

06-07-2006

RECORD
TRAIL



103252890

To the Director of the U. S. Patent and Trademark Office, please record the attached documents or the new address(es) below.

cel/s/abe

1. Name of conveying party(ies):
Nitro Leisure Products, LLC

Individual(s) Association
 General Partnership Limited Partnership
 Corporation- State: _____
 Other Limited Liability Company

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies) Yes No

Additional names, addresses, or citizenship attached? No

Name: NitroGolf, LLC
Internal
Address: P.O. Box 563
Street Address: 233 East Chicago Street
City: Milwaukee
State: Wisconsin
Country: U.S. Zip: 53201

Association Citizenship _____
 General Partnership Citizenship _____
 Limited Partnership Citizenship _____
 Corporation Citizenship _____
 Other LLC Citizenship Wisconsin

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance)/Execution Date(s) :

Execution Date(s) March 4, 2004

Assignment Merger
 Security Agreement Change of Name
 Other Asset Purchase Agreement

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) _____
B. Trademark Registration No.(s) 2620594

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

Mark: NITRO
Class: 028 (Golf clubs)

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Attorney Michael A. Baird
Internal Address: Stupar, Schuster & Cooper, S.C.
Suite 1800
Street Address: 633 West Wisconsin Avenue
City: Milwaukee
State: Wisconsin Zip: 53203
Phone Number: 414-271-8833
Fax Number: 414-271-2866
Email Address: mbaird@ssclaw.com

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 40.00

Authorized to be charged by credit card
 Authorized to be charged to deposit account
 Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____
Authorized User Name _____

9. Signature:

06/06/2006 BYRNE 00000078 2620594 Signature _____ Date _____
01 FC:8521 40.00 Michael A. Baird Total number of pages including cover sheet, attachments, and document: 31

Name of Person Signing

FINANCE SECTION
2006 JUN -5 AM 7:46
RECORDS

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "Agreement") is dated and effective March 4, 2004, by and between NitroGolf, LLC, a Wisconsin limited liability company (the "Buyer") and Nitro Leisure Products, LLC, a Delaware limited liability company (the "Company"). Buyer and Company are collectively referred to herein as the "Parties" and individually as a "Party." Capitalized terms used herein shall have the meanings set forth in this Agreement.

RECITALS

A. The Company has been in the business of selling to the public and retailers, at a price substantially less than the original selling price, golf balls that have been retrieved from golf course hazards and either (i) cleaned and washed or (ii) cleaned, washed, and re-clear coated.

B. The Company owns the website www.golfballsdirect.com, which is a retail distribution site for the sale of used golf balls as well as new golf balls. The used golf balls, whether (i) cleaned and washed or (ii) cleaned, washed, and re-clear coated, but excluding refurbished golf balls, and the new golf balls are collectively referred to herein as the "Product" or "Products."

C. In the past the Company has also refurbished used golf balls which it marketed and sold to consumers and retailers. Pursuant to that certain Final Judgment and Injunction Upon Consent entered on or about January 23, 2004 by the United States District Court, Southern District of Florida for Consolidated Case No: 02-14008-CIV-Middlebrooks/Lynch (the "Consent Decree"), the Company, its successors and assigns, are, as provided therein, enjoined from refurbishing used golf balls.

D. The Company is exiting the used and new golf ball business and is in the process of liquidating substantially all of its assets related thereto.

E. Pursuant to Paragraph 7 (Clear Coated Used Golf Ball Disclaimer) of the Confidential Settlement Agreement between Acushnet Company and the Company (the "Clear Coated Disclaimer"), Company, its successors and assigns, are permitted, as provided therein, to re-clear coat used Titleist brand golf balls for resale to the public.

F. The Buyer desires to purchase from the Company, and the Company desires to sell to the Buyer, substantially all of the assets of the Company "AS IS", "WHERE IS," and "WITHOUT WARRANTY AS TO FITNESS FOR ANY PURPOSE OR MERCHANTABILITY" and the Buyer is willing to assume certain specified liabilities and obligations of the Company directly related to such assets, all upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. PURCHASE AND SALE OF ASSETS

1.1 Assets to be Transferred. Subject to the terms and conditions of this Agreement, on the Closing Date (as hereinafter defined) the Company shall sell, transfer, convey, assign, and deliver to the Buyer, and the Buyer shall purchase and accept, "AS IS", "WHERE IS", and "WITHOUT WARRANTY AS TO FITNESS FOR ANY PURPOSE OR MERCHANTABILITY", substantially all of the assets, tangible and intangible, and all licenses and designs, held by the Company as of the Closing (collectively, the "Purchased Assets"), including:

(a) **Intellectual Property.** All of the Company's interest in any intellectual property such as patents, trademarks, copyrights and related applications thereto, trade secrets, and license rights from third parties (except for non-industry specific software), to the extent freely transferable or assignable by the Company without any further consideration to any third party, excluding therefrom any intellectual property relating to the refurbishment of used golf balls;

(b) **Machinery and Equipment.** Except for those assets set forth in Sections 1.2(c) and (d), all of the Company's machinery, equipment, tools, supplies, spare parts, furniture and all other personal property owned by the Company;

(c) **Inventory.** All of the Company's Product-related inventories of raw materials, works-in-process and finished goods (including all such in transit), together with related Company-owned packaging materials and supplies (collectively, the "Inventory"), as set forth on Exhibit 1.1(c) hereto;

(d) **Contracts.** All contracts, contractual rights, purchase orders and sales orders (the "Contracts") of the Company relating to the Products. To the extent that any assumed Contracts for which assignment to the Buyer is provided herein are not freely assignable without the consent of another party or additional consideration, then this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. Buyer agrees to contact the applicable parties to the assumed Contracts with respect to changing the delivery of, receipt of benefits under, and responsibilities for the assumed Contracts including the open sales orders and purchase orders as set forth on Exhibits 2.1(a) and 2.1(b) hereto. To the extent a Contract is not freely assignable, Buyer shall agree to perform for Company under the Contract and Company shall pay over to Buyer all amounts, if any, which Company receives for the performance of Buyer relating to the non-assignable Contracts, when and in the manner received, and Buyer agrees it shall not be entitled to any additional amounts from Company on account of its performance under the non-assignable Contracts. To the extent commercially practicable, if monies are owed to Buyer under any of the accounts receivable set forth on Exhibit 1.1(h), Company shall assign the right to collect said funds to Buyer;

(e) **Literature.** All sales literature, promotional literature, instructional materials, catalogs and similar materials of the Company relating to or used in connection with the Products in the Company's possession;

(f) **Records and Files.** With respect to the Products, all of the Company's customer lists, vendor lists, supplier lists, customer files, specifications, designs, bills of material and drawings, in the Company's possession;

(g) **Licenses; Permits.** All of the Company's licenses, permits and approvals relating to the Products, to the extent freely assignable or transferable by the Company without further consideration;

(h) **Accounts Receivable.** Notwithstanding anything else in this Agreement to the contrary, all accounts receivable of the Company currently outstanding for no more than ninety (90) days as of the Closing Date, as set forth on Exhibit 1.1(h), excluding therefrom any receivables from Golfballdirect.com; and

(i) **Names and Marks.** All names, logos or marks used by the Company that are not used in connection with labeling and marketing of the Products, and all names whatsoever used by Company.

1.2 Excluded Assets. Notwithstanding any other provision of this Agreement, the Company shall not sell, transfer, assign, convey or deliver to the Buyer, and the Buyer will not purchase or accept any assets of the Company other than the Purchased Assets (the "Excluded Assets"). The Excluded Assets shall include, each of the following:

(a) **Business Records.** All minute books, ownership books, legal files, tax returns, accounting reports and records, financial records, personnel and payroll records, invoice and purchase order records (except as otherwise provided in Section 1.1(f));

(b) **Cash.** All cash on hand of the Company;

(c) **Computers and Phone system.** Lucent Definity phone system, including a Lucent switch, two (2) switchboard consoles, and twenty-five (25) Lucent 8410D phone and handsets. The Company's computer network (including all non-industry specific software) comprised of four (4) servers, thirteen (13) workstations, five (5) printers; and other miscellaneous hardware;

(d) **Automobile.** One (1) 2003 Cadillac Escalade;

(e) **Fixtures.** Any fixtures currently located at the Company's place of business;

(f) **Non-Product Intellectual Property.** All non-Product intellectual property rights relating to the refurbishment of used golf balls;

(g) **Specified Receivables.** Any and all accounts receivable from Golfballdirect.com and any and all accounts receivable of the Company currently outstanding for

more than ninety (90) days as of the Closing Date; and

(h) Litigation. Any possible claim or cause of action arising out of or relating to the subject matter set forth in that certain cease and desist letter dated February 3, 2004 from James D. Nohn, Esq., on behalf of the Company, to True Temper Sports, Inc., as set forth on Exhibit 1.2(h).

