

SECURITIES AND EXCHANGE COMMISSION

FORM SB-2/A

Optional form for registration of securities to be sold to the public by small business issuers
[amend]

Filing Date: **1996-08-26**
SEC Accession No. **0000889812-96-001165**

([HTML Version](#) on secdatabase.com)

FILER

SPORTSTRAC INC

CIK: **1009193** | IRS No.: **841320893** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SB-2/A** | Act: **33** | File No.: **333-01634** | Film No.: **96620845**
SIC: **3949** Sporting & athletic goods, nec

Mailing Address
6900 E BELLEVIEW AVE
SUITE 200
ENGLEWOOD CO 80111

Business Address
6900 E BELLEVIEW AVE
STE 200
ENGLEWOOD CO 80111
3037713733

Registration No.333-1634

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

AMENDMENT NO. 5

TO
FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Delaware 7380 84-1320893
(State or other juris- (Primary Standard Industrial (I.R.S. Employer
diction of organization) Classification Code No.) Identification No.)

6900 E. Belleview Avenue
Suite 200
Englewood, Colorado 80111
(303) 771-3733
(Address and telephone number
of principal executive offices and principal place of business)

Marc Silverman
Chief Executive Officer
6900 E. Belleview Avenue
Suite 200
Englewood, Colorado 80111
(303) 771-3733
(Name, address and telephone number of agent for service)

Copies to:

Hartley T. Bernstein, Esq. Michael F. Mulpeter, Esq.
Bernstein & Wasserman, LLP Cohn & Birnbaum P.C.
950 Third Avenue 100 Pearl Street
New York, NY 10022 Hartford, CT 06103-4500
(212) 826-0730 (203) 493-2200
(212) 371-4730 (Fax) (203) 727-0361 (Fax)

Approximate date of proposed sale to the public: As soon as reasonably
practicable after the effective date of this Registration Statement.

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

continued overleaf

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

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

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

<TABLE>
<CAPTION>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Security (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S> Common Stock, par value \$.01 per share (3)	<C> 2,300,000	<C> \$3.00	<C> \$6,900,000	<C> \$2,379.12
Class A Warrants (3)	1,150,000	\$0.25	\$287,500	\$99.13
Common Stock, par value \$.01 per share, underlying Class A Warrants	1,150,000	\$3.60	\$4,140,000	\$1,427.47
Underwriter's Option to purchase shares of Common Stock and Class A Warrants (4)	200,000	\$0.0005	\$100	\$0.03
Common Stock, par value \$.01 per share, underlying Underwriter's Option (4)	200,000	\$4.95	\$990,000	\$341.35
Class A Warrants underlying Underwriters Option (4)	100,000	\$0.4125	\$41,250	\$14.22
Common Stock, exercisable par value \$.01, underlying Class A Warrants in Underwriter's Option	100,000	\$3.60	\$360,000	\$124.13
Selling Securityholders				
Common Stock, par value \$.01 per share (5)	480,000	\$3.00	\$1,440,000	\$496.51
Class A Warrants (6)	2,000,000	\$0.25	\$500,000	\$172.40
Common Stock, par value \$.01 per share (7)	2,000,000	\$3.60	\$7,200,000	\$2,482.56
Common Stock, par value \$.01 per share (8)	1,710,000	\$3.00	\$5,130,000	\$1,768.82
TOTAL			\$27,176,350	\$9,564.34 (9)

</TABLE>

- (1) Pursuant to Rule 416 under the Securities Act of 1933 (the "Act"), this Registration Statement covers such additional indeterminate number of shares of Common Stock as may be issued by reason of adjustments in the number of shares of Common Stock pursuant to anti-dilution provisions contained in the Warrant Agreement governing the Class A Warrants ("Class A Warrants") Underwriter's Option. Because such additional shares of Common Stock will, if issued, be issued for no additional consideration, no registration fee is required.
- (2) Estimated solely for purposes of calculating registration fee.
- (3) Includes 300,000 shares of Common Stock and 150,000 Class A Warrants subject to the Underwriter's over-allotment option (the "Over-Allotment Option").
- (4) The Underwriter's Option entitles the Underwriter to purchase up to 200,000 shares of Common Stock at \$4.95 per share and 100,000 Class A Warrants at \$.4125 per Class A Warrant (the "Underwriter's Option").
- (5) Common Stock issued to certain bridge lenders ("Bridge Lenders") in connection with loans made to the Company.
- (6) Class A Warrants issued to Bridge Lenders.
- (7) The number of shares of Common Stock specified is the number which may be acquired upon exercise of the Class A Warrants at the maximum exercise price thereof.
- (8) Shares of Common Stock held by certain Selling Securityholders.

(9) Previously paid.

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

i

SPORTSTRAC, INC.

CROSS REFERENCE SHEET
(Showing Location in the Prospectus of Information
Required by Items 1 through 23, Part I, of Form SB-2)

Item in Form SB-2 -----	Prospectus Caption -----
1. Front of Registration Statement and Outside Front Cover of Prospectus.....	Facing Page of Registration Statement; Outside Front Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page of Prospectus; Outside Back Cover Page of Prospectus
3. Summary Information and Risk Factors.....	Prospectus Summary; Risk Factors
4. Use of Proceeds.....	Use of Proceeds
5. Determination of Offering Price....	Outside Front Cover Page of Prospectus; Underwriting; Risk Factors
6. Dilution.....	Dilution; Risk Factors
7. Selling Securityholders.....	Description of Securities; Selling Securityholders
8. Plan of Distribution.....	Outside Front Cover Page of Prospectus; Risk Factors; Underwriting
9. Legal Proceedings.....	Business-Litigation
10. Directors, Executive Officers, Promoters and Control Persons.....	Management
11. Security Ownership of Certain Beneficial Owners and Management...	Principal Stockholders
12. Description of Securities.....	Description of Securities; Underwriting
13. Interest of Named Experts and Counsel.....	Experts; Legal Matters
14. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Underwriting; Certain Transactions
15. Organization Within Last 5 Years...	Prospectus Summary; The Company; Business
16. Description of Business.....	Business; Risk Factors
17. Management's Discussion and Analysis or Plan of Operation.....	Management's Discussion and Analysis of Financial Condition and Results of Operations
18. Description of Property.....	Business - Facilities

ii

19.	Certain Relationships and Related Transactions.....	Certain Transactions
20.	Market for Common Equity and Related Stockholder Matters.....	Outside Front Cover Page of Prospectus; Prospectus Summary; Description of Securities; Underwriting
21.	Executive Compensation.....	Management - Executive Compensation
22.	Financial Statements.....	Selected Financial Data; Financial Statements
23.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.....	Not Applicable

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH AN OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY STATE.

SUBJECT TO COMPLETION, DATED August 26, 1996

PROSPECTUS

SportsTrac, Inc.

4,190,000 Shares of Common Stock
par value \$.01 per share

3,000,000 Class A Warrants

Offering Price Per Share - \$3.00
Offering Price Per Warrant - \$.25

SportsTrac, Inc., a Delaware corporation (the "Company" or "SportsTrac"), hereby offers (the "Offering") 2,000,000 shares of common stock, par value \$.01 per share (the "Common Stock" or "Shares") and 1,000,000 Class A Redeemable Common Stock Purchase Warrants ("Class A Warrants" or "Warrants"). Each Class A Warrant entitles the holder to purchase one (1) share of the Company's Common Stock, at an exercise price of \$3.60, subject to adjustment, from _____, 1997 through _____, 2001. The Class A Warrants are subject to redemption by the Company at any time after _____, 1997 on not less than thirty (30) days notice at \$.05 per Warrant, provided the average closing price of the Common Stock for twenty (20) consecutive days ending within fifteen (15) days prior to the notice exceeds \$4.80 per share. See "Risk Factors" and "Description of Securities."

This Offering also includes 1,710,000 shares of Common Stock owned by certain shareholders of the Company and 480,000 shares of Common Stock and 2,000,000 Warrants owned by certain bridge lenders to the Company ("Bridge Lenders"), hereinafter collectively referred to as the "Selling Securityholders." The Company will not receive any of the proceeds from the sale of securities by the Selling Securityholders.

The Company has applied for inclusion of the Common Stock and Warrants on The Nasdaq Small Cap Market, although there can be no assurances that an active trading market will develop even if the securities are accepted for quotation. Additionally, even if the securities are accepted for quotation and an active trading market does develop, the Company is still required to maintain certain minimum criteria established by Nasdaq and there is no such assurance that the

Company will be able to continue to fulfill such criteria. See "Risk Factors - Lack of Prior Market for Securities; No Assurance of Public Trading Market" and "Penny Stock Regulations May Impose Certain Restrictions on Marketability of Securities."

Prior to this Offering, there has been no public market for the Common Stock or Warrants. The offering prices of the Common Stock and the terms of the

Warrants have been determined by negotiations between the Company and Sterling Foster & Co., Inc., the underwriter of this Offering (the "Underwriter"), and does not necessarily bear any relationship to the Company's assets, book value, net worth or results of operations or any other established criteria of value. The Underwriter may enter into arrangements with one or more broker-dealers to act as co-underwriters of this Offering. For additional information regarding the factors considered in determining the initial public offering price of the Securities, see "Risk Factors - No Prior Public Market of Securities; Possible Volatility of Stock Price," "Description of Securities" and "Underwriting."

AN INVESTMENT IN THE SECURITIES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK AND IMMEDIATE SUBSTANTIAL DILUTION OF THE BOOK VALUE OF THE COMMON STOCK OFFERED HEREBY AND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. SEE "DILUTION" and "RISK FACTORS" which begin on Page ____.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

2

	Price To Public	Underwriting Discounts And Commissions (1)	Proceeds To Company (2)	Proceeds to Selling Security Holders
Per Share offered by Company.....	\$ 3.00	\$ 0.30	\$2.70	-0-
Per Warrant offered by Company.....	\$ 0.25	\$.025	\$.225	-0-
Per Share offered by Selling Security- holders.....	\$ 3.00	\$ 0.30	-0-	\$ 2.70
Per Warrant offered by Selling Security- holders.....	\$ 0.25	\$ 0.025	-0-	\$.225
Total (3).....	\$13,320,004 (4)	\$1,332,000 (5)	\$5,625,000	\$6,363,000

The date of this Prospectus is _____, 1996

STERLING FOSTER & CO., INC.
Investment Bankers

3

(Notes to Cover)

(1) Does not reflect additional compensation to be received by the Underwriter from the Company in the form of: (i) a non-accountable expense allowance of \$187,500 (\$215,625 if the Over-Allotment Option (as hereinafter defined) is exercised in full) (ii) a three (3) year financial advisory and investment banking agreement providing for aggregate fees of \$100,000 payable in advance at the closing of this Offering, and (iii) an option to purchase 200,000 shares of Common Stock at \$4.95 per share and 100,000 Warrants at \$.4125 per Warrant (the "Underwriter's Option"), exercisable for a period

of four (4) years commencing one (1) year from the effective date of this Offering. The Company and the Underwriter have agreed to indemnify each

other against certain liabilities, and the Selling Securityholders and the Underwriter have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Act"). See "Underwriting." The Selling Securityholders will not pay the Underwriter a non-accountable expense allowance on any of their securities offered hereby.

- (2) Before deducting expenses of the Offering payable by the Company estimated at \$637,500 including the Underwriter's non-accountable expense allowance and financial advisory fee referred to in Footnote (1) (not assuming exercise of the Over-Allotment Option), registration fees, transfer agent fees, NASD fees, Blue Sky filing fees and expenses, legal fees and expenses, and accounting fees and expenses. After deducting such expenses, the net proceeds to the Company will be approximately \$4,987,500. See "Use of Proceeds" and "Underwriting."
- (3) Does not include 300,000 additional shares of Common Stock and 150,000 additional Warrants to cover over-allotments which the Underwriter has an option to purchase for thirty (30) days from the date of this Prospectus at the initial public offering prices, less the Underwriter's discount (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriting Discounts and Commissions and the estimated expenses including the Underwriter's non-accountable expense allowance and financial advisory fee will be \$14,257,500, 1,425,750, and \$665,625, respectively, and the total net proceeds to the Company will be \$5,803,125. See "Underwriting."
- (4) Of this amount, \$6,250,000 represents 2,000,000 shares of Common Stock and 1,000,000 Warrants offered by the Company and \$7,070,000 represents 2,190,000 shares of Common Stock and 2,000,000 Warrants offered by the Selling Securityholders.
- (5) Of this amount, \$625,000 is underwriting discounts on 2,000,000 shares of Common Stock and 1,000,000 Warrants offered by the Company and \$707,000 is underwriting discounts on 2,190,000 shares of Common Stock and 2,000,000 Warrants offered by the Selling Securityholders.

The securities are offered by the Underwriter on a "firm commitment" basis, when, as and if delivered to and accepted by the Underwriter, and subject to prior sale, allotment and

4

withdrawal, modification of the offer with notice, receipt and acceptance by the Underwriter named herein and subject to its right to reject orders in whole or in part and to certain other conditions. It is expected that the delivery of the certificates representing the Common Stock and Warrants and payment therefor will be made at the offices of the Underwriter on or about _____, 1996.

AVAILABLE INFORMATION

The Company does not presently file reports and other information with the Securities and Exchange Commission (the "Commission"). However, following completion of this Offering, the Company intends to furnish its stockholders with annual reports containing audited financial statements examined and reported upon by its independent public accounting firm and such interim reports, in each case as it may determine to furnish or as may be required by law. After the effective date of this Offering, the Company will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith will file reports, proxy statements and other information with the Commission.

Reports and other information filed by the Company can be inspected and copied at the public reference facilities maintained at the Commission at Room 1024, 450 Fifth Street, N.W., Washington, DC 20549. Copies of such material can be obtained upon written request addressed to the Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Commission maintains a Web site on the Internet (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission through the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR). The Company has filed with the Commission a registration statement on Form SB-2 (herein together with all amendments and exhibits referred to as the "Registration Statement") under the Act of which this Prospectus forms a part. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information reference is made to the Registration Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH

TRANSACTIONS MAY BE EFFECTED IN THE NASDAQ SMALL CAP MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

A SIGNIFICANT AMOUNT OF THE SECURITIES TO BE SOLD IN THIS OFFERING (INCLUDING THOSE OFFERED BY THE SELLING SECURITYHOLDERS) MAY BE SOLD TO CUSTOMERS OF THE UNDERWRITER WHICH MAY AFFECT THE MARKET

5

FOR AND LIQUIDITY OF THE COMPANY'S SECURITIES IN THE EVENT THAT ADDITIONAL BROKER-DEALERS DO NOT MAKE A MARKET IN THE COMPANY'S SECURITIES, OF WHICH THERE CAN NO ASSURANCE. SUCH CUSTOMERS SUBSEQUENTLY MAY ENGAGE IN TRANSACTIONS FOR THE SALE OR PURCHASE OF THE SECURITIES THROUGH AND/OR WITH THE UNDERWRITER. THE UNDERWRITER HAS ADVISED THE COMPANY THAT IT PRESENTLY CANNOT QUANTIFY THE AMOUNT OF THE COMPANY'S SECURITIES (INCLUDING THOSE OFFERED BY THE SELLING SECURITYHOLDERS) THAT MAY BE SOLD TO ITS CUSTOMERS. THE UNDERWRITER HAS ALSO ADVISED THE COMPANY THAT IT HAS NO AGREEMENTS OR ARRANGEMENTS IN EFFECT WITH CUSTOMERS RELATING TO THE PURCHASE OR SALE OF THE COMPANY'S SECURITIES

(INCLUDING THOSE OFFERED BY THE SELLING SECURITYHOLDERS) AND IT DOES NOT EXPECT TO HAVE AGREEMENTS OR ARRANGEMENTS IN THE FUTURE.

ALTHOUGH IT HAS NO OBLIGATION TO DO SO, THE UNDERWRITER MAY FROM TIME TO TIME ACT AS A MARKET MAKER AND OTHERWISE EFFECT TRANSACTIONS IN THE COMPANY'S SECURITIES. THE UNDERWRITER, IF IT PARTICIPATES IN THE MARKET, MAY BECOME A DOMINATING INFLUENCE IN THE MARKET FOR THE SECURITIES. HOWEVER, THERE IS NO ASSURANCE THAT THE UNDERWRITER WILL OR WILL NOT CONTINUE TO BE A DOMINATING INFLUENCE. THE PRICES AND LIQUIDITY OF THE SECURITIES OFFERED HEREUNDER MAY BE SIGNIFICANTLY AFFECTED BY THE DEGREE, IF ANY, OF THE UNDERWRITER'S PARTICIPATION IN SUCH MARKET. THE UNDERWRITER HAS ADVISED THE COMPANY THAT IT CANNOT DETERMINE AT PRESENT WHICH BROKER DEALERS, IF ANY, WILL MAKE A MARKET IN THE COMPANY'S SECURITIES (INCLUDING THOSE OFFERED BY THE SELLING SECURITYHOLDERS). SEE "RISK FACTORS - LACK OF PRIOR MARKET FOR SECURITIES; NO ASSURANCE OF PUBLIC TRADING MARKET." THE UNDERWRITER MAY DISCONTINUE SUCH ACTIVITIES AT ANY TIME OR FROM TIME TO TIME.

6

PROSPECTUS SUMMARY

The following is a summary of certain information (including financial statements and notes thereto) contained in this Prospectus and is qualified in its entirety by the more detailed information appearing elsewhere herein. In addition, unless otherwise indicated to the contrary, all information appearing herein (i) does not give effect to (a) 300,000 shares of Common Stock and 150,000 Warrants issuable upon exercise of the Over-Allotment Option; (b) 200,000 shares of Common Stock and 100,000 Warrants issuable upon exercise of the Underwriter's Option; (c) shares of Common Stock issuable upon exercise of 3,000,000 Class A Warrants (which includes Class A Warrants offered by the Company hereunder and the Class A Warrants offered by the Selling Securityholders) and (d) 210,000 employee stock options and 180,000 warrants to purchase Common Stock, (ii) gives effect to the Company's January 1996 20-for-1 stock split and the March 1996 1.2-for-1 stock split; and (iii) gives effect to certain transactions effected immediately prior to the date of this Prospectus. See "Bridge Financing," "Description of Securities," "Certain Transactions," "Underwriting," and "Management - Stock Option Plans and Agreements." Each prospective investor is urged to read this Prospectus in its entirety.

THE COMPANY

SportsTrac, Inc., a Delaware corporation ("SportsTrac" or the "Company"), is a development stage business established in April 1995 (under the name Bogart International Associates, Inc.) to develop and market products designed to enhance and monitor athletic performance. The first product developed by the Company, The SportsTrac(TM) System, is a skill evaluation tool that can measure a person's hand-eye coordination and chart day-to-day variations in performance. The Company filed a trademark application on May 6, 1996 with respect to a trademark of the name of The SportsTrac(TM) System, and is presently using the name for promotional purposes.

The SportsTrac(TM) System is presently in use (on an experimental basis) by professional baseball, hockey and basketball teams. Presently, this professional level sports team version of The SportsTrac(TM) System is the only version in use and it is in use only in an uncompleted pilot program, is not yet fully tested or engineered, and is not ready for commercial production and sale to professional sports teams. The Company is endeavoring to adapt the same developed technology by creating prototype versions for a kiosk-based evaluation and information delivery system for health and fitness clubs, as well as for a

skill analyzer for golfers and other recreational sports enthusiasts. Additionally, the Company will also endeavour to adapt The SportsTrac(TM) System to a consumer entertainment product which will allow users to Acomplete" against professional athletes. However, the Company has not yet begun commercial production of any version of its SportsTrac(TM) System which the Company anticipates will be commercially available to any of its targeted markets. There can be no assurances that should such adaptations be successfully completed, that such adaptations will achieve market acceptance. See "Business - Versions of the Company's Single Product."

The Company anticipates that it will first establish the value of its developed technology at the professional sports level, and then apply the same technology and analysis to the

7

broad base of recreational athletes, teams and sports clubs. The SportsTrac(TM) System is already in use at the professional sports level. The Company has established a pilot program with the Los Angeles Dodgers (Major League Baseball), New York Rangers (a National Hockey League team through their affiliate in the American Hockey League), Minnesota Timberwolves (National Basketball Association) and Callaway Golf. Recently, the Company signed purchase agreements with the Palm Spring Suns (a minor league baseball team) and U.S. Golf and Entertainment, Inc. (owners of golf driving ranges) to install The SportsTrac(TM) System in early 1997. The purchase price for each such system is \$20,000.

The SportsTrac(TM) System is based closely on the Critical Tracking Task ("CTT"), a tool created by Systems Technology, Inc. ("STI") for the United States Airforce to evaluate whether military pilots could control experimental aircraft. Since the initial conception of the CTT, 40 years of field testing by the Department of Defense, NASA and the Department of Transportation has supported the CTT's accuracy in assessing the motor skill level of astronauts, pilots, ship captains, and heavy equipment operators. Although the CTT technology was originally developed in an analog format, the scientists at STI adapted the technology to be used with computers and computer software in the early 1960s. The Company has secured an exclusive sub-license from BioFactors, Inc. ("BFI") to market the CTT technology. This sub-license agreement grants the Company exclusive rights solely for sports-related and sports-entertainment applications, so as to not compete with BFI's non-invasive fitness for duty testing device ("FACTOR 1000(TM)") for safety-related industrial settings. See "Business" for a further discussion of the sub-license agreement.

BFI licenses the software and associated protocols and methodology for the CTT technology from STI. Although BFI's exclusive licensing agreement expires in 2008 (assuming the exercise of all available extensions), as does the Company's own sublicensing agreement with BFI, the Company has negotiated an agreement with STI which allows the Company to assume BFI's rights and obligations should such licensing agreement terminate earlier. This agreement will remain in effect, until the scheduled expiration date of both the license and sublicense agreement, so long as the Company is not in default under any terms of its sublicense agreement with BFI. Pursuant to the Company's sublicense agreement with BFI, the Company agreed to pay BFI \$1,000,000, all of which has been paid. In addition, the Company agreed to issue 180,000 warrants to BFI which were subsequently assigned. See "Certain Relationships and Related Transactions." The Company is obligated to pay BFI quarterly royalties equal to 8.5% of the cash receipts from the sale of the Company's products based on the sublicensed technology. Under the terms of the sublicensing agreement, BFI may not register a service mark in connection with the name, marketing, selling or sublicensing of the SportsTrac(TM) System. See "Risk Factors -- Potential Loss of Licensed Technology May Affect Operations," "Use of Proceeds" and "Description of Securities."

The Company maintains its executive offices at 6900 E. Belleview Avenue, Suite 200, Englewood, Colorado 80111, telephone number (303) 771-3733.

8

See "Risk Factors" for a discussion of certain factors that should be considered in evaluating the Company and its business.

9

THE OFFERING

Securities Offered

by the Company..... 2,000,000 shares of Common Stock at a price of \$3.00 per Share and 1,000,000 Warrants at a price of \$.25 per Warrant. See "Description of Securities."

Securities Offered by the

Selling Securityholders..... 2,190,000 shares of Common Stock at a price of \$3.00 per share and 2,000,000 Warrants at a price of \$.25 per Warrant. See "Selling Securityholders" and "Bridge Financing."

Securities Outstanding Prior to the Offering:

Common Stock..... 2,904,000

Class A Warrants..... 2,000,000 (See "Description of Securities")

Securities Outstanding

Subsequent to the Offering:

Common Stock (1)..... 4,904,000

Class A Warrants (2)..... 3,000,000

Terms of Class A Warrants..... Each Class A Warrant entitles the holder to purchase one (1) share of the Company's Common Stock at a price of \$3.60, subject to adjustment, during the four (4) year period beginning _____, 1997. After _____, 1997, the Class A Warrants are subject to redemption by the Company at any time, beginning _____, 1997 through _____, 2001, on not less than thirty (30) days' notice at \$.05 per Warrant, provided the average closing price of the Common Stock exceeds \$4.80 per share for twenty (20) consecutive trading days ending within fifteen (15) days prior to the notice. See "Description of Securities."

Use of Proceeds..... The net proceeds to the Company from the sale of the Securities offered hereby are estimated to be

10

\$4,987,500. The net proceeds are expected to be applied for the following purposes: Repayment of certain indebtedness, expansion of the Company's marketing efforts, product development and for working capital purposes.

Risk Factors..... The securities are subject to a high degree of risk and substantial dilution. See "Risk Factors" and "Dilution."

Proposed Nasdaq Small-Cap

Market Symbols (3)..... Common Stock - SPRT
Warrants - SPRTW

- (1) Does not give effect to (i) 3,000,000 shares of Common Stock issuable upon exercise of the Warrants offered by the Company and Selling Securityholders; (ii) 300,000 shares of Common Stock issuable upon exercise of the Over-Allotment Option; (iii) 150,000 shares of Common Stock issuable upon exercise of the Warrants included in the Over-Allotment Option (iv) 200,000 shares of Common Stock issuable upon exercise of the Underwriter's Option; (v) 100,000 shares of Common Stock issuable upon exercise of the Warrants underlying the Underwriter's Option; (vii) 180,000 shares of Common Stock issuable upon exercise of certain warrants, and (viii) 480,000 shares of Common Stock issuable upon exercise of employee stock options. See "Bridge Financing," "Selling Securityholders," "Certain Transactions and "Description of Securities."
- (2) Does not include the possible issuance of (i) 150,000 Warrants issuable upon exercise of the Over-Allotment Option and (ii) 100,000 Warrants issuable upon exercise of the Underwriter's Option. See "Description of

Securities" and "Underwriting."

- (3) Although the Company has applied for inclusion of the Common Stock and Warrants on The Nasdaq Small Cap Market, there can be no assurance that the Company's securities will be included for quotation, or if so included that the Company will be able to continue to meet the requirements for continued quotation, or that a public trading market will develop or that if such market develops, it will be sustained. See "Risk Factors."

11

SUMMARY FINANCIAL INFORMATION

The following summary information has been summarized from the Company's financial statements included elsewhere in the prospectus. This information should be read in conjunction with the financial statements and the related notes thereto. See "Financial Statements."

Summary Statement of Operations

<TABLE>

<CAPTION>

	Period April 25, 1995 (Inception) to 12/31/95	Six Months ended 6/30/96	Cumulative during Development Stage
<S>	<C>	<C>	<C>
Revenues	\$ 0	\$ 0	\$ 0
Gross Profits	\$ 0	\$ 0	\$ 0
Operating (loss)	\$ (821,525)	\$ (691,976)	\$ (1,513,501)
Net (loss)	\$ (821,525)	\$ (691,976)	\$ (1,513,501)
Net (loss) per share	\$ (.26)	\$ (.22)	\$ (.49)
Weighted average number of common shares outstanding	3,114,000	3,114,000	3,114,000

Summary Balance Sheet Data

	December 31, 1995	June 30, 1996
Working Capital (deficit)	\$ (621,503)	\$ (1,188,846)
Total assets	\$ 996,181	\$ 1,245,304
Total liabilities	\$ 680,706	\$ 1,315,805
Deficit accumulated during development stage	\$ (821,525)	\$ (1,513,501)
Stockholders' equity (Deficit)	\$ 315,475	\$ (70,501)

</TABLE>

12

RISK FACTORS

An investment in the securities offered hereby is speculative and involves a high degree of risk and substantial dilution and should only be purchased by investors who can afford to lose their entire investment. Prospective purchasers, prior to making an investment, should carefully consider the following risks and speculative factors, as well as other information set forth elsewhere in this Prospectus, associated with this Offering, including the information contained in the Financial Statements herein.

1. Limited Operating History; Net Losses. The Company was formed in April 1995 for the purpose of developing and marketing devices to enhance athletic performance. For the period April 25, 1995 (inception) to June 30, 1996, the Company had net losses of \$1,513,501. There can be no assurance that the Company will be able to operate profitably due to its limited operating history. The Company is subject to many business risks which include, but are not limited to, unforeseen marketing and promotional expenses, unforeseen negative publicity, competition, and lack of operating experience. Many of the risks may be unforeseeable or beyond the control of the Company. There can be no assurance that the Company will successfully implement its business plan in a timely or effective manner, or that management of the Company will be able to market and sell enough products to generate sufficient revenues and continue as a going concern. There can be no assurance that the Company will not continue to incur

net losses in the future or that it will be able to operate profitably. See "Management's Discussion and Analysis of Financial Condition and Plan of Operations," "Business," "Use of Proceeds," "Certain Transactions" and "Financial Statements."

2. Qualified Auditor's Report of Accountants. As a result of the Company's current financial condition, the Company's independent auditors have qualified

their report on the Company's financial statement for the period ended December 31, 1995. The Company incurred a net loss for the period April 25, 1995 (inception) to December 31, 1995 of \$821,525. The Company's independent auditor's report on the financial statements includes an explanatory paragraph stating that the Company's ability to continue in the normal course of business is dependent upon successful completion of its planned public offering of equity capital and the success of future operations. These factors raise a substantial doubt about the Company's ability to continue as a going concern. There can be no assurance that the Company will not continue to incur net losses in the future. See "Management's Discussion and Analysis of Financial Condition and Plan of Operations," "Business," "Use of Proceeds" and "Financial Statements and Notes."

3. Dependence on Offering Proceeds; Possible Need for Additional Financing May Affect Operations. The Company's cash requirements have been and will continue to be significant. The Company believes that the net proceeds of this Offering, together

13

with revenues generated from operations, will be sufficient to conduct the Company's operations, for at least eighteen (18) months. The Company is dependent on the proceeds from this Offering in order to further expand its operations. In the event that these plans change, or the costs of development of operations prove greater than anticipated, the Company could be required to curtail its expansion or to seek additional financing sooner than currently anticipated. The Company believes that its operations would be restricted absent expansion. The Company has no current arrangements with respect to such additional financing and there can be no assurance that such additional financing, if available, will be on terms acceptable to the Company. See "Use Of Proceeds."

4. Dependence on Key Personnel. The Company is dependent, in particular, upon the services of Michael Mellman, M.D., its Chairman of the Board and Marc Silverman, its Chief Executive Officer. The Company has not entered into an employment agreement with either of Dr. Mellman or Mr. Silverman. After the Offering the Company will apply for a key person life insurance policy on Mr. Silverman with coverage in the amount of approximately \$1,000,000, payable to the Company, and will endeavor to keep such policy in force for a period of three (3) years. The Company does not intend to apply for a key person life insurance policy on the life of Dr. Mellman. Since Messrs. Mellman and Silverman are involved in all aspects of the Company's business, there can be no assurance that suitable replacements could be found if Messrs. Mellman and Silverman were unable to perform services for the Company. As a consequence, the loss of either Messrs. Mellman or Silverman could have a material adverse effect upon the Company. See "Management." In addition, the Company's ability to develop and market its products and fulfill its business plans will depend, in large part, on its ability to attract and retain qualified personnel. Competition for such personnel is intense and there can be no assurance that the Company will be able to attract and retain such personnel.

5. Dependence Upon Manufacturers. The SportsTrac(TM) System control device ("the control panel") is assembled to the Company's specifications by an unaffiliated small assembly firm located in Denver, Colorado using "off-the-shelf" components. The Company currently maintains an adequate inventory of control panels. There is no written agreement between the Company and such assembler. If the present assembler were unable to produce control panels, the Company could be adversely affected in the short term. See "Business."

6. Competition. Although, at present, the competition for performance-related testing is limited, there may be numerous entries as the market develops. The Company is aware of technologies which have been developed for research purposes which, while not currently marketed commercially, could be made available to the Company's intended marketplace. Potential competitors may have greater financial, marketing and technical resources than the Company. To the extent that competitors achieve a performance or price advantage, the Company could be at a competitive disadvantage. See "Business -- Competition."

14

7. Initial Reliance Upon a Single Product May Affect Revenues. Since the Company will initially market a single product, The SportsTrac(TM) System, the Company's ability to achieve its market plan will depend in significant part upon the acceptance of The SportsTrac(TM) System by professional and recreational athletes and athletic organizations. Lack of acceptance by such organizations or consumers, or inconsistent or inadequate results would seriously limit the Company's ability to generate revenues and force the Company to pursue and market other products.

8. Dependence on Emerging Market; Uncertainty of Market Acceptance. A segment of the Company's services includes evaluating elite professional athletes using The SportsTrac(TM) System, which has been used on an experimental basis for less than one year with a limited number of clients. Currently, The SportsTrac(TM) System is installed at 3 locations, although the Company has entered into discussions with several other professional sports organizations to install the system on an experimental basis. There can be no assurance, however, that any additional professional sports organizations will agree to utilize the system on an experimental basis, or otherwise. Broader acceptance may require lengthy periods of review. Additional installations may be dependent upon the results achieved with the current clients, as well as upon pricing, and athlete and union acceptance. Furthermore, the ability of the Company to provide customized software and data analysis, as well as reconfiguring the parameters of both, may influence whether other installations are made. While the Company believes that it presently has the ability to produce and reconfigure customized software and data analysis, based upon its experience with the SportsTrac(TM) System, there can be no assurances, however, that such services can be provided in the future. Additionally, there can be no assurances that the results at such installed sites will be sufficiently positive to achieve wide acceptance. Achieving market acceptance for the Company's products will require substantial marketing efforts and the expenditure of significant funds to inform potential customers of the availability of those products. The Company intends to apply a portion of the proceeds of the Offering to its marketing efforts. See "Use of Proceeds," and "Versions of the Company's Single Product- Professional

SportsTrac(TM) System."

9. No Assurance of Ability to Manage Growth. The Company's growth strategy will require expanded services and increased personnel throughout the Company, including expanded operational systems. There can be no assurances that management can manage the specific expansion described herein, considering that such expansion is subject to circumstances beyond its control, nor can there be any assurance that the Company will be able to recruit the necessary employees and managers required for such growth.

10. Dependence on Assistance for Proprietary Technology. The Company's product, The SportsTrac(TM) System, relies on the Critical Tracking Task ("CTT") technology, which is protected under one patent and two copyrights, the use of which is sub-licensed by the Company from BioFactors, Inc. ("BFI") pursuant to a sub-license agreement. BFI, as the sublicensor to the Company, has obtained certain rights to use the CTT pursuant to a license

15

granted to BFI by Systems Technology, Inc. ("STI"), which is not affiliated with either BFI or the Company. The CTT is considered one of the "benchmark" measures of human hand-eye performance and is protected under a number of patents and copyrights. The Company has utilized the CTT technology for use in The SportsTrac(TM) System. The Company will rely on STI for scientific validation of the CTT technology. Should the Company modify or enhance the CTT technology for any of its projected uses, STI will provide scientific validation of the technology. To date, the CTT technology has not been modified so as to require STI's validation. This will be done by STI's scientists and will be performed on a project-by-project basis and is not pursuant to a written agreement. STI's scientists provide statistical analysis of reported test results from the pilot program. The Company maintains an on-going working relationship with STI's scientists. The loss of STI's scientific validation of the CTT technology or access to STI's scientists (if the Company desires to modify the CTT technology) could materially adversely affect the Company's operations.

11. Potential Loss of Licensed Technology May Affect Operations. The Company's sublicense of the CTT technology expires on November 24, 2008 (assuming the exercise of all available extensions), as does BFI's license with STI. If the Company does not market, sell or manufacture products other than The SportsTrac(TM) System and any other products relying upon the CTT technology, the expiration of the license could have a material adverse effect on the Company's revenue. There can be no assurance that the Company will be able to extend the term of the sub-license beyond November 24, 2008 or that the Company will be able to market, sell or manufacture any products which do not rely on the CTT technology. The Company has negotiated an agreement with BFI and STI which allows the Company to assume BFI's rights and obligations should BFI's licensing agreement with STI terminate earlier. This agreement will remain in effect until the scheduled expiration date of both the license and sublicense

agreements, so long as the Company is not in default under any terms of its sublicense agreement with BFI.

12. Lack of Trademark and Servicemark Protection. The Company has filed an

application to register a trademark for the name of The SportsTrac(TM) System and may register or file other applications in the future. No assurances can be made that the trademark will be granted. On occasion, such applications may be opposed by third parties. The Company intends to pursue all available legal remedies to vigorously defend its rights to its trademarks to the extent it has resources available to fund such activities. Although to date no claims have been brought against the Company alleging that it infringes on the intellectual property rights of others, there can be no assurance that such claims will not be brought against the Company in the future, or that if made, such claims will not be successful. In addition to any potential monetary liability for damage, the Company could be required to obtain a license in order to continue to use the trademarks in question or could be enjoined from using such trademarks if such a license were not made available on acceptable terms. If the Company becomes involved in such litigation, it may divert significant Company resources, which could have a material adverse effect on the Company and its results of operations, and, if such a claim were successful, the Company's

16

business could be materially adversely affected. The Company currently does not hold any patents on products.

13. Broad Discretion in Application of Proceeds In Management. While the Company presently intends to use the net proceeds of this Offering as described in the "Use of Proceeds" section of this Prospectus, management of the Company has broad discretion to adjust the application and allocation of the net proceeds of this Offering, as well as any proceeds received upon any exercise of the Class A Warrants, in order to address changed circumstances and opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of the management of the Company with respect to the application and allocation of the net proceeds hereof. Pending use of such proceeds, the net proceeds of this Offering will be deposited in interest bearing accounts, or invested in government obligations or certificates of deposit. See "Use of Proceeds."

14. No Prior Public Market for Securities; Possible Volatility of Stock Price. Prior to this Offering, there has been no public market for the shares of Common Stock or Warrants. The initial public offering prices were determined by negotiation between the Company and the representatives of the Underwriter, and may not be indicative of the market price for such securities in the future, and do not necessarily bear any relationship to the Company's assets, book value, net worth or results of operations of the Company or any other established criteria of value. In addition, the stock market in recent years has experienced extreme price and volume fluctuations that have particularly affected the market prices of many smaller companies. Frequently, such fluctuations have been unrelated or disproportionate to the operating performance of such companies. These fluctuations, as well as general economic and market conditions, may have a material adverse effect on the market price of the shares of Common Stock and Warrants. See "Underwriting - Determination of Public Offering Price," "Description of Securities" and "Financial Statements."

15. Lack of Prior Market for Securities; No Assurance of Public Trading

Market. Prior to this Offering, no public trading market existed for the Common Stock or Warrants. There can be no assurances that a public trading market for the Common Stock or Warrants will develop or that a public trading market, if developed, will be sustained. Although the Company anticipates that upon completion of this Offering, the shares of Common Stock and Warrants will be eligible for inclusion on The Nasdaq Small Cap Market, no assurance can be given that the shares of Common Stock and Warrants will be listed on The Nasdaq Small Cap Market as of the Effective Date. Consequently, there can be no assurance that a regular trading market for the shares of Common Stock or Warrants, other than the pink sheets, will develop after the completion of this Offering. If a trading market does in fact develop for the shares of Common Stock and Warrants offered hereby, there can be no assurance that it will be maintained. If for any reason the Common Stock or Warrants are not listed on The Nasdaq Small Cap Market or a public trading market does not develop, purchasers of the Common Stock and Warrants may have difficulty in selling their securities should they desire to do so. In any event, because certain

17

restrictions may be placed upon the sale of securities at prices under \$5.00, unless such securities qualify for an exemption from the "penny stock" rules, such as a listing on The Nasdaq Small Cap Market, some brokerage firms will not effect transactions in the Company's securities and it is unlikely that any bank

or financial institution will accept such securities as collateral, which could have a material adverse effect in developing or sustaining any market for the Common Stock and Warrants. See "Risk Factors - Penny Stock Regulations May Impose Certain Restrictions on Marketability of Securities."

Although it has no legal obligation to do so, the Underwriter from time to time may act as a market maker and may otherwise effect and influence transactions in the Company's securities. However, there is no assurance that the Underwriter will continue to effect and influence transactions in the Company's securities. The prices and liquidity of the Company's securities may be significantly affected by the degree, if any, of the Underwriter's participation in the market. The Underwriter may voluntarily discontinue such participation at any time. Further, the market for, and liquidity of, the Company's securities may be materially adversely affected by the fact that a significant amount of the securities may be sold to customers of the Underwriter.

16. Nasdaq Listing and Continued Listing Requirements. Under prevailing rules of the National Association of Securities Dealers, Inc ("NASD"), in order to qualify for initial quotation of securities on The Nasdaq Small Cap Market, a company, among other things, must have at least \$4,000,000 in total assets, \$2,000,000 in total capital and surplus, \$1,000,000 in market value of public float and a minimum bid price of \$3.00 per share. Although the Company may upon the completion of this Offering qualify for initial quotation of its securities on The Nasdaq Small Cap Market, for continued listing on The Nasdaq Small Cap Market, a company, among other things, must have \$2,000,000 in total assets, \$1,000,000 in total capital and surplus, \$1,000,000 in market value of public float and a minimum bid price of \$1.00 per share. If the Company is unable to satisfy the requirements for quotation on The Nasdaq Small Cap Market, trading,

if any, in the Common Stock and Warrants offered hereby would be conducted in the over-the-counter market in what are commonly referred to as the "pink sheets" or on the NASD OTC Electronic Bulletin Board. As a result, an investor may find it more difficult to dispose of, or to obtain accurate quotations as to the price of, the securities offered hereby. The above-described rules may materially adversely affect the liquidity of the market for the Company's securities. See "Underwriting."

17. "Penny Stock" Regulations May Impose Certain Restrictions on Marketability of Securities. The Securities and Exchange Commission (the "Commission") has adopted regulations which generally define a "penny stock" to be any equity security that has a market price (as defined) of less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Since it is intended that the shares of Common Stock and Warrants offered hereby will be authorized for quotation on The Nasdaq Small Cap Market, such securities will initially be exempt from the definition of "penny stock." If the shares of Common

18

Stock and Warrants offered hereby are removed from listing by The Nasdaq Small Cap Market at any time following the Effective Date, the Company's Common Stock and Warrants may become subject to rules that impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the transaction, of a risk disclosure document mandated by the Commission relating to the penny stock market. The broker-dealer must also disclose the commission payable to both the broker-dealer and the registered representative, current quotations for the securities and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Finally, monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Consequently, the "penny stock" rules may restrict the ability of broker-dealers to sell the Company's securities and may affect the ability of purchasers in this Offering to sell the Company's securities in the secondary market and the price at which such purchasers can sell any such securities.

18. Consideration Paid by Present Shareholders. The present shareholders of the Company have acquired their equity interests (2,904,000 shares) in the Company at a cost (\$507,000 or \$.17 per share) substantially below the offering price. Accordingly, the public investors will bear most of the risk of loss. The Company's shareholders (after giving effect to the sale by the selling Securityholders) have agreed not to sell, transfer or otherwise pledge their shares for a period of twenty four (24) months from the effective date of the Registration Statement to which this Prospectus relates unless it receives the prior written consent of the Underwriter. The Underwriter has no agreements or

understandings with any of the shareholders with respect to the release of their securities prior to the twenty-four (24) month period and has no present intention of releasing any or all of such securities prior to such period. In recent offerings involving securities being registered for resale by selling securityholders, however, the Underwriter has released such selling securityholders substantially prior to the expiration of the applicable restriction periods. See "Underwriting."

19. Dilution. Investors in this Offering will suffer immediate substantial dilution of their investments (after giving effect to the proceeds received from the Bridge Financing), to the extent that the net tangible book value per share of Common Stock upon completion of this Offering will be \$.84, representing a dilution of \$2.16 per share (72 %) from the \$3.00 offering price of the shares (not including the Underwriter's Over Allotment Option or the sale of the Warrants). See "Dilution."

19

20. No Dividends. The Company has not paid any dividends on its Common Stock since its inception and does not intend to pay dividends on its Common Stock in the foreseeable future. Any earnings which the Company may realize in the foreseeable future will be retained to finance the growth of the Company. Thus, investors should not participate in this offering expecting any dividend payments as part of their return on investment. See "Dividend Policy."

21. Proceeds of Offering to Benefit Principal Shareholders and Directors. Upon the closing of the Offering, the Company intends to repay the Bridge Lenders \$400,000 plus accrued interest. The Bridge Lenders (and the principal amounts to be paid and the securities issued to them) include The Holding Company (\$65,000 and the issuance of 78,000 shares of Common Stock and 325,000 Warrants), Solomon Weisgal, as trustee (\$15,000 and the issuance of 18,000 shares of Common Stock and 75,000 Warrants), and Ulster Investments Ltd. (\$100,000 and the issuance of 120,000 shares of Common Stock and 500,000 Warrants). Burton W. Kanter is the President of The Holding Company. Mr. Kanter is the father of Joel Kanter, a principal stockholder of the Company, and Joshua Kanter, a director and Secretary of the Company. Solomon Weisgal is a director of the Company. Ulster Investment, Ltd. is an Antigua corporation which is owned by the St. John's Trust. The beneficiaries of the St. John's Trust are the members of the family of Burton W. Kanter (but not including Burton W. Kanter), including Joel Kanter, Josh Kanter and Janis Kanter, all of whom are shareholders of the Company. The Bridge Lenders did not pay any additional consideration for the Bridge Units. Inasmuch as the Bridge Lenders are offering their securities in this Offering, purchasers of the securities in this Offering are advised that such persons personally benefit in the completion of this Offering. In addition, the Company will repay an additional loan made by Ulster Investment, Ltd. in the amount of \$350,000. See "Use of Proceeds," "Bridge Financing," "Principal Stockholders" and "Certain Transactions".

22. Shares Eligible for Future Sale May Adversely Affect the Market. All of the Company's currently outstanding shares of Common Stock are "restricted securities" and, in the future, may be sold upon compliance with Rule 144, adopted under the Securities Act of 1933, as amended. Rule 144 provides, in essence, that a person holding "restricted securities" for a period of two (2) years may sell only an amount every three (3) months equal to the greater of (a) one percent (1%) of the Company's issued and outstanding shares, or (b) the average weekly volume of sales during the four (4) calendar weeks preceding the sale. The amount of "restricted securities" which a person who is not an affiliate of the Company may sell is not so limited, since non-affiliates may sell without volume limitation their shares held for three (3) years if there is adequate current public information available concerning the Company. In such an event, "restricted securities" would be eligible for sale to the public at an earlier date. Immediately prior to the Effective Date, the Company will have 2,904,000 shares of its Common Stock issued and outstanding, all of which are "restricted securities." 2,190,000 of such shares are being offered by the Selling Securityholders. See "Bridge Financing" and "Selling Securityholders."

20

Prospective investors should be aware that the possibility of resales by stockholders of the Company may, in the future, have a material depressive effect on the market price of the Company's securities in any market which may develop, and therefore, the ability of any investor to market his shares may be dependent directly upon the number of shares that are offered and sold. Affiliates of the Company may sell their shares during a favorable movement in the market price of the Company's securities which may have a depressive effect on its price per share. See "Description of Securities."

23. Redemption of Redeemable Warrants May Affect Warrantholders. The Class A Warrants are subject to redemption by the Company during the four (4) year period commencing one (1) year following the date of this Prospectus at a price of \$.05 per Warrant if the closing bid price for the Common Stock equals or exceeds \$4.80 per share for any twenty (20) trading days ending no earlier than the fifteenth (15th) trading day prior to the date of the notice of redemption. In the event that the Warrants are called for redemption by the Company, Warrantholders will have thirty (30) days during which they may exercise their rights to purchase shares of Common Stock. If holders of the Warrants elect not to exercise them upon notice of redemption thereof, and the Warrants are subsequently redeemed prior to exercise, the holders thereof would lose the benefit of the difference between the market price of the underlying Common Stock as of such date and the exercise price of such Warrants, as well as any possible future price appreciation in the Common Stock. As a result of an exercise of the Warrants, existing stockholders may be diluted and the market price of the Common Stock may be adversely affected. If a Warrantholder fails to exercise his rights under the Warrants prior to the date set for redemption, then the Warrantholder will be entitled to receive only the redemption price of \$.05 per Warrant. Redemption of the Warrants could force the holders to exercise the Warrants at a time when it may be disadvantageous to do so or sell the Warrants at the then market value of the Warrants at the time of redemption. If a current prospectus is not in effect, it is unlikely that the Company would call the Warrants for redemption. See "Risk Factors -- Current Prospectus and State Blue Sky Registration Required to Exercise Redeemable Warrants" and

"Description of Securities -- Warrants."

24. Current Prospectus and State Blue Sky Registration Required to Exercise Redeemable Warrants. Purchasers of Warrants will have the right to exercise the Class A Warrants only if a current prospectus relating to the shares underlying the Class A Warrants is then in effect and only if such shares are qualified for sale under applicable state securities laws of the states in which the various holders of the Warrants reside. There is no assurance that the Company will be able to keep this Prospectus covering such shares current. Moreover, the Company may decide not to seek or may not be able to obtain qualification of the issuance of its Common Stock in all of the states in which the ultimate purchasers of Warrants may reside. The Warrants may be deprived of any value if a current prospectus covering the shares issuable upon exercise thereof is not kept effective or if such shares are not registered in the states in which holders of the Warrants reside. The Company has applied to register, or obtain exemption, for the offer and sale of its securities in the following states: Colorado, Connecticut, Delaware,

21

District of Columbia, Florida, Georgia, Hawaii, Illinois, Louisiana, Maryland, New York, Rhode Island, Utah and Wyoming. The offer and sale of the securities of this offering are not available in any other state, absent an exemption from registration. See "Description of Securities -- Warrants."

25. Necessity for Updating Registration Statement. So long as the Warrants or the Underwriter's Option are exercisable, or in the event that the Company reduces the exercise price or exercise period of the Warrants, the Company would be required to file one or more Post-Effective Amendments to its Registration Statement to update the general and financial information contained in this Prospectus. These obligations could result in substantial expense to the Company and could be a hindrance to any future financing. Warrants may not be exercised after _____, 199__ (nine months from the date of this Prospectus), unless and until a Post-Effective Amendment has been filed and becomes effective. The Company will not notify Warrant holders if Warrants may not be exercised due to the absence of an effective Post-Effective Amendment. Although the Company has undertaken and intends to keep its Registration Statement current, there is no assurance that the Company will keep its Registration Statement current, and if for any reason it does not do so, the Warrants will not be exercisable.

26. Restrictions on Marketmaking Activities During Warrant Solicitation May Affect Liquidity of Securities. Although it has no legal obligation to do so, the Underwriter from time to time may act as a market maker and may otherwise effect and influence transactions in the Company's securities. However, there is no assurance that the Underwriter will continue to effect and influence transactions in the Company's securities. The prices and liquidity of the Company's securities may be significantly affected by the degree, if any, of the Underwriter's participation in the market. The Underwriter may voluntarily discontinue such participation at any time. Further, the market for, and liquidity of, the Company's securities may be adversely effected by the fact that a significant amount of the securities may be sold to customers of the Underwriter.

To the extent that the Underwriter solicits the exercise of Class A Warrants, the Underwriter may be prohibited pursuant to the requirements of Rule 10b-6 under the Exchange Act from engaging in marketmaking activities during such solicitation and for a period of up to nine days preceding such

solicitation. As a result, the Underwriter may be unable to continue to provide a market for the Company's securities during certain periods while the Class A Warrants are exercisable. The Underwriter is not obligated to act as a marketmaker. See "Underwriting."

27. Underwriter's Option. In connection with this Offering, the Company will sell to the Underwriter, for nominal consideration, an option to purchase an aggregate of 200,000 shares of Common Stock and 100,000 Warrants (the "Underwriter's Option"). The Underwriter's Option will be exercisable commencing one (1) year after the Effective Date and ending four (4) years after such date, at prices of \$4.95 per Share and \$.4125 per Warrant, subject to certain adjustments. The holders of the Underwriter's Option will have the opportunity to profit from a rise

22

in the market price of the Company's securities, without assuming the risk of ownership. The Company may find it more difficult to raise additional capital if it should be needed for the business of the Company while the Underwriter's Option is outstanding. At any time when the holders thereof might be expected to exercise them, the Company would probably be able to obtain additional capital on terms more favorable than those provided by the Underwriter's Option. See "Underwriting."

28. Limitation on Director Liability. As permitted by Delaware law, the Company's Certificate of Incorporation limits the liability of directors to the Company or its stockholders for monetary damages for breach of a director's fiduciary duty except for liability in certain instances. As a result of the Company's charter provision and Delaware law, stockholders may have limited rights to recover against directors for breach of fiduciary duty. See "Description of Securities."

29. Certain Anti-Takeover Provisions Potentially Discouraging a Merger or other Change in Control. The ability of the Board of Directors to issue shares of preferred stock in one or more series and to determine the designation, voting and other rights, preferences, privileges and restrictions applicable to such shares, together with the heightened shareholder approval requirements associated with certain business combination transactions involving a Related Person (as defined) and applicable provisions of Delaware law may have the effect of discouraging a merger, tender offer, proxy contest or other transaction involving a change in control of the Company that has not received the prior approval of a majority of the Company's Board of Directors. See "Description of Securities."

30. Additional Authorized Shares Available for Issuance May Adversely Affect the Market. The Company is authorized to issue 15,000,000 shares of its Common Stock, \$.01 par value. If all of the 2,000,000 shares of Common Stock offered hereby are sold, there will be a total of 4,904,000 shares of Common

Stock issued and outstanding. However, the total number of shares of Common Stock issued and outstanding does not include the exercise of up to 1,000,000 Warrants sold by the Company hereunder to purchase up to 1,000,000 shares of Common Stock, 2,000,000 Warrants sold by the Selling Securityholders hereunder to purchase up to 2,000,000 shares of the Company's Common Stock, the Underwriter's Option to purchase up to 200,000 shares of Common Stock and 100,000 Warrants to purchase up to 100,000 shares of Common Stock, the Underwriter's Over-Allotment Option of 300,000 shares of Common Stock and 150,000 Warrants to purchase up to 150,000 shares of Common Stock and other warrants to purchase up to 180,000 shares of Common Stock. After reserving a total of 3,930,000 shares of Common Stock for issuance upon the exercise of all the options and warrants (including the Over-Allotment Option, the Underwriter's Option, other warrants of the Company and all of the Class A Warrants offered by the Company and Selling Securityholders), the Company will have at least 6,166,000 shares of authorized but unissued Common Stock available for issuance without further shareholder approval including issuances under current outstanding options and warrants as well as issuances pursuant to employee stock option plans. As a result, any issuance of additional

23

shares of Common Stock may cause current shareholders of the Company to suffer significant dilution and may adversely affect the market price of their shares. In addition, the Company is authorized to issue 100,000 shares of Preferred Stock. See "Description of Securities." Pursuant to the terms of the Underwriting Agreement, the Company's officers, directors, and principal stockholders have agreed not to sell any of their shares of capital stock for a period of twenty-four (24) months (after giving effect to the offering by the Selling Securityholders) following the date of this Prospectus without the prior written consent of the Underwriter. The Underwriter has no agreements or understandings with any of the shareholders with respect to the release of their securities prior to the twenty-four (24) month period and has no present intention of releasing any or all of such securities prior to such period. In

recent offerings involving securities being registered for resale by selling securityholders, however, the Underwriter has released such selling securityholders substantially prior to the expiration of the applicable restriction periods. See "Description of Securities" and "Underwriting."

31. Private Investigation Concerning Trading in Securities of Issuer Underwritten by Underwriter. The Company was advised that the Securities and Exchange Commission issued an order on March 17, 1995 authorizing a private investigation concerning trading in the securities of Lasergate Systems, Inc. The Underwriter acted as underwriter of a public offering of securities of Lasergate Systems, Inc. in October 1994 and has acted as a market maker of that issuer's securities since that time. An unfavorable resolution of the SEC's investigation may adversely affect the market for and liquidity of the Company's securities if the Underwriter is unable to make a market in the Company's securities and if additional broker-dealers do not make a market in the Company's securities.

32. Inexperienced Underwriter May Affect Trading Market. This is the _____ public offering underwritten by Sterling Foster & Co., Inc. There can be no

assurance that the Underwriter's limited experience as an underwriter of public offerings will not adversely affect the proposed public offering of the securities, the subsequent development of a trading market, if any, or the market for and liquidity of the Company's securities. Therefore, purchasers of the securities offered hereby may suffer a lack of liquidity in their investment or a material diminution of the value of their investment.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 2,000,000 shares of Common Stock and 1,000,000 Warrants offered hereby, are estimated to be \$4,987,500 (after deducting approximately \$625,000 in underwriting discounts, other expenses of this Offering estimated to be \$637,500, which includes the Underwriter's non-accountable expense allowance of \$187,500, and a \$100,000 financial consulting fee payable to the Underwriter at the closing) (but not considering any exercise of the Over-Allotment Option or the Underwriter's Option). The Company will not receive any of the proceeds from the sale of the securities offered by the Selling Securityholders.

The Company based upon all currently available information, intends to utilize such proceeds approximately as follows:

	Approximate Amount of Net Proceeds -----	Approximate Percentage (%) of Net Proceeds -----
Product Development	\$ 800,000	16.04%
Marketing and Sales	\$1,600,000	32.08%
Repayment of Certain Indebtedness(1)	\$1,100,000	22.06%
Working Capital	\$1,487,500 -----	29.82% -----
Total.....	\$4,987,500	100%

(1) Represents the repayment of Bridge Loans in the aggregate principal amount of \$400,000. The Bridge Loans are due and payable upon the earlier of December 31, 1996 or the closing of the Company's initial public offering and bear interest at the rate of 8% per annum. The proceeds of the Bridge Loans were used for working capital (\$350,000) and as a source of funds to pay expenses associated with this Offering (\$50,000). See "Bridge Financing." Also represents the repayment of two loans, each in the amount of \$350,000, to Swiss American Bank Ltd.

and Ulster Investment, Ltd. These loans are due and payable upon the earlier of October 31, 1996 and December 31, 1996, respectively, or the closing of the Company's initial public offering and bear interest at the rate of 15% per annum. The proceeds of such loans was used to pay the balance of the up-front licensing fees due to BFI under the Company's sublicense agreement. See "Bridge Financing" and "Certain Transactions."

The amounts set forth above are estimates. Should a reapportionment or

redirection of funds be determined to be in the best interests of the Company, the actual amount expended to

25

finance any category of expenses may be increased or decreased by the Company's Board of Directors, at its discretion.

The Company believes that the proceeds of this Offering will enable the Company to expand its business. As a result, the Company believes that the net proceeds of this Offering, together with increased revenues generated from operations, will be sufficient to conduct the Company's operations for at least eighteen (18) months. The underwriting agreement does not prevent the Company from seeking bank financing, although there can be no assurance that such financing will be available on commercially reasonable terms. See "Risk Factors - Dependence on Offering Proceeds; Possible Need for Additional Financing."

To the extent that the Company's expenditures are less than projected and/or the proceeds of this Offering increase as a result of the exercise by the Underwriter of its Over-Allotment Option, the resulting balances will be retained and used for general working capital purposes. Conversely, to the extent that such expenditures require the utilization of funds in excess of the amounts anticipated, additional financing may be sought from other sources, such as debt financing from financial institutions, although there can be no assurance that such additional financing, if available, will be on terms acceptable to the Company. See "Risk Factors - Dependence on Offering Proceeds; Possible Need For Additional Financing." The net proceeds of this Offering that are not expended immediately may be deposited in interest bearing accounts, or invested in government obligations or certificates of deposit.

26

DILUTION

At June 30, 1996, the Company had outstanding an aggregate of 2,904,000 shares of Common Stock having an aggregate net tangible deficit value of \$(1,141,238) or \$.39 per share, based upon operating activity through June 30, 1996. Net tangible book value per share consists of total assets less intangible

assets and liabilities, divided by the total number of shares of Common Stock outstanding. The shares of capital stock described above do not include any securities subject to any outstanding warrants or options.

After giving effect to the sale of 2,000,000 shares of Common Stock and 1,000,000 Warrants by the Company with net proceeds of \$5,087,500 (without deducting the \$100,000 financial advisory fee), the pro forma tangible book value of the Common Stock would have been \$4,138,347 or approximately \$.84 per share. This represents an immediate increase in pro forma net tangible book value of \$1.23 per share to the present stockholders and an immediate dilution of \$2.16 per share (72%) to the public purchasers. The following table illustrates the dilution which investors participating in this Offering will incur and the benefit to current stockholders as a result of this Offering:

Public offering price of shares offered hereby(1)	\$ 3.00
Net tangible deficit per share	\$ (.39)
Increase per share attributable offered hereby	1.23
Pro Forma net tangible book value per share after offering(3)	\$.84
Dilution of net tangible book value per share to purchasers in this offering(2) (4)	\$ 2.16

(1) Before deduction of underwriting discounts, commission, fees and Offering expenses.

(2) Assuming no exercise of the Over-Allotment Option and Underwriter's Option. See "Underwriting" and "Description of Securities."

(3) Assuming no exercise of the Warrants offered hereby and the 2,000,000 Class A Warrants offered by the Selling Securityholders. See "Bridge Financing," "Selling Securityholders" and "Certain Transactions."

(4) Do not include warrants for purposes of dilution of net tangible book value per share.

The following table shows the number and percentage of shares of Common Stock purchased and acquired and the amount and percentage of consideration and average price per share paid by existing shareholders as of June 30, 1996 and to be paid by purchasers pursuant to this Offering (based upon the anticipated public offering price of \$3.00 per share before deducting underwriting and commissions and estimated Offering expenses).

<TABLE>

<CAPTION>

<S>	The Shares of Common Stock Purchased <C>	Percent of Equity owned <C>	Aggregate Cash Consideration Paid <C>	Percentage of Total Cash Consideration <C>	Average Price Per Share <C>
New Stockholders	2,000,000	40.78%	\$6,000,000	92.21%	\$3.00
Existing Stockholders	2,904,000 -----	59.22% -----	507,000 -----	7.79% -----	.17 -----
Total	4,904,000 -----	100% ----	\$6,507,000 -----	100% ----	

</TABLE>

The foregoing table gives effect to the sale of the Common Stock underlying the shares offered hereby but without giving effect to the exercise of the Underwriter's Warrant, or any securities issuable upon the exercise of the Over-Allotment Option or any outstanding options or warrants.

28

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1996 and as adjusted giving effect to the sale of 2,000,000 shares of Common Stock and 1,000,000 Class A Warrants offered hereby and the application of net proceeds \$5,087,500 therefrom assuming a public offering price of \$3.00 per share and \$0.25 per warrant. The table is not adjusted to give effect to the exercise of the Underwriter's Over-Allotment Option, Underwriter's Warrants, or any other outstanding warrants or options. This table should be read in conjunction with the Financial Statements of the Company, including the notes thereto, appearing elsewhere in this Prospectus.

	Actual (1) -----	Pro Forma (2) -----
Notes Payable	\$1,086,845 -----	\$ --- -----
Stockholders' equity:		
Common Stock, \$.01 par value per share, 15,000,000 shares authorized, issued and outstanding 2,904,000, and 4,904,000 respectively	29,040	49,040
Preferred Stock, \$.01 par value per share, 100,000 shares authorized, 0 shares issued and outstanding	---	---
Additional paid-in capital	1,413,960	6,481,460
Deficit accumulated during the development stage	(1,513,501) -----	(1,516,801) -----
Total stockholders' (Deficit) equity	(70,501) -----	5,013,699 -----
Total capitalization	\$1,026,199 =====	\$5,013,699 =====

-
- (1) Does not include the sale of 2,000,000 shares of Common Stock offered hereby.
 - (2) Reflects the sale of 2,000,000 shares and 1,000,000 Class A Warrants offered hereby and the anticipated application of the net proceeds of \$3,990,800 therefrom, after deducting estimated Offering expense of \$1,162,500 and the repayment of notes of \$1,096,700 payable with the proceeds of the Offering. Does not give effect to a \$100,000 fee payable to the Underwriter pursuant to a three (3) year financial advisory and investment banking agreement.

29

DIVIDEND POLICY

Holders of the Company's Preferred Stock or Common Stock are entitled to dividends when, as and if declared by the Board of Directors out of funds legally available therefore. The Company has not in the past and does not currently anticipate the declaration or payment of any dividends in the foreseeable future. The Company intends to retain earnings, if any, to finance the development and expansion of its business. Future dividend policy will be subject to the discretion of the Board of Directors and will be contingent upon future earnings, if any, the Company's financial condition, capital requirements and general business conditions. Therefore, there can be no assurance that any dividends of any kind will ever be paid.

BRIDGE FINANCING

From December, 1995 through February 1996, the Company borrowed an aggregate of \$400,000 from the following ten (10) lenders (the "Bridge Lenders"): Ulster Investments Ltd (\$100,000); The Holding Company (\$65,000);

Dune Holdings, Inc. (\$100,000); Solomon A. Weisgal, as trustee (\$15,000); Howard Kirschbaum as Custodian for Brian Kirschbaum under the Uniform Gift to Minors Act (\$5,000); Scott Sinar (\$5,000); Matthew Harriton (\$20,000); John LaFalce (\$10,000); Michael Lulkin (\$30,000); and Hartley T. Bernstein (\$50,000). None of the Bridge Lenders are affiliated with the Company other than Solomon A. Weisgal, a director of the Company, and The Holding Company, a principal stockholder of the Company. Burton W. Kanter is the president of The Holding Company. Mr. Kanter is the father of Joel Kanter, a principal stockholder of the Company, and Josh Kanter, a director and Secretary of the Company. Ulster Investment Ltd. is an Antigua corporation which is owned by the St. John's Trust. The beneficiaries of the St. John's Trust are members of the family of Burton W. Kanter (but not including Burton W. Kanter), including Joel Kanter, Josh Kanter and Janis Kanter, all of whom are shareholders of the Company. In exchange for making loans to the Company, each Bridge Lender received (i) a promissory note (each a "Bridge Note") and (ii) Bridge Units (aggregate 400,000 of such Bridge Units). Each of the Bridge Units is comprised of one (1) share of Common Stock and five (5) Class A Warrants. Each of the Bridge Notes bears interest at the rate of eight percent (8%) per annum. The Bridge Notes are due and payable upon the earlier of (i) December 31, 1996 or (ii) the closing of an initial underwritten public offering of the Company's securities. The Company intends to use a portion of the proceeds of this Offering to repay the Bridge Lenders. See "Use of Proceeds." The Company entered into the bridge financing transactions because it required additional financing and no other sources of financing were available to the Company at that time. See "Description of Securities." All of the securities issued to the Bridge Lenders are being offered hereunder. With respect to the bridge financing, the Company did not engage a placement agent, the Bridge Lenders were identified by the Company's officers and directors, and no other solicitations were made. See "Selling Securityholders," "Certain Transactions" and "Underwriting."

30

SELECTED FINANCIAL DATA

The selected financial data presented below for the Company's statement of operations for the period commencing April 25, 1995 (inception) to December 31, 1995 and the balance sheet data at December 31, 1995 are derived from the Company's financial statements which have been audited by Holtz Rubenstein & Co., LLP, independent public accountants, and which appear elsewhere in this prospectus. The statement of operations data for the six (6) months ended June 30, 1996 and cumulative during development stage, and the balance sheet data at June 30, 1996 are derived from unaudited financial statements which appear

elsewhere in this Prospectus. Management believes that all adjustments necessary for a fair presentation have been made in such interim period. However, the results of operations for the interim period are not necessarily indicative of the Company's financial results for the entire current fiscal year. See "Financial Statements."

Summary Statement of Operations

<TABLE>
<CAPTION>

	Period April 25, 1995 (Inception) to 12/31/95	Six Months ended 6/30/96	Cumulative During Development Stage
<S>	<C>	<C>	<C>
Revenues	\$ 0	\$ 0	\$ 0
Gross Profits	\$ 0	\$ 0	\$ 0
Operating (loss)	\$(821,525)	\$(691,976)	\$(1,513,501)
Net (loss)	\$(821,525)	\$(691,976)	\$(1,513,501)
Net (loss) per share	\$ (.26)	\$ (.22)	(\$.49)
Weighted average number of common shares outstanding	3,114,000	3,114,000	\$3,114,000

</TABLE>

<TABLE>
<CAPTION>
Summary Balance Sheet Data

	December 31, 1995	June 30, 1996	<C>
<S>	<C>	<C>	<C>
Working Capital (deficit)	\$ (621,503)	\$(1,188,846)	
Total assets	\$ 996,181	\$ 1,245,304	
Total liabilities	\$ 680,706	\$ 1,315,805	
Deficit accumulated during development stage	\$(821,525)	\$(1,513,501)	
Stockholders' equity (deficit)	\$ 315,475	\$(70,501)	

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND PLAN OF OPERATIONS

The following discussion should be read in conjunction with historical financial statements of the Company and notes thereto included elsewhere herein:

Results of Operations

SportsTrac, Inc. is a Delaware corporation, which from inception to the present, has been solely involved in the advancement of The SportsTrac(TM) System. The Company was formed in April, 1995 for the purposes of sub-licensing the Critical Tracking Task ("CTT") and to apply that technology to monitor and enhance athletic performance. The proceeds from this offering will enable the Company to proceed with its business plan for the continued development, application, marketing and distribution of the various versions of The SportsTrac(TM) System.

To date, the Company has received no revenues from product sales. As a result of the Company's start-up expenses and product design costs, the Company had an accumulated deficit of \$1,513,501 and \$821,525 as of June 30, 1996 and December 31, 1995, respectively. The Company anticipates little revenues from product sales during the next twelve months and therefore expects to incur operating losses until such time as it can generate significant revenues from the sale of any version of its product. The Company believes it can significantly increase its overall revenues from product sales during the third and fourth quarters of 1997. The Company intends to seek third parties to distribute The SportsTrac(TM) System to health clubs and to retail consumers. The Company will maintain direct relationships with the professional organizations using its product.

During the first twelve months of operations after completion of the offering, the Company will further refine the professional level sports team version of The SportsTrac(TM) System (which is not fully tested or ready for commercial production) for sale to professional sports teams as well as continue to adapt it to other formats. The Company will endeavor to develop and market new versions of its product based on the CTT technology, which serves as the basis of The SportsTrac(TM) System. No assurances can be made, however, that the Company will successfully produce its product or adapt the product to other uses. The Company plans to conduct market research studies and develop new versions of its product and prototypes thereof. The Company also intends to implement its marketing plan, develop promotional material, and attend trade shows and seminars. The Company believes its proprietary skills evaluation technology can be the foundation for a number of versions of its product, as hand-eye coordination is a fundamental skill in activities other than those to which the Company has begun to adapt The SportsTrac(TM) System. Additionally, the Company believes that opportunities to address these other market segments will arise based on the fundamental nature of the skill evaluated by The SportsTrac(TM) System's core technology. Even if the Company is able to successfully adapt The SportsTrac(TM) System to other formats, no assurances can be made that the adaptations will achieve market acceptance. By following a strategy of starting at the professional level before moving into

consumer products, the Company believes it can most effectively leverage its marketing resources. However, to date the Company has developed only one product which is in use presently on an experimental basis; no assurance can be made that the Company will be successful in further developing and marketing its current product or other products.

As of June 30, 1996, the Company employed four people on a full-time basis and one person on a part-time basis. The Company leases approximately 1,000 square feet of executive office space. The number of employees and the amount of space that the Company will need following the offering will vary according to the progress made in the marketing and distribution of its products.

Liquidity and Capital Resources

As of June 30, 1996, the Company had a working capital deficit of \$1,188,846. The Company remains in the development stage as it has not yet derived significant revenues from the sale of any version of its only product and requires the proceeds of the offering to commence meaningful marketing activities and the adaptation of its only product to various formats. The Company has funded its activities to date from initial capital contributions of the founders and Bridge Loans. See "Bridge Financing" and "Certain Transactions." The report of the Company's auditors contains an explanatory paragraph which discuss certain factors which raise substantial doubt about the Company's ability to continue as a going concern.

The Company expects to incur substantial expenditures over the next eighteen months to implement its sales, marketing and other programs. The Company's management believe that the net proceeds of this offering (excluding any proceeds from the Underwriters Over Allotment Option) will be sufficient to fund its liquidity needs for at least the next eighteen months.

BUSINESS

General

SportsTrac, Inc., a Delaware corporation ("SportsTrac" or the "Company"), is a development stage business established in April 1995 (under the name Bogart International Associates, Inc.) to develop and market products designed to enhance and monitor athletic performance. The first product developed by the Company, The SportsTrac(TM) System, is a skill evaluation tool that can measure a person's hand-eye coordination and chart day-to-day variations in performance. The Company filed a trademark application on May 6, 1996 with respect to a trademark of the name of The SportsTrac(TM) System, and is presently using the name for promotional purposes.

The SportsTrac(TM) System is presently in use (on an experimental basis) by

professional baseball, hockey and basketball teams. Presently, this professional level sports team version of The SportsTrac(TM) System is the only version in use, and it is in use only in an uncompleted pilot program, is not fully tested or engineered, and is not ready for commercial production and sale to professional sports teams. The Company is endeavoring to adapt the same developed technology, by creating prototype versions, for a kiosk-based evaluation and information delivery system for health and fitness clubs, as well as for a skill analyzer for golfers and other recreational sports enthusiasts. Additionally, the Company will endeavor to adapt The Sports TracJ System to a consumer entertainment product which will allow users to "Acompete" against professional athletes. However, the Company has not yet begun commercial production of any version of its SportsTrac(TM) System which the Company anticipates will be commercially available to any of its targeted markets. Should any adaptation of The SportsTrac(TM) System be produced, there can be no assurances that such adaptation will achieve market acceptance.

The Company anticipates that it will first establish the value of its developed technology at the professional sports level, and then apply the same technology and analysis to the broad base of recreational athletes, teams and sports clubs. The SportsTrac(TM) System is already in use at the professional sports level. The Company has established a pilot program with the Los Angeles Dodgers (Major League Baseball), New York Rangers (a National Hockey League team through their affiliate in the American Hockey League), Minnesota Timberwolves (National Basketball Association) and Callaway Golf. Recently, the Company signed purchase agreements with the Palm Spring Suns (a minor league baseball team) and U.S. Golf and Entertainment, Inc. (owners of golf driving ranges) to install The SportsTrac(TM) System in early 1997. The purchase price for each such system is \$20,000.

34

This pilot program is scheduled to continue until the conclusion of each professional team's current season, at which time the Company anticipates that,

except for aesthetic changes, each system will be fully tested and engineered and ready for commercial production and sale to other professional level sports teams. While professional sports teams have participated in the pilot program, their participation should not be understood to be an endorsement or promotion of the Company's product by any professional team, or the athletes who utilize The SportsTrac(TM) System in the pilot program.

The Company is unaware of any product other than The SportsTrac(TM) System which provides an objective and reliable measurement of the core skills needed in sports such as baseball, hockey, basketball, golf, and tennis. Recently, a study which tested professional baseball players at two minor league affiliates of the Los Angeles Dodgers (the "Study"), and which was administered by Dr. Michael Mellman, the Company's Chairman of the Board, was completed. The Study is a computer - based assesment of baseball player performance, and was initiated with permission of BioFactors, Inc. ("BFI"), which holds the exclusive license for commercial implementation of the CTT technology. The Study's subject consisted of fifty (50) minor league players who were tested over a two to three month period using an early prototype version of the Company's only product, The SportsTrac(TM) System. The study detected a strong correlation between SportsTrac(TM) System scores and the on-field performance of professional athletes. In addition, the study revealed that the most successful baseball players achieved higher SportsTrac(TM) scores than did other players. Importantly, players found that tracking on The SportsTrac(TM) System was a simple, enjoyable addition to their pre-game preparation. The Study is not an endorsement or promotion of the Los Angeles Dodgers, the two minor league affiliates or the players who participated in the Study.

The SportsTrac(TM) System is based closely on the Critical Tracking Task ("CTT"), a tool created by Systems Technology, Inc. ("STI") for the United States Airforce to evaluate whether military pilots could control experimental aircraft. Since the initial conception of the CTT, 40 years of field testing by the Department of Defense, NASA and the Department of Transportation has supported the CTT's accuracy in assessing the motor skill level of astronauts, pilots, ship captains, and heavy equipment operators. Although the CTT technology was originally developed in an analog format, the scientists at STI adapted the technology to be used with computers and computer software in the early 1960s. The Company has secured an exclusive sublicense from BFI to market the CTT technology. This sublicense agreement grants the Company exclusive rights solely for sports-related and sports-entertainment applications, so as to not compete with BFI's non-invasive fitness for duty testing device ("FACTOR 1000(TM)") for safety-related industrial settings.

BFI licenses the software and associated protocols and methodology for the CTT technology from STI. Although BFI's exclusive licensing agreement expires in 2008 (assuming the exercise of all available extensions), as does the Company's own sublicense agreement with BFI, the Company has negotiated an agreement with STI which allows the Company to assume

BFI's rights and obligations should the original licensing agreement be terminated

earlier. This agreement will remain in effect, until the scheduled expiration date of both the license and sublicense agreements, so long as the Company is not in default under any terms of its sublicense agreement with BFI. Pursuant to the Company's sublicense agreement with BFI, the Company agreed to pay BFI \$1,000,000, all of which has been paid. In addition, the Company agreed to issue 180,000 warrants to BFI, which were subsequently assigned. See "Certain Relationships and Related Transactions." The Company is also obligated to pay BFI quarterly royalties equal to 8.5 % of the cash receipts from the sale of the Company's products based on the sublicensed technology. Under the terms of the sublicense agreement, BFI may not register a trademark or service mark in connection with the name, marketing, selling or sublicensing of the SportsTrac(TM) System. See "Risk Factors -- Potential Loss of Licensed Technology May Affect Operations," "Use of Proceeds" and "Description of Securities."

The SportsTrac(TM) System is designed to provide more than just a raw measure of hand-eye coordination scores. Extensive military and industrial use has shown that the CTT, which is the core technology of the Company's product, provides a unique window into a person's mental and physical readiness. As a result of this extensive use of the CTT technology, as well as the results of the Study, the Company believes that The SportsTrac(TM) System can serve as a powerful tool for identifying the playing rhythms of an athlete, as well as assessing players who need a rest, rehabilitated players ready to play again, and talented prospects who have the basic skills to compete at the professional level. The Company believes that The SportsTrac(TM) System will also appeal to amateur athletes who work to improve their athletic performance, fine-tune their training and game preparation, and emulate their favorite professional stars.

Presently, the Company provides data analysis for its pilot program participants. As athletes use SportsTrac, their scores are encrypted, stored on The SportsTrac(TM) System computer and then transferred via modem by a system administrator to a computer at SportsTrac, Inc. The Company's chairman, Dr. Michael Mellman, then decrypts the scores and creates charts which display each player's SportsTrac scores during the previous one to six weeks. These charts visually demonstrate how a player's SportsTrac performance (maximum score, standard deviation, and moving average) changes over time, as well as which players consistently achieve high SportsTrac scores.

Using these charts and specified game data, SportsTrac, Inc. can evaluate players' SportsTrac performance and identify performance trends. For example, tracking data may identify a group of players that consistently scores best on travel days, or another group that scores well with extra rest. SportsTrac delivers to each participant a weekly player report containing the scoring charts, trend analysis (if any) and individual player profiles.

The Company believes that The SportsTrac(TM) System technology is adaptable to a variety of formats, including health and fitness clubs and golf, for which prototypes have been developed but which are not yet fully engineered or ready for commercial production. There can be no assurances that the adaptation of The SportsTrac(TM) System technology to various formats will be

completed, or if completed that such adaptations will achieve market acceptance. The professional version of The SportsTrac(TM) System combines a laptop computer and control panel with electronic delivery of data to the Company's headquarters. The Company anticipates that every version of The SportsTrac(TM) System, except for the proposed consumer entertainment version, will require the use of a personal computer and not necessarily a laptop computer. Additionally, even though the Company does not anticipate that all versions of The SportsTrac(TM) System will require data transmittal to the Company for analysis (as the Company believes that only professional sports teams will need and be willing to pay for such a service), however, should markets for other versions of The SportsTrac(TM) System demand data transmittal to the Company for analysis, the Company will endeavor to provide the service. However, since the hardware component of The SportsTrac(TM) System is small enough to be built into a handheld unit, like the proposed consumer entertainment version, it could include an on-board automated analysis of the test scores.

The health and fitness club version of The SportsTrac(TM) System, which is still under development and presently only exists in a prototype form, will be housed in a free-standing kiosk and will include automated analysis of scores and delivery of health, nutrition and other information of interest to users. The Company believes that this device will meet the needs of health club

organizations looking for add-on benefits for members and provide a convenient, practical gateway to the sports and medical information available on the Internet. The Company anticipates that commercial production of this version of The SportsTrac(TM) System will begin in the first quarter of 1997. However, there can be no assurances that the Company will successfully complete the adaptation of The SportsTrac(TM) System to this format, or that once adapted, will achieve market acceptance. See "Business - Versions of the Company's Single Product."

The Company has initiated a research project with Callaway Golf to determine how The SportsTrac(TM) System can most benefit amateur and professional golfers. Preliminary results from this pilot program indicate that the benefits of The SportsTrac(TM) System will apply equally to other athletic endeavors. The Company believes it can capture a share of the \$1 billion spent annually on golf-related products with a small, portable unit sold in golf specialty stores and pro shops. The golf version of The SportsTrac(TM) System will be designed for the 5 million avid golfers who spend more than \$2,100 on golf annually and seek the latest high-technology enhancement products. The Company anticipates that commercial production of this version of the SportsTrac(TM) System will begin in the second quarter of 1997. However, there can be no assurances that the Company will successfully complete the adaptation of the SportsTrac(TM) System to this format, or that once adapted, will achieve market acceptance. See "Business - Versions of the Company's Single Product."

The Company also believes that the competitive aspect of The SportsTrac(TM) System can be emphasized in a consumer version that enables users to compete against the performance profile of professional sports stars. Unlike a typical video game, upon completion of the proposed adaptation of the SportsTrac(TM) System technology scheduled for the first quarter of 1997, the SportsTrac(TM) System game will be a device "used by the pros" and will incorporate the actual scores of professional athletes. The Company anticipates that The SportsTrac(TM) System game, published

37

on CD-ROM or in a dedicated device, will include full-motion video and advanced graphical displays.

The Company maintains its executive offices at 6900 E. Belleview Avenue, Suite 200, Englewood, Colorado 80111, telephone number (303) 771-3733.

Development of The SportsTrac(TM) System

To give athletes and coaches the evaluation tool they need, the Company has licensed and adapted proven performance measurement technology developed for astronauts, pilots, and other skilled users. This technology, known as the Critical Tracking Task ("CTT"), has been in daily use since the 1960s. The CTT has been used to evaluate and predict whether astronauts, pilots, truck drivers, equipment operators, ship captains and others in safety-sensitive positions are capable of performing. The SportsTrac(TM) System measures the same visual motor acuity skills. The CTT was originally developed in the 1950s by STI to help the US Air Force better understand how pilots control high performance aircraft. Although the CTT technology was originally developed in an analog format, the scientists at STI adapted the technology to be used with computers and computer software in the early 1960s. During the last six years the CTT technology has been used nationwide in the FACTOR 1000(TM) employee fitness system marketed by Bio Factors Inc. ("BFI"), the sub-licensor of the Company's technology. Based upon the Company's experience with the CTT technology, the Company believes that FACTOR 1000(TM) provides a fast, reliable means to assure employee fitness for duty in safety-related industrial settings, by measuring an employee's hand-eye coordination and indicating to a supervisor on a "yes/no" basis whether or not the employee's results meet specific, selected safety guidelines.

The Company has incorporated the CTT technology in The SportsTrac(TM) System, which management believes, is the first simple, easy-to-use device to precisely and reliably measure any athlete's psychomotor skills (hand-eye coordination). While the core technology is shared between BFI's FACTOR 1000(TM) and the Company's SportsTrac(TM) System, both the application of the technology and the results obtained differ greatly. While the FACTOR 1000(TM) utilizes the CTT technology to evaluate an employee's fitness in a commercial setting on a "yes/no" basis, The SportsTrac(TM) System provides athletes with a quantitative measurement of their skills. Additionally, The SportsTrac(TM) System is designed to pick up the day-to-day variations in hand-eye coordination which affect athletic performance. Management believes that no other product other than The SportsTrac(TM) System attempts to gauge an athlete's readiness for competition in the same manner of The SportsTrac(TM) System, and knows of no other product which claims, or has proven, to serve the same function.

As part of his duties as Chief Technology Officer at BFI from 1993 through September, 1995, Marc Silverman (the Company's President, Chief Executive Officer and Chief Financial Officer) helped to design and manage the development of a crude prototype on field athletic performance system which was based upon

This crude prototype was used in the Study to test the validity and efficacy of the CTT technology in a sports/performance enhancement environment. This crude prototype has been refined to its present configuration which is presently in use in the Company's incomplete pilot program.

Management's experience with the CTT technology has shown that users gradually improve on The SportsTrac(TM) System for the first 100-200 tries. Since each try requires less than a minute to complete, most users reach their plateau or individual performance level ("IPL") within a week. The Study revealed that better baseball players achieve a higher IPL than do other baseball players. The Study required Dodgers players at the AA and AAA minor level to test on the CTT daily before games for at least two months on an early prototype version of The SportsTrac(TM) System. Their CTT scores were then plotted against on-field performance. The Study revealed that players' CTT scores varied directly with some measures of on-field performance and that the most successful baseball players achieved higher CTT scores than did other players. Importantly, players indicated that tracking on the CTT was a simple, enjoyable addition to their pre-game preparation. The Study indicates that a product based on the CTT, like The SportsTrac(TM) System, can reliably measure at least one significant component of the skill set professional athletes need to succeed, regardless of an athlete's background, stage of development, degree of fatigue, illness or stress.

After an athlete has achieved his or her IPL, The SportsTrac(TM) System daily scores generally fall within a few percentage points of their IPL. The difference between a daily score and the athlete's IPL can reflect their level of concentration, emotional state, health status and degree of fatigue. Scores that are consistently below a player's IPL can alert a coach or player to an upcoming performance slump or reflect controllable environmental factors such as extensive travel or sleep disturbances. Scores that consistently exceed the IPL may reflect a positive change in an athlete's training or game preparation even before such changes affect game performance. Periodic high and low scores can identify an athlete's personal biorhythmic cycle of coordination, a useful tool for any player striving for maximum athletic performance.

Based upon its experience in its pilot program, management believes that The SportsTrac(TM) System is an accurate measurement of visual-motor acuity (a fundamental component in athletic performance), regardless of an individual athlete's background and level of development. It is a consistent yardstick which, combined with other performance measures, can help player development experts to evaluate and compare players. The SportsTrac(TM) System is a targeted measure which can help coaches determine which players tend to be "Asharpest" on road trips, following long layoffs, or under the pressure of playoff conditions. The SportsTrac(TM) System cannot substitute for game statistics or a coach's intuition, but it can reliably quantify what has been unmeasurable - an athlete's varying degree of coordination.

The professional version of The SportsTrac(TM) System requires a laptop computer and electronic transmission of data to the Company for analysis. Professional users of The SportsTrac(TM) System receive charts of player scores on The SportsTrac(TM) System correlated with game conditions.

The Company plans to develop a version of The SportsTrac(TM) System by the first quarter of 1997, employing advanced graphics and video that will enhance The SportsTrac(TM) System's entertainment value. Based upon its experience with The SportsTrac(TM) System in the pilot program, the Company believes that combining The SportsTrac(TM) System's inherent excitement level with actual performance scores and performance profiles generated by professional athletes will create a unique diagnostic amusement product with strong appeal to the vast audience of video game users. However, no assurances can be made that the adaptation of The SportsTrac(TM) System to this format can and will be successful. Additionally, no assurances can be made that such adaptation, once completed, will achieve market acceptance.

Recent Developments

The Company has obtained a sub-license from BioFactors, Inc. which markets the first commercial implementation of the CTT. That product, FACTOR 1000(TM), is used to monitor the fitness for duty of employees in safety-sensitive jobs.

In 1994 the Los Angeles Dodgers, Major League Baseball, and Centinela Hospital (Los Angeles) commissioned a study to apply the CTT Technology system in the professional sports environment. The study compared the scores of the Los Angeles Dodgers minor league players with their on-field performance statistics in more than 160 games. The results of that study indicated that the CTT Technology performance is predictive of performance differences between players - in other words, a player who performs better on the CTT Technology on a given game day would be expected to show an increased likelihood of better game performance.

In 1995 the Company was founded and secured an exclusive sub-license from BioFactors, Inc. to apply the CTT technology for sports-related, and sports-entertainment applications. The FACTOR 1000(TM) system was modified to withstand the rigors of travel and the locker room environment, by adapting it to a laptop computer. The SportsTrac(TM) System has since been installed and used daily by the NHL New York Rangers (via their affiliate in the American Hockey League), the NBA Minnesota Timberwolves, and the Los Angeles Dodgers.

The SportsTrac(TM) System scores are transferred electronically from these sites to the Company. This data is carefully reviewed for correlations with other individual and team performance measures by the Company's Chairman, Dr. Michael Mellman, and its President, Mr. Marc Silverman. Statistically significant correlations are reported back to the customers by Dr. Mellman, for their use and incorporated in future analysis using The SportsTrac(TM) System. The Company holds periodic telephone meetings (on at least a monthly basis) with customers to discuss The SportsTrac(TM) System results.

Most recently, the Company has extended its pilot program to include Callaway Golf, the market leader in golf equipment, to assist in the research and development of a version of the Company's only product that can monitor and predict the performance of golfers. The

40

Company anticipates this project will include the monitoring of Callaway-sponsored professional golfers during the 1996 PGA Tour and extensive testing at Callaway's advanced research division in Carlsbad, California.

Strategy and Outlook

The Company has identified four primary markets for various versions of its only product which incorporate its proprietary skills evaluation technology. These are:

- . Professional Monitoring Tools and Analysis
- . Health and Fitness Monitoring and Information Systems
- . Consumer Enhancement Products - Golf
- . Consumer Entertainment Products

The Company expects to introduce the professional version of The SportsTrac(TM) System to new teams during the 1996 Major League Baseball and National Football League seasons and the 1996-1997 National Hockey League and National Basketball Association seasons. The Company's goal is to install systems for several teams in each sport and demonstrate results that will convince the remaining teams that The SportsTrac(TM) System is a necessary component of any team's success on the field.

The SportsTrac(TM) System enters the market at a time of increased interest in high-tech, computerized devices for performance enhancement. Many professional sports organizations have begun to routinely test the psychological state of potential recruits using traditional examinations, check the physiology of players using MRIs (magnetic resonance imaging) and other diagnostic tools, and have supplemented their training techniques with computerized measures of performance levels. Some of these computerized measures have found their way to the recreational level as health and fitness clubs adopt complex new training systems.

Versions of the Company's Single Product

Professional SportsTrac(TM) System

The professional version of The SportsTrac(TM) System, which is still undergoing development in the Company's uncompleted pilot program, in its prototype form, and which is not fully tested or engineered and is not yet ready for commercial production, consists of a small screen, keyboard, and a control knob similar to the volume control on a radio. The components are housed in a small, rugged unit which can sit on a tabletop in the corner of a locker room at home or on the road. The SportsTrac(TM) System is light and portable for easy transportation with team equipment.

Before going out on the field or court, each player spends 2 to 5 minutes using The SportsTrac(TM) System. After a player enters his identification number, the screen displays a diamond pointer drifting between two vertical lines. Using the control knob, the player must correct for the unpredictable movement of the pointer, keeping it from touching either of the lines. The difficulty increases as the pointer gradually accelerates, until the pointer touches one of the lines. The "critical instability" level at the point the player loses control of the pointer is an instant, accurate measure of the player's hand-eye coordination. To ensure maximum accuracy, each player repeats the task 5 times in a session with The SportsTrac(TM) System.

Using The SportsTrac(TM) System can be compared to balancing a broomstick upright on your open palm. You must move your hand from side to side to prevent the unstable broomstick from falling to the ground. In effect, The SportsTrac(TM) System is like balancing a broomstick that becomes shorter over time. The balancing task is simple when the stick is long but becomes increasingly difficult and eventually impossible as the length decreases (compare balancing a broomstick with balancing a short pencil).

The SportsTrac(TM) System is designed to be used with minimal supervision. A trainer or other person can set up the SportsTrac(TM) System station in minutes and player sessions are self-administered and confidential. A built-in help system clarifies any questions users may have. The SportsTrac(TM) System maintains a computerized database of players and results, enabling a trainer or other person to check player participation and generate reports with a few keystrokes. Testing by major and minor league baseball teams has shown that The SportsTrac(TM) System integrates easily into athletic training environments and is welcomed by players and coaches.

The SportsTrac(TM) System maintains a historical record of The SportsTrac(TM) System scores. It can display numeric reports or graphs of performance trends on an individual or team basis. Data security is built into The SportsTrac(TM) System and teams can choose to make data available to any combination of players, trainers, physicians and management.

The market for professional sports enhancement products is highly fragmented with many individuals and companies selling devices, analysis, statistics, training techniques, food supplements, and more to professional sports organizations. Teams vary widely in their interest in new products, particularly high-tech products, and the key element for vendors is often a high-level contact or demonstrable success story with another team. While the Company believes that the results of the Study, as well as the results of the Company's pilot program, will enable The SportsTrac(TM) System to receive serious consideration by nearly any professional sports organization, there can be no assurance that additional professional sports organizations will elect to utilize The SportsTrac(TM) System. See "Risk Factors- Dependence upon Emerging Market; Uncertainty of Market Acceptance."

The SportsTrac(TM) System For Health and Fitness Centers

The Company believes that The SportsTrac(TM) System's benefits can be delivered in an automated unit for health and fitness centers. Athletes will be able to track their day-to-day skill level before or after working out or competing. In addition, the Health and Fitness version of The SportsTrac(TM) System will deliver timely, useful information about sports medicine, nutrition, fitness, and club information about classes, events, new members, and services.

The preliminary design of The SportsTrac(TM) System product suitable for health and fitness club use, which is presently still under development and exists only in a prototype form, includes a free-standing kiosk with embedded control panel and 17 inch touch screen monitor. A hidden 486 class personal computer with MPEG video card handles interaction with users, presents The SportsTrac(TM) System task, analyzes and stores results, graphs scores, and connects via phone line to the Internet. The kiosk is rugged and waterproof, suitable for installation in a lobby, locker room or workout area.

The health club user will walk up to The Health and Fitness SportsTrac(TM) System unit, enter a personal identification number or card, and indicate whether the user would like to complete a session using The Health and Fitness SportsTrac(TM) System, view club news, view sports information or leave a message for another member. Choosing to use The Health and Fitness SportsTrac(TM) System will allow the user to start a session, print a graph of previous scores, or display The Health and Fitness SportsTrac(TM) System analysis screen.

Alternatively, the user will be able to view screens containing information about the club, including the club's schedule of classes and events, equipment layout, hours of operation. A third choice will allow the user to record his or her workout schedule, leave a message for the club or another member, and obtain information about sports medicine, fitness, nutrition, and other subjects of interest to members.

To maintain and deliver this information, the Company will link each health and fitness center using The Health and Fitness SportsTrac(TM) System to a central server via the Internet and deliver the information via the Internet's TCP/IP protocol. This data delivery architecture will allow the Company to easily update information and services from one remote location and use relatively inexpensive, simple and trouble-free kiosks to deliver the information.

The Company believes that the Internet will soon be an excellent source of health and fitness information and that users in an unhurried, relaxing environment focused on self-improvement will want to research and find that information. The Company believes that it can add value to that information by private-labeling delivery sites and organizing access to the variety of sites. It believes users will be drawn to the kiosk for The Health and Fitness SportsTrac(TM) System testing, then discover the value of a guided gateway to fitness-related information on the Internet.

The Health and Fitness Market

43

Following a slight downturn during the recession of the early 1990s, health club memberships and revenues are increasing. The number of clubs rose 7% to 12,408 in 1994 and revenues increased by 10% in both 1993 and 1994 to a present level of \$18.8 billion. Average reported club revenue of \$1.5 million during 1994 was up 7% over 1993.

The Health and Fitness SportsTrac(TM) System version closely fits one of strong trends in club revenues an increased focus on alternative revenue sources (beyond club membership dues). In 1994, fees for services such as fitness evaluation, personal training, child care, juniors programming and nutritional counseling accounted for 22% of the average club's total revenue. The Company believes that the Health and Fitness SportsTrac(TM) System can be marketed as an add-on benefit to club membership with either an additional flat fee charged each month or on a charge per access basis.

The SportsTrac(TM) System for Consumers

The Company believes that developing a simplified, consumer version of The SportsTrac(TM) System is the best way to leverage The SportsTrac(TM) System's professional acceptance. The first consumer version of The SportsTrac(TM) System (the "Consumer SportsTrac(TM) System") will be designed for recreational golfers. In 1994, this group spent a total of \$16.31 billion on golf-related goods and services, including more than \$6 billion on clubs, equipment and miscellaneous items. The market for golf self-improvement products includes video tapes, learning grips, clubs designed to improve one's swing, and various other devices and services. The Company believes that The SportsTrac(TM) System offers the kind of skill analysis and monitoring that will appeal to high and low handicap golfers alike.

The Company has recently begun a research project with Callaway Golf, the leading manufacturer of golf clubs and one of the most powerful brand names in golf. The Company and Callaway will use Callaway's testing facilities and its team of professional golfers to determine how The SportsTrac(TM) System technology can best be delivered to the golfing community. Part of that project will involve having professional golfers in upcoming PGA Tour events use The SportsTrac(TM) System daily (in its prototype form) to determine how closely their scores using The SportsTrac(TM) System match their tournament play.

Most golf equipment is sold through golf specialty stores, sporting goods dealers, and mail order catalogues, with a heavy emphasis on brand name goods like Callaway, Ping, Taylor Made, and Wilson. Approximately 20% of buyers are "avid" golfers who play more than 25 rounds per year and spend more than \$2,000 each year on their sport. Various sub-categories of non-avid golfers spend anywhere from \$350 to \$750 per year on golf. The Company believes the strongest market for this version of The SportsTrac(TM) System is among avid golfers who

want the latest equipment used by the pros. However, the Company has no experience to date in this market and there can be no assurances that this will be the strongest market for this version of the Company's single product, even if this version is successfully developed, and commercially produced and sold.

44

Although only a single prototype version presently exists, the Company expects to market two versions of the Consumer SportsTrac(TM) System for golf. An individual version consisting of a control panel and software will be made available to golfers with personal computers. A second model, adapted from The SportsTrac(TM) System used in Health and Fitness Centers will be leased to pro shops and golf course facilities to serve as a skills monitoring device and gateway to information about the course and golfing. However no assurances can be given that the Company will complete the adaptation of The SportsTrac(TM) System to these formats, and if completed, that such adaptations will achieve market acceptance.

Consumer Entertainment Version

The professional version of The SportsTrac(TM) System is designed to be entertaining and exciting like a video game. The Company added incentive-building features like personal and team high score indicators in developing The SportsTrac(TM) System for sports use. The Company anticipates that the SportsTrac(TM) System technology will be adapted for consumer entertainment use by the first quarter of 1997. The Company anticipates that once the adaptation process is completed, by adding further graphic design (incorporating full motion video) and sound, it will have developed a game that combines The SportsTrac(TM) System's inherent excitement level with actual scores and performance profiles generated by professional athletes to create a unique diagnostic amusement product with strong appeal to the vast audience of video game users. The required adaptation, however, has not yet been completed, and there can be no assurances that such adaptation can be completed successfully. Additionally, no assurances can be made that should such an adaptation be completed, it would achieve market acceptance.

Sales and Marketing Plan

The current version of The SportsTrac(TM) System is in use in its prototype form (in the Company's uncompleted pilot program) and is marketed directly to professional baseball, hockey, and basketball teams, as well as to professional golfers and tennis players. The marketing is designed to solicit both new participants in the Company's pilot programs as well as future customers when The SportsTrac(TM) System is available for commercial implementation. This professional version of The SportsTrac(TM) System, with its specialized support and data analysis by the Company, will continue to be offered to the professional market after the various consumer versions of The SportsTrac(TM) System go to market. However, at the present time, this version of The

SportsTrac(TM) System is neither fully tested nor fully engineered, nor is it ready for commercial production. However, upon the conclusion of the pilot program's participants' current seasons (between the fourth quarter of 1996 and the second quarter of 1997), the Company anticipates that such version of The SportsTrac(TM) System will be available for commercial production and sale. Recently, the Company signed purchase agreements with the Palm Spring Suns (a minor league baseball team) and U.S. Golf and Entertainment, Inc. (owners of golf driving

ranges) to install The SportsTrac(TM) System in early 1997. The purchase price for each such system is \$20,000.

While the consumer versions of The SportsTrac(TM) System have not yet been fully developed, they will take advantage of the broad distribution channel for consumer sports equipment. The hardware, software and manual will fit in a shoebox-sized box for shelf sales at department, sporting goods stores and specialty golf and tennis shops. Health clubs that offer The SportsTrac(TM) System on-site will be able to private label consumer machines incorporating The SportsTrac(TM) System for sale in their equipment stores. The Company may also market the consumer versions of The SportsTrac(TM) System via infomercial videos and display ads in sports publications.

The Company will also seek to develop consumer revenues through publications, vendors and sales representatives serving the amateur sports marketplace.

Competition

Presently, the Company has no direct competition in the sports and

entertainment related fields. As the Company's products are established, however, competition could arise from organizations with more computer and software expertise or more financial capability than the Company.

Other performance assessment technologies have been developed for research and fitness-for-duty testing purposes but the Company knows of none that have been refined for commercial application in the sports and entertainment related fields. Based upon the Company's own evaluation, management believes that these alternate technologies are more difficult to administer and less practical in the marketplace than The SportsTrac(TM) System. Management believes that a significant amount of engineering and other work would be required for any of these other technologies to be successfully adapted to the marketplace in which the Company intends to market The SportsTrac(TM) System. In addition, any new technology would lack the benefit of the three decades of validation of the CTT underlying The SportsTrac(TM) System. Currently, the only version of The SportsTrac(TM) System which is in use is the prototype of the professional level sports team version, which is being utilized in the Company's uncompleted pilot

program. This version has not been fully tested and is not ready for commercial production. In addition to providing the prototype version to its pilot program participants, the Company also provides services such as the initial installation of The SportsTrac(TM) System and the training of the appropriate personnel, as well as consulting and data analysis services.

46

Trademarks and Service Marks

The Company has filed an application to register a trademark for the name of The SportsTrac(TM) System on May 6, 1996, and may register or file other applications in the future. On occasion, such applications may be opposed by third parties. The Company intends to pursue all available legal remedies to vigorously defend its rights to its trademarks to the extent it has resources available to fund such activities. However, no assurances can be made that the Company's application will be approved by the United States patent and Trademark Office.

Employees

As of June 30, 1996, the Company employed four full-time employees, which consist of management, and one part-time employee. The Company considers its employee relations to be good. The Company anticipates hiring additional personnel after the Offering for sales, marketing, engineering and product support, and general administrative assistance.

Board of Advisors

The Company's Advisory Board brings together noted athletes and experts in the fields of sports medicine, administration, research, marketing, law, and promotion. While the Advisory Board serves an important role in the review of The SportsTrac(TM) System product design and identification of new product designs and customers, it does not serve any management function. Members of the Company's Board of Advisors include:

Fred Claire. Mr. Claire has been with the Los Angeles Dodgers since 1969 and currently holds the position of Executive Vice President and General Manager. In 1988 Mr. Claire was named the Sporting News Executive of the Year and has served Major League Baseball as a member of the Board of Directors of Baseball Properties, the Broadcast Advisory Group, and the Baseball Operations committee.

Ralph Gambardella, MD. Dr. Gambardella is an orthopaedic surgeon, specializing in sports medicine, practicing with the world re-known Kerlan-Jobe Orthopaedic Clinic. Dr. Gambardella is an orthopaedic consultant for the Los Angeles Dodgers and the University of Southern California and Loyola Marymount University sports programs. He serves as an Associate Clinical Professor of Orthopaedics at the University of Southern California School of Medicine.

Frank W. Jobe, MD. Dr. Jobe is a pioneer in the fields of orthopaedic surgery and sports medicine, and co-founded the Kerlan-Jobe Orthopaedic Clinic in Inglewood, California. Dr. Jobe regularly consults to numerous professional sports teams, including the PGA Tour, Senior PGA Tour and the Los Angeles Dodgers. He is the Medical Director of the Biomechanics Laboratory at

47

Centinela Hospital Medical Center, and serves as Clinical Professor of Orthopaedics at the University of Southern California School of Medicine.

Roy A. Mlakar. Mr. Mlakar is the President and Chief Executive Officer of the NHL Ottawa Senator hockey club. He is the former chief operating officer of the NHL Pittsburgh Penguins and was president of the NHL Los Angeles Kings.

Rob Moor. Mr. Moor is president of the National Basketball Association's Minnesota Timberwolves and responsible for the day-to-day operation of that franchise. Prior to joining the Timberwolves, Mr. Moor was executive vice president of the National Hockey League's Los Angeles Kings, where he was instrumental in the development, formation and acquisition of several companies, including the Toronto Argonauts of the Canadian Football League, Upper Deck Authenticated and MultiVision Marketing.

Ann Meyers Drysdale. Ms. Drysdale was a 4-time All American basketball player at UCLA and received a silver medal in the 1976 Olympics. She was the first woman signed by an NBA team, the Indiana Pacers, and has been active in the women's professional basketball and broadcasting for several years.

Diana Scott. Ms. Scott is an attorney with expertise in employment law and wrongful termination. She has represented professional sports players and executives in various areas of employment, litigation, and business.

Kenny Slutsky. Mr. Slutsky is currently Vice-Chairman of Candle Corporation, the leading provider of systems management software in the world. He was previously Chairman of Kern Oil and Refining Co. and developed and founded the Old Marsh Golf Club in Palm Beach County, Florida.

Reggie Smith. Mr. Smith played major league baseball for 17 seasons with the Boston Red Sox, St. Louis Cardinals, Los Angeles Dodgers, and the San Francisco Giants. He is currently the Los Angeles Dodgers' batting coach and is founder of the Baseball Development Centers for skills instruction and training.

Dave Wohl. Mr. Wohl is currently executive vice president of the Miami Heat National Basketball Association organization. Prior to his present role with the Miami Heat, Mr. Wohl was head coach with the New Jersey Nets and assistant coach with the Los Angeles Lakers and the Los Angeles Clippers. He also played in the NBA for several years and is a noted sports author.

Facilities

The Company's executive offices are located at 6900 East Belleview Avenue, Suite 200, Englewood, Colorado 80111. The term of such lease expired March 31, 1996 and the rent for the

48

facilities is \$1,100 per month. The Company continues to occupy such premises on a month-to-month basis and will do so until the completion of this offering, at which time the Company will evaluate its facility requirements.

The Company also leases office space in Los Angeles, California. Such lease also expired on March 31, 1996 and the rent for such facility is \$900 per month. The Company continues to occupy such premises on a month-to-month basis and will do so until the completion of this offering, at which time the Company will evaluate its facility requirements.

Litigation

There is no material litigation pending or threatened against the Company nor are there any such proceedings to which the Company is a party.

49

MANAGEMENT

Directors and Executive Officers

The names and ages of the directors, executive officers and significant employees, and promoters of the Company are set forth below.

Name	Age	Position Held
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Michael Mellman, MD	45	Chairman of the Board and Director
Marc R. Silverman	43	Chief Executive Officer, President, Chief Financial Officer and Director
Elliot Steinberg	58	Director

Solomon A. Weisgal	69	Director
Joshua Kanter	34	Director and Secretary

Background of Executive Officers and Directors

Michael Mellman, MD is a founder of the Company and is presently in the private practice of internal medicine at Centinela Hospital Medical Center in Inglewood, California. Dr. Mellman has been the team physician for the Los Angeles Dodgers since 1986, and the Los Angeles Lakers and Los Angeles Kings since 1981. He was the team physician for the now defunct LA Express of the United States Football League and has served as a consultant to the Los Angeles Rams. Dr. Mellman is

widely recognized as an expert in the area of sports medicine and athletic performance. Dr. Mellman graduated from the University of California at Los Angeles with a bachelors degree in Zoology. He received his MD from the Mount Sinai School of Medicine in New York. His internship, residency, and chief residency in Internal Medicine were all served at Cedars Sinai Medical Center in Los Angeles.

Marc R. Silverman is a founder of the Company and has a broad background of business experience and technical expertise, including strategic planning, business development, product design and implementation. From 1989 through 1993, Mr. Silverman was the President and a director of Performance Factors, Inc. (in which he was one of the founders). Performance Factors, Inc. (which was formerly known as Cognitive Systems, Inc.) was merged with and into BioFactors, Inc. on May 22, 1994. Mr. Silverman was an officer of BioFactors, Inc. from 1993 until September 1, 1995 (and a director until April, 1995). Prior to joining Performance Factors Inc., Mr. Silverman was Director of Planning and Business Development at Technicon

50

Corporation, a major developer of computerized patient care and hospital information systems, from 1987 until 1989. In that capacity, he was responsible for strategic direction, new product planning and corporate development. From 1985 to 1987, Mr. Silverman was General Manager of the Medical Information Systems Division at BaronData Systems. This division developed and marketed automated clinical decision support systems for acute care hospitals and ambulatory care facilities. Prior to assuming the position of General Manager, he was Director of Planning, with responsibility for the direction of all corporate product lines.

Mr. Silverman has previously held positions at Cutter Laboratories and Hexcel Corporation, where he was responsible for the design and implementation of various computer applications. He is an engineering graduate of the University of California at Los Angeles and has attended the Stanford University, Advanced Management College.

Elliot Steinberg, a director of the Company, is the managing partner of W.S. Ventures, a private investment partnership. From 1992 to the present date, Mr. Steinberg has actively engaged in the practice of law, specializing in business planning and real estate. In 1995, Mr. Steinberg became a managing shareholder of Sunrise Creek, LLC, a company engaged in real estate subdivision and development in the State of Colorado. Also in 1995, Mr. Steinberg became a trustee of the California Real Estate Investment Trust, a self-administered real estate trust (traded on the New York Stock Exchange under the symbol "CT"). During 1992 and 1993, Mr. Steinberg was a director of Kimco Hotel Management Company, a private company engaged in hotel management and development. From 1992 to the present date, Mr. Steinberg has been a director of BioFactors, Inc. Also, since 1992 Mr. Steinberg has been a director of Ganson Ltd. and Cege Co., Ltd. (Hong Kong), both private companies engaged in the manufacture and sale of leather goods. From 1988 through 1992, Mr. Steinberg was the general partner of, and general counsel to, Genesis Merchant Group, an Illinois financial services firm, providing investment banking, brokerage activities and asset management of equities and bonds. Mr. Steinberg is a graduate of the University of California

(Berkeley) and holds a J.D. degree from the Boalt Hall School of Law, University of California (Berkeley).

Solomon A. Weisgal, has been a director of the Company since February 1996. Mr. Weisgal is a Certified Public Accountant and has been President of Solomon A. Weisgal, Ltd., a financial consulting firm, since its inception in 1979. Mr. Weisgal is presently a director of Chicago Holdings, Inc. and Dealers Alliance Credit Corp., privately-held concerns, and First Merchant Acceptance Corporation and Walnut Financial Services, Inc., companies listed on the Nasdaq National Market System.

Joshua S. Kanter has been of counsel to Barack, Ferrazzano, Kirschbaum & Perlman, specializing in securities, corporate and real estate law since June 1993. Mr. Kanter has also been the Vice-President of Windy City, Inc., a closely held investment management and consulting firm since June 1986 and has been General Counsel of Walnut Financial Services, Inc., a publicly-held concern

(Nasdaq NMS - WNUT) since September 1995. Mr. Kanter received a B.A. in Economics and Political Science and graduated magna cum laude from Emory University in 1984. Thereafter, Mr. Kanter received his J.D. from the University of Chicago Law School

in 1987. Mr. Kanter has served on the Boards of Directors of a number of companies, including Critical Industries, Inc., a publicly held concern, and Performance Factors, Inc. and TCOM Systems, Inc., both privately-held concerns.

Executive Compensation

The following table sets forth remuneration paid or accrued by the Company during fiscal year 1995 to the named officers and directors of the Company. Each director of the Company is entitled to receive reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors of the Company. The members of the Board of Directors intend to meet at least quarterly during the Company's fiscal year, and at such other times duly called. In fiscal 1995 no director, officer or employee received compensation exceeding \$100,000.

Summary Compensation Table

<TABLE>
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Name of Individual and Principal Position	Annual Compensation				Long Term Compensation			
	Year	Salary	Bonus	Other Annual Compensation	Awards	Securities Underlying Options/SARs	LTIP Payouts	All other Compensation
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Marc Silverman, Chief Executive Officer, President, Chief Financial Officer and Director	1995	\$42,000	--	--	--	60,000	--	--
Michael Mellman, Chairman of the Board	1995	\$21,000	--	--	--	60,000	--	--

</TABLE>

Set forth below is information relating to stock options granted to Messrs. Silverman and Mellman:

Option/SAR Grants in Fiscal 1995

Name	Number of Securities Underlying Option/SARs Granted	Percent of Total Option/SARs Granted to Employees in Fiscal 1995	Exercise Price (\$/sh)	Expiration Date
Marc Silverman	60,000	28.57%	\$.25	Nov. 30, 2000
Michael Mellman	60,000	28.57%	\$.25	Nov. 30, 2000

Aggregated Option/SAR Exercises During Fiscal 1995 and Year End Option/SAR Values

<TABLE>
<CAPTION>

Name	Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options/SARs at FY-End		Value of Unexercised In-the-Money Options/SARs at FY -End (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Marc Silverman	-	-	60,000	-	\$165,000	-
Michael Mellman	-	-	60,000	-	\$165,000	-

(1) Represents the value of options assuming the initial public offering price per Share set forth on the cover page of this Prospectus.

Employment Agreements

There are currently no employment agreements with any of the Company's executive officers or key employees. All salaries of such persons will be set by the Company's Compensation Committee which consists of Messrs. Steinberg, Weisgal and Kanter, all non-employee directors of the Company.

1995 Stock Plan

In November 1995, the Board of Directors of the Company adopted, and the stockholders of the Company approved the adoption of, the 1995 Stock Plan (hereinafter called the "Plan"). The purpose of the Plan is to provide a means whereby key individuals providing services to the Company and to its related corporations may sustain a sense of proprietorship and personal involvement in the continued development and financial success of the Company and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Under the Plan, certain directors, officers, employees and consultants are eligible to acquire Common Stock of the Company or otherwise participate in the financial success of the Company. The Plan is expected to provide flexibility to the Company's compensation methods, after giving due consideration to competitive conditions and the impact of the federal tax laws.

The maximum aggregate number of Shares that may be awarded to individuals under the Plan is 480,000 Shares. Any Shares that remain unissued at the termination of the Plan shall cease to be subject to the Plan, but until termination of the Plan, the Company shall at all times make

53

available sufficient shares to meet the requirements of the Plan. The aggregate number of Shares which may be awarded under the Plan shall be adjusted to reflect a change in capitalization of the Company, such as a stock dividend or stock split.

The Plan shall be administered by a Committee which shall be comprised of at least two (2) non-employee disinterested directors appointed by the Board of Directors of the Company (hereinafter referred to as the "Board"). A disinterested director is any member of the Board who within the prior year has not been, and is not being, granted any awards related to the Shares under the Plan or any other plan of the Company or any related Company except for awards which: (i) are calculated in accordance with a formula as contemplated in paragraph (c)(ii) of Rule 16b-3 ("Rule 16b-3") under the Securities and Exchange Act of 1934; (ii) result from participation in an ongoing securities acquisition plan meeting the conditions of paragraph (d)(2) of Rule 16b-3; or (iii) arise from an election by a director to receive all or part of his Board fees and Shares. The Committee shall have sole authority to select the individuals from among those eligible to whom awards shall be made under the Plan, to establish the amount of such award for each individual and the time when certificates for Shares shall be issued, and to prescribe the legend to be affixed to the

certificate. The Committee is authorized, subject to Board approval, to interpret the Plan and may from time to time adopt such rules, regulations, form and agreement, not inconsistent with the Plan as it may deem advisable to carry out the Plan. All decisions made by the Committee in administering the Plan shall be subject to Board review.

Types of Awards

Stock Options. Options granted under the Plan may be "incentive stock options" ("Incentive Options") within the meaning of Section 422 of the Code or stock options which are not incentive stock options ("Non-Incentive Options" and, collectively with Incentive Options, hereinafter referred to as "Options"). Whether or not Options will be granted, the number of shares subject to each Option granted, the prices at which Options may be exercised (which shall not be less than the fair market value of shares of Common Stock on the date of grant), whether an Option will be an Incentive Option or a Non-Incentive Option, the time or times and the extent to which Options may be exercised and all other terms and conditions of Options will be determined by the Committee.

Each Incentive Option shall terminate no later than ten (10) years after the date of grant, except as provided below with respect to Incentive Options

granted to 10% Stockholders (as hereinafter defined). No Incentive Option may be granted at any time after October 2005. The exercise price at which the shares may be purchased may not be less than the Fair Market Value of shares of Common Stock at the time the Option is granted, except as provided below with respect to Incentive Options granted to 10% Stockholders.

The exercise price of an Incentive Option granted to a person possessing more than 10% of the total combined voting power of all shares of stock of the Company or a parent or subsidiary of the Company ("10% Stockholder") shall in no event be less than 110% of the Fair Market Value of the shares of the Common Stock on the date the Incentive Option is granted. The term of an Incentive Option granted to a 10% Stockholder shall not exceed five (5) years from the date of grant.

54

The exercise price of the shares to be purchased pursuant to each Option shall be paid in any one or a combination of cash, personal check, personal note, shares already owned or Plan awards which the Optionee has an immediate right to exercise.

Restricted Stock Awards. Restricted Stock Awards ("RSAs") under the Plan shall be in the form of Shares, restricted as to transfer and subject to forfeiture, and shall be evidenced by restricted stock agreements in such form and consistent with the Plan as the Committee shall approve from time to time. RSAs awarded under the Plan shall be subject to such terms, conditions, and restrictions, including without limitation: prohibitions against transfer, substantial risks of forfeiture, attainment of performance objective and repurchase by the Company or right of first refusal, and for such period or periods as shall be determined by the Committee at the time of grant. The Committee shall have the power to permit, in its discretion, an acceleration of

the expiration of the applicable restriction period with respect to any part or all of the RSAs awarded to a grantee.

RSAs awarded, and the right to vote on the underlying Shares and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered during the restriction period applicable to such Shares, except in the event of the death of the Optionee or by will or the laws descent and distribution. Subject to the foregoing, and except as otherwise provided in the Plan, the Grantee shall have all other rights of a stockholder including, but not limited to, the right to receive dividends and the right to vote such Shares.

In the event of a grantee's termination of employment prior to the lapse of restrictions applicable to any RSAs awarded to such grantee, all such Shares as to which there still remain restrictions shall be forfeited by such grantee without payment of any consideration to the grantee, and neither the grantee nor any successors, heirs, assigns, or personal representatives of such grantee shall thereafter have any further rights or interest in such Shares or certificates.

Stock Appreciation Rights. Stock Appreciation Rights ("SARs") are rights entitling the grantee to receive cash or Shares having a fair market value equal to the appreciation in market value of a stated number of Shares from date of grant, or in the case of rights granted in tandem with or by reference to an option granted prior to the grant of such rights, from the date of grant of the related option to the date of exercise, which may be granted to such eligible directors and employees as may be selected by the Committee. SARs may be granted in tandem or with reference to a related option, in which event the grantee may elect to exercise either the option or the SAR, but not both, as to the same Share subject to the option and SAR, or the SAR may be granted independently of a related option. In the event of a grant with a related option, the SAR shall be subject to the terms and conditions of the related option. In the event of an independent grant, the SAR shall be subject to the terms and conditions determined by the Committee. SARs shall not be transferred, assigned or encumbered, except that SARs may be exercised by the executor, administrator or personal representative of a deceased grantee within twelve (12) months of the death of the grantee.

Upon exercise of an SAR, the grantee shall be paid the excess of the then fair market value of a number of Shares to which the SAR relates over the fair market value of such number of Shares at the date of grant of the SAR or of the related option, as the case may be. The exercise of an SAR

55

may only be made in accordance with applicable restriction pursuant to Rule 16b-3(e) under the Securities and Exchange Act of 1934 or any similar successful provision.

At December 31, 1995, 174,000 Incentive Options and 36,000 Non-Incentive Options have been granted. Messrs. Mellman and Silverman, Chairman of the Board and Chief Executive Officer of the Company, respectively, were each granted

60,000 Incentive Options to purchase Common Stock at \$.25 per share. The remaining 90,000 options in the aggregate are exercisable at the greater of \$.25 or 25% of the public offering price of the Company's Common Stock in the Offering (\$.75).

56

PRINCIPAL STOCKHOLDERS

The following table sets forth information as of the date of this Prospectus with respect to the beneficial ownership of the outstanding shares of the Company's Common Stock by (i) any holder of more than five percent (5%) of the outstanding shares; (ii) the Company's officers and directors; and (iii) the directors and officers of the Company as a group:

<TABLE>

<CAPTION>

Name and Address of Beneficial Owner -----	Amount Beneficially Owned Prior To This Offering (1) -----	Percentage (%) of Class Before Offering (1) -----	Amount Beneficially Owned After Offering(1) -----	Percentage (%) of Class After Offering(1) -----
<S>	<C>	<C>	<C>	<C>
Jelsin Investments Limited P.O. Box N03933 Shirley Street Nassau, Bahamas	216,000	7.44	36,000	.73
Kanter Family Foundation 8000 Towers Crescent Drive Suite 1070 Vienna, Virginia 22182	216,000	7.44	36,000	.73
Joshua S. Kanter (2) (9) 333 West Wacker Drive Suite 2700 Chicago, Illinois 60606	86,400	2.98	14,400	.29
M.D. Funding, Inc. 5 Old Woods Drive Harrison, New York 10528	459,000	15.81	76,500	1.56
Michael Mellman(3) 500 North Poinsettia Avenue Manhattan Beach, California 90266	234,000	7.89	234,000	4.71
Marc Silverman(4) c/o SportsTrac, Inc 6900 E. Belleview Avenue Suite 200 Englewood, Colorado 80111	234,000	7.89	234,000	4.71
W. S. Ventures (5) P.O. Box 3721 Telluride, Colorado 81435	270,000	9.30	45,000	.92
Elliot Steinberg(5) P.O. Box 3721 Telluride, Colorado 81435	270,000	9.30	45,000	.92
The Holding Company (6) Two North LaSalle Street Suite 2200 Chicago, Illinois 60602	234,600	8.07	26,100	.53
Daniel Durchslag 9400 Brighton Way #402 Beverly Hills, CA 90210	408,000	14.05	68,000	1.39
Joel S. Kanter (7) (9)	388,800	13.39	64,800	1.32

57

8000 Towers Crescent Avenue
Suite 1070
Vienna, Virginia 22182

Solomon A. Weisgal (8) 120 South Riverside Drive Suite 1420 Chicago, IL 60606	18,000	.62	- 0 -	-0-
All officers and directors as a group (five (5) persons)	842,400	28.68	527,400	10.63

</TABLE>

(1) Gives effect to the issuance of 480,000 shares of Common Stock (after the March stock split) and 2,000,000 Class A Warrants included in the Bridge Units. Does not give effect to (i) 1,000,000 shares of Common Stock issuable upon exercise of the Warrants offered by the Company; (ii) 300,000 shares of Common Stock issuable upon exercise of the Over-Allotment Option; (iii) 150,000 shares of Common Stock issuable upon exercise of the Warrants included in the Over-Allotment Option; (iv) 200,000 shares of Common Stock issuable upon exercise of the Underwriter's Option; (v) 100,000 shares of Common Stock issuable upon exercise of the Warrants included in the Underwriters Option; (vi) 2,000,000 shares of Common Stock issuable upon exercise of the Class A Warrants offered by the Selling Securityholders, and (vii) 210,000 employee stock options and 180,000 outstanding warrants. The amount beneficially owned after the Offering assumes the sales made by such persons who are also Selling Securityholders. All of the persons

listed in the above table are also Selling Securityholders, other than Messrs. Mellman and Silverman.

(2) Mr. Kanter is a director and secretary of the Company. See "Management." Mr. Kanter is a Vice President of Windy City, Inc. and Vice President of the Kanter Family Foundation and has no voting or investment control of shares owned by them and disclaims any beneficial interest in such shares. Mr. Kanter is the brother of Joel Kanter, a principal stockholder.

58

(3) Mr. Mellman is the Chairman of the Board of Directors of the Company. Includes options to purchase 60,000 shares of Common Stock at \$.25 per share. See "Management."

(4) Mr. Silverman is the Chief Executive Officer, Chief Financial Officer, President and Director of the Company. Includes options to purchase 60,000 shares of Common Stock at \$.25 per share. See "Management."

(5) Mr. Steinberg is the general partner of W.S. Ventures and has sole voting and investment control over said shares. Mr. Steinberg is a director of the Company. See "Management."

(6) Mr. Burton Kanter is the President of The Holding Company. Mr. Kanter is the father of Joel S. Kanter, a principal stockholder, and Joshua S. Kanter, a director and secretary of the Company.

(7) Includes (i) 86,400 shares owned by Mr. Kanter, (ii) 216,000 shares owned by the Kanter Family Foundation and (iii) 86,400 shares owned by Windy City, Inc. Mr. Kanter, as the President of the Kanter Family Foundation and Windy City, Inc., is vested with sole voting and investment control of the shares owned by said entities. Mr. Kanter disclaims any beneficial ownership of any shares owned by the Kanter Family Foundation or Windy City, Inc. Mr. Kanter is the brother of Joshua S. Kanter, a director of the Company.

(8) Director of the Company. See "Management." Includes 18,000 shares of Common Stock (post March 1996 stock split) issued to him, as trustee, in connection with a bridge loan to the Company. Mr. Weisgal, as trustee, is vested with the sole voting and investment control of such shares but disclaims any beneficial interest in such shares. See "Bridge Financing" and "Selling Securityholders."

(9) Does not include 120,000 shares of Common Stock and 500,000 warrants held by Ulster Investments Ltd. which were issued by the Company in connection with its bridge loan. See "Bridge Financing." Ulster Investment Ltd. is an Antigua corporation which is owned by the St. John's Trust, the trustee of which is the Antigua International Trust, Ltd., a subsidiary of Swiss American Bank, Ltd. The beneficial owner of such shares is the St. John's Trust. Antigua International Trust, Ltd. is the sole director of Ulster Investment Ltd., and Stuart Young serves as President and Treasurer and Roslyn Yearwood serves as Secretary. The beneficiaries of the St. John's Trust are the members of the family of Burton W. Kanter (but not Burton W. Kanter), including Josh Kanter, Joel Kanter and Janis Kanter, all of whom are shareholders of the Company. Joel Kanter, Josh Kanter and Janis Kanter disclaim any beneficial interest in such shares and warrants.

59

CERTAIN RELATIONSHIPS AND
RELATED TRANSACTIONS

From inception to November 1995, the Company issued an aggregate of 2,424,000 shares of its common stock to 14 shareholders for aggregate consideration of \$507,000. The Company also issued warrants to purchase up to 180,000 shares of Common Stock at an exercise price of \$4.17 per share (as adjusted for the Company's March stock split) through December 30, 2000. The exercise price of those warrants were based upon the anticipated public offering price of the Common Stock. These warrants were issued on December 31, 1995 to Burton Kanter and Elliot Steinberg. The right to receive these warrants were initially granted to BFI (on August 30, 1995) pursuant to the sublicense agreement (although such warrants as issued contain different terms as initially contemplated). BFI assigned such rights (on October 16, 1995) to Messrs. Kanter and Steinberg in connection with the waiver of defaults relating to unsecured loans of \$54,450 and \$237,660, respectfully, owed by BFI to such persons (and affiliates), the deferment of such obligations of BFI and the conversion of such obligations of BFI into shares of capital stock of BFI upon the closing of the initial public offering of BFI, if the same occurs prior to December 31, 1996 (otherwise such obligations become due and payable). On February 19, 1996, these warrants were subsequently assigned to Sheridan Ventures, Ltd. and Rainy Day Holdings.

From December 1995, through February 1996, the Company borrowed an aggregate of \$400,000 from ten (10) lenders (the "Bridge Lenders"): Ulster Investments Ltd (\$100,000), The Holding Company (\$65,000), Dune Holdings, Inc. (\$100,000), Solomon A. Weisgal, as trustee (\$15,000), Howard Kirschbaum as Custodian for Brian Kirschbaum under the Uniform Gift to Minors Act (\$5,000), Scott Sinar (\$5,000), Matthew Harriton (\$20,000), John LaFalce (\$10,000), Michael Lulkin (\$30,000), and Hartley T. Bernstein (\$50,000). None of the Bridge Lenders are affiliated with the Company other than Solomon A. Weisgal, a director of the Company, and The Holding Company, a principal stockholder of the Company. Burton W. Kanter is the President of The Holding Company. Mr. Kanter is the father of Joel Kanter, a principal stockholder of the Company and Josh Kanter, a director and Secretary of the Company. Ulster Investments Ltd. is an Antigua corporation which is owned by the St. John's Trust. The beneficiaries of the St. John's Trust are the members of the family of Burton W. Kanter (but not including Burton W. Kanter), including Josh Kanter, Joel Kanter and Janis Kanter, all of whom are shareholders of the Company. In exchange for making loans to the Company, each Bridge Lender received (i) a promissory note (each a "Bridge Note") and (ii) Bridge Units. Each of the Bridge Units is comprised of one (1) share of Common Stock and five (5) Class A Warrants. Each of the Bridge Notes bears interest at the rate of eight percent (8%) per annum. The Bridge Notes are due and payable upon the earlier of (i) December 31, 1996 and (ii) the closing of an initial underwritten public offering of the Company's securities. The Company intends to use a portion of the proceeds of this Offering to repay the Bridge Lenders. See "Use of Proceeds." The Company entered into the bridge financing transactions because it required additional financing and no other sources of financing were available to the Company at that time. See "Description of Securities." All of the

60

securities issued to the Bridge Lenders are being offered hereunder. With respect to the bridge financing, the Company did not engage a placement agent, the Bridge Lenders were identified by the Company's officers and directors, and no other solicitations were made. See "Selling Securityholders" and "Underwriting."

Mr. Silverman, chief executive officer and a director of the Company, was one of the founders and the President and a director of Performance Factors, Inc. ("Performance Factors"), the original licensee of the CTT technology from STI., from 1989 until 1993. Performance Factors (which was formerly known as Cognitive Systems, Inc.) was merged with and into BioFactors, Inc. ("BioFactors") on May 27, 1994, the sublicensor of the CTT technology to the Company. Mr. Silverman was an officer of BioFactors, Inc., from 1993 until September 1, 1995 (and a director until April 1995). Mr. Silverman is a minority stockholder of BioFactors.

Mr. Steinberg, a director of the Company, served on the board of directors of Performance Factors and continues to serve on the board of directors of BioFactors. Mr. Steinberg is the general partner of W.S. Ventures, a principal stockholder of the Company. W.S. Ventures is a minority stockholder of BioFactors. Mr. Steinberg is the general partner of W.S. Ventures and has sole voting and investment control over the shares of Common Stock owned by W.S. Ventures.

Mr. Burton Kanter is the father of Joel S. Kanter, a principal stockholder, and Joshua S. Kanter, a director and secretary of the Company. Burton Kanter served on the board of directors of Performance Factors and continues to serve

on the board of directors of BioFactors. Burton Kanter is the President of The Holding Company, a principal stockholder of the Company. Burton Kanter is Chairman of the Board of Walnut Capital Corp., an early-stage venture capital fund which has a minority interest in BioFactors. Joel Kanter is the President of the Kanter Family Foundation and Windy City, Inc., stockholders of the Company, and is the brother of Joshua S. Kanter.

With respect to each of the foregoing transactions, the Company believes that the terms of such transactions were as fair to the Company as could be obtained from an unrelated third party. Future transactions with affiliates will be on terms no less favorable than could be obtained from unaffiliated parties and will be approved by a majority of the independent and/or disinterested members of the board of directors. Currently there are no disinterested directors serving on the Company's Board of Directors.

61

DESCRIPTION OF SECURITIES

The Company is offering 2,000,000 shares of Common Stock, par value \$.01 per share, and 1,000,000 Class A Warrants.

Common Stock

The Company is authorized to issue up to 15,000,000 shares of Common Stock, of which 2,904,000 shares will be issued and outstanding as of the date of this Prospectus. All of the issued and outstanding shares of Common Stock will be fully paid, validly issued and non-assessable.

Subject to the rights of holders of Preferred Stock, if any, holders of shares of Common Stock of the Company are entitled to share equally on a per share basis in such dividends as may be declared by the Board of Directors out of funds legally available therefor. There are presently no plans to pay dividends with respect to the shares of Common Stock. See "Dividend Policy." Upon liquidation, dissolution or winding up of the Company, after payment of creditors and the holders of any senior securities of the Company, including Preferred Stock, if any, the assets of the Company will be divided pro rata on a per share basis among the holders of the shares of Common Stock. The Common Stock is not subject to any liability for further assessments. There are no conversion or redemption privileges nor any sinking fund provisions with respect to the Common Stock and the Common Stock is not subject to call. The holders of Common Stock do not have any pre-emptive or other subscription rights.

Holders of shares of Common Stock are entitled to cast one vote for each share held at all stockholders' meetings including the annual meeting, for all purposes, including the election of directors. The Common Stock does not have cumulative voting rights.

Preferred Stock

The Company's Certificate of Incorporation authorizes 100,000 shares of "blank check" Preferred Stock, whereby the Board of Directors of the Company shall have the authority, without further action by the holders of the outstanding Common Stock, to issue shares of Preferred Stock from time to time in one or more classes or series, to fix the number of shares constituting any class or series and the stated value thereof, if different from the par value, and to fix the term of any such series or class, including dividend rights, dividend rates, conversion or exchange rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price and the liquidation preference of such class or series. As of the date of this Prospectus, there are no shares of Preferred Stock issued and outstanding and the Board of Directors has no present intention to issue any shares of Preferred Stock.

62

Class A Warrants

The Class A Warrants are immediately transferable. Each Class A Warrant entitles the holder to purchase one (1) share of Common Stock at a price of \$3.60 per share for a period of four (4) years commencing one (1) year from the

Effective Date of this Offering. Each Class A Warrant is redeemable by the Company for \$.05 per Class A Warrant, at any time after _____, 1997, upon thirty (30) days' prior written notice, if the closing price of the Common Stock, as reported by the principal exchange on which the Common Stock is traded, The Nasdaq Small Cap Market or the National Quotation Bureau Incorporated, as the case may be, exceeds \$4.80 per share for twenty (20) consecutive trading days

ending within fifteen (15) days prior to the date of the notice of redemption. Upon thirty (30) days' written notice to all holders of Class A Warrants, the Company shall have the right, subject to compliance with Rule 13E-4 under the Securities Exchange Act of 1934 and the filing of Schedule 13E-4 and, if required, a post-effective amendment to this registration statement, to reduce the exercise price and/or extend the term of the Class A Warrants.

The Class A Warrants can only be exercised when there is a current effective registration statement covering the shares of Common Stock underlying the Class A Warrants. If the Company does not or is unable to maintain a current effective registration statement, the holders of Class A Warrant certificates will be unable to exercise the Class A Warrants and the Class A Warrants may become valueless. Moreover, if the shares of Common Stock underlying the Class A Warrants are not registered or qualified for sale in the state in which a holder of Class A Warrant certificates resides, such holder might not be permitted to exercise the Warrants. See "Risk Factors - Requirements of Current Prospectus and State Blue Sky Registration in Connection with the Exercise of the Class A Warrants."

Each Class A Warrant may be exercised by surrendering the warrant certificate, with the form of election to purchase on the reverse side of the Class A warrant certificate properly completed and executed, together with payment of the exercise price, to the Transfer Agent. The Class A Warrants may be exercised in whole or from time to time in part. If less than all of the Class A Warrants evidenced by a warrant certificate are exercised, a new Class A warrant certificate will be issued for the remaining number of Class A Warrants.

Holders of the Class A Warrants are protected against dilution of the equity interest represented by the underlying shares of Common Stock upon the occurrence of certain events, including, but not limited to, issuance of stock dividends. If the Company merges, reorganizes or is acquired in such a way as to terminate the Class A Warrants, the Class A Warrants may be exercised immediately prior to such action. In the event of liquidation, dissolution or winding up of the Company, holders of the Class A Warrants are not entitled to participate in the Company's assets.

For the life of the Class A Warrants, the holders thereof are given the opportunity, at nominal cost, to profit from a rise in the market price of the Common Stock. The exercise of the

Class A Warrants will result in the dilution of the then book value of the Common Stock of the Company held by the public investors and would result in a dilution of their percentage ownership of the Company.

Other Warrants to Purchase Common Stock

On December 31, 1995, the Company issued 180,000 warrants to purchase Common Stock, at \$4.17 per share (adjusted in connection with the Company's March stock split), for a period commencing on such date and ending on December 30, 2000. See "Selling Securityholders" and "Certain Transactions."

Each warrant may be exercised by surrendering the original warrant certificate with the form of election to purchase and payment of the exercise price multiplied by the number of such warrants exercised. Such warrants may be exercised in whole or from time to time in part. If less than all of such warrants are exercised, a new certificate will be issued for the remaining number of such warrants.

The holders of such warrants have piggyback registration rights on the shares of Common Stock underlying such warrants, in accordance with certain procedures. All expenses in connection with such rights will be borne by the Company.

Holders of such warrants are protected against dilution of the equity interest represented by the underlying shares of Common Stock upon the occurrence of certain events including, but not limited to, issuance of stock dividends. If the Company merges or consolidates or effects a sale, the holder shall have the right to purchase such securities or assets as may be issued or payable with respect to or in exchange for a number of shares of Common Stock equal to the number purchasable by such warrants.

For the life of the warrants, the holders thereof are given the opportunity, at nominal cost, to profit from a rise in the market price of the Common Stock. The exercise of the warrants will result in the dilution of the then book value of the Common Stock of the Company held by the public investors and would result in a dilution of their percentage ownership of the Company

These warrants were issued on December 31, 1995 to Burton Kanter and Elliot Steinberg. The right to receive these warrants were initially granted to BFI (on

August 30, 1995) pursuant to the sublicense agreement (although such warrants as issued contain different terms as initially contemplated). BFI assigned such rights (on October 16, 1995) to Messrs. Kanter and Steinberg in connection with the waiver of defaults relating to unsecured loans of \$54,450 and \$237,660, respectfully, owed by BFI to such persons (and affiliates), the deferment of such obligations of BFI and the conversion of such obligations of BFI into shares of capital stock of BFI upon the closing of the initial public offering of BFI, if the same occurs prior to December 31, 1996 (otherwise such obligations become due and payable). On February 19, 1996, these warrants

64

were subsequently assigned to Sheridan Ventures, Ltd. and Rainy Day Holdings. See "Certain Relationships and Related Transactions."

Delaware Anti-Takeover Law

As a Delaware corporation, the Company is subject to Section 203 of the General Corporation Law. In general, Section 203 prevents an "interested stockholder" (defined generally as a person owning 15% or more of a Delaware corporation's outstanding voting stock) from engaging in a "business combination" (as defined) with such Delaware corporation for three years following the date such person became an interested stockholder unless (i) before such person became an interested stockholder, the board of directors of the corporation approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination, (ii) upon consummation of the transaction that resulted in the interested stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding stock held by the directors who are also officers of the corporation and by certain employee stock plans), or (iii) following the transaction in which such person became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized at a meeting of stockholders by the affirmative vote of the holders of two-thirds of the outstanding voting stock of the corporation not owned by the interested stockholder. Under section 203, the restrictions described above also do not apply to certain business combinations proposed by an interested stockholder following the public announcement or notification of one of certain extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of the corporation's board of directors and if such business combination is approved by a majority of the board members who were directors prior to any person's becoming an interested stockholder. The provisions of Section 203 requiring a super-majority vote to approve certain corporate transactions could have the effect of discouraging, delaying or preventing hostile takeovers, including those that might result in the payment of a premium over market price or changes in control or management of the Company.

Limitation on Liability of Directors

In connection with the Offering, the Underwriter has agreed to indemnify the Company, its directors, and each person who controls it within the meaning of Section 15 of the Securities Act with respect to any statement in or omission from the registration statement or the Prospectus or any amendment or supplement thereto if such statement or omission was made in reliance upon information furnished in writing to the Company by the Underwriter specifically for or in connection with the preparation of the registration statement, the prospectus, or any such amendment or supplement thereto.

65

Section 145 of the Delaware General Corporation Law empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of the performance of their duties as directors and officers.

The Delaware General Corporation Law provides further that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's by-laws, any agreement, vote of stockholders or otherwise.

Article Eighth of the Company's Certificate of Incorporation provides for indemnification of officers and directors and Article Ninth eliminates the personal liability of directors to the fullest extent permitted by Section 102 of the Delaware General Corporation Law. Provisions for indemnification are also contained in Article VIII of the Company's By-Laws.

The effect of the foregoing is to require the Company to the extent permitted by law to indemnify the officers and directors of the Company for any

claim arising against such persons in their official capacities if such person acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The Company does not currently have any liability insurance coverage for its officers and directors.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and other agents of the Company, the Company has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Transfer Agent & Registrar

The transfer agent, warrant agent and registrar for the Company's securities is American Stock Transfer & Trust Company (the "Transfer Agent").

SELLING STOCKHOLDERS AND BRIDGE LENDERS

In addition to the securities offered hereby by the Company, the Registration Statement, of which this Prospectus forms a part, also covers the registration of an aggregate of 2,190,000 shares of Common Stock and 2,000,000 Warrants being offered by the Selling Securityholders. Of these securities, the Underwriter is purchasing from certain shareholders 1,710,000 shares of Common Stock and from the Bridge Lenders 480,000 shares of Common Stock and 2,000,000 Warrants, on a firm commitment basis for offer and sale to the public concurrently ("Concurrent Offering") with the offer and sale of the Company's securities ("Company Offering"). See "Underwriting." The costs of qualifying these securities under federal and state securities laws, together with legal and accounting fees, printing and other costs in connection with this offering,

will be paid by the Company.

Set forth below is a list of the Selling Securityholders, the number of shares of Common Stock and percentage ownership before the Company Offering, the number of shares of Common Stock offered concurrently and the number of shares of Common Stock and percentage ownership after the Concurrent Offering:

<TABLE>

<CAPTION>

Name	Shares of Common Stock owned before Offering	Percentage of Common Stock owned before Offering	Number of shares of Common Stock to be offered concurrently with Company Offering	Number of shares of Common Stock owned after Concurrent Offering	Percentage of Common Stock owned after Concurrent Offering
Jelsin Investments, Ltd.	216,000	7.44	180,000	36,000	.73
K.A.M. Group, Inc.	24,000	.83	20,000	4,000	.08
Kanter Family Foundation	216,000	7.44	180,000	36,000	.73
Janis S. Kanter	43,200	1.49	36,000	7,200	.15
Joel S. Kanter	86,400	2.98	72,000	14,400	.29
Joshua S. Kanter (1)	86,400	2.98	72,000	14,400	.29
Daniel	408,000	14.05	340,000	68,000	1.39

M.D. Funding Inc.	459,000	15.81	382,500	76,500	1.56
W.S. Ventures (2)	270,000	9.30	225,000	45,000	.92
The Holding (3) Company	234,600	8.07	208,500	26,100	.53
Windy City, Inc.	86,400	2.98	72,000	14,400	.29
Scott Sinar	6,000	.21	6,000	0	0
Solomon A. Weisgal, as trustee (1)	18,000	.62	18,000	0	0
Ulster Investments, Ltd. (4)	120,000	4.13	120,000	0	0
Howard Kirschbaum	6,000	.21	6,000	0	0
John LaFalce	12,000	.41	12,000	0	0
Dune Holdings, Inc.,	120,000	4.13	120,000	0	0
Matthew Harriton	24,000	.83	24,000	0	0
Hartley T. Bernstein (5)	60,000	2.07	60,000	0	0
Michael Lulkin	36,000 -----	1.24 ----	36,000 -----	0 -	0 -
Total	2,532,000	87.19	2,190,000	342,000	6.96

-
- (1) Director of the Company. See "Management" and "Principal Stockholders."
- (2) Controlled by Elliot Steinberg, a Director of the Company. See "Management" and "Principal Stockholders."
- (3) See "Bridge Financing," "Principal Stockholders" and "Certain Relationships and Related Party Transactions."
- (4) See "Use of Proceeds," "Bridge Financing," "Principal Stockholders" and "Certain Relationships and Related Party Transactions."
- (5) See "Bridge Financing" and "Legal Matters."

Set forth below is a list of the Selling Securityholders, the number of Class A Warrants and percentage ownership before the Company Offering, the number of Class A Warrants offered concurrently and the percentage ownership after the Concurrent Offering:

<TABLE>
<CAPTION>

Number of
Warrants to

Name -----	Warrants Owned before Offering -----	Percentage of Warrants owned before Offering -----	be offered concurrently with Company Offering -----	Number of Warrants owned after Concurrent Offering -----	Percentage of Warrants Owned after Concurrent Offering -----
<S>	<C>	<C>	<C>	<C>	<C>
Scott Sinar	25,000	1.25	25,000	0	0
Solomon A. Weisgal, as trustee(1)	75,000	3.75	75,000	0	0
The Holding Company(2)	325,000	16.25	325,000	0	0
Ulster Investments, Ltd.(3)	500,000	25	500,000	0	0
Howard Kirschbaum	25,000	1.25	25,000	0	0
John Lafalce	50,000	2.50	50,000	0	0
Dune Holdings, Inc.	500,000	25	500,000	0	0
Matthew Harriton	100,000	5.00	100,000	0	0
Hartley T. Bernstein(4)	250,000	12.50	250,000	0	0
Michael Lulkin	150,000 -----	7.50 ----	150,000 -----	0 --	0 --
Total	2,000,000	100%	2,000,000	0	0

</TABLE>

69

- (1) A Director of the Company. See "Management" and "Principal Stockholders."
- (2) See "Bridge Financing," "Principal Stockholders" and "Certain Relationships and Related Party Transactions."
- (3) See "Use of Proceeds," "Bridge Financing," "Principal Stockholders" and "Certain Relationships and Related Party Transactions."
- (4) See "Bridge Financing" and "Legal Matters."

70

Shares Available for Future Sale

Immediately prior to the sale of the Common Stock hereunder, the Company had an aggregate of 2,904,000 shares of its Common Stock issued and outstanding, all of which are "restricted securities" which may be sold only in compliance with Rule 144 under the Securities Act of 1933, as amended. Rule 144 provides, in essence, that a person holding restricted securities for a period of two years after payment therefor may sell, in brokers' transactions or to market makers, an amount not exceeding 1% of the outstanding class of securities being sold, or the average weekly reported volume of trading of the class of securities being sold over a four-week period, whichever is greater, during any three-month period. (Persons who are not affiliates of the Company and who have held their restricted securities for at least three years are not subject to the volume or transaction limitations.) Any such sales could have a material adverse effect on the market price for the Common Stock, should a trading market develop. All of the Company's officers, directors and principal shareholders (after giving effect to the sale by the Selling Securityholders) have agreed not to sell or transfer any shares of Common Stock for a period of twenty-four (24) months from the date of this prospectus without the prior written consent of the Underwriter. The Underwriter has no agreements or understandings with any of the shareholders with respect to the release of their securities prior to the twenty-four (24) month period and has no present intention of releasing any or all of such securities prior to such period. In recent offerings involving securities being registered for resale by selling securityholders, however, the Underwriter has released such selling securityholders substantially prior to the expiration of the applicable restriction periods.

71

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, a copy of which is filed as an exhibit to the Registration Statement of which this

Prospectus is a part, the Underwriter has agreed to purchase from the Company 1,000,000 Shares and 2,000,000 Warrants offered hereby from the Company and 2,190,000 shares of Common Stock and 2,000,000 Warrants offered hereby by the Selling Securityholders, all on a "firm commitment" basis, if any are purchased. The Underwriter has advised the Company and Selling Securityholders that it proposes to offer the Shares and Warrants to the public at \$3.00 per Share and \$.25 per Warrant as set forth on the cover page of this Prospectus and that it may allow to certain dealers who are NASD members concessions not to exceed \$ per Share and \$ per Warrant, of which not in excess of \$ per Share and \$ per Warrant may be reallocated to other dealers who are members of the NASD. After the initial public offering, the public offering prices, concession and reallocation may be changed by the Underwriter. The Underwriter has informed the Company that it does not intend to confirm sales over which it exercises discretionary authority.

The public offering prices of the securities were arbitrarily determined by negotiations between the Company and the Underwriter and do not necessarily relate to the assets, book value or results of operations of the Company or any other established criteria of value.

The Company has granted an option to the Underwriter, exercisable during the thirty (30) day period from the date of this Prospectus, to purchase up to a maximum of 300,000 additional Shares and 150,000 additional Warrants at the Offering prices, less the underwriting discount, to cover over-allotments, if any.

The Underwriting Agreement provides for reciprocal indemnification between the Company and the Underwriter against certain liabilities in connection with the Registration Statement, including liabilities arising under the Act. Insofar as indemnification for liabilities arising under the Act may be provided to officers, directors or persons controlling the Company, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy and is therefore unenforceable.

The Company has agreed to pay to the Underwriter a non-accountable expense allowance of three percent (3%) of the aggregate offering price of the securities offered by the Company hereby, including any securities purchased pursuant to the Over-Allotment Option. The Selling Securityholders will not pay the Underwriter a non-accountable expense allowance.

The Company has agreed to sell to the Underwriter, or its designees, for an aggregate purchase price of \$100, an option (the "Underwriter's Option") to purchase up to an aggregate of 200,000 Shares and 100,000 Warrants. The Underwriter's Option shall be exercisable during a four (4) year period commencing one (1) year from the Effective Date. The Underwriter's Option may not be assigned, transferred, sold or hypothecated by the Underwriter until twelve

72

(12) months after the Effective Date of this Prospectus, except to officers of

the Underwriter or to selling group members in this Offering. Any profits realized upon the sale of the securities issuable upon exercise of the Underwriter's Option may be deemed to be additional underwriting compensation. The exercise prices of the shares of Common Stock and Warrants issuable upon exercise of the Underwriter's Option during the period of exercisability shall be \$4.95 per share and \$.4125 per Warrant. The exercise price of the Underwriter's Option and the number of shares covered thereby are subject to adjustment in certain events to prevent dilution. For the life of the Underwriter's Option, the holders thereof are given, at a nominal cost, the opportunity to profit from a rise in the market price of the Company's securities with a resulting dilution in the interest of other stockholders. The Company may find it more difficult to raise capital for its business if the need should arise while the Underwriter's Option is outstanding. At any time when the holders of the Underwriter's Option might be expected to exercise it, the Company would probably be able to obtain additional capital on more favorable terms.

If the Company enters into a transaction (including a merger, joint venture, equity financing, debt financing, or the acquisition of another entity) introduced to the Company by the Underwriter, the Company has agreed to pay the Underwriter a finder's fee equal to five percent (5%) of the first \$4,000,000 of consideration involved in the transaction, ranging in \$1,000,000 increments down

to two percent (2%) of the excess, if any, over \$6,000,000.

Upon the closing of the sale of the securities offered hereby, the Company will enter into a three (3) year financial advisory and investment banking agreement with the Underwriter, pursuant to which the Company will be obligated to pay the Underwriter \$100,000 in advance upon the closing of the Offering, for financial and investment advisory services to the Company.

Prior to the date of this Prospectus, all of the stockholders of the Company's Common Stock (after giving effect to the offering by the Selling Securityholders) have agreed in writing not to sell, assign or transfer any of their shares of the Company's securities without the Underwriter's prior written consent for a period of twenty (24) months from the Effective Date. The Underwriter has no agreements or understandings with any of the shareholders with respect to the release of their securities prior to the twenty-four (24) month period and has no present intention of releasing any or all of such securities prior to such period. In recent offerings involving securities being registered for resale by selling securityholders, however, the Underwriter has released such selling securityholders substantially prior to the expiration of the applicable restriction periods.

The Underwriter shall have the option, subject to the approval of the Company, to appoint one individual to stand for election to the Company's Board of Directors for a period of three (3) years from the Effective Date. In lieu of nominating a director, the Underwriter may designate a non-director observer to attend meetings of the Company's Board of Directors for three (3) years after the Effective Date at the Company's discretion.

73

The Company has also agreed to pay the Underwriter a warrant solicitation fee equal to 4% of the Warrant exercise price for any of the Warrants, when exercised, at any time commencing one year after the date of this Prospectus, provided that the Underwriter or any NASD member firm has solicited such exercise, as evidenced in writing signed by the warrant holder, and that (a) the market price of the Common Stock on the date that any such Warrant is exercised is greater than the exercise price of the Warrant; (b) prior specific written approval for exercise is received from the customer if the Warrant is held in a discretionary account; (c) disclosure of this compensation arrangement is made prior to or upon the exercise of such Warrant; (d) solicitation of the exercise is not in violation of Rule 10b-6 of the Exchange Act; and (e) solicitation of the exercise is in compliance with NASD Notice to Members 81-38 which also provides that the Warrantholder designates an NASD member firm in writing as having solicited the Warrant. In addition, unless granted an exemption by the Commission from Rule 10b-6 under the Exchange Act, the Underwriter will be prohibited from engaging in any market-making activities or solicited brokerage activities with respect to the Company's securities for the period from nine business days prior to any solicitation of the exercise of any Warrant or nine business days prior to the exercise of any Warrant based on a prior solicitation until the later of the termination of such solicitation activity or the termination (by waiver or otherwise) of any right the Underwriter may have to receive a fee for the exercise of the Warrants following such solicitation. As a result, the Underwriter may be unable to continue to provide a market for the Company's securities during certain periods while the Warrants are exercisable.

The foregoing is a summary of certain provisions of the Underwriting Agreement and Underwriter's Warrant which have been filed as exhibits hereto.

The Company was advised that the Securities and Exchange Commission issued an order on March 17, 1995 authorizing a private investigation concerning trading in the securities of Lasergate Systems, Inc. The Underwriter acted as underwriter of a public offering of securities of Lasergate Systems, Inc. in October 1994 and has acted as a market maker of that issuer's securities since that time. See "Risk Factors - Private Investigation Concerning Trading in Securities of Issuer Underwritten by Underwriter."

This is the ____ public offering underwritten by the Underwriter. The Underwriter is a licensed broker-dealer involved in, among other things, making inter-dealer markets and retailing corporate equity securities over-the-counter, underwriting, or participating as a selling group member, in corporate securities and investment banking services. The Underwriter is required and has performed due diligence activities in connection with this Offering in a customary manner consistent with those practices performed by other underwriters in the industry including financial, business and other due diligence. However, there can be no assurance that the Underwriter's limited experience as an underwriter of public offerings and in its due diligence activities will not adversely effect the proposed public offering of the securities and the subsequent development of a trading market, if any, or the market for and liquidity of the securities. Therefore, purchasers of the securities offered hereby may suffer a lack of liquidity in their investment or a material diminution of the value of their investment. See "Risk Factors---Inexperienced

Determination of Public Offering Price

Prior to this Offering, there has been no public market for the Common Stock and Warrants. The initial public offering prices for the Shares and Warrants and the exercise price of the Warrants have been determined by negotiations between the Company and the Underwriter. Among the factors considered in the negotiations were the market price of the Company's Common Stock, an analysis of the areas of activity in which the Company is engaged, the present state of the Company's business, the Company's financial condition, the Company's prospects, an assessment of management, the general condition of the securities market at the time of this Offering and the demand for similar securities of comparable companies. The public offering price of the securities does not necessarily bear any relationship to assets, earnings, book value or other criteria of value applicable to the Company.

The Company anticipates that the Common Stock and Warrants will be listed for quotation on The Nasdaq Small Cap Market under the symbols "SPRT" and "SPRTW," but there can be no assurances that an active trading market will develop, even if the securities are accepted for quotation. The Underwriter intends to make a market in all of the publicly-traded securities of the Company.

LEGAL MATTERS

The validity of the securities being offered hereby will be passed upon for the Company by Bernstein & Wasserman, LLP, 950 Third Avenue, New York, NY 10022. Bernstein & Wasserman, LLP, has served, and continues to serve, as counsel to the Underwriter in matters unrelated to this Offering. Hartley T. Bernstein, a partner at Bernstein & Wasserman, LLP, is a Bridge Lender and a Selling Securityholder and is the record owner of 60,000 shares of Common Stock and 250,000 Warrants. See "Bridge Financing" and "Selling Securityholders." Certain legal matters will be passed upon for the Underwriter by Cohn & Birnbaum P.C., 100 Pearl Street, Hartford, CT 06103.

EXPERTS

Certain of the Financial Statements of the Company included in this Prospectus and elsewhere in the Registration Statement, to the extent and for the periods indicated in their reports, have been audited by Holtz Rubenstein & Co., LLP, independent certified public accountants, whose reports thereon appear elsewhere herein and in the Registration Statement.

SPORTSTRAC, INC.
(A Development Stage Company)

INDEX TO FINANCIAL STATEMENTS

	Page

Report of Independent Certified Public Accountants.....	F-2
Financial Statements:	
Balance sheets as of December 31, 1995 and June 30, 1996 (unaudited).....	F-3
Statements of operations for the period April 25, 1995 (inception) to December 31, 1995, six months ended June 30, 1996 (unaudited), and cumulative during development stage (unaudited).....	F-4
Statements of stockholders' equity for the period April 25, 1995 (inception) to December 31, 1995 and the six months ended June 30, 1996 (unaudited)	F-5

Statements of cash flows for the period April 25, 1995
(inception) to December 31, 1995, six months ended
June 30, 1996 (unaudited), and cumulative during
development stage (unaudited)F-6

Notes to financial statements.....F-7 - F-12

[Letterhead of HOLTZ RUBENSTEIN & CO., LLP]

Independent Auditors' Report

Board of Directors and Stockholders
SportsTrac, Inc.

Englewood, Colorado

We have audited the balance sheet of SportsTrac, Inc. (a development stage company) as of December 31, 1995, and the related statements of operations, stockholders' equity and cash flows for the period April 25, 1995 (inception) to December 31, 1995. 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 SportsTrac, Inc. as of December 31, 1995 and the results of its operations and its cash flows for the period April 25, 1995 (inception) to December 31, 1995, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1, SportsTrac, Inc. is in the development stage and the Company's ability to continue in the normal course of business is dependent upon successful completion of its planned public offering of equity securities to raise capital and the success of future operations. These uncertainties raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/HOLTZ RUBENSTEIN & CO., LLP
HOLTZ RUBENSTEIN & CO., LLP

Melville, New York

January 15, 1996 (except for Note 5a, as to which
the date is July 31, 1996, Note 5b, as to which the
date is April 22, 1996, Note 7a, as to which the date
is March 29, 1996 and Note 12, as to which the date
is August 22, 1996)

F-2

SPORTSTRAC, INC.

(A Development Stage Company)

BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1995	June 30, 1996
ASSETS		

<u><S></u>	<u><C></u>	<u>(Unaudited)</u> <u><C></u>
CURRENT ASSETS:		
Cash	\$ 43,703	\$ 126,959
Subscription receivable (Note 7)	15,500	--
	-----	-----
	59,203	126,959
LICENSED TECHNOLOGY, net of accumulated amortization of \$25,640 and \$61,808, respectively (Note 3)	914,820	878,652
COMPUTER EQUIPMENT, net of accumulated depreciation of \$1,100 and \$3,098, respectively	21,058	45,708
DEFERRED OFFERING COSTS	--	192,085
OTHER ASSETS	1,100	1,900
	-----	-----
	\$ 996,181	\$ 1,245,304
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Note payable, net of unamortized interest of \$33,040 and \$3,300, respectively (Notes 4 and 12)	\$ 666,960	\$ 346,700
Bridge notes payable (Note 5)	--	750,000
Accrued expenses (Note 7)	13,746	219,105
	-----	-----
	680,706	1,315,805
	-----	-----
COMMITMENTS (Note 8)		
STOCKHOLDERS' EQUITY (DEFICIT): (Note 7)		
Preferred stock, \$.01 par value; authorized 100,000 shares; no shares issued and outstanding	--	--
Common stock, \$.01 par value; authorized 15,000,000 shares; 2,424,000 and 2,904,000 shares issued and outstanding, respectively	24,240	29,040
Additional paid-in capital	1,112,760	1,413,960
Deficit accumulated during the development stage	(821,525)	(1,513,501)
	-----	-----
	315,475	(70,501)
	-----	-----
	\$ 996,181	\$ 1,245,304
	-----	-----

</TABLE>

See notes to financial statements

F-3

SPORTSTRAC, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS

	Period April 25, 1995 (Inception) to December 31, 1995	Six Months Ended June 30, 1996	Cumulative During Development Stage
		(Unaudited)	(Unaudited)
	\$ --	\$ --	\$ --
REVENUES			
COSTS AND EXPENSES:			
General and administrative (Note 7)	735,524	249,160	984,684
Product design costs	26,439	45,500	71,939
Depreciation and amortization	26,740	38,166	64,906
Interest (Notes 4 and 5)	32,822	359,150	391,972
	821,525	691,976	1,513,501
NET LOSS	\$ (821,525)	\$ (691,976)	\$ (1,513,501)
NET LOSS PER SHARE (Note 7)	\$ (.26)	\$ (.22)	\$ (.49)
Weighted average number of shares of common stock outstanding (Note 7)	3,114,000	3,114,000	3,114,000

See notes to financial statements

F-4

SPORTSTRAC, INC.
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Note 7)

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
	Shares	Par Value	Shares	Par Value			
<S> Balance, April 25, 1995	<C> -	<C> \$ --	<C> --	<C> \$ --	<C> \$ --	<C> \$ --	<C> \$ --
Issuance of stock for cash at inception	-	--	240,000	2,400	(400)	--	2,000
Issuance of stock in exchange for notes payable	-	--	1,755,000	17,550	388,700	--	406,250
Issuance of stock for cash	-	--	429,000	4,290	94,460	--	98,750
Issuance of options	-	--	--	--	630,000	--	630,000
Net loss	-	--	--	--	--	(821,525)	(821,525)
Balance, December 31, 1995	-	--	2,424,000	24,240	1,112,760	(821,525)	315,475
Issuance of stock to bridge note holders (unaudited)	-	--	480,000	4,800	301,200	--	306,000

Net loss (unaudited)	-	--	--	--	--	(691,976)	(691,976)
	-----	-----	-----	-----	-----	-----	-----
Balance, June 30, 1996 (unaudited)	-	\$ --	2,904,000	\$ 29,040	\$ 1,413,960	\$ (1,513,501)	\$ (70,501)
	-----	-----	-----	-----	-----	-----	-----

</TABLE>

See notes to financial statements

F-5

SPORTSTRAC, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Period April 25, 1995 (Inception) to December 31, 1995	Six Months Ended June 30, 1996	Cumulative During Development Stage
		(Unaudited)	(Unaudited)
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (821,525)	\$ (691,976)	\$ (1,513,501)
	-----	-----	-----
Adjustments to reconcile net loss to net cash used in operations:			
Amortization and depreciation	26,740	38,166	64,906
Amortization of imputed interest	26,500	335,740	362,240
Issuance of options	630,000	--	630,000
Increase in assets:			
Other assets	(1,100)	(800)	(1,900)
Increase in liabilities:			
Accrued expenses	13,746	205,359	219,105
	-----	-----	-----
Total adjustments	695,886	578,465	1,274,351
	-----	-----	-----
Net cash used in operating activities	(125,639)	(113,511)	(239,150)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of licensed technology	(300,000)	--	(300,000)
Acquisition of computer equipment	(22,158)	(26,648)	(48,806)
	-----	-----	-----
Net cash used in investing activities	(322,158)	(26,648)	(348,806)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of stock	85,250	15,500	100,750
Proceeds from notes payable	406,250	--	406,250
Increase in deferred offering costs	--	(192,085)	(192,085)
Proceeds from Bridge notes payable	--	750,000	750,000
Repayment of notes payable	--	(350,000)	(350,000)
	-----	-----	-----
Net cash provided by financing activities	491,500	223,415	714,915
	-----	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,703	83,256	126,959

CASH AND CASH EQUIVALENTS, beginning of period	--	43,703	--
	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 43,703	\$ 126,959	\$ 126,959
	-----	-----	-----

</TABLE>

See notes to financial statements

F-6

SPORTSTRAC, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

PERIOD APRIL 25, 1995 (INCEPTION) TO DECEMBER 31, 1995
AND SIX MONTHS ENDED JUNE 30, 1996

(Information with respect to the six months ended June 30, 1996 is unaudited)

1. Organization and Nature of Operations:

SportsTrac, Inc. (the "Company") is a Delaware Corporation which was formed on April 25, 1995. Subsequent to formation, the Company entered into a sublicense agreement providing it with the exclusive right to manufacture and market a hand-eye coordination device with sports related and sports entertainment applications (see Note 3). The Company's fiscal year end is December 31.

The Company is in the development stage, as defined in Statement of Financial Accounting Standard No. 7 ("FAS 7"). To date, the Company has devoted its efforts to various organizational activities, including negotiating of a sublicense agreement, developing its business strategy, hiring management personnel, raising capital, and undertaking preliminary activities for the commencement of operations. The Company has not generated any revenue to date and is presently evaluating the commercial value of the product obtained under its sublicense agreement. Although the Company has obtained an exclusive sublicense for the manufacture and marketing rights to a certain hand-eye coordination device, there can be no assurance that the Company will be successful in marketing any such product under this license.

As reflected in the accompanying financial statements, the Company has incurred cumulative losses of approximately \$1,514,000. The Company has entered into a letter of intent with an underwriter for the public sale of the Company's securities (see Note 7). Management is of the opinion that the proceeds of this proposed offering will be sufficient for the completion of its presently contemplated product development activities and to meet the working capital needs of the Company for more than the twelve-month period following the successful completion of this proposed offering, including the payment of certain indebtedness of the Company. There can be no assurance that additional

financing will not be required to significantly penetrate the market and for continued operations. If additional financing is required, there is no assurance that such funds will be available to the Company. In addition, there is no assurance that the proposed public offering will occur.

The above factors raise substantial doubt about the ability of the Company to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies:

a. Depreciation and amortization

Depreciation of computer equipment is computed using the straight-line method based over the estimated useful lives of the related assets (5 years).

Amortization of licensed technology is computed using the straight-line method over the contractual period of the license (13 years).

Amortization of financing costs in connection with bridge notes is computed using the straight-line method over a six month period.

F-7

2. Summary of Significant Accounting Policies: (Cont'd)

b. Income taxes

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

c. Statement of cash flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

d. Research and development costs

Research and development costs are expensed as incurred.

e. Estimates

The preparation of 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Licensed Technology:

In August 1995, the Company entered into a thirteen year exclusive and world-wide sublicensing agreement for the rights to manufacture and market a hand-eye coordination device with sports related and sports entertainment applications for an aggregate price of \$1,000,000. Certain of the Company's stockholders are also minority stockholders of the company in connection with the sublicensing agreement. The consideration consisted of a down payment of \$300,000 and the issuance of a \$700,000 note (see Note 4) which the company intends to pay with the proceeds of the proposed public offering as well as the issuance of warrants to purchase 180,000 shares of the Company's common stock at an exercise price of \$5.00 per share (see Note 7c). These warrants were subsequently assigned and issued to related parties of the Company. In addition, the seller is entitled to a royalty equal to 8 1/2% of the cash receipts from the sale of products or services containing the licensed technology, excluding any revenue from installation, maintenance, consulting or other cash receipts not directly or indirectly related to such technology.

4. Note Payable:

Note payable at December 31, 1995, issued in connection with the sublicense agreement discussed in Note 3, is non-interest bearing. This note is payable on the earlier of (i) the completion of a public offering of the Company's securities, or (ii) \$350,000 on March 31, 1996 and the balance on July 31, 1996. On April 22, 1996, the Company repaid \$350,000 from the proceeds received as disclosed in Note 5. On August 23, 1996, the Company repaid the remaining balance from the proceeds received as disclosed in Note 12.

In accordance with APB Opinion No. 21, "Interest on Receivable and Payables," this note (\$700,000) has been discounted to reflect its present value (\$640,460) on September 1, 1995, utilizing an imputed rate of 12%. Amortization of interest is calculated using the straight-line method over the respective terms of the related note. Interest expense for the periods ended June 30, 1996 and December 31, 1995 related to this note were \$29,740 and \$26,500, respectively.

F-8

5. Bridge Notes Payable:

a. At December 31, 1995, the Company has an agreement pursuant to which it will receive \$400,000, in the months of January and February 1996, from third parties ("Bridge Lenders"), at 8% interest. These notes are due and payable upon the earlier of (i) June 30, 1996 or (ii) the completion of a public offering of the Company's securities. On July 31, 1996, the Bridge Lenders extended the terms for payment to be the earlier of (i) the completion of a public offering of the Company's Securities, or (ii) December 31, 1996. In exchange for making the loans to the Company each Bridge Lender received a "Bridge Note" and a "Bridge Unit". Each bridge unit is comprised of one share of common stock and five Class A Warrants. Each Class A Warrant is exercisable into one share of common stock at an exercise price of \$3.60 per share during the four year period commencing one year from the effective date and may be redeemed if the market price of the common stock exceeds \$4.80 per share. The total 400,000 shares of the Company's common stock represent a financing cost of \$306,000 which will be amortized over six months or upon the successful completion of the public offering, whichever occurs first. In March 1996, as a result of the Company's 1.20 for 1 stock split the total number of shares issued to the bridge lenders will be 480,000.

The Company has agreed to register the shares of common stock included in the bridge units as well as the shares of common stock issuable upon exercise of the Class A Warrants in the first registration statement filed by the Company following the date of the loan.

b. On April 22, 1996, the Company received an advance of \$350,000 from a third party. This advance bears interest at the rate of 15% per annum and was used to pay off a portion of the note payable as disclosed in Note 4. This advance is payable on the earlier of (i) the completion of a public offering of the Company's securities, or (ii) on December 31, 1996.

6. Income Taxes:

At June 30, 1996, the Company had a net operating loss carryforward for federal income tax purposes of approximately \$167,000, which is available to offset future federal taxable income, if any, through 2010. A 100% valuation allowance has been provided for the deferred tax asset resulting from the net operating loss carryforward. Other temporary differences are insignificant.

7. Stockholders' Equity:

a. Capitalization

Pursuant to an amendment of the Company's certificate of incorporation in January 1996, the Company changed the number of authorized shares of common stock to 15,000,000 and authorized the issuance of 100,000 shares of preferred stock. All stock has a \$.01 par value. Each share of common has one vote in all matters. The terms of the preferred stock are to be determined by the Board of Directors. In April 1995, the Company issued 240,000 shares of common stock for \$2,000 ("Founders' Stock"). On January 17, 1996, the Company effected a 20 for 1 stock split. On March 29, 1996, the Company effected a 1.20 for 1 stock split.

All references to number of shares and per share data in the financial statements and accompanying notes have been restated to reflect these stock splits as if it occurred as of December 31, 1995. As a result of the Company's 1.20 for 1 stock split a discount on the common shares of \$400 has been recorded.

During the period July 1995 through October 1995, the Company received advances aggregating \$406,250. These advances bear interest at the rate of 10% per annum. On November 1, 1995, these notes were exchanged for 1,755,000 shares of common stock. Included in the accompanying balance sheet under the caption "Accrued Expenses" is approximately \$6,300 of accrued interest related to those notes.

F-9

7. Stockholders' Equity: (Cont'd)

a. Capitalization (Cont'd)

In November 1995, the Company issued 429,000 shares of common stock

for \$98,750. Included in the accompanying balance sheet under the caption, "Subscription Receivable" is \$15,500, which represents the unpaid portion for certain issued shares of common stock.

During the months of January 1996 and February 1996, the Company issued 480,000 shares of common stock in connection with certain bridge loans as disclosed in Note 5.

b. Stock option plans

In November 1995, the Company adopted an Incentive Stock Plan ("the 1995 Plan") consisting of qualified and nonqualified stock options, restricted stock awards and stock appreciation rights, covering 480,000 shares of the Company's common stock. Qualified stock options under the Incentive Stock Plan are granted at an exercise price not less than the fair market value at the date of grant. No option may be exercised more than 10 years after the date of grant and no option granted to a 10% stockholder or greater may be exercised more than 5 years after the date of grant.

Non-qualified options, restricted stock awards and freestanding stock appreciation rights may also be granted with any exercise price.

All such options are authorized and approved by the Incentive Stock Plan Administrative Committee at the time of issuance. At June 30, 1996, 174,000 qualified and 36,000 non-qualified stock options have been granted at exercise prices equal to \$.25 per share or in some instances the greater of \$.25 per share or 25% of the initial public offering price. Included in the accompanying statements of operations for the period ended December 31, 1995 under the caption "General and Administrative Expenses" is an amount of \$630,000

representing compensation expense for the aforementioned issuance of stock option using a fair value of \$3.25 per share along with corresponding credit to additional paid-in capital.

c. Warrants

At June 30, 1996, the Company had outstanding warrants to purchase 180,000 shares of the Company's common stock at an exercise price of \$5.00 per share. The warrants become exercisable on December 31, 1995 and expire on December 30, 2000.

d. Loss per share

Loss per share was computed by dividing net loss by the weighted number of shares outstanding. The inclusion of warrants has no impact on the calculation of loss per share using the treasury stock method.

The Company is contemplating an initial public offering ("IPO"). Pursuant to Securities and Exchange Commission rules, common stock issued for consideration below the estimated IPO price during the 12 months before the filing of the registration statement has been included in the calculation of weighted average number of shares, as if such shares had been outstanding for all periods presented.

F-10

7. Stockholders' Equity: (Cont'd)

d. Loss per share (Cont'd)

	December 31, 1995	June 30, 1996	Cumulative During Development Stage
	-----	-----	-----
Applicable common and common stock equivalent shares:		(Unaudited)	(Unaudited)
Weighted average shares of common stock outstanding during the period	2,424,000	2,904,000	2,904,000
Shares outstanding during the period resulting from the assumed exercise of stock options	210,000	210,000	210,000
Shares outstanding during period result- ing from issuance in connection with bridge loans	480,000	--	--
	-----	-----	-----

Weighted average shares of common stock and equivalents outstanding during the period	3,114,000	3,114,000	3,114,000
	-----	-----	-----

e. Reserved shares

At June 30, 1996, the Company has 2,390,000 shares of common stock reserved for future issuances.

f. Proposed public offering

The Company intends to file a Registration statement on Form SB-2 in connection with a public offering of securities of the Company. The proposed transaction would be in the form of an offering consisting of a minimum number of shares of common stock. The proposed transaction, the maximum number of shares to be offered and the offering price will be dependent upon market conditions on the effective date. Accordingly, the extent to which this transaction will be successful, or if it will be successful at all, cannot be ascertained prior to its completion.

8. Commitments:

The Company has entered into two leases for office space. The leases which are effective October 1, 1995, are for a six month period and provides monthly aggregate rental payments of approximately \$2,000. Thereafter, the Company will continue to lease such premises on a month-to-month basis.

9. Fair Value of Financial Instruments:

In 1995, the Company adopted Financial Accounting Standards Board Statement No. 107, which requires disclosures about the fair value of the Company's financial instruments. The methods and assumptions used to estimate the value of the following classes of financial instruments were:

Current Assets and Current Liabilities: The carrying amount of cash and temporary cash investments, current receivables and payables and certain other short-term financial instruments approximate their fair value.

F-11

9. Fair Value of Financial Instruments: (Cont'd)

The carrying amount and fair value of the Company's financial instruments are as follows:

	June 30, 1996		December 31, 1995	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	-----	-----	-----	-----
	(Unaudited)	(Unaudited)		
Cash and cash equivalents	\$ 126,959	\$ 126,959	\$ 43,703	\$ 43,703
Subscription receivable	--	--	15,500	15,500
Notes payable	1,096,700	1,096,700	666,960	666,960
Other current liabilities	219,105	219,105	13,746	13,746

10. Supplementary Information - Statement of Cash Flows:

During the period ended December 31, 1995, notes payable totaling \$700,000 were incurred for the purchase of licensed technology as disclosed in Note 4. Also, certain advances aggregating \$406,250 were exchanged for 1,755,000 shares of common stock in satisfaction of repayment, as well as the issuance of 480,000 shares of the Company's common stock representing a financing cost of \$306,000 in connection with certain bridge loans. Additionally, no payments of interest or income taxes were made during the periods ended June 30, 1996 and December 31, 1995.

11. Unaudited Financial Statements:

The financial statements as of June 30, 1996 and the six months ended June 30, 1996 are unaudited; however, in the opinion of management all adjustments (consisting solely of normal recurring adjustments) necessary to a fair presentation of the financial statements for this interim period have been made. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

12. Subsequent Event:

On August 22, 1996, the Company received an advance of \$350,000 from one of the Bridge Lenders disclosed in Note 5a. This advance bears interest at the rate of 15% per annum and was used to pay off the balance of the note payable as disclosed in Note 4. This advance is payable on the earlier of (i) the completion of a public offering of the Company's securities, or (ii) on December 31, 1996.

F-12

No dealer, salesman or other person has been authorized to give any information or to make any representations not contained in this Prospectus and if given or made, such information or representations must not be relied upon as having been authorized by the Company or any Underwriter. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof. This Prospectus does not constitute an offer of any securities other than the securities to which it relates or an offer to any person in any jurisdiction in which such an offer would be unlawful.

TABLE OF CONTENTS

	Page
Available Information.....	
Prospectus Summary.....	
The Company.....	
The Offering.....	
Summary Financial Information.....	
Risk Factors.....	
Use of Proceeds.....	
Dilution.....	
Capitalization.....	
Dividend Policy.....	
Selected Financial Data.....	
Management's Discussion and Analysis of Financial Condition and Plan of Operations.....	
Business.....	
Management.....	
Principal Stockholders.....	
Certain Transactions.....	
Description of Securities.....	
Selling Securityholders.....	
Underwriting.....	
Legal Matters.....	
Experts.....	
Financial Statements.....	

Until _____, 1996 (25 days after the date of this Prospectus), all dealers effecting transactions in the registered securities, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

4,190,000 Shares of Common Stock
and
3,000,000 Class A Warrants

SportsTrac, Inc.

PROSPECTUS

Sterling Foster & Co., Inc.

_____, 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

In connection with the Offering, the Underwriter agreed to indemnify the Company, its directors, and each person who controls it within the meaning of Section 15 of the Act with respect to any statement in or omission from the registration statement or the Prospectus or any amendment or supplement thereto if such statement or omission was made in reliance upon information furnished in writing to the Company by the Underwriter specifically for or in connection with the preparation of the registration statement, the prospectus, or any such amendment or supplement thereto.

Section 145 of the Delaware General Corporation Law empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of the performance of their duties as directors and officers.

The Delaware General Corporation Law provides further that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's by-laws, any agreement, vote of Stockholders or otherwise.

Article Eighth of the Company's Certificate of Incorporation provides for indemnification of officers and directors and Article Ninth eliminates the personal liability of directors to the fullest extent permitted by Section 102 of the Delaware General Corporation Law. Provisions for indemnification are also contained in Article VIII of the Company's By-Laws.

The effect of the foregoing is to require the Company to the extent permitted by law to indemnify the officers and directors of the Company for any claim arising against such persons in their official capacities if such person acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

The Company does not currently have any liability insurance coverage for its officers and directors.

II-1

Items 25. Other Expenses of Issuance and Distribution.

The estimated expenses in connection with this Offering are as follows:

SEC filing fee.....	\$ 13,229.15
The Nasdaq Small Cap Market filing fee.....	\$ 10,000
NASD filing fee.....	\$ 3,865
Accounting fees and expenses*.....	\$ 50,000
Legal fees and expenses*.....	\$ 175,000

Blue Sky fees and expenses*.....	\$ 55,000
Printing and engraving*.....	\$ 40,000
Transfer Agent's and Registrar's fees....	\$ 2,500
Miscellaneous expenses*.....	\$ 405.85
Total.....	\$ 350,000
	=====

* Estimated

Item 26. Recent Sales of Unregistered Securities.

The following information sets forth all securities of the Company sold by it since inception, which securities were not registered under the Securities Act of 1933, as amended:

From inception to November 1995, the Company issued an aggregate of 2,424,000 shares of its common stock to 14 shareholders (Jeslin Investment Limited, K.A.M. Group, Inc., Kanter Family Foundation, Janis Kanter, Joel Kanter, Joshua Kanter, M.D. Funding, Inc., Michael Mellman, Marc Silverman, W.S. Ventures, The Holding Company, Windy City, Inc., Rick Alber and Bigelow Ventures, Inc.) for aggregate consideration of \$507,000. On December 31, 1995 the Company issued warrants to purchase up to 180,000 shares of Common Stock at an exercise price of \$4.17 (adjusted for the Company's March stock split) per share through December 30, 2000. These warrants were issued to Burton Kanter and Elliott Steinberg. The right to receive these warrants were initially granted to BFI (on August 30, 1995) pursuant to the sublicense agreement (although such warrants as issued contain different terms as initially contemplated). BFI assigned such rights (on October 16, 1995) to Messrs. Kanter and Steinberg in connection with the waiver of defaults relating to unsecured loans of \$54,450 and \$237,660, respectively, owed by BFI to such persons (and affiliates), the deferment of payment of such obligations of BFI and the conversion of such obligations of BFI into shares of capital stock of BFI upon the closing of the initial public offering of BFI if the same occurs prior to December 31, 1996 (otherwise such obligations will become due and payable). On February 19, 1996, these warrants were subsequently assigned to Sheridan Ventures, Ltd. and Rainy Day Holdings.

II-2

From December 1995, through February 1996, the Company borrowed an aggregate of \$400,000 from ten (10) lenders (the "Bridge Lenders"): Ulster Investments Ltd (\$100,000); The Holding Company (\$65,000); Dune Holdings, Inc.

(\$100,000); Solomon A. Weisgal, as trustee (\$15,000); Howard Kirschbaum as Custodian for Brian Kirschbaum under the Uniform Gift to Minors Act (\$5,000); Scott Sinar (\$5,000); Matthew Harriton (\$20,000); John LaFalce (\$10,000); Michael Lulkin (\$30,000); and Hartley T. Bernstein (\$50,000). None of the Bridge Lenders are affiliated with the Company other than Solomon A. Weisgal, a director of the Company and The Holding Company, a principal Stockholder of the Company. Burton W. Kanter is the President of The Holding Company. Mr. Kanter is the father of Joel Kanter, a principal stockholder of the Company and Josh Kanter, a director and Secretary of the Company. Ulster Investment Ltd. is an Antigua corporation which is owned by the St. John's Trust. The beneficiaries of the St. John's Trust are the members of the family of Burton W. Kanter (but not including Burton W. Kanter), including Josh Kanter, Joel Kanter and Janis Kanter, all of whom are shareholders of the Company. In exchange for making loans to the Company, each Bridge Lender received (i) a promissory note (each a "Bridge Note") and (ii) Bridge Units (aggregate 400,000 of such Bridge Units). Each of the Bridge Units is comprised of one (1) share of Common Stock and five (5) Class A Warrants. Each of the Bridge Notes bears interest at the rate of eight percent (8%) per annum. The Bridge Notes are due and payable upon the earlier of (i) December 31, 1996 or (ii) the closing of an initial underwritten public offering of the Company's securities. The Company intends to use a portion of the proceeds of this offering to repay the Bridge Lenders. See "Use of Proceeds." The Company entered into the bridge financing transactions because it required additional financing and no other sources of financing were available to the Company at that time. With respect to the bridge financing, the Company did not engage a placement agent, the Bridge Lenders were identified by the Company's officers and directors, and no other solicitations were made. See "Description of Securities."

The Company has relied on Section 4(2) of the Securities Act of 1933, as amended, for its private placement exemption, such that the sales of the securities were transactions by an issuer not involving any public offering.

All of the aforesaid securities have been appropriately marked with a restricted legend and are "restricted securities" as defined in Rule 144 of the rules and the regulations of the Securities and Exchange Commission, Washington D.C. 20549. All of the aforesaid securities were issued for investment purposes only and not with a view to redistribution, absent registration. All of the

aforesaid persons have been fully informed and advised concerning the Registrant, its business, financial and other matters. Transactions by the Registrant involving the sales of these securities set forth above were issued pursuant to the "private placement" exemptions under the Securities Act of 1933, as amended, as transactions by an issuer not involving any public offering. The Registrant has been informed that each person is able to bear the economic risk of his investment and is aware that the securities were not registered under the Securities Act of 1933, as amended, and cannot be re-offered or re-sold until they have been so registered or until the availability of an exemption therefrom. The Transfer Agent and registrar of the Registrant will be instructed to mark "stop

II-3

transfer" on its ledgers to assure that these securities will not be transferred absent registration or until the availability of an exemption therefrom is determined.

Item 27. Exhibits.

- 1.01 Form of Underwriting Agreement.
- 1.02 Form of Selected Dealers Agreement.
- 1.03 Form of Financial Consulting Agreement.
- 3.01 Certificate of Incorporation of the Company.
- 3.02 By-Laws of the Company.
- 4.01 Specimen Certificate for shares of Common Stock.*
- 4.02 Specimen Certificate for Class A Warrants.*
- 4.03 Form of Warrant Agreement.
- 4.04 Form of Underwriter's Option.
- 4.06 Intentionally Omitted.
- 4.07 Form of Lockup Letter with Officers and Directors and other Stockholders.
- 5.01 Opinion of Bernstein & Wasserman, LLP, counsel to the Company.*
- 10.01 Intentionally omitted.
- 10.02 1995 Stock Plan.
- 10.03 Sublicense Agreement dated as of August 30, 1995 between Company and Biofactors, Inc.*
- 10.04 Agreement dated as of August 30, 1995 by and among Systems Technology, Inc., Biofactors, Inc. and the Company.
- 10.05 Bridge Loan Agreements and Related Promissory Notes.

II-4

- 10.06(A) Amended Bridge Loan Agreements.
- 10.06(B) Amended Bridge Loan Agreements dated June 27, 1996.*
- 10.06(C) Amended Bridge Loan Agreements dated July 31, 1996.*
- 10.07 The Study.

- 23.01 Consent of Bernstein & Wasserman, LLP
(to be included in Exhibit 5.01).*
- 23.02 Consent of Holtz Rubenstein & Co., LLP,
Independent Certified Public Accountants.*
- 99.01 Consent of Matthew Wilson.
- 99.02 Consent of Stanley Johnson.
- 99.03 Consent of R. Wade Allen.
- 99.04 Consent of Dr. Michael Mellman.
- 99.05 Consent of Marc Silverman.

* Filed herewith
** To be filed by amendment.

Item 28. Undertakings.

(a) Rule 415 Offering

The undersigned Registrant will:

1. File, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Act;

(ii) Reflect in the prospectus any facts or events which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) Include any additional or changed material information on the plan of distribution.

II-5

2. For determining liability under the Act, treat each such post-effective amendment as a new registration statement of the securities offered, and the Offering of such securities at that time shall be deemed to be the initial bona fide offering.

3. File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the Offering.

(b) Equity Offerings of Nonreporting Small Business Issuers

The undersigned Registrant will provide to the Underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the Underwriter to permit prompt delivery to each purchaser.

(c) Indemnification

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers or controlling persons of the Registrant pursuant to the provisions referred to in Item 22 of this Registration Statement or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) Rule 430A

The undersigned Registrant will:

1. For determining any liability under the Act, treat the information omitted from the form of Prospectus filed as part of this Registration Statement

in reliance upon Rule 430A and contained in the form of a prospectus filed by the small business issuer under Rule 424(b)(1) or (4) or 497(h) under the Act as part of this Registration Statement as of the time the Commission declared it effective.

2. For any liability under the Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the Registration Statement, and that the offering of the securities at that time as the initial bona fide offering of those securities.

II-6

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, as amended, the Registrant, certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form SB-2 and authorized this Registration Statement to be signed on its behalf by the undersigned, in New York on August 26, 1996.

SPORTSTRAC, INC.

By: /s/Marc R. Silverman

Marc R. Silverman
President, Chief Executive Officer, Chief
Financial Officer, Principal Accounting
Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement or Amendments thereto has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/Michael Mellman, MD ----- Michael Mellman, MD	Chairman of the Board	August 26, 1996
/s/Marc R. Silverman ----- Marc R. Silverman	Chief Executive Officer, President, Chief Financial Officer, Principal Accounting Officer and Director	August 26, 1996
/s/Elliot Steinberg ----- Elliot Steinberg	Director	August 26, 1996
/s/Solomon A. Weisgal ----- Solomon A. Weisgal	Director	August 26, 1996
/s/Joshua S. Kanter ----- Joshua S. Kanter	Director and Secretary	August 26, 1996

SPORTSTRAC, INC.

Incorporated Under the Laws of the State of Delaware

CUSIP: 84919T100

COMMON STOCK

This certifies that

is the owner of

fully paid and non-assessable shares of the \$.01 par value Common Stock of SportsTrac, Inc. transferable only on the books of the Corporation by the holder hereof in person or by a duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent. This certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the Certificate of Incorporation and Bylaws of the Corporation, and all amendments thereto, copies of which are on file with the Transfer Agent, to all of which the holder of this certificate, by acceptance hereof, assents.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with the facsimile seal of the Corporation.

Dated:

President:

Secretary:

EXHIBIT A

[Form of Face of Class A Warrant Certificate]

No.

VOID AFTER _____, 2001

CLASS A REDEEMABLE COMMON STOCK PURCHASE WARRANT CERTIFICATE
FOR PURCHASE OF COMMON STOCK

SPORTSTRAC, INC.

THIS CERTIFIES THAT FOR VALUE RECEIVED

or registered assigns (the "Registered Holder") is the owner of the number of Class A Redeemable Common Stock Purchase Warrants ("Warrants") specified above. Each Warrant initially entitles the Registered Holder to purchase, subject to the terms and conditions set forth in this Certificate and the Warrant Agreement (as hereinafter defined), one (1) fully paid and nonassessable share of Common Stock, \$.01 par value, of SPORTSTRAC, INC., a Delaware corporation (the "Company"), at any time after _____, 1997 (the "Separation Date") and prior to the Expiration Date (as hereinafter defined), upon the presentation and surrender of this Warrant Certificate with the Subscription Form on the reverse hereof duly executed, at the corporate office of AMERICAN STOCK TRANSFER & TRUST COMPANY as Warrant Agent, or its successor (the "Warrant Agent"), accompanied by payment of \$3.60 (the "Purchase Price") in lawful money of the United States of America in cash or by official bank or certified check made payable to SportsTrac, Inc.

This Warrant Certificate and each Warrant represented hereby are issued pursuant to and are subject in all respects to the terms and conditions set forth in the Warrant Agreement (the "Warrant Agreement") dated _____, 1996, by and between the Company and the Warrant Agent.

In the event of certain contingencies provided for in the Warrant Agreement, the Purchase Price or the number of shares of Common Stock subject to purchase upon the exercise of each Warrant represented hereby are subject to modifications or adjustment.

Each Warrant represented hereby is exercisable at the option of the Registered Holder, but no fractional shares of Common Stock will be issued. In the case of the exercise of less than all the Warrants represented hereby, the Company shall cancel this Warrant Certificate upon the surrender hereof and

shall execute and deliver a new Warrant Certificate or Warrant Certificates of like tenor, which the Warrant Agent shall countersign, for the balance of such Warrants.

The term "Expiration Date" shall mean 5:00 p.m. (New York time) on _____, 2001, or such earlier date as the Warrants shall be redeemed. If such date shall in the State of New York be a holiday or a day on which the banks are authorized to close, then the Expiration Date shall mean 5:00 p.m. (New York time) the next following day which in the State of New York is not a holiday or a day on which banks are authorized to close.

The Company shall not be obligated to deliver any securities pursuant to the exercise of this Warrant unless a registration statement under the Securities Act of 1933, as amended, with respect to such securities is effective. The Company has covenanted and agreed that it will file a registration statement and will use its best efforts to cause the same to become effective and to keep such registration statement current while any of the Warrants are outstanding. This Warrant shall not be exercisable by a Registered Holder in any state in which it would be unlawful for the Company to deliver the shares of Common Stock upon exercise of this Warrant.

This Warrant Certificate is exchangeable, upon the surrender hereof by the Registered Holder at the corporate office of the Warrant Agent, for a new Warrant Certificate or Warrant Certificates of like tenor representing an equal aggregate number of Warrants, each of such new Warrant Certificates to represent such number of Warrants as shall be designated by such Registered Holder at the time of such surrender. Upon due presentment of this Warrant Certificate at such office for registration of transfer, together with any transfer fee in addition to any tax or other governmental charge imposed in connection with such transfer, a new Warrant Certificate or Warrant Certificates representing an equal aggregate number of Warrants will be issued to the transferee in exchange therefor, subject to the limitations provided in the Warrant Agreement.

Prior to the exercise of any Warrant represented hereby, the Registered Holder shall not be entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote or to receive dividends or other distributions, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided in the Warrant Agreement.

This Warrant may be redeemed at the option of the Company, at a redemption price of \$.05 per Warrant at any time after _____, 1997, provided the Market Price (as defined in the Warrant Agreement) for the securities issuable upon exercise of such Warrant shall exceed \$4.80 per share. Notice of redemption shall be given not later than the thirtieth day before the date fixed for redemption, all as provided in the Warrant Agreement. On and after the date fixed for redemption, the Registered Holder shall have no rights to this Warrant except to receive the \$.05 per Warrant upon surrender of this Certificate.

Prior to due presentment for registration of transfer hereof, the Company and the Warrant Agent may deem and treat the Registered Holder as the absolute owner hereof and of each Warrant represented hereby (notwithstanding any notations of ownership or writing hereon made by anyone other than a duly authorized officer of the Company or the Warrant Agent) for all purposes and shall not be affected by any notice to the contrary.

This Warrant Certificate shall be governed by and construed in accordance with the laws of the State of New York.

This Warrant Certificate is not valid unless countersigned by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed, manually or in facsimile by two of its officers thereunto duly authorized, and a facsimile of its corporate seal to be imprinted hereon.

SPORTSTRAC, INC.

By _____
Its

By _____
Its

Date: _____

[Seal]

COUNTERSIGNED:

AMERICAN STOCK TRANSFER & TRUST COMPANY,
as Warrant Agent

By _____
Its
Authorized Officer

[Form of Reverse of Class A Warrant Certificate]

SUBSCRIPTION FORM

To Be Executed by the Registered Holder in Order to Exercise Warrants

THE UNDERSIGNED REGISTERED HOLDER hereby irrevocably elects to exercise _____ Warrants represented by this Warrant Certificate, and to purchase the securities issuable upon the exercise of such Warrants, and requests that certificates for such securities shall be issued in the name of

(please insert social security or other identifying number)

and be delivered to

(please print or type name and address)

and if such number of Warrants shall not be all the Warrants evidenced by this Warrant Certificate, that a new Warrant Certificate for the balance of such Warrants be registered in the name of, and delivered to, the Registered Holder at the address stated below:

(Address)

(Date)

(Taxpayer Identification Number)

SIGNATURE GUARANTEED

ASSIGNMENT

To Be Executed by the Registered Holder in Order to Assign Warrants

FOR VALUE RECEIVED, the undersigned registered holder hereby sells, assigns, and transfers unto

(please insert social security or other identifying number)

(please print or type name and address)

all (if not all, insert number of Warrants to be transferred _____) of the Warrants represented by this Warrant Certificate, and hereby irrevocably constitutes and appoints _____ Attorney to transfer this Warrant Certificate on the books of the Company, with full power of substitution in the premises.

(Date)

Signature of Registered Holder

SIGNATURE GUARANTEED

THE SIGNATURE TO THE ASSIGNMENT OR THE SUBSCRIPTION FORM MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS WARRANT CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A COMMERCIAL BANK OR TRUST COMPANY OR A MEMBER FIRM OF THE AMERICAN STOCK EXCHANGE, NEW YORK STOCK EXCHANGE, PACIFIC STOCK EXCHANGE OR MIDWEST STOCK EXCHANGE.

August 26, 1996

Board of Directors
SportsTrac, Inc.
6900 E. Belleview Avenue
Englewood, CO 80111

Re: SportsTrac, Inc.
Registration Statement on Form SB-2

Gentlemen:

We have acted as counsel for SportsTrac, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing by the Company of a registration statement (the "Registration Statement") on Form SB-2, File No. 333-1634, under the Securities Act of 1933, relating to the public offering of 4,190,000 shares of the Company's Common Stock, par value \$.01 per share (the "Common Stock") and 3,000,000 Class A Redeemable Common Stock Purchase Warrants (the "Class A Warrants"). The offering also involves the grant to the Underwriter of an option to purchase an additional 300,000 shares of Common Stock and 150,000 Class A Warrants to cover over-allotments in connection with the offering, the sale to the Underwriter of an option (the "Underwriter's Option") to purchase up to 200,000 shares of Common Stock and 100,000 Class A Warrants. 2,190,000 shares of Common Stock and 2,000,000 Class A Warrants are being offered by the selling stockholders (the "Selling Securityholder's Securities").

We have examined the Certificate of Incorporation and the By-Laws of the Company, the minutes of the various meetings and consents of the Board of Directors of the Company, drafts of the Underwriting Agreement relating to the offering of the Common Stock and Class A Warrants, drafts of the Warrant Agreement and Underwriter's Option, draft forms of certificates representing the Common Stock and the Class A Warrants, originals or copies of such records of the Company, agreements, certificates of public officials, certificates of officers and representatives of the Company and others, and such other documents, certificates, records, authorizations, proceedings, statutes and judicial decisions as we have deemed necessary to form the basis of the opinion expressed below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as copies thereof. As to various questions of fact material to such opinion, we have relied upon statements and certificates of officers and representatives of the

Company and others.

Based on the foregoing, we are of the opinion that:

1. All shares of Common Stock have been duly authorized and, when issued and sold in accordance with the Prospectus, will be validly issued, fully paid and non-assessable.

2. The Class A Warrants and the Underwriter's Option have been duly authorized and, when issued and sold in accordance with the Prospectus, will be validly issued.

3. The shares of Common Stock and Class A Warrants included in the Selling Securityholder's Securities have been duly authorized, validly issued, fully paid and nonassessable; and, when sold in accordance with the Prospectus will continue to be duly authorized, validly issued, fully paid and nonassessable.

4. The shares of Common Stock issuable upon exercise of the Class A Warrants, the Underwriter's Option and the Class A Warrants included in the Selling Securityholders Securities have been duly authorized and reserved for issuance and, when issued in accordance with the terms of the Class A Warrants, the Underwriter's Option or the Class A Warrants included in the Selling Securityholders Securities, as the case may be, will be duly authorized, validly issued, fully paid and nonassessable.

We hereby consent to be named in the Registration Statement and the Prospectus as attorneys who have passed upon legal matters in connection with the offering of the securities offered thereby under the caption "Legal Matters."

We further consent to your filing a copy of this opinion as an exhibit to the Registration Statement.

Very truly yours,

BERNSTEIN & WASSERMAN, LLP

SUBLICENSE AGREEMENT

THIS SUBLICENSE AGREEMENT (the "Agreement") is entered into to be effective as of August 30, 1995, by and between BioFactors, Inc., a Delaware Corporation, ("BFI") and Bogart International Associates, Inc. or its assignees ("Bogart").

WHEREAS, BFI holds an exclusive, transferable license of proprietary computer software and associated protocols and methodology for objectively testing operator psychomotor skills developed by Systems Technology, Inc., a California Corporation ("STI") collectively referred to as the "Critical Tracking Task" ("CTT") technology" or the STI proprietary technology; and

WHEREAS, pursuant to its exclusive license, BFI has developed hardware, software and delivery systems to utilize STI's proprietary technology and is currently marketing (1) a non-invasive fitness-for-work testing service ("FACTOR 1000 Service") and (2) has developed a prototype on-field athletic performance system based on the FACTOR 1000 Service ("SportsTrac System" or "SportsTrac"), defining the correlation between hand-eye coordination as measured by FACTOR 1000 and on-the-field athletic performance; and

WHEREAS, simultaneous herewith the parties herewith are entering into a novation agreement with STI in connection with this agreement (the "STI Novation Agreement"); and

WHEREAS, Bogart wishes to obtain the exclusive license to market SportsTrac to sports markets on a world-wide basis and BFI is willing to grant to Bogart such a license;

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

SUBLICENSES AND MARKETING

1.1 Sublicense. BFI hereby grants to Bogart an exclusive and world-wide sublicense (the "Sublicense") to reproduce, manufacture, use and market directly and through sub-distributors and/or sublicensees, to commercial end-user customers, the SportsTrac System solely for sports-related and sports entertainment applications. Sports-related and sports entertainment applications shall include athletic performance enhancement, measuring sports diagnostics, sports rehabilitation and sports related clinical applications and applications

directly related to the foregoing. In no event shall sports-related applications include fitness-for-work testing. Bogart shall not sublicense to customers the SportsTrac System, except as permitted by Section 1.2 herein. BFI grants to Bogart the right to assign or issue sublicenses, except each sublicense shall include and be limited to all the terms of this agreement. BFI shall not itself or through agents

1

or third parties license, sublicense, market, or distribute SportsTrac during the term of this Agreement.

1.2 Customer Sublicenses. Pursuant to the sublicense granted to Bogart in Section 1.1, Bogart shall have the rights to grant to its customers (object code only) or co-venturers and partners non-exclusive and non-transferable sublicenses to utilize the SportsTrac System.

1.3 Trademark License. BFI has not registered a service mark in connection with the name, marketing, selling or sublicensing of the SportsTrac system. Bogart undertakes to use its best efforts to register service mark or trademark for SportsTrac (under that or any other name selected by Bogart) and such mark for SportsTrac shall be owned, and inure to the benefit of Bogart. Bogart shall have no liability in the event it is unable to obtain such service mark or trademark. This license will not create any right, title or interest in the FACTOR 1000 or BioFactors' Service Marks in Bogart. Bogart shall acknowledge BFI's ownership of the FACTOR 1000 Service Mark in its advertising and other literature describing SportsTrac in which there is any reference to BFI or the FACTOR 1000 service. Bogart hereby agrees to promptly provide BFI with copies of Bogart's service mark use guidelines and all revisions thereto used to govern the use by all licensees of sublicensees of the SportsTrac service mark in the Territory. Bogart further agrees to comply with any requirements as to patent and trademark notices contained in STI's license to BFI.

1.4 Developments and Associated Products. This license will not create any right, title or interest to BFI in any developments or associated products Bogart may produce or develop that do not use the FACTOR 1000 or SportsTrac systems as defined herein ("Associated Products"). Any use of the name "SportsTrac" or "SportsTrac System" or any other name on an Associated Product does not of itself create any right title or interest in the Associated Product to BFI.

ARTICLE II

ROYALTIES AND PAYMENTS

2.1 Initial Royalty License Fee. Bogart shall pay a fee to BFI as follows:

(a) A non-refundable royalty of \$1,000,000 payable as follows:

(1) \$300,000 upon the execution of this Agreement, of which \$50,000 has already been received as an earnest deposit;

(2) A promissory Note in the amount of \$700,000 payable to BFI. The terms of the note shall provide that \$350,000 is due and payable on March 31, 1996 and \$350,000 due and payable on July 31, 1996.

2

(3) In the event that Bogart undertakes an initial public offering of its shares prior to the due dates for payment on amounts due under the promissory note, any proceeds received as a result of such offering shall be utilized to retire the promissory note.

2.2 Continuing Royalty. A royalty equal to eight and one-half percent (8 1/2%) of the cash receipts from the sale or license by Bogart of products or services containing the FACTOR 1000 technology, but not including any revenues derived by Bogart from installation, maintenance, consulting, hardware sales, or any other revenues not directly or indirectly related to the FACTOR 1000 or CTT technology. BFI shall have the right to audit Bogart's records, with adequate notice, for the purpose of verifying royalty Payments.

Said royalty shall be due and payable within thirty (30) days after the conclusion of each calendar quarter commencing with the quarter ending December 31, 1995.

2.3 Other Consideration.

(a) Warrants. As additional consideration for this Agreement, Bogart has authorized the issuance of warrants (the "Warrants") to purchase up to an aggregate of seven and one-half (7 1/2%) percent of the fully diluted outstanding common Stock of Bogart or any affiliate or subsidiary or other entity formed by or through Bogart that may be in existence or formed to operate under this Agreement ("NEWCO") such percentage to be measured at the time of initial capitalization. It is anticipated that the initial aggregate capital will be \$500,000 on or before September 9, 1995. Such warrants will be promptly issued and BFI may exercise its Warrants, in whole or in part, at any time beginning on a date one year from the date of any initial public offering of the shares of NEWCO, but not later than a date three years from the date of initial public offering (the "Expiration Date"), at a purchase Price equal to the per share price of the shares offered to the public in the initial public offering.

(b) Capital Stock. BFI (either directly, through its shareholders, or other designees, as designated by BFI) shall have the right to contribute capital up to twenty-five (25%) percent of any funds initially Contributed to NEWCO in exchange for up to twenty-five percent of the ownership of said entity on the same terms and conditions as all other investors, on or before September 8, 1995. Bogart agrees that the initial capitalization NEWCO shall be approximately \$500,000.

(c) Board Representation. BFI shall have be entitled to designate one member of the Board of Directors of NEWCO. Bogart shall cause NEWCO's other investors to enter into a voting agreement in form and substance reasonably satisfactory to BFI, in order to effectuate this provision.

ARTICLE III

TERM

3.1 Term. This agreement shall be in effect during the term of BFI's License Agreement with STI, including all renewals and extensions thereof. The term of BFI's License Agreement with STI expires on November 24, 2008. BFI shall use its best efforts to maintain its License Agreement with STI in good standing and in full force and effect. In the event of any default in BFI's License Agreement with STI, subject to STI's consent, Bogart shall have the right to cure said default on behalf of BFI, and to the extent such cure requires money Payments, Bogart shall have the right to cure said defaults by paying all delinquent payments due and offset said payments by Bogart against any royalties due BFI under this Agreement. After said default is corrected by Bogart the continuing license will be between Bogart and STI directly, with all future royalty payments paid directly to STI (see Exhibit A, the STI Novation Agreement). Attached hereto as Exhibit B is a true and correct copy of the BFI License Agreement with STI.

3.2 Termination. This Agreement shall be terminable by notice in writing from the party not at fault if any one of the following events shall occur:

(a) Either party's material default under this Agreement which has not been remedied within thirty (30) days from notice in writing from the party not in default specifying such default;

(b) Bogart's failure to pay any amounts due to BFI pursuant to Article II when due and such failure is not cured within thirty (30) days from written notice after such payment is due;

(c) Bogart's material misrepresentation of the function of the SportsTrac System to Bogart's customers and said failure is not corrected within thirty (30) days after written notice from BFI of such failure.

(d) Termination of the STI License Agreement shall automatically terminate this Sublicense granted to Bogart in Article I of this Agreement and Bogart's ongoing license will be directly with STI without change in terms (see Section 3.1 Term and the STI Novation Agreement)

BFI's OBLIGATIONS AND WARRANTIES

4.1 Obligations of BFI. BFI shall:

(a) Provide Bogart with one complete copy of all its FACTOR 1000 systems and application source code, to be used by Bogart for only the purposes provided herein.

4

(b) Provide Bogart with one complete copy of all the source code for sports related applications completed to date, to be used by Bogart for only the purposes provided herein.

(c) Provide Bogart with one copy of all written technical documentation for its FACTOR 1000 and sports related software, including programmer's notes, file layouts, and flow charts, to be used by Bogart for only the purposes provided herein.

(d) Provide Bogart with all its Internal FACTOR 1000 support software and related documentation, including complete listings of all libraries and subroutines (both developed internally and provided by third parties.) Provide all third party vendor's name, address and all documentation detailing the routine or library's utility.

(e) Provide Bogart with its complete FACTOR 1000 database software system (known as "FMR") at no cost and a suitable operating platform at BFI's current fully burdened cost, if Bogart chooses to purchase said Platform from BFI.

(f) Provide Bogart with initial technical support and consulting equal to 40 hours without charge as reasonably required and requested by Bogart, it being acknowledged by Bogart that BFI's currently available resources for such support are quite limited. BFI's reasonable out-of-pocket costs, if any, will be paid by Bogart.

(g) Provide Bogart with reasonable ongoing technical support at BFI's current fully burdened cost, as requested by Bogart. Such support will include up to 40 hours per month of Mark Itkonen's engineering expertise during the first six months of this agreement.

(h) Provide Bogart with all current control panel documentation, including bills of materials, parts lists, diagrams, schematics, and vendor lists. BFI grants Bogart the right to have control panels manufactured directly with BFI's vendor or any other vendor Bogart deems qualified to produce the control panel.

(i) Sell Bogart reasonable quantities of control panels, which shall be forecasted quarterly by Bogart, at BFI's current fully burdened cost.

(j) Sell Bogart reasonable quantities of hardware platforms or full systems at BFI's current fully burdened cost.

(k) Not incur any liability on behalf of Bogart or in any way to pledge Bogart credit or accept any order or make any contract binding upon Bogart without proper written consent.

4.2 Additional Assistance. For additional assistance requested by Bogart and provided to Bogart or its customers during installation of the SportsTrac service, Bogart shall pay BFI at BFI's then current published rates for such assistance. BFI shall also be reimbursed for reasonable out-of-pocket expenses. Payments due under this section shall be due and payable upon receipt by Bogart of an invoice for such assistance from BFI.

5

4.3 BFI Representations and Warranties.

(a) BFI warrants that it has the right to provide the hardware and sublicense the software to Bogart hereunder and that BFI has not received notice from any third party that the FACTOR 1000 System and/or the SportsTrac System infringes any United States or Canadian patent or copyright;

(b) BFI warrants to Bogart that each diskette(s) on which the FACTOR 1000 and/or SportsTrac software is furnished to Bogart and each of the Control Panels supplied pursuant to section 4.1 will be free from defects in materials and workmanship under normal use and in good working condition. BFI will replace any diskette and control panel not meeting the foregoing warranty within five(s) business days of receipt of said alleged defective diskette or Control Panel by BFI for a period of one year after shipment;

(c) BFI warrants to Bogart that its License Agreement with STI, granting BFI, among other things, the right to develop, manufacture, reproduce, use and market certain proprietary technology and associated protocols and methodologies which BFI utilizes in the FACTOR 1000 and SportsTrac Services are in full force and effect, there is no breach of said agreement by either party and entering into and performing this Agreement will not constitute or result in a breach under said agreement.

EXCEPT AS PROVIDED FOR IN THIS SECTION 4.3, BFI DISCLAIMS ALL WARRANTIES ON THE HARDWARE AND SOFTWARE PROVIDED PURSUANT TO THIS AGREEMENT, INCLUDING ANY AND ALL IMPLIED WARRANTIES OF FITNESS AND/OR MERCHANTABILITY. THE PARTIES AGREE THAT EXCEPT AS PROVIDED FOR IN THIS SECTION 4.3, BFI WILL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE OF PERFORMANCE OF THE HARDWARE OR SOFTWARE FURNISHED BY BFI.

4.4 Marketing. BFI hereby grants to Bogart the right to copy any manuals and marketing materials used in connection with its FACTOR 1000 service as are required or as needed for the marketing and implementation of the SportsTrac Service to existing and prospective Bogart customers.

4.5 Marketing. Bogart shall have the exclusive authority to determine its own marketing and sales program for the Territory. This shall include the right to market directly and through sub-distributors appointed by Bogart from time to time in its sole discretion; provided that any such sub-distributor shall enter into an agreement with Bogart by which such sub-distributor agrees to honor the provisions of Section 5.2 hereof.

6

ARTICLE V

CERTAIN AGREEMENTS OF BOGART

5.1 Bogart's Obligation. Bogart shall:

(a) Use all reasonable efforts to develop, promote and market the SportsTrac System within its markets.

(b) be solely responsible for all marketing, sales and related activities in connection with its efforts to solicit and grant sublicenses to utilize the technology pursuant to this Agreement;

(c) provide BFI with adequate lead time to supply control panels required for Bogart's client installations, and pay BFI for said control panels at BFI's current fully burdened cost.

(d) provide BFI with advance copies of all advertising and/or marketing materials it intends to distribute concerning the FACTOR 1000 service, which materials will be approved by BFI in its sole discretion prior to use by Bogart;

(e) Bogart shall not solicit or attempt to hire Mark Itkonen, an employee of BFI, but shall have the right to reasonably retain his services through BFI at BFI's fully burdened cost for said employee (see Section 4.1g);

(f) During the term of this agreement, Bogart shall not, except with BFI's prior written consent, engage in any business activity which is directly in competition with any of the other products or services being sold or otherwise provided by BFI, as of the date of this agreement.

5.2 Confidentiality

(a) Proprietary Information. In conducting the activities contemplated by this Agreement, Bogart may, from time to time, receive from BFI

confidential information and trade secrets ("Secrets"). Bogart acknowledges that BFI's Secrets include, but are not limited to (i) software source and object code, certain documentation for its FACTOR 1000 and the SportsTrac Services, schematics, reports, programs, user lists and/or the date generated by users of its FACTOR 1000 service, training techniques, formats, specifications and procedures relating to testing, documentation, algorithms, processes, "look and feel" of its FACTOR 1000 service and know-how (whether or not reduced to writing and whether or not copyrightable); (ii) any modification of the same; and (iii) any extraction from the same; and certain other scientific, technical, financial, marketing and business information, trade secrets, and confidential knowledge of BFI;

(b) Protection. Bogart agrees (i) to hold BFI's Secrets in confidence; (ii) to refrain from disclosing BFI's Secrets except to its own personnel and agents who need to know such information to perform their duties and to licensees of Bogart's who enter into similar confidentiality agreements with Bogart for the benefit of BFI; (iii) to safeguard BFI's Secrets in

7

the same manner it employs for its own trade secrets, but in no event shall Bogart exercise less than due care and diligence in accordance with good commercial practice; and (iv) not to use BFI's Secrets to the detriment of BFI, nor use BFI's Secrets in any business competitive with or similar to any business of BFI, which secrets Bogart may have acquired in the course of or incident to the performance of this Agreement, including, without limitation, any material available to Bogart or any reproductions or summaries thereof. Notwithstanding the foregoing, Bogart may make such disclosures as may be required by any court or quasi-judicial administrative body pursuant to any applicable laws, statutes or regulations, provided that Bogart shall, to the extent possible, give BFI advance notice of any such demand for information and shall permit BFI to intervene and make such representations and take such actions to challenge any such demand as BFI may deem necessary or appropriate; such intervention or other action being done at BFI's expense. Bogart further agrees to deliver to BFI all hardware, software, manuals, documentation, confidential information, proprietary documents, data or calculations, and any copies thereof, in its possession pertaining to BFI or any of its affiliates at the time of termination of this Agreement. Bogart agrees to notify BFI immediately if it has knowledge that any unauthorized third party possesses or uses BFI's Secrets or that BFI's Secrets are being utilized for any unauthorized purpose;

(d) Exclusion. This Section 5.2 shall not apply to secrets that are or become generally known or used by others in the same or competing business with BFI other than through breach of this Agreement by Bogart, its employees or agents;

(e) Copying and Modification. Bogart shall not make any unauthorized copy of any Secrets disclosed by BFI. Bogart shall not make any

unauthorized copy of any of the proprietary software provided to Bogart pursuant to this Agreement. Bogart may make modifications but such modifications, enhancements or derivative works are hereby assigned to BFI, subject to the exclusive license hereunder in favor of Bogart. Bogart shall take any and all steps from time to time as may be reasonably necessary to effectuate such assignment.

ARTICLE VI

INDEMNIFICATION

6.1 BFI's Indemnification of Bogart. BFI will indemnify, defend and hold harmless Bogart, and each of its officers and directors, against all expenses, claims, losses, damages and liabilities (or actions in respect thereof), arising out of or based on any negligence on the part of BFI or its officers, directors, employees or agents, in the performance of BFI's obligations pursuant to this Agreement and any breach, breach of warranty or material misrepresentation of by BFI. BFI will indemnify, defend and hold harmless Bogart against any claim, suit or proceeding against Bogart based on (i) any such material breach or misrepresentation or (ii) a claimed infringement of a United States patent or copyright by the software or (iii) a claimed infringement of a United States service mark or trademark by its FACTOR 1000 service mark.

8

6.2 Bogart's indemnification of BFI. Bogart will indemnify, defend and hold harmless BFI, and each of its officers and directors, against all expenses, claims, losses, damages and liabilities (or actions in respect thereof), arising out of or based on any third party claim resulting from (i) Bogart's marketing and/or implementation of products containing the FACTOR 1000 or SportsTrac technology; (ii) services rendered by Bogart hereunder, except to the extent set forth in section 6.1 above; and (iii) the use or performance of equipment provided by Bogart, except claims based upon BFI's negligence with respect thereto. Notwithstanding the foregoing, the liability of Bogart pursuant to the indemnities set forth in this Section 6.2 shall be limited to the amount of One hundred Thousand Dollars (\$100,000).

6.3 Indemnification Procedures. Each party entitled to indemnification under this Article VI (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such indemnified Party has actual knowledge of any claim as to which indemnity may be sought. After notice from the indemnifying Party to the indemnified Party of the indemnifying Party's assumption of the defense of all such actions or proceedings, the indemnifying Party shall not be liable to such indemnified Party for any fees of such indemnified Party's counsel subsequently incurred in connection with the defense of such actions or proceedings, but shall be liable to the extent described above for all other reasonable expenses incurred by such indemnified Party. The indemnified Party shall have the right to employ

separate counsel at the indemnifying Party's expense if (i) the indemnifying Party has agreed to pay such fees and expenses; (ii) the indemnifying Party shall have failed to promptly assume the defense of such action or proceeding and employ counsel reasonably satisfactory to the indemnified Party in such action or proceeding; or (iii) the named parties to any such action or proceeding (including any impleaded parties) include the indemnified Party and the indemnifying Party, and the indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to the indemnified Party which are different from or in addition to those available to the indemnifying Party and which could result in actual or potential differing interests between such parties in the conduct of the defense of such actions or proceedings. No indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified Party of a release from all liability in respect to such claim or litigation.

ARTICLE VII

MISCELLANEOUS

7.1 Independent Agents. Each party to this Agreement shall act as an independent agent with relation to this Agreement and has no authority to act for or on behalf of the other or to bind the other to any obligation in any manner except as expressly set forth herein. Nothing contained herein shall be construed as creating a joint venture or partnership between the parties.

9

7.2 Continuing Obligations. All obligations that by nature survive expiration or termination of this Agreement shall continue subsequent to and regardless of such expiration or termination until full satisfaction, or until by nature expire.

7.3 Successors and Assigns. Except to the extent assignment is specifically limited herein, this Agreement shall inure to the benefit of and be binding on and be enforceable by the respective successors, assigns and legal representatives of the parties hereto.

7.4 Entire Agreement; Modifications. This Agreement, including all Exhibits and Schedules hereto (each of which is incorporated herein by this reference), contains the entire Agreement between the parties and supersedes any and all prior agreements, arrangements and understandings between the parties relating to the subject matter hereof. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of the Agreement shall be deemed to be or shall constitute a continuing waiver. No

waiver shall be binding unless executed in writing by the party making the waiver. The parties also intend this Agreement to be a complete and exclusive statement of the terms of their agreement, which may not be explained or supplemented by evidence of consistent additional terms.

7.5 Amendments and waivers. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retrospectively and either generally or in a particular instance) only with the written consent of the parties hereto.

7.6 Choice of Law. This Agreement is entered into and is to be performed in accordance with the laws of the State of Delaware and shall be construed and enforced in accordance therewith.

7.7 Notices, etc. All notices and other communications required or permitted hereunder will be in writing and will be mailed by first-class mail, postage prepaid, addressed

(a) if to BFI at:

BioFactors, Inc.
1746 Cole Blvd., Suite 265
Golden, Colorado 80401
Attn.: Douglas S. Zorn, Chief Operating Officer
(303) 271-0505

or at such other address as BFI will have furnished to Bogart in writing in accordance with this section, or

(b) Bogart at:

Bogart International Associates, Inc.
750 Lexington Ave.
27th Floor

10

New York, New York 10022
(212) 593-7901
(212) 980-6653 fax

or at such other address as Bogart will have furnished to BFI in writing in accordance with this section. All notices and other communications to be given hereunder shall be given in writing. Except as otherwise specifically provided herein, all notices and other communications hereunder shall be deemed to have been given if personally delivered to an officer of the party being served, or by Telex or facsimile machine, at the time they are transmitted, or

Three (3) business days after mailing thereof by registered or certified mail, return receipt requested, postage prepaid, to the address of the receiving party set forth above (until notice of change thereof is served in the manner provided in this Section 7.7).

7.9 Separability. In case any provision of this Agreement not material to the benefits intended to be conferred hereby is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

7.10 Miscellaneous. Except as set forth herein, time is of the essence for the performance of each and every covenant and the satisfaction of each and every condition contained in this agreement. The headings and captions of this Agreement are for the purpose of reference only and shall not limit or define any meaning or terms hereof. All references to the masculine shall include both the neuter and the feminine. The singular shall include the plural and vice versa as the context shall require. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The provision of this Agreement shall be interpreted in accordance with their fair meaning and shall not be construed strictly for or against a party.

7.11 Authority and Execution. Each person executing this Agreement on behalf of a party hereto represents and warrants that he is duly and validly authorized to do so on behalf of such a party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed by their duly authorized representatives effective as of the date set forth above.

BioFactors, Inc.

/s/

Its CEO August 30, 1995

Bogart International Associates, Inc.

Its

12

EXHIBIT A

STI Novation Agreement

THIS AGREEMENT (the "Agreement") is entered into to be effective as of August 30, 1995, by and between BioFactors, Inc., a Delaware Corporation, ("BFI"), Bogart International Associates, Inc. or its assignees ("Bogart") and Systems Technology, Inc, a California Corporation ("STI").

WHEREAS, BFI holds an exclusive, transferable license of proprietary computer software and associated protocols and methodology for objectively testing operator psychomotor skills developed by STI, collectively referred to as the "Critical Tracking Task" ("CTT") technology" or the STI proprietary technology; and

WHEREAS, pursuant to its exclusive license, BFI has developed hardware, software and delivery systems to utilize STI's proprietary technology and is currently marketing (1) a non-invasive fitness-for-work testing service ("FACTOR 1000 Service") and (2) has developed a prototype on-field athletic performance system based on FACTOR 1000 Service ("SportsTrac System" or "SportsTrac"), defining the correlation between hand-eye coordination as measured by FACTOR 1000 and on-the-field athletic performance; and

WHEREAS, Bogart wishes to obtain the exclusive license to market SportsTrac to sports markets on a world-wide basis and BFI is willing to grant to Bogart such a license;

NOW, THEREFORE, the parties agree as follows:

1.1 If BFI loses its license with STI or should BFI cease operating as a business, STI agrees to continue to honor the sublicense of its CTT technology to Bogart directly, so long as Bogart is not in default under any terms of its sublicense with BFI;

1.2 In the event that Bogart is required to sublicense directly with STI, as explained in section 1.1 herein, Bogart agrees to pay all royalties due directly to STI. Such royalties shall be, in all manners consistent, with the terms of sublicense between BFI and Bogart as follows:

A royalty equal to eight and one-half percent (8 1/2%) of the cash receipts from the sale or license by Bogart of products or services containing the CTT technology, but not

including any revenues derived by Bogart from installation, maintenance, consulting, hardware sales, or any other cash receipts not directly or indirectly related to the CTT technology. STI shall have the right to audit

STI Novation Agreement
August 30, 1995
Page 2

Bogart's records, with adequate notice, for the purpose of verifying royalty payments.

Said royalty shall be due and payable within thirty (30) days after the conclusion of each calendar quarter commencing with the quarter ending December 31, 1995.

1.3 This agreement will remain in force during the life of the sublicense granted to Bogart by BFI and shall be attached to the Bogart sublicense as exhibit B.

1.4 Each person executing this Agreement on behalf of a party hereto represents and warrants that he is duly and validly authorized to do so on behalf of such a party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.

STI Novation Agreement
August 30, 1995
Page 3

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed by their duly authorized representatives effective as of the date first set forth above.

BioFactors, Inc.

/s/ [Illegible]

Its CEO

Date August 30, 1995

Bogart International Associates, Inc.

/s/ [Illegible]

Its

Date

Systems Technology, Inc.

/s/ [illegible]

Its President

Date 8/30/95

EXHIBIT B

LICENSE AGREEMENT

THIS AGREEMENT is made and entered into this 24th day of November, 1988, by and between SYSTEMS TECHNOLOGY, INC., a California corporation ("STI"), and COGNITIVE SYSTEMS, INC., a California corporation ("CSI").

RECITALS

A. STI has developed a computer system and associated protocols and methodology collectively named Critical Task Testing (CTT) designed to test operator impairment in an objective manner. This system is described briefly in Exhibit "B" hereto. This system is hereinafter referred to as the "Property". The software component of the Property is sometimes hereinafter referred to as the "Software", and the technology underlying the Property is sometimes hereinafter referred to as the "Technology".

B. CSI desires to market the Property to customers in the market segments

hereinafter set forth.

C. An agreement was executed on April 6, 1988 between CSI and STI (hereinafter "First Agreement") for evaluating the marketing and manufacture of systems incorporating the technology, software and property of this Agreement. This Agreement upon execution supersedes the First Agreement and the First Agreement thereafter has no force and effect.

NOW, THEREFORE, the parties hereto agree as follows:

1. EXCLUSIVE LICENSE.

a. Grant of License. Except as is specifically reserved in subparagraph 1(c) below, STI hereby grants to CSI a sole and exclusive license to (i) develop and manufacture or have manufactured devices incorporating the Property, Software and/or Technology, including all future developments and improvements that may be made by STI, and (ii) reproduce, use, market and otherwise fully exploit the commercial potential of the Property, Software, Technology and/or future developments thereof in the market segments set forth in Exhibit "A" attached hereto and

-1-

incorporated herein. Without limiting the foregoing, CSI shall have the sole and exclusive right to use the Property in connection with the routine testing of employees, customers, clients or agents for impairment. Except as granted to CSI, the right to future development of the Property, Software and/or Technology shall be left exclusively to STI.

b. Sublicenses and Assignment. STI also grants to CSI the right to issue sublicenses during the term of this Agreement. Each sublicense shall include all of the rights and obligations due STI under the terms of this Agreement. This Agreement may be assigned by CSI to one of its subsidiaries or affiliates, provided such subsidiary or affiliate shall be bound by all the terms and conditions of this Agreement.

c. Reservation. STI specifically reserves from the license being granted to CSI, the research market in the same market segments in Exhibit "A". Notwithstanding the preceding sentence, this reservation shall apply only to nonprofit entities, including but not limited to, government organizations, research foundations, educational and trade foundations, and only the right to use, develop, manufacture and sell the Property for a purpose other than the routine testing of employees, customers, clients or agents for impairment.

d. Royalties.

(1) Within sixty (60) days following the conclusion of each calendar quarter following date of signing this Agreement, CSI shall pay to STI a royalty of 8 1/2% of the gross contract revenue for CTT related impairment testing products and services. This only includes employees tested for which CSI is paid, and does not include employees tested for other purposes such as for

calibration or experimental reasons. STI is not entitled to royalty revenue derived from installation, maintenance or any other revenues that are not directly related to CTT impairment testing of employees.

2. TERM

This Agreement shall commence on the date hereof and continue for an initial period of five years after the expiration of the First Agreement. The term of the Agreement may be extended by CSI for a further period of five years by written notice given to STI in the manner provided in paragraph 15 below at any time prior to the expiration of such initial period.

-2-

3. ACCOUNTING.

a. Records. CSI shall maintain accurate records covering the transactions relating to employee testing and assistance projects which utilize the Property (the "Records"). "Records" shall mean property related (Records) relating to the Property related employee testing and assistance projects. Each payment of the Quarterly Fee shall be accompanied by a statement ("fee statement") setting forth the computation of the Quarterly Fee in accordance with subparagraph 3(b) below. STI and/or STI's agent, upon giving seven (7) days prior written notice to CSI, shall have the right to inspect the Records during normal business hours at CSI's place of business. STI agrees to sign or require its agent to sign reasonable non-disclosure Agreements obliging STI and its agent not to disclose confidential information of CSI that does not pertain to STI, the employee testing and assistance projects, or the Records.

b. Fee Statements. Each fee statement shall accurately contain the following information:

- (1) The amount in dollars of Gross Testing Receipts from all Property related employee testing.
- (2) The net Quarterly Fee due to STI.

c. Due Date. Payment with respect to each fee statement shall be due and payable within thirty (30) days after such statements are dated.

4. MINIMUM PAYMENT.

If the total royalty payment made by CSI to STI at the end of the third year after execution of this agreement does not exceed \$75,000, then STI shall have the option to terminate this agreement, except that CSI may maintain this agreement by payment to STI of the difference between the received royalties and the amount indicated above.

5. MAJOR DEVELOPMENTS.

Major developments involving uses for the Property not know at the date of this Agreement shall be communicated in writing promptly by STI to CSI and CSI to STI. Upon request by CSI or STI, (each party) shall furnish to the other detailed descriptions of each such major development.

-3-

6. SOFTWARE MAINTENANCE AND PRODUCT DEVELOPMENT.

a. Billing for Technical Assistance. STI shall be entitled to bill CSI on a time and materials basis, at its standard hourly rate, for the time cost and labor cost expended in maintaining the Software or providing CSI with any technical assistance referred to in this paragraph 6; provided, however, that STI shall not be entitled to bill CSI for time and labor costs spent on correcting errors or defects in the Software. All billable technical assistance shall be estimated by STI and agreed upon in writing by CSI before STI performs services in connection with any project. STI shall provide monthly statements for technical assistance which shall itemize the expenditure of time and materials on a project by project basis.

b. Maintenance of the Software. STI and CSI acknowledge and agree that the Software will, from time to time, undergo changes as necessary to maintain the Property in a commercially viable condition or to exploit certain or all market segments listed in Exhibit "A". From time to time during the term of this Agreement, CSI may request STI to make reasonable modifications and improvements to the software to enhance the marketability of the Property and the devices, products and special equipment manufactured therefrom, and to correct any errors or defects that CSI has reason to believe exist in the Software. STI shall use its best efforts to make such modifications and improvement, and shall initiate activity to verify and remedy any such error or defect within 5 working days after written notification. If a requested modification and/or improvement, or verified error or defect, cannot be remedied within 60 days, or if STI is unwilling or unable to maintain the Software in a commercially viable condition, then upon written demand by CSI, STI shall promptly provide appropriate source codes and consultation to CSI as necessary to enable CSI to make the modifications or improvements, correct the errors or defects, and/or maintain the Software in a commercially viable condition.

c. Product Development and Software Conversion. STI and CSI acknowledge and agree that the successful commercial exploitation of the Property will require the manufacture of one or more end devices incorporating the Property and/or Technology covered by this Agreement. STI and CSI also acknowledge and agree that it may be necessary at some future time to convert the Software into another medium (such as firmware), or into another computer language, in order to successfully market the product. From time to time during the term of this Agreement, CSI may request STI to provide technical assistance to CSI and to those

-4-

persons or entities with which CSI contracts or which CSI directs for purposes of undertaking the tasks expressed and implied in this subparagraph 6(c), and upon such request by CSI, STI shall make available to CSI qualified technical personnel for 15 man days per calendar quarter for the purpose of providing such technical assistance. If STI is unwilling or unable to provide qualified technical personnel upon request from CSI, then CSI shall have the right to engage independent contractors and employees as necessary to obtain the technical assistance required to complete the tasks expressed and implied by this paragraph 6, and STI shall make available to such independent contractors and employees all documents and information relevant to completing such tasks. Without limiting the foregoing, STI shall promptly supply necessary

specifications of the Software, Technology, and Property as reasonably requested by CSI to facilitate the development of the Property into a product or products which may be utilized in providing services or sold to prospective customers, in the market segments listed in Exhibit "A".

d. Rights In New Development. Any new developments or improvements made to the devices or property by CSI or at CSI's expense shall belong to CSI. CSI grants STI the right to use such new developments or improvements in the field designated to STI under this Agreement. Upon any termination of this License Agreement, CSI continues to own the developments or improvements and STI is limited thereafter to use of the development or improvement only in STI's field designated in this Agreement.

7. REPRESENTATION AND WARRANTY OF STI.

a. Right and Power to License. STI represents and warrants that it is the sole owner of all right, title and interest in and to the Property, and patents or patent applications therefore, and that it has the full right and power to grant this license in the manner and form herein expressed, free and clear of any adverse assignment, grant or any other encumbrances inconsistent herewith.

b. Exclusive License. STI represents and warrants that it has not granted any license relating to the Property in the market segment set forth in Exhibit "A" to any party and will not negotiate or grant any such license to any party other than CSI during the term of this Agreement, including any extension hereof.

-5-

c. Fitness. STI represents and warrants that the Property is in substantial accordance with the description previously supplied to CSI, a copy of which is attached hereto as Exhibit "B" and incorporated herein. This warranty is in addition to all other warranties, express or implied, including the implied warranty of merchantability and fitness for a particular purpose.

8. MANUFACTURING.

a. Basic Design Specifications. STI shall assist CSI in the development of a definitive set of basic design specifications (the "Specifications") for use in manufacturing devices which (i) embody the Property and (ii) are suitable for use in CSI's employee testing and assistance projects. The specifications shall be determined by mutual agreement of the parties; provided, however, that if the parties fail to reach agreement as to the Specifications, or any part thereof, CSI shall have the right to resolve any point of disagreement as CSI, in its sole discretion, deems appropriate.

b. STI and CSI acknowledge and agree that in order to successfully exploit the Property CSI must obtain the services of qualified and experienced contractors that have the technical, competence to manufacture in a timely manner, and according to the Specifications, the devices, products and specialized equipment contemplated by this Agreement. STI shall have the right to submit a bid, as a contractor, for the manufacture of such devices, products and specialized equipment, which CSI will reasonably consider. CSI and STI will

jointly and by mutual consent establish criteria for accepting bids submitted by contractors. To be considered as a contractor, STI should (a) demonstrate to the satisfaction of CSI that STI is capable of manufacturing the Property according to the Specifications. (b) That STI satisfies such criteria or STI furnishes a performance bond issued by a corporation surety authorized to issue surety insurance in the State of California for the faithful performance of the contract in an amount equal to 100% of the contract price, and (c) submits a bid that CSI determines is within 5% of the lowest competitive bid. Then CSI will accept STI's lowest bid. If STI's bid is the lowest competitive bid, and all other conditions to CSI's acceptance of STI's bid are otherwise satisfied, then CSI, if it accepts STI's bid, will pay an amount equal to one hundred five percent [105%] of STI's bid. In lieu of the performance bond described in the preceding sentence, CSI may, in its sole discretion, provide STI with an alternative method of establishing that it has sufficient financial resources

-6-

to indemnify CSI for any losses or delays caused by its inability to manufacture the devices, products, and specialized equipment contemplated by this paragraph 8, in a timely manner, and in accordance with the Specifications.

9. PROPERTY APPLICATION.

CSI agrees that any promotion to or solicitation from prospective customers for the Property or devices manufactured therefrom shall be made with due consideration of the impact to STI's general business and professional reputation. CSI further agrees that it shall inform and consult with STI as to proposed promotions of the Property or devices manufactured therefrom for the purpose of obtaining an appraisal of the performance standards, given the commercial environment involved, in the operation of the property or the devices manufactured therefrom for the proposed use by the prospective customer(s). Said appraisal shall consider the efficiency, efficacy and accuracy of the Property or devices manufactured therefrom in the proposed commercial environment. In connection therewith, STI agrees that CSI may with prior written disclosure to

STI publish and release the results of said appraisal to those prospective customers or to a class of similar prospective customers.

Any consulting requested by CSI under this paragraph 9, including the rendering of any appraisal, shall be billable as technical assistance in accordance with paragraph 6.

10. CONFIDENTIALITY.

a. It is recognized that in the course of the performance of this Agreement, proprietary, confidential and trade secret information of STI may be furnished to CSI and proprietary, confidential and trade secret information of CSI furnished to STI. Any such "Confidential Information" shall be first presented in a sealed envelope or container that is identified as such on the outer cover. It is mutually agreed between the parties that any such Confidential Information that is received and accepted by the other party shall be kept in confidence, not disclosed to any unauthorized person or persons, and not used except for carrying out the purposes of this Agreement. It is agreed, however, that there shall be no liability for the use or disclosure of any such information, except as may be afforded under the United States or Foreign Patent and Copyright Laws, if such information was in the public domain at the time of receipt, was known to recipient at the time of receipt, is disclosed inadvertently despite the reasonable

-7-

degree of care such as recipient would take to safeguard its own proprietary information, is disclosed or used with the written approval of the party providing the information, is used or disclosed after three years from the date of dissolution of this Agreement, or becomes known to recipient from a source other than the other party without a breach of this Agreement.

b. Each party agrees that it shall take immediate affirmative steps to ensure that confidentiality is maintained including, without limitation, obtaining the prior written agreement of all employees, agents and other individuals who have or may have contact with Confidential Information, that they shall not disclose Confidential Information to any unauthorized third party. The parties further agree to protect all Confidential Information received from each other with the same standard of care and procedures with which the receiving party's own Confidential Information is protected.

11. ESCROW OF SOURCE CODE.

a. Creation of Escrow. STI agrees that it shall place in escrow, in a system satisfactory to both parties, the complete source code, object code, related documentation, and similar data relating to the Property, Software and Technology and shall keep such materials updated as may be required.

b. Escrow Instructions. The instructions of the escrow shall direct

that CSI shall be delivered the corpus of the escrow by the escrow agent in the event that:

STI is acquired, merged or its principal assets acquired, unless the successor-in-interest agrees in writing to be bound by all obligations undertaken by STI to CSI hereunder.

c. Finalization. The parties agree that the precise language of the escrow instructions and choice of an escrow holder for deposit of the source code and other materials shall be finalized not later than sixty (60) days following the effective date hereof.

12. PROPERTY OWNERSHIP.

CSI acknowledges that the Property is licensed to it pursuant to this Agreement. The Property shall remain the exclusive property of STI, and STI's trade name and logo shall be

-8-

clearly displayed on the Property. Except as set forth herein, CSI shall obtain no ownership rights to the Property.

13. SUPPORT

If requested by CSI, STI shall advise and assist CSI in the presentation of the Property to CSI's customers and potential customers, and in the marketing of the Property generally. CSI shall reimburse STI for its reasonable expenses incurred in connection with providing such advice and assistance.

14. NOTICES.

All notices required to be given hereunder shall be in writing and may be and delivered or sent certified mail, return receipt requested, to the parties at the following addresses:

If to STI:
SYSTEMS TECHNOLOGY, INC.
13766 South Hawthorne Blvd.
Hawthorne, California 90250
Attn: President.

If to CSI:
COGNITIVE SYSTEMS, INC.
9925 Channel Rd.
Lakeside, California 92040
Attn: Marc R. Silverman
cc: Elliot G. Steinberg
cc: Ted Schramm

or at such other address as either party may in writing advise to the other party pursuant to the Paragraph. If notice is given by mail it shall be deemed effective on the fourth business day following mailing or on the date of actual receipt, whichever is earlier.

15. INFRINGEMENT.

If either party shall learn of a substantial infringement of CSI's exclusive rights to use the Property in connection with the testing of employees, customers, clients and agents for impairment, and such infringement is being accomplished by means of information obtained in a confidential relationship with CSI or STI, or by a device or through the use of information which was sold by STI under STI's reserved right to market the

-9-

Property, pursuant to this Agreement, then STI shall use its best efforts in cooperation with CSI to terminate such infringement with or without litigation.

16. INDEMNITIES AND COSTS.

Each party to the Agreement shall, at its own expense, indemnify, defend, and hold harmless the other party against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, that the other party incurs or suffers which arise or result from any breach of, or failure by it, to perform any of its representations, warranties or promises in this Agreement.

a. However STI makes no representation or warranty that the use of the Property licensed hereunder will be free of infringement of the rights of other parties.

b. STI assumes no liability for the use of the Property under this License Agreement.

c. CSI agrees to indemnify STI and to hold STI harmless against all loss, cost or damage resulting from claims of third party for loss or injury, arising in connection with the manufacture, assembly, use or sale of devices licensed under this agreement except in the event such devices are manufactured by STI. CSI further agrees to include STI as a co-insuree in any insurance policy obtained to insure against such loss or injury.

17. MISCELLANEOUS

a. Severability. If any one or more of the provisions of this Agreement shall be found to be illegal or unenforceable, then this Agreement shall remain in full force and effect, and such illegal and unenforceable term or provision shall be deemed stricken.

b. Performance. Neither party's right to require performance of the other party's obligations hereunder shall be affected by any previous waiver, forbearance or course of dealing.

c. Relationship of Parties. No agency, partnership, joint venture or joint relationship is created hereby and neither party has any authority of any kind to bind the other in any respect whatever.

-10-

d. Excusable Default. Notwithstanding anything in this Agreement to the contrary, no default, delay or failure to perform by either party shall be a breach of this Agreement if such default, delay or failure to perform is shown to be due entirely to causes beyond the reasonable control of the defaulting party including, without limitation, labor disputes, inclement weather, default of a common carrier, acts of embargo or of the acts of God.

e. Integration. This Agreement supersedes all proposals, oral or written, and all communications between the parties relating to the subject matter hereof, except for the First Agreement. This Agreement may be modified only by a writing signed by both parties.

f. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

g. In the case of the failure of either party to fulfill any of its obligations hereunder, the other party shall have the right to cancel and terminate this Agreement by giving sixty (60) days written notice of its intention so to do and specifying the alleged failure, providing, however, that if there has been no such failure or such obligations are fulfilled during such sixty (60) day period, then such notice of cancellation shall be null and void; otherwise, this Agreement shall be considered as canceled after the expiration of said sixty (60) day period.

h. In the event of any adjudication of bankruptcy, appointment of a receiver by any court of competent jurisdiction, assignment for the benefit of creditors, or levy of execution directly involving said CSI this Agreement may be terminated at the option of STI by giving CSI five (5) days written notice of his intention so to do.

i. Should this Agreement be canceled or terminated as provided herein, CSI shall not be relieved of liability for payment of royalty or license fees due STI which accrued prior to the effective date of such cancellation or termination.

j. Arbitration. Any dispute relating to the interpretation or performance of this Agreement shall be resolved at the request of either party through binding arbitration. Arbitration shall be conducted in the City of Los Angeles, California, in accordance with the prevailing rules of the

American Arbitration Association. Judgment upon any award by the arbitrators may be entered in the state or federal Court having jurisdiction. In the event of litigation or arbitration under this Agreement, the prevailing party in any such dispute shall be entitled to an award of cost of suit including investigative cost and reasonable attorneys fees and costs as shall be determined by the Court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as indicated below.

SYSTEMS TECHNOLOGY, INC.,
a California corporation

By /s/ [illegible]

Its Vice President

COGNITIVE SYSTEMS, INC.
a California corporation

By /s/ [illegible]

Its President

EXHIBIT A

MARKET SEGMENTS

1. Public Transportation
2. Trucking
3. Utilities
4. Military
5. Aerospace
6. HAZMAT
7. Law enforcement
8. Fire fighters
9. Hospitals
10. Construction
11. Security
12. Banking/Securities
13. Manufacturing
14. Service Industries

[LETTERHEAD OF PERFORMANCE FACTORS]

May 19, 1994

Mr. Wade Allen
President
Systems Technology, Inc.
13756 S. Hawthorne Blvd.
Hawthorne, CA 90250

RE: Addendum to the License Agreement date November 24, 1988 between System Controls, Inc. ("STI") and Performance Factor, Inc. ("PFI"), formerly Cognitive Systems, Inc. (CSI).

ADDENDUM TO LICENSE AGREEMENT

This addendum deletes the original Paragraph 2. TERM in its entirety and replaces it with the following:

Paragraph 2. TERM. "This agreement shall commence on the date hereof and continue for an initial period of five (5) years. The term of the Agreement may be extended by PFI for three (3) periods of five years each by written notice given to STI in the manner provided in paragraph 14 of this agreement at any time prior to the expiration for the previous period."

All other terms and conditions in the Agreement remain unchanged.

Agreed,

/s/ Marc Silverman
Marc Silverman
President
Performance Factors, Inc.

Accepted and Agreed,

/s/ Wade Allen
Wade Allen
President
Systems Technology, Inc.

July 31, 1996

Addendum to Sublicense Agreement, dated as of August 30, 1995 ("Sublicense Agreement") by and between Biofactors, Inc. ("BFI") and SportsTrac, Inc. ("SportsTrac").

WHEREAS, BFI and SportsTrac are parties to the Sublicense Agreement and desire to clarify certain provisions thereof;

NOW THEREFORE, the parties agree as follows:

1. The prototype on-field athletic performance system referred to in the second "WHEREAS" clause of the Sublicense Agreement, developed by BioFactors, was a research prototype used to validate the application of the CTT and Factor 1000 technologies to evaluate athletic performance which BioFactors did not and has not developed for commercial production.

2. The license granted by BioFactors pursuant to Section 1.1 of the Sublicense Agreement was a license of the Factor 1000 technology developed by BioFactors, and a sublicense of the CTT technology, which technologies SportsTrac subsequently incorporated in its SportsTrac System.

BIOFACTORS, INC.

SPORTSTRAC, INC.

By: /s/Douglas S. Zorn

Douglas S. Zorn
Vice President and COO

By: /s/Marc Silverman

Marc Silverman
President and CEO

Date: 7/31/96

Date: 7/31/96

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated December 15, 1995, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$100,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

ULSTER INVESTMENTS

By: /s/ Marc Silverman

By: /s/ Roslyn Yearwood

Name: Marc Silverman
Title: President

Name: Roslyn Yearwood
Title: Secretary

For and on behalf of:
ANTIGUA INTERNATIONAL TRUST LTD.
Director

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated December 19, 1995, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$65,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

THE HOLDING COMPANY

By: /s/ Marc Silverman

By: /s/ Burton Kanter

Name: Marc Silverman

Name: Burton Kanter

Title: President

Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated February 15, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$100,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

DUNE HOLDINGS, INC.

By: /s/ Marc Silverman

By: /s/ Randolph K. Pace

Name: Marc Silverman
Title: President

Name: Randolph K. Pace
Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated January 8, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$15,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consumated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

By: /s/ Solomon A. Weisgal

Name: Marc Silverman
Title: President

Name: Solomon A. Weisgal
Title: Trustee

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated January 18, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$5,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

By: /s/ Howard Kirschbaum, Custodian

Name: Marc Silverman
Title: President

Howard Kirschbaum, As
Custodian for Brian Kirschbaum
Under the Uniform Gift to
Minors Act

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated January 10, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$5,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman
Title: President

/s/ Scott A. Sinar

Scott A. Sinar

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated February 15, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$20,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman
Title: President

/s/ Matthew Harriton

Matthew Harriton

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated January 31, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$10,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman
Title: President

/s/ John LaFalce

John LaFalce

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated February 15, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$30,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consummated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman
Title: President

/s/ Michael Lulkin

Michael Lulkin

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement ("Letter Agreement") dated February 15, 1996, by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$50,000 to the Company and as additional consideration therefor, was entitled to receive Bridgeholder's Units, as defined in the Letter Agreement. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that:

(1) the Class A Warrants, as defined in the Letter Agreement, will be identical to the Class A Warrants being offered by the Company to the public such that (a) the Class A Warrants will be exercisable at a price of \$3.60 per share for a period of four years commencing one year after the Effective Date, as defined in the Letter Agreement, and (b) the Class A Warrants shall be redeemable by the Company for \$.05 per Warrant at any time commencing one year from the Effective Date, upon thirty (30) days prior written notice, if the average closing price or bid price, as defined in the Letter Agreement, equals or exceeds \$4.80; and

(2) notwithstanding the Letter Agreement, it is acknowledged that on or prior to February 15, 1996, the Company and the undersigned agreed that the Bridgeholder's Units would be issued to the undersigned as of such date whether or not the Company's proposed public offering would be consumated and the securities contained in the Bridgeholder's Units will have been deemed to have been issued to the undersigned as of February 15, 1996.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: June 27, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

/s/ Hartley T. Bernstein

Name: Marc Silverman
Title: President

Hartley T. Bernstein

[Logo] ANTIGUA INTERNATIONAL TRUST LTD.

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$100,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

ULSTER INVESTMENTS

By: /s/ Marc Silverman

By: /s/ Roslyn Yearwood

Name: Marc Silverman
Title: President

Name: Roslyn Yearwood
Title: Secretary

For and on behalf of:
ANTIGUA INTERNATIONAL TRUST LTD.
Director

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$65,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

THE HOLDING COMPANY

By: /s/ Marc Silverman

By: /s/ Burton Kanter

Name: Marc Silverman
Title: President

Name: Burton Kanter
Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$100,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

DUNE HOLDINGS, INC.

By: /s/ Marc Silverman

By: /s/ Randolph K. Pace

Name: Marc Silverman
Title: President

Name: Randolph K. Pace
Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$15,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

By: /s/ Solomon A. Weisgal

Name: Marc Silverman
Title: President

Name: Solomon A. Weisgal
Title: Trustee

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter

Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$5,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman
Title: President

By: /s/ Howard Kirschbaum, Custodian

Howard Kirschbaum, As Custodian
for Brian Kirschbaum Under the
Uniform Gift to Minors Act

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$5,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

Name: Marc Silverman

/s/ Scott A. Sinar

Scott A. Sinar

Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200 20,000
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$20,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

/s/ Matthew Harriton

Name: Marc Silverman
Title: President

Matthew Harriton

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$10,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the

contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

/s/ John LaFalce

Name: Marc Silverman

John LaFalce

Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111 30,000

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$30,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

/s/ Michael Lulkin

Name: Marc Silverman

Michael Lulkin

Title: President

Mr. Marc Silverman
SportTrac, Inc.
6900 E. Belleview Avenue, Suite 200
Englewood, CO 80111

Re: SportsTrac, Inc. Bridge Loan

Dear Mr. Silverman:

Reference is made to that certain letter agreement (as amended, "Letter Agreement"), by and between the undersigned and SportsTrac, Inc. (the "Company"), pursuant to which the undersigned made a loan of \$50,000 to the Company. Notwithstanding anything contained in the Letter Agreement to the contrary, it is agreed that the Note shall be payable on the earlier of (a) December 31, 1996 or (b) the closing of the Company's initial public offering.

As herein amended, the Letter Agreement is confirmed and shall be in full force and effect.

Dated: July 31, 1996

SPORTSTRAC, INC.

By: /s/ Marc Silverman

/s/ Hartley T. Bernstein

Name: Marc Silverman
Title: President

Hartley T. Bernstein

[Letterhead of HOLTZ RUBENSTEIN & CO., LLP]

CONSENT OF INDEPENDENT AUDITORS

We consent to the use in this Registration Statement of SPORTSTRAC, INC. on Amendment No. 6 to Form SB-2 of our report dated January 15, 1996 (except for Note 5a, as to which the date is July 31, 1996, Note 5b, as to which the date is April 22, 1996, Note 7a, as to which the date is March 29, 1996 and Note 12, as to which the date is August 22, 1996), appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the headings "Selected Financial Data" and "Experts" in such Prospectus.

/s/HOLTZ RUBENSTEIN & CO., LLP
HOLTZ RUBENSTEIN & CO., LLP

Melville, New York
August 26, 1996