have been reclassified to conform to the 2001 presentation.

Note 2 RELATED PARTY TRANSACTIONS

Note Receivable

During the first quarter of 1999, a note receivable from South Saginaw LLC, a company owned by Donald J. Williamson, the Company's Chief Executive Officer and majority shareholder, of $5,200,000 was established. The note requires monthly payments of $43,496, including interest at 8.0%, through February 2005, at which time the unpaid balance is due. The note is current at June 30, 2001 and is secured by a mortgage and personal guarantee.

Accounts Receivable

During 2000 and the first and second quarters of 2001, the Company paid certain expenses on behalf of affiliated entities. The amount outstanding at June 30, 2001 was approximately $1,055,000.

Note 3 INVENTORIES

<TABLE>
<CAPTION>

Inventories are summarized as follows:	June 30, 2001 (unaudited)	December 31, 2000 (audited)
<S>	<C>	<C>
Finished products	$ 1,060,782	$ 1,109,251

Raw materials	494,168	687,084
Total inventories	$ 1,554,950	$ 1,796,335

</TABLE>

Note 4 ASSETS HELD FOR SALE

During 2000, the Company built a six-unit condominium townhouse at its CBIR facility in Brainerd, Minnesota. These units are fully furnished and are included in assets held for sale with a carrying value of approximately $524,000.

Note 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized by major classification as follows:

<TABLE>
<CAPTION>

<S>	<C> June 30, 2001 (unaudited)	<C> December 31, 2000 (audited)
Land and improvements	$ 2,665,597	$ 2,611,658
Track	1,903,123	1,903,123
Buildings	1,824,484	1,842,043
Leasehold improvements	292,066	86,325
Bleachers & fencing	1,661,631	1,661,631
Equipment (including equipment under capital lease)	6,664,161	6,737,659
Transportation equipment	1,237,565	1,221,086
Furniture & fixtures	706,018	698,132
Tooling	3,241,539	3,169,235
Construction in progress	1,782,119	1,394,965
Total	21,978,303	21,325,857
Less accumulated depreciation	(10,219,391)	(9,238,919)
Net property, plant and equipment	$ 11,758,912	$ 12,086,938

</TABLE>

Construction in progress consists of a twelve-unit condominium townhouse with room for retail space at CBIR.

In October 2000, the Company made a non-refundable deposit of $25,000 and entered into an agreement to purchase land in Mount Morris Township, Michigan in connection with a

proposed plan to develop a sports and entertainment complex. The agreement requires closure by October 2001. In January and February 2001 the Company made a total of $80,000 in non-refundable deposits and entered into various agreements with four to six month terms to purchase adjacent real estate. In June and July 2001 the various agreements were extended for additional periods of four to six months for an additional $80,000. The payments to extend the agreements are also non-refundable.

Note 6 LONG TERM DEBT

Long-term obligations consist of the following:

<TABLE>
<CAPTION>

	June 30, 2001 (unaudited)	December 31, 2000 (audited)
<S>	<C>	<C>
Term loan, annual installments of $100,675 plus interest at 9% through August 2003; secured by related assets	$ 302,025	$ 302,025
Mortgage payable to a bank, interest at the bank's prime rate plus 2% (effective rate of 9.0% and 11.5% at June 30, 2001 and December 31, 2000 respectively) annual principal payments of $50,000 plus interest due quarterly, through September 2004; secured by underlying property	200,000	200,000
Capital lease obligations through December 2002; monthly installments include interest at rates between 7.5% and 8.75%, collateralized by the related machinery and equipment (Note 5)	2,054,974	2,561,963
Other	3,236	9,611
Total	2,560,235	3,073,599
Less current portion	(1,230,374)	(1,194,814)
Long-term	$ 1,329,861	$ 1,878,785

</TABLE>

Note 7 ACCRUED EXPENSES

Accrued expenses consist of the following:

<TABLE>
<CAPTION>

	June 30, 2001 (unaudited)	December 31, 2000 (audited)
<S>	<C>	<C>
Accrued settlements	$ 453,376	$ 454,500
Accrued interest	88,996	72,959
Advance ticket sales	804,751	--
Other	522,627	689,754
Total	$ 1,869,750	$ 1,217,213

</TABLE>

Note 8 DISGORGEMENT OF TRADING PROFITS

During the quarter ending June 30, 2001, the Company became aware that one of its officers had engaged in trading in the stock of the Company that was not in compliance with Section 16 of the Securities Exchange Act of 1934. As a result, the Company has sought and has received the

disgorgement of any profits received as a result of this improper trading. During the quarter ending June 30, 2001, the Company received $208,126 which was credited to paid in capital. In July 2001, the Company received an additional $16,926, satisfying this matter in its entirety.

Note 9 INCOME TAXES

A Federal income tax receivable of $1,028,564 was recorded in 2000 related to net operating losses eligible for carryback to 1998.

The Company provides for deferred income taxes under the asset and liability method, whereby deferred income taxes result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. A valuation allowance is established to reduce deferred income tax assets to the amount expected to be realized.

Note 10 COMMON STOCK REDEEMED/SALE OF CRL ASSETS TO INTERNATIONAL LINER

On June 22, 2000, but effective as of May 1, 2000, the Company sold certain inventory, property, plant and equipment, and accounts receivable to International Liner, a corporation controlled by Mark German, the Company's former President. In exchange for these assets, International Liner paid the Company $361,700 in cash and Mr. German and the other former shareholders of the Rugged Liner Companies surrendered 340,521 shares of the Company's Common Stock. The Company wrote-off goodwill of approximately $586,000 associated with assets sold. In accordance with accounting principles generally accepted in the United States of America, no gain or loss was recorded as a result of this transaction.

Note 11 LOSS PER SHARE/STOCK SPLIT

Basic loss per share was based upon the weighted average number of shares outstanding. Diluted loss per share assumes the exercise of common stock options when dilutive. Therefore, basic and diluted loss per share are the same.

On July 9, 2001, the Board of Directors of the Company declared a 2 for 1 stock split payable to shareholders of record on August 9, 2001. In order to effectuate the stock split, the Company has obtained the consent of the majority shareholders to amend the Company's articles of incorporation to increase the number of authorized shares of common stock from 35,000,000 to 70,000,000. Supplemental information after giving effect for the stock split is included in the consolidated statements of operations.

Note 12 CONTINGENCIES

On December 17, 1998 the Company sold substantially all of the assets used in its former bumper production operations. The sale consisted of substantially all inventory, machinery and equipment, accounts receivable and prepaid items. The purchaser also assumed certain liabilities such as accounts payable and purchase commitments. On June 13, 2000, the Company received notice of an indemnity claim by the purchaser for approximately $866,000, net of deductibles and offsetting amounts owed to the Company. Management is investigating the claim and contesting its merit.

In May 2000, the landlord of a facility formerly occupied by the Company filed suit in the Superior Court for Riverside County, California against the Company, claiming that the Company breached its lease by failing to notify the landlord of its intent to sublease the facility. The landlord has been awarded possession of the property and is seeking damages of an undisclosed amount. The Company is vigorously defending this matter.

As a result of the crash of an airplane owned by the Company in August 2000, claims have been made against the Company. One claim involving the estate of one of the pilots has been successfully settled. A second claim, filed March 12, 2001, is currently in litigation. The claimant in the second claim is seeking $10 million in damages against the Company. A third claim of an undisclosed amount has been made by the estate of another crewmember and is also in litigation. In addition to the above claims, there exists the potential of least one or more additional claims against the Company. In the opinion of Company management and outside legal counsel, who have conducted a thorough review of case settlements and verdicts in the State of Michigan, it is expected that all claims concerning the crash cumulatively should fall within the $25 million per occurrence coverage limits under the Company's insurance policy. However, there can be no assurance that the Company's insurance will be adequate to satisfy all the claims concerning the crash.

Note 13 SEGMENTS OF BUSINESS

The Company's reportable segments are strategic business units that offer different products and services. The business units have been divided into two reportable segments: the manufacturing and sale of bedliners and other truck accessories ("Truck Accessories"), and operation of a multi-purpose motor sports facility in Brainerd, Minnesota ("Raceway").

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision making group, in deciding how to allocate resources and assessing performance. The Company's chief operating decision-maker is its Chief Executive Officer.

The Company evaluates performance based on stand-alone product segment operating income. Intersegment sales and transfers, interest income and expenses are not significant.

Financial information segregated by reportable product segment is as follows:

<TABLE>
<CAPTION>

	Six Months Ending June 30 (unaudited)		Three Months Ending June 30 (unaudited)	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Sales:				
Truck Accessories	$ 7,245,224	$ 11,840,557	$ 3,658,884	$ 5,324,225
Raceway	396,097	316,573	352,541	278,021
Total	$ 7,641,321	$ 12,157,130	$ 4,011,425	$ 5,602,246
Loss From Operations:				
Truck Accessories	$ (100,890)	$ (1,472,029)	$ 39,425	$ (874,694)
Raceway	(544,444)	(787,055)	(249,737)	(360,766)
Total	$ (645,334)	$ (2,259,084)	$ (210,312)	$ (1,235,460)

</TABLE>