1.3 Closing. The closing (the "Closing") shall take place at 8:00 a.m., eastern standard time, on March 4, 2004 at the offices of Yocca Patch & Yocca, LLP, 19900 MacArthur Boulevard, Suite 650, Irvine, California, 92612 or at such other time, date and place as the Buyer and the Company may agree in writing. The Closing shall be deemed effective as of 12:01 a.m., eastern standard time. The date on which the Closing takes place shall be the "Closing Date."

1.4 Deliveries at Closing.

- (a) Buyer's deliveries.** At Closing, Buyer shall deliver to Company:
- (i)** an executed counterpart of this Agreement;
 - (ii)** an executed counterpart of a Transition Agreement, substantially in the form attached hereto as Exhibit 1.4 (a) (the "Transition Agreement");
 - (iii)** an executed counterpart of the Assignment and Assumption Agreement;
 - (iv)** evidence of a Wire Transfer for the Cash Payment; and
 - (v)** evidence of a Wire Transfer for the first months payment pursuant to the Transition Agreement.
- (b) Company's deliveries.** At Closing, Company shall deliver to Buyer:
- (i)** an executed counterpart of this Agreement;
 - (ii)** an executed counterpart of the Transition Agreement;
 - (iii)** an executed counterpart of the Assignment and Assumption Agreement; and
 - (iv)** photocopies of checks made payable to the respective lienholder in the amount of each of the liens on the Purchased Assets set forth on Exhibit 1.4(b) hereto.

2. ASSUMPTION OF LIABILITIES

2.1 Liabilities to be Assumed. Subject to the terms and conditions of this Agreement, on the Closing Date, Buyer shall assume and agree to perform and discharge the following liabilities and obligations of the Company (the "Assumed Liabilities"):

- (a)** All customer sales orders not yet fulfilled by Company, as set forth on Exhibit 2.1(a) hereto;

(b) All Company purchase orders placed with third parties in which the related product has not yet been received by Company, as set forth on Exhibit 2.1(b) hereto; and

(c) All liabilities of Company that will be paid by Buyer pursuant to the Transition Agreement.

3. CONSIDERATION - PAYMENT

3.1 Consideration. The consideration (the "Consideration") for the Purchased Assets shall be:

(a) **Cash Payment.** A cash payment in the amount of Seven Hundred Forty-Nine Thousand Six Hundred Fifty-one dollars and Thirty-three cents (\$749,651.33) (the "Cash Payment") which shall be paid by the Buyer to the Company or its designee or assigns in cash, via a Wire Transfer; plus

(b) **Assumption of Liabilities.** The assumption of the Assumed Liabilities by the Buyer on the Closing Date. At the Closing, the Buyer shall deliver to the Company such documents and instruments as are reasonably required to evidence the assumption of the Assumed Liabilities, including, without limitation, an Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit 3.1(b) (the "Assignment and Assumption Agreement").

3.2 Allocation of Cash Payment. The Cash Payment paid by the Buyer to the Company for the transfer of the Purchased Assets pursuant to this Agreement shall be allocated as mutually agreed upon by the Parties in accordance with the provisions of Section 1060 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, with: (i) \$247,409.30 as a value for the Inventory as set forth on Exhibit 1.1(c) hereto; (ii) \$252,242.03, as a value attributed to the accounts receivable of the Company as set forth on Exhibit 1.1(h) hereto (excluding all accounts receivable for Golfballdirect.com and all accounts receivable of the Company currently outstanding for more than ninety (90) days); (iii) One Hundred Fifty Thousand dollars (\$150,000) for the intangible assets; and (iv) One Hundred Thousand Dollars (\$100,000) for the fixed assets, or such other amounts determined by the applicable taxing authority. Both Parties shall be obligated to report the transaction on all applicable tax filings consistent with the allocation determined by the Parties pursuant to this Section 3.2.

3.3 Sales Tax. The Buyer shall timely pay or remit the cost of any sales, bulk sales, use or similar taxes, which may become due, by whatever jurisdiction levied, arising out of the sale and transfer of the Purchased Assets contemplated under this Agreement, and Buyer shall indemnify, defend, and hold harmless the Company, and its unitholders, from and for such obligations, taxes, penalties and other costs relating to failure to properly pay such taxes.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company makes the following representations and warranties to the Buyer, each of which is true and correct on the date hereof, and shall survive the Closing.

4.1 Organization. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite power and authority to own, operate and lease its properties, to enter into this Agreement and to consummate the transactions contemplated hereby.

4.2 Authority. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of the Company. No other or further act or proceeding on the part of the Company, its Board of Directors or any of its unitholders is necessary to authorize the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby. This Agreement, and the other documents and instruments to be executed and delivered by the Company pursuant hereto, constitute the valid and binding obligation of the Company, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and by general equitable principles.

4.3 Ownership of Purchased Assets. The Company has, upon the extinguishment of the liens set forth on Exhibit 1.4(b), good and marketable title to all the Purchased Assets. Except as set forth in Section 7 (the Consent Decree and Clear Coated Disclaimer), upon the extinguishment of the liens set forth on Exhibit 1.4(b), none of the Purchased Assets are subject to any restrictions with respect to the transferability thereof. Except as set forth in Section 7 (the Consent Decree and Clear Coated Disclaimer), upon the extinguishment of the liens set forth on Exhibit 1.4(b), the Company has the power and right to sell, assign, convey and deliver the Purchased Assets to the Buyer as contemplated hereby.

4.4 Clear Coated Disclaimer. The Clear Coated Disclaimer, along with the definition of "Re-clearcoated golf balls," as set forth below, are the only references and limitations to clear-coating of golf balls in the Confidential Settlement Agreement between Acushnet Company and the Company. "Re-clearcoated golf balls" is defined in the Confidential Settlement Agreement between Acushnet Company and the Company as "golf balls that have had one or more coats of clearcoat applied over the original manufacturer's clearcoat."

5. REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer makes the following representations and warranties to the Company, each of which is true and correct on the date hereof, and shall survive the Closing:

5.1 Corporate Organization. The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Wisconsin. The Buyer has all requisite power to enter into this Agreement and to consummate the transactions contemplated hereby.

5.2 Authority. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the members of the Buyer. No other act or proceeding on the part of the Buyer or by Buyer's unitholders is necessary to authorize the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby. This Agreement, and the other

documents and instruments to be executed and delivered by the Buyer pursuant hereto, constitute the valid and binding obligations of the Buyer enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally, and by general equitable principles

5.3 No Defaults. The consummation of the transactions contemplated by this Agreement will not cause the Buyer or any of its affiliates to be in default (i) under Buyer's articles of organizations or operating agreement or under any material note, indenture, mortgage, lease, purchase or sales order, or any other material contract, agreement or instrument to which the Buyer is a party or by which it or its properties are bound or affected or (ii) with respect to any order, writ, injunction, judgment or decree of any court or any federal, state, municipal or other domestic or foreign governmental department, commission, board, bureau or agency.

6. OTHER MATTERS

6.1 Bulk Sales Compliance. Buyer hereby agrees to waive the requirements of the Uniform Commercial Code concerning bulk transfers, as in effect in the State of Florida, including the requirement of notice to creditors.

6.2 Release of Company's Name. As soon as reasonably practicable after the Closing Date, but in no case later than thirty (30) days after the Closing Date, the Company will change its name to a new company name to be determined in the Company's sole and absolute discretion. The Company will advise the Buyer of the change in its company name so that the Buyer may, at its option, apply to the appropriate governmental authorities for use of the name "Nitro Leisure Products."

6.3 Transfer of Web Site. The Company will request, no later than April 1, 2004, that the uniform resource locator used by the Company be transferred into the name of the Buyer at the Buyer's sole expense.

7. COMPANY'S DISCLAIMERS.

7.1 Consent Decree. The transactions contemplated under this Agreement are subject to the terms of the Consent Decree, a copy of which is attached hereto as Exhibit 7.1. The Buyer acknowledges that it has received, reviewed and understands the Consent Decree and acknowledges that the sale and transfer of the Purchased Assets, and Buyer's post-Closing use of the Purchased Assets, are subject to the Consent Decree.

7.2 Clear Coated Disclaimer. The transactions contemplated under this Agreement are also subject to the Clear Coated Disclaimer, a copy of which is attached hereto as Exhibit 7.2. Buyer acknowledges that it has received, reviewed and understands the Clear Coated Disclaimer and the clear coated used golf ball operational requirements in the Clear Coated Disclaimer, and further acknowledges that Buyer is required to comply with them post-Closing in the cleaning and sale of such used golf balls.

7.3 Condition of Inventory and other Purchased Assets. The Inventory being purchased by Buyer hereunder is set forth on Exhibit 1.1(c) hereto. The Buyer and the Company

agree that the Inventory and all other Purchased Assets may not be saleable and that the Buyer is not purchasing a going-concern business. The Buyer acknowledges that the business of the Company as conducted in the past will be substantially different from the business of the Buyer to be conducted in the future and that the Buyer has not relied on any disclosure, representation or warranty made by or on behalf of the Company in order to form an opinion as to the viability of any business opportunity in which the Inventory and all other Purchased Assets may be used. **EXCEPT AS EXPRESSLY SET FORTH IN SECTION 4, THE COMPANY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF ANY OF ITS ASSETS (INCLUDING, WITHOUT LIMITATION, THE PURCHASED ASSETS), ITS BUSINESS, LIABILITIES OR OPERATIONS, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY AND ALL OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. THE BUYER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH IN SECTION 4, THE BUYER IS PURCHASING THE PURCHASED ASSETS ON AN "AS-IS, WHERE-IS" BASIS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE COMPANY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AS TO THE PURCHASED ASSETS THAT ARE EQUIPMENT, GOODS OR OTHER ASSETS THAT ARE SUBJECT TO ARTICLE 2 OF THE UNIFORM COMMERCIAL CODE, OR SIMILAR FEDERAL, STATE OR LOCAL LAW, AND THE BUYER EXPRESSLY ACKNOWLEDGES THAT SUCH EQUIPMENT, GOODS OR OTHER ASSETS ARE BEING PURCHASED AND SOLD "AS IS" AND "WHERE IS" AND WITHOUT WARRANTY EXCEPT AS EXPRESSLY SET FORTH IN SECTION 4 OF THIS AGREEMENT. THE COMPANY MAKES NO REPRESENTATION OR WARRANTY REGARDING ANY ASSETS OTHER THAN THE PURCHASED ASSETS OR ANY LIABILITIES OTHER THAN THE ASSUMED LIABILITIES, AND NONE SHALL BE IMPLIED AT LAW OR IN EQUITY.**

8. INDEMNIFICATION

8.1 By the Company. Subject to the terms and conditions of this Section 8, the Company hereby agrees to indemnify, defend and hold harmless the Buyer from and against any claim asserted against the Buyer arising out of or resulting from:

- (a)** Any failure by the Company to perform under any of the agreements, covenants and obligations set forth in this Agreement or the Transition Agreement;
- (b)** Any breach of or inaccuracy in, or the existence of any facts resulting in the breach of or inaccuracy in, or any failure to comply with, any of the representations or warranties of Company contained in this Agreement or the Transition Agreement;
- (c)** The liabilities of the Company that are not being assumed by Buyer under Section 2; or
- (d)** The Excluded Assets.

8.2 By the Buyer. Subject to the terms and conditions of this Section 8, the Buyer, hereby agrees to indemnify, defend and hold harmless the Company, and its directors, officers, employees, agents and representatives, and controlled and controlling persons (hereinafter "Company's Affiliates"), from and against all claims asserted against, resulting to, or imposed upon the Company or the Company's Affiliates, directly or indirectly, by reason of, arising out of or resulting from:

(a) Any failure by the Buyer to pay, discharge, or perform under, as the case may be, when due, any of the agreements, covenants and obligations set forth in this Agreement or the Transition Agreement;

(b) Any breach of or inaccuracy in, or the existence of any facts resulting in the breach of or inaccuracy in, or any failure to comply with, any of the representations or warranties of the Buyer contained in this Agreement or the Transition Agreement;

(c) the Assumed Liabilities;

(d) The manufacture, sale, delivery, operation or breach of warranty of any Products either manufactured, distributed or sold by or on behalf of the Buyer subsequent to the Closing; and

(e) Any third party claims based on the conduct of Buyer after Closing based on the Consent Decree or Clear Coated Disclaimer.

8.3 Indemnification of Third-Party Claims. The obligations and liabilities of a Party to indemnify the other Party under this Section 8 with respect to any claims relating to third parties shall be subject to the following terms and conditions:

(a) **Notice and Defense.** The Party to be indemnified (whether one or more, the "Indemnified Party") will give the Party from whom indemnification is sought (the "Indemnifying Party") written notice of any such claim, and the Indemnifying Party will undertake the defense thereof by counsel reasonably satisfactory to the Indemnified Party; *provided, however,* that the Indemnified Party shall at all times also have the right to participate fully in the defense at its own expense. Failure to give such notice shall not affect the Indemnifying Party's duty or obligations under this Section 8, except to the extent the Indemnifying Party is prejudiced thereby. So long as the Indemnifying Party is defending any such claim actively and in good faith, the Indemnified Party shall not settle such claim. The Indemnified Party shall make available to the Indemnifying Party or its representatives all records and other materials required by them and in the possession or under the control of the Indemnified Party, for the use of the Indemnifying Party and its representatives in defending any such claim, and shall in other respects give reasonable cooperation in such defense.

(b) **Failure to Defend.** If the Indemnifying Party, within a reasonable time after notice of any such claim, fails to defend such claim actively and in good faith, the Indemnified Party will (upon further notice) have the right to undertake the defense, compromise or settlement of such claim or consent to the entry of a judgment with respect to such claim, on behalf of and for the account and risk of the Indemnifying Party, and the Indemnifying Party shall thereafter have no right to challenge the Indemnified Party's defense, compromise, settlement or consent to judgment.

(c) **Indemnified Party's Rights.** Notwithstanding anything in this Section 8.3 to the contrary, the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such claim. The Parties shall cooperate with each other with respect to any claim for which indemnification is sought hereunder and in the defense of any claim.

8.4 Waiver. The consummation of the transactions contemplated by this Agreement shall constitute a waiver by each Party of its rights to third-party indemnification hereunder, to the extent that the Party seeking indemnification has or had knowledge of the breach, violation or failure of any condition constituting the basis of any Claim at or before the Closing.

9. MISCELLANEOUS

9.1 Announcements. Announcements concerning the transactions provided for in this Agreement by either the Company or the Buyer shall be subject to the reasonable approval of the other Party in all material respects, except that the consent of neither Party shall be required for any disclosures required by law. If any such notice or disclosure is so made, the disseminating Party shall give notice of the same to the other Party five (5) business days prior to such disclosure.

9.2 Assignment. Except as expressly provided herein, the rights and obligations of a Party hereunder may not be assigned, transferred or encumbered without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

9.3 Parties in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and permitted assigns of the Parties. Nothing contained herein shall be deemed to confer upon any other person any right or remedy under or by reason of this Agreement.

9.4 Governing Law. This Agreement shall be construed and interpreted according to the internal laws of the State of Delaware, excluding any choice of law rules that may direct the application of the laws of another jurisdiction. Each of the Parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Florida or the United States of America located in Martin County, Florida, for any action, suit or proceeding arising out of or relating to either this Agreement or the Transition Agreement, and agrees not to commence any action, suit or proceeding relating thereto except in such courts, and further agrees that service of any process, summons, notice or document by United States registered or certified mail shall be effective service of process for any action, suit or proceeding brought in any such court. Each of the Parties hereby irrevocably and unconditionally waives any objection to personal jurisdiction and the laying of venue of any action, suit or proceeding arising out of either this Agreement or the transactions contemplated hereby, in the courts of the State of Florida or the United States of America located in Martin County, Florida, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding has been brought in an inconvenient forum.

9.5 Amendment and Modification. The Buyer and the Company may amend, modify and supplement this Agreement in such manner as may be mutually agreed upon in writing.

9.6 Notice. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Party at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to the Buyer:

NitroGolf, LLC
233 E. Chicago Street
P.O. Box 563
Milwaukee, WI 53201-0563
Attn: Mark Blutstein

with a copy to:

Stupar, Schuster & Cooper, S.C
633 W. Wisconsin Avenue, Suite 1800
Milwaukee, WI 53203
Fax:
Attn: Jeffrey A. Cooper, Esq.

or to such other person or address as the Buyer shall furnish to the Company in writing.

(b) If to the Company, to:

Nitro Leisure Products, LLC
Attn: Amin C. Khoury
1943 SE Airport Road
Stuart, FL 34996

with a copy to:

Yocca Patch & Yocca, LLP
19900 MacArthur Blvd., Suite 650
Irvine, CA 92612
Fax: (949) 253-0870
Attn: Ryan M. Patch, Esq.

or to such other person or address as the Company shall furnish to the Buyer in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

9.7 Wire Transfer. Any wire transfer to the Company shall be made in immediately available funds to the following account (a "Wire Transfer"):

Gulfstream Business Bank
2400 SE Monterey Road
Stuart FL 34996
Account # 150006230
Routing # 067014712
Wire Dept. 772-781-8132

9.8 Broker Fees. Each Party agrees to hold harmless the other Party from and against any and all claims for brokerage commissions or finder's fees incurred through any act of the Party in connection with the execution, delivery and performance of this Agreement or the transactions contemplated hereby.

9.9 Expenses. Except as otherwise provided herein, each Party shall bear its own fees and expenses, including, without limitation, the fees and expenses of its counsel, accountants and other agents, in connection with the negotiation, preparation, execution, delivery and performance of this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, the Buyer shall pay, and shall indemnify, defend and hold harmless the Company from and against any sales, use, excise, transfer or other similar taxes, fees, charges and expenses imposed with respect to the transactions provided for in this Agreement, and any interest or penalties related thereto.

9.10 Costs of Litigation. The Parties agree that the prevailing Party in any action brought with respect to or to enforce any right or remedy under this Agreement shall be entitled to recover from the other Party all reasonable costs and expenses of any nature whatsoever

incurred by the prevailing Party in connection with such action, including without limitation attorneys' fees and prejudgment interest.

9.11 Entire Agreement. This Agreement, including all exhibits attached hereto, embodies the entire understanding and agreement between the Parties with respect to the transactions contemplated herein, and there have been and are no agreements, commitments, obligations, understandings, representations or warranties between the Parties other than those set forth herein.

9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile signature shall be treated the same as an original signature and a facsimile signature shall have the same force and effect as an original signature has under Delaware law. To the extent any Party uses a facsimile signature for this Agreement or any exhibit hereto, said Party agrees to forward an original signature to the other Party within five (5) business days of the Closing Date.

9.13 Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

9.14 Further Documents. The Buyer and the Company each agree to execute all other documents and to take such other action or corporate proceedings as may be necessary or desirable to carry out the terms hereto.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

COMPANY:

NITRO LEISURE PRODUCTS, LLC,
a Delaware limited liability company

By: 
Amin C. Khoury
President

BUYER:

NitroGolf, LLC,
a Wisconsin limited liability company

By: _____
Mark Blutstein
Member

NITRO LEISURE PRODUCTS, LLC

Term Sheet Describing The Acquisition of Substantially All of the Assets and Assumption of Certain Liabilities of Nitro Leisure Products, LLC

APPENDIX A

	<i>Value Per Unit</i>	<i>Units as of Term Sheet Date</i>	<i>Total Value</i>
<i>Finished Goods Units</i>			
WalMart Round II – Gold	\$3.520		\$0.00
WalMart Round II - Silver	\$2.320		\$0.00
48 Ball Value Mix Mesh Bag	\$6.050		\$0.00
72 Ball Super Value Pack	\$3.700		\$0.00
		<i>Finished Goods Value</i>	<i>\$0.00</i>
<i>Graded Balls</i>			
Balata Repro	\$0.020		\$0.00
Hi Pro	\$0.500		\$0.00
Hi Repro	\$0.425		\$0.00
Lo Pro	\$0.250		\$0.00
Lo Repro	\$0.150		\$0.00
Practice Balls	\$0.020		\$0.00
Premium Refurbished	\$0.425		\$0.00
Pro V1 Recycled	\$0.500		\$0.00
Proline Refurbished	\$0.015		\$0.00
Range Pluggers	\$0.020		\$0.00
Range Recycled	\$0.020		\$0.00
Range Refurbished	\$0.020		\$0.00
Storeline	\$0.130		\$0.00
Storeline Repro	\$0.040		\$0.00
Loose Balls (Ungraded)	\$0.151		\$0.00
		<i>Total Ball Value</i>	<i>\$0.00</i>
<i>Packaging</i>			
12 Ball Clamshells	\$0.200		\$0.00
20 Ball Hex Box	\$0.350		\$0.00
24 Ball Clamshells	\$0.375		\$0.00
36 Ball Clamshells	\$0.480		\$0.00
48 Ball Mesh Bags	\$0.800		\$0.00
Tour 2 12 Packs	\$0.402		\$0.00
Tour 2 30 Packs	\$0.945		\$0.00
WalMart 15 Packs	\$0.276		\$0.00
		<i>Total Packaging Value</i>	<i>\$0.00</i>
		<i>Total Inventory Value</i>	<i>\$0.00</i>

NITRO LEISURE PRODUCTS, LLC

**Term Sheet Describing The Acquisition of
Substantially All of the Assets and
Assumption of Certain Liabilities
of Nitro Leisure Products, LLC**

APPENDIX B

Fixed Assets

All of the manufacturing fixed assets represented on the balance sheet as of December 31, 2003, and excluding any and all computers (including the OEM software that accompanied the computers), telephone and office equipment.

NITRO LEISURE PRODUCTS, LLC

Term Sheet Describing The Acquisition of Substantially All of the Assets and Assumption of Certain Liabilities of Nitro Leisure Products, LLC

APPENDIX C

Intangible Assets

NITRO (Brand Name)

SECOND CHANCE (Brand Name)

DOMAIN NAME	EXPIRES
bestrange.com	5/14/08
golfballsdirect.com	11/11/04
golfballtrader.com	8/9/08
nitrogolf.com	2/15/09
nitrogolf.net	4/13/04
nitrogolfcorp.com	4/13/08
planetgolfballs.com	12/3/08

License from The Acushnet Company to Clear Coat Used Golf Balls

Various Patents

Nitro
Leisure Products, L.L.C.



KG Golf Due Diligence Papers

February 11, 2004

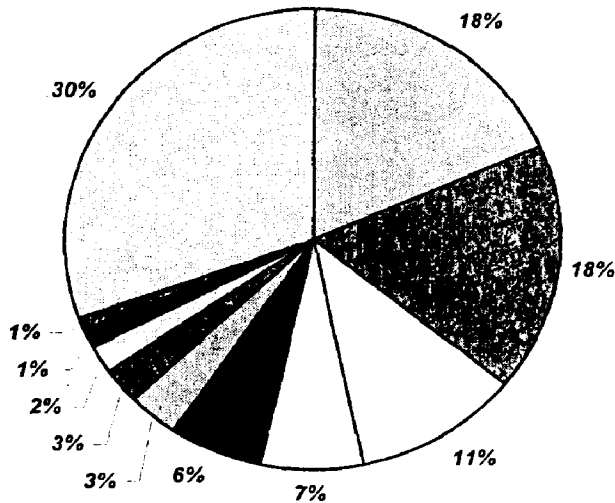
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Nitro certifies that the sales figures and product summaries contained within this memorandum are extracts from its financial application and tie to Nitro's financial statements for the periods to which they correspond.

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Nitro Leisure Products, LLC

Year 2000 Top Customers

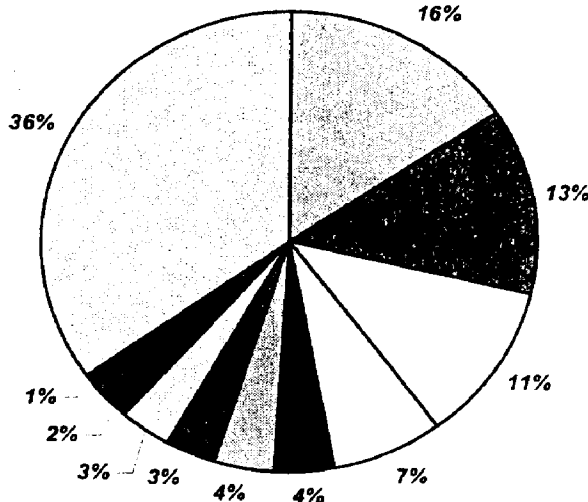


- K MART CORP.
- WAL MART STORES, INC
- SPORTS AUTHORITY, INC.
- DICK'S SPORTING GOODS
- B J'S WHOLESALE CLUB
- AMES DEPARTMENT STORES, INC.
- AMSCAND TRADING
- J.J.B. SPORTS PLC
- ARMY & AIR FORCE EXCHANGE
- PUBLIX SUPER MARKETS, INC.
- OTHER

	Customer	2000
1	K MART CORP.	\$1,278,168.94
2	WAL MART STORES, INC	\$1,238,300.88
3	SPORTS AUTHORITY, INC.	\$757,874.64
4	DICK'S SPORTING GOODS	\$473,347.62
5	B J'S WHOLESALE CLUB	\$421,405.42
6	AMES DEPARTMENT STORES, INC.	\$232,094.68
7	AMSCAND TRADING	\$188,500.49
8	J.J.B. SPORTS PLC	\$127,200.00
9	ARMY & AIR FORCE EXCHANGE	\$90,772.66
10	PUBLIX SUPER MARKETS, INC.	\$73,866.00
11	OTHER	\$2,138,467.32
		\$7,019,998.65

Nitro Leisure Products, LLC

Year 2001 Top Customers

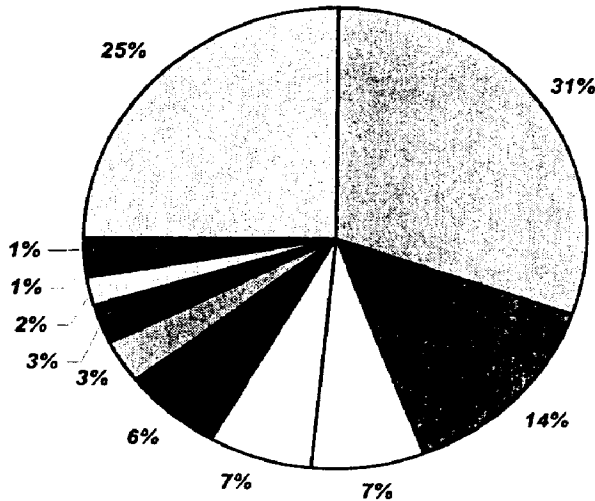


- K MART CORP.
- MASTERGRIP, INC.
- WAL MART STORES, INC
- SPORTS AUTHORITY, INC.
- BIG 5 CORP.
- J.J.B. SPORTS PLC
- AMES DEPARTