WOMENS GOLF UNLIMITED INC
Form 10-Q
May 15, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 31, 2002.

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____.

Commission File Number: 0-14146

WOMEN'S GOLF UNLIMITED, INC.
(Exact Name of Registrant as Specified in its Charter)

New Jersey	22-2388568
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
18 Gloria Lane, Fairfield, NJ	07004
(Address of Principal Executive Office)	(Zip Code)

(973) 227-7783
(Registrant's telephone number, including area code)

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

YES X NO

On March 31, 2002, 3,225,173 shares of common stock, $.01 par value, were issued and outstanding.

WOMEN'S GOLF UNLIMITED, INC.
FORM 10-Q

For Quarterly Period Ended MARCH 31, 2002

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WOMEN'S GOLF UNLIMITED, INC.
BALANCE SHEETS
AS OF MARCH 31, 2001 (UNAUDITED)
AND DECEMBER 31, 2001 (AUDITED)

	March 31, 2002	December 31, 2001
ASSETS		
Current Assets		
Cash	$ 400	$ 7,717
Accounts Receivable - Net	4,158,450	3,092,565
Inventories	4,367,857	4,406,117
Prepaid Expenses	66,885	137,799
Deferred Income Taxes	199,000	173,000
Total Current Assets	8,792,592	7,817,198

Plant and Equipment - Net	113,889	140,347
Non-Current Deferred Income Taxes	43,000	30,000
Intangible Asset - Net	3,044,176	
Goodwill - Net		4,896,568
Other Assets - Net	102,381	110,255
Total Assets	12,096,038	12,994,368
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current Portion Long Term Debt	1,307,845	$ 1,307,243
Short-term Borrowings	4,268,710	3,780,465
Accounts Payable	560,114	373,189
Accrued Expenses	545,004	348,310
Other Current Liabilities	2,000	19,735
Total Current Liabilities	6,683,673	5,828,942
Long-Term Liabilities		
Long-Term Debt, less Current Portion	125,000	202,413
Total Liabilities	6,808,673	6,031,355
Shareholders' Equity		
Common Stock, $.01 Par; 12,000,000 Shares Authorized: 3,225,173 & 3,225,173 Issued & Outstanding at March 31, 2002 and December 31, 2001, respectively	32,252	32,252
Additional Paid in Capital	6,350,736	6,350,736
Retained Earnings (Deficit)	(1,095,623)	580,025
Total Shareholders' Equity	5,287,365	6,963,013
Total Liabilities and Shareholders' Equity	$ 12,096,038	$ 12,994,368

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

WOMEN'S GOLF UNLIMITED, INC.
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED
MARCH 31, 2002 AND MARCH 30, 2001
(UNAUDITED)

	March 31, 2002	March 30, 2001
Net Sales	$ 3,622,795	$ 4,521,595
Cost of Goods Sold	2,165,578	2,649,891

Gross Profit	1,457,217	1,871,704
Operating Expenses:		
Selling	661,267	823,633
General & Administrative	559,237	661,459
Total Operating Expenses	1,220,504	1,485,092
Operating Income	236,713	386,612
Other Income (Expense)		
Interest Expense	(71,968)	(109,770)
Other Income (Expense)	35,107	40,459
	(36,861)	(69,311)
Income Before Income Taxes	199,852	317,301
Provision for Income Taxes	69,052	143,373
Income before Cumulative Effect of Accounting Change	130,800	173,928
Cumulative Effect of Accounting Change, Net of Tax	(1,806,448)	
Net Income (Loss)	$(1,675,648)	$ 173,928
Earnings per Common Share from before Cummulative Effect of Accounting Change Basic	$ 0.04	$ 0.00
Diluted	$ 0.04	$ 0.00
Cummulative Effect of Accounting Change Basic	$ (0.56)	$ 0.00
Diluted	$ (0.55)	$ 0.00
Loss per Share Basic	$ (0.52)	$ 0.05
Diluted	$ (0.51)	$ 0.05
Weighted Average Number of Common Shares Outstanding -		
Basic	3,225,173	3,223,039
Diluted	3,261,061	3,269,285

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

WOMEN'S GOLF UNLIMITED, INC.

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED
MARCH 31, 2002 AND MARCH 30, 2001
(UNAUDITED)

	March 31, 2002	March 30, 2001
OPERATING ACTIVITIES		
Net Income (Loss)	($1,675,648)	$ 173,928
Adjustments to Reconcile Net Income to		
Net Cash Provided By (Used By) Operating Activities:		
Cumulative Effect of Accounting Change	1,806,448	
Depreciation	16,877	26,588
Amortization	53,560	91,413
Deferred Income Taxes	(39,000)	(5,000)
Allowance for Doubtful Accounts	72,000	60,389
Changes in Assets and Liabilities:		
Accounts Receivable	(1,137,885)	(1,113,649)
Inventories	38,260	(1,014,575)
Prepaid Expenses	70,914	(141,708)
Other Assets	7,874	3,762
Accounts Payable	186,922	578,211
Accrued Expenses	196,694	57,243
Other Current and Non-Current Liabilities	0	(16,509)
NET CASH USED OPERATING ACTIVITIES	(402,984)	(1,299,907)
INVESTING ACTIVITIES		
Purchases of Plant & Equipment		(35,357)
Proceeds from Disposal of Plant & Equipment	1,967	
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	1,967	(35,357)
FINANCING ACTIVITIES		
Repayments of long-term debt	(94,545)	(219,151)
Proceeds from Revolving Line of Credit, Net	488,245	1,562,732
NET CASH PROVIDED BY FINANCING ACTIVITIES	393,700	1,343,581
INCREASE (DECREASE) IN CASH	(7,317)	8,317
CASH - BEGINNING OF PERIOD	7,717	9,886
CASH - END OF PERIOD	$ 400	$ 18,203
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash Paid During the Period For:		
Interest	$ 58,527	$ 138,136
Income Taxes	94,470	60,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements of Women's Golf Unlimited, Inc., (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. In the opinion of management, all material adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2002. The unaudited financial statements and related notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual financial statements and notes thereto. For further information, refer to the Company's annual financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2001.

1) EARNINGS PER SHARE

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised and resulted in the issuance of common stock that then shared in the earnings of the Company. Diluted EPS is computed using the treasury stock method when the effect of common stock equivalents would be dilutive. The only reconciling item between the denominator used to calculate basic EPS and the denominator used to calculate diluted EPS is the dilutive effect of stock options issued to employees of the Company and other parties. The Company has issued no other potentially dilutive common stock equivalents.

2) NEW ACCOUNTING PRONOUNCEMENT

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. This accounting standard addresses financial accounting and reporting for goodwill and other intangible assets and requires that goodwill amortization be discontinued and replaced with periodic tests of impairment. A two-step impairment test is used to first identify potential goodwill impairment and then measure the amount of goodwill impairment loss, if any. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001, and is required to be applied at the beginning of the fiscal year. Impairment losses that arise due to the initial application of this standard will be reported as a cumulative effect of a change in accounting principle. The first step of the goodwill impairment test, which must be completed within six months of the effective date of this standard, will identify potential goodwill impairment. The second step of the goodwill impairment test, which must be completed prior to the issuance of the annual financial statements, will measure the amount of goodwill impairment loss, if any.

In accordance with SFAS No. 142, goodwill amortization was discontinued as of January 1, 2002. The Company recorded a goodwill impairment of $1,806,448, or ($.51) per diluted share, related to Lady Fairway acquisition as a cumulative effect of change in accounting principle in the first quarter of 2002. In addition, the Company will stop amortizing approximately $1.2 million of an intangible asset deemed to have an indefinite useful life, primarily related to the Lady Fairway trademark. The Company estimated the fair value of the associated sole reporting unit by using a present value of future cash flows model. Based on the current level of the intangible asset deemed to have an indefinite useful life, the adoption of SFAS No. 142 will reduce annual amortization expense by approximately $150,000. Amortization expense related to intangible assets deemed to have a definite useful life is approximately $ 54,000 as of March 31, 2002. Due to the non-deductibility of this goodwill, the Company did not record a tax benefit in connection with the impairment. If the adoption of this statement occurred on January 1, 2001, Net Income before cumulative Effect of Account Change, Net Income and Earnings per Share, Basic and Diluted would have been $324,928, ($1,481,520) and ($0.46) and ($0.45), respectively.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets." This statement will be effective for fiscal years beginning after December 15, 2001. This statement established a single accounting model, based upon the framework established in SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," for long-lived assets to be disposed of by sale or to address significant implementation issues.

INVENTORIES

Inventories are valued at the lower of cost, determined on the basis of the first-in, first-out method, or market.

Inventories at March 31, 2002 and December 31, 2001 consisted of the following components:

	3/31/02	12/31/01
Raw Materials	$ 786,214	$ 793,101
Finished Goods	3,581,643	3,613,016
	$4,367,857	$4,406,117

SHORT TERM BORROWINGS

The Company has a secured revolving line of credit allowing a maximum credit limit of $8,000,000, less 50% of the aggregate face amount of all outstanding letters of credit, and subject to various borrowing bases through September 30, 2003. The availability of funds under this line of credit varies as it is based, in part, on a borrowing base of 80% of eligible accounts receivable and 60% of qualified inventory. Substantially all of the Company's assets are used as collateral for the credit line. Interest rates are at prime plus one-quarter percent, paid monthly; the interest rate was 5.00% as of March 31, 2002 and 5.00% as of December 31, 2001. The Company's remaining availability on the line of credit, as of March 31, 2002 was approximately $ 1,414,000.

The credit facility contains certain covenants, which, among other items, require the maintenance of certain financial ratios including tangible net worth and working capital. Any event of default under the credit facility permits the lender to cease making additional loans there-under. The Company was in compliance with all covenants and conditions of the facility as of March 31, 2002.

QUARTERLY ENDS

The Company reports its interim financial statements as of the Sunday closest to month-end of the quarter. Therefore, the interim quarters for fiscal 2002 will end on March 31, 2002, June 30, 2002 and September 29, 2002. The Company reports its year-end financial statements as of December 31.

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

RESULTS OF OPERATIONS

Net Sales for the three-months ended March 31, 2002 were $3,622,795, compared to $4,521,595 for the same period in 2001. Management attributes this 19.9% decrease for the three-month period to the softness in the equipment industry caused by the general economic slowdown and bad weather in parts of the country in March. The Square Two brand was down 11% and the NancyLopezGolf brand was down 15%. The Lady Fairway shoe brand was down 43%, which was the result of excess inventory at the retail level and managements decision to completely begin to change the product and marketing. The effect of these changes will not be felt until 2003.

Gross profit as a percentage of sales for the three-month period ended March 31, 2002 was 40.2%, as compared to 41.4% for the same period in 2001. Management attributes this decrease to lower revenue and a higher amount of shoe closeouts in 2002.

Selling expenses for the three-month period ended March 31, 2002 were $661,267, compared to $823,633 for the same period in 2001. The three-month decrease of approximately $163,000 is a result of reduced commissions, due to decreased sales, as well as decreased national show expense.

General and Administrative expenses for the three-month period ended March 31, 2002 were $559,237, compared to $661,459 the same period in 2001. The three-month decrease is mainly due to the consolidation of Lady Fairway operations into our New Jersey facility as well as decreased Legal and FASB 142, Amortization of Goodwill, which states Lady Fairway Goodwill can no longer be expensed in 2002, but was in 2001. Goodwill for Lady Fairway was approximately $38,000 in for the three-month period ended March 30, 2001.

Interest expense for the three-month period ended March 31, 2002 was $71,968 compared to $109,770 for the same period in 2001. This decrease is due an average loan balance for the three-month period ended March 31, 2002 was $4,335,575 compared to $4,379,130 for the same period in 2001. The decrease in the average outstanding balance resulted mainly from better management of inventories and receivables. In addition, interest rates for the three-month period ended March 31, 2002 are lower than the same period in 2001, therefore decreasing the interest paid on the term loan, line of credit and promissory note.

Other income for the three-month period ended March 31, 2002 was $35,107 compared to $40,459 for the same period in 2001. This decrease is due to royalty income from international distributors.

The provision for income taxes was $69,052 for the three-month period ended March 31, 2002 compared to $143,373 for the same three-month period in 2001. This decrease is mainly the result of lower taxable income of approximately $118,000.

The Company's net income before Cumulative Effect of Accounting Change for the three-month period ended March 31, 2002 was $130,800 compared to $173,928 for the same period in 2001. The reduction in net income for the three-months ended March 31, 2002 was a result of decreased net revenue as well as decreased margins offset by reduced selling of $ 163,000, general and administrative expense $102,000 and interest $38,000.

CHANGE IN ACCOUNTING PRINCIPLE

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). This accounting standard addresses financial accounting and reporting for goodwill and other intangible assets and requires that goodwill amortization be discontinued and replaced with periodic tests of impairment. A two-step impairment test is used to first identify potential goodwill impairment and then measure the amount of goodwill impairment loss, if any. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001, and is required to be applied at the beginning of the fiscal year. Impairment losses that arise due to the initial application of this standard will be reported as a cumulative effect of a change in accounting principle. The first step of the goodwill impairment test, which must be completed within six months of the effective date of this standard, will identify potential goodwill impairment. The second step of the goodwill impairment test, which must be completed prior to the issuance of the annual financial statements, will measure the amount of goodwill impairment loss, if any.

In accordance with SFAS No. 142, goodwill amortization was discontinued as of January 1, 2002. The Company recorded a goodwill impairment of $1,806,448, or ($.51) per diluted share, related to Lady Fairway acquisition as a cumulative effect of change in accounting principle in the first quarter of 2002. In addition, the Company will stop amortizing approximately $1.2 million of an intangible asset deemed to have an indefinite useful life, primarily related to the Lady Fairway trademark. The Company estimated the fair value of the associated sole unit by using a present value of future cash flows model. Based on the current level of the intangible asset deemed to have an indefinite useful life, the adoption of SFAS No. 142 will reduce annual amortization expense by approximately $150,000. Amortization expense related to intangible assets deemed to have a definite useful life is approximately $ 54,000 as of March 31, 2002. Due to the non-deductibility of this goodwill, the Company did not record a tax benefit in connection with the impairment. If the adoption of this statement occurred on January 1, 2001, Net Income before cumulative Effect of Account Change, Net Income and Earnings per Share, Basic and Diluted would have been $324,928, ($1,481,520) and ($0.46) and ($0.45), respectively.

FINANCIAL CONDITION AND LIQUIDITY

The Company's working capital increased by $123,266 for the three-month period ended March 31, 2002, compared to December 31, 2001. Current assets increased by $975,394, offset by an increase in current liabilities of $852,128. Accounts receivable increased by approximately $1,066,000, which was typical for the Company due to the cyclical nature of the golf industry. Inventory decreased by approximately $38,000, for the three-month period ended March 31, 2002. In addition, Prepaid expenses decreased approximately $71,000. The short-term borrowings of the Company increased by approximately $488,000, which is a result of the cyclical nature of the business. In addition, accounts payable increased by approximately $187,000, Accrued Expenses increased approximately $197,000 and Other Current Liabilities decreased by $20,000 for the three-month period ended March 31, 2002.

Cash used by operations was $402,984 for the three-month period ended March 31, 2002, compared to $1,299,907 for the same period ended March 30, 2001. Cash provided by financing activities totaled $393,700 for the three-months ended March 31, 2002, compared to $1,343,581 for the same period ended March 30, 2001. During the three-month period ended March 31, 2002 cash provided for the disposal of equipment purchased was $1,967 compared to cash used of $35,357 for the same period ended March 30, 2001. Cash paid for interest charges on short and long-term borrowing was $58,527 and $138,136 for the three-month periods ended March 31, 2002 and March 30, 2001, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company's exposure to market risks is limited to interest rate risks associated with the variable interest rates on its revolving line of credit, term loan and promissory note. Changes in the interest rates affect the Company's earnings and cash flows, but not the fair value of the Company's debt instruments. If the indebtedness outstanding at December 31, 2001 were to remain constant, a 1.0% increase in interest rates occurring on January 1, 2002 would result in an increase in interest expense for the following 12 months of approximately $46,956. There have been no material changes in the market risks faced by us since December 31, 2001.

PART II. OTHER INFORMATION

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

(a) The exhibits listed on the attached Exhibit Index are filed as part of this report.

SIGNATURES

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

WOMEN'S GOLF UNLIMITED, INC.

05/15/2002	/s/ Douglas A. Buffington
Dated	By:
	Douglas A. Buffington President and Chief Operating Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT*
3.1	Amended and Second Restated Certificate of Incorporation of the registrant dated June 28, 1991 (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1991).
3.2	Certificate of Amendment to the Amended and Second Restated Certificate of Incorporation of the registrant (incorporated by reference to Exhibit 99.0 to the registrant's current report on Form 8-K reporting the event dated June 12, 2001).
3.3	Amended and Restated By-laws of the registrant dated December 6, 1991 (incorporated by reference to Exhibit 3.2 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1991).
4.1	Common Stock Purchase Warrant in favor of Wesmar Partners dated February 28, 1988 (incorporated by reference to Exhibit 4.4 of the registrant's Registration Statement No. 33-37371 on Form S-3).
4.2	Common Stock Purchase Warrant in favor of Wesmar Partners dated February 28, 1988 (incorporated by reference to Exhibit 4.5 of the registrant's Registration Statement No. 33-37371 on Form S-3).
4.3	Stock Option Agreement between the registrant and Wesmar Partners dated February 29, 1988 (incorporated by reference to Exhibit 4.6 of the registrant's Registration Statement No. 33-37371 on Form S-3).
10.0	Loan and Security Agreement between the registrant and Midlantic Bank, National Association dated December 29, 1994 (incorporated by reference to Exhibit 99 of the registrant's Current Report on Form 8-K dated December 26, 1994).
10.1	First Amendment to Loan and Security Agreement between the registrant and Midlantic Bank, National Association made as of April 9, 1996 (incorporated by reference to Exhibit 10.1 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
10.2	Second Amendment to Loan and Security Agreement between registrant and PNC Bank, National Association as successor in interest of Midlantic Bank, National Association made as of December 1, 1997 (incorporated by reference to Exhibit 10.12 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1997).
10.3	Fourth Amendment to Loan and Security Agreement between the registrant and PNC Bank, National Association dated as of July 31, 2000 (incorporated by reference to Exhibit 10.14 to the registrant's Registration Statement No. 333-47908 on Form S-4).

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT*

10.4	Fifth Amendment to Loan and Security Agreement between the registrant and PNC Bank, National Association made of January 3, 2001 (incorporated by reference to Exhibit 10.4 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
10.5	Sixth Amendment to Loan and Security Agreement between the registrant and PNC Bank, National Association made as of August 13, 2001 (incorporated by reference to Exhibit 10.20 of the registrant's Quarterly Report on Form 10-Q for the quarter ended September 28, 2001).
10.6	Replacement Promissory Note of the registrant in favor of James E. Jones dated December 29, 2000 and letter agreement in connection with same. (incorporated by reference to Exhibit 10.6 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2001).
10.7	Lease between the registrant and Kobrun Investments, III, L.L.C. dated August 30, 2001. (incorporated by reference to Exhibit 10.7 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2001).
10.8	Amended and Restated Licensing Agreement between Ladies Professional Golf Association and the registrant dated January 1, 1999 (incorporated by reference to Exhibit 10.2 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
10.9	Endorsement Agreement between the registrant and Kathy Whitworth dated October 13, 1999 (incorporated by reference to Exhibit 10.13 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
10.10	Licensing Agreement between Nancy Lopez Enterprises, Inc. and the registrant made as of July 31, 2000 (incorporated by reference to Exhibit 10.10 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
10.11	License Agreement between the registrant and Raymond Lanctot Ltee/Ltd. dated June 28, 1999 (incorporated by reference to Exhibit 10.12 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
10.12	Asset Purchase Agreement among the registrant, APGC Holdings Company, LLC and The Arnold Palmer Golf Company dated July 31, 2000 (incorporated by reference to Exhibit 2.0 to the registrant's Current Report on Form 8-K reporting the event dated July 31, 2000).
10.13	Agreement and Plan of Reorganization, dated as of June 22, 2000, among the registrant, S2 Golf Acquisition Corp., Ladies Golf Equipment Company, Inc., James E. Jones and Brian Christopher (incorporated by reference to Exhibit 2.0 of the registrant's Registration Statement No. 333-47908 on Form S-4).
10.14	1992 Stock Plan for Independent Directors of S2 Golf Inc. dated December 29, 1992 (incorporated by reference to Exhibit 10.11 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1992).

EXHIBIT

NUMBER	DESCRIPTION OF EXHIBIT*
10.15**	1998 Employee Stock Plan of the registrant (incorporated by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
10.16**	Agreement between the registrant and Randy A. Hamill dated January 2, 1997 (incorporated by reference to Exhibit 10.10 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1997).
10.17**	Employment Agreement between the registrant and Douglas A. Buffington, made April 3, 2001 and effective as of January 1, 2001 (incorporated by reference to Exhibit 10.17 of the registrant's Quarterly Report on Form 10-Q for the quarter ended March 30, 2001).
10.18**	Consulting Services Agreement between the registrant and MR & Associates made as of December 15, 2000, effective as of January 1, 2000 (incorporated by reference to Exhibit 10.18 of the registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
10.19**	Employment Agreement among the registrant, S2 Golf Acquisition Corp. and James E. Jones dated as of January 1, 2001 (incorporated by reference to Exhibit 10.19 of the registrant's Annual Report on Form 10-K for the year December 31, 2000).
10.20	Agreement and Plan of Merger between the registrant and its wholly-owned subsidiary S2 Golf Acquisition Corp. dated as of June 15, 2001 (incorporated by reference to Exhibit 10.20 of the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001).
10.21	Sixth Amendment to Loan and Security Agreement between the registrant and PNC Bank, National Association made as of August 13, 2001 (incorporated by reference to Exhibit 10.21 of the registrant's Quarterly Report on Form 10-Q for the quarter ended September 28, 2001)

* In the case of incorporation by reference to documents filed by the registrant under the Exchange Act, the registrant's file number under the Act is 0-14146.

** Management contract or management compensatory plan or arrangement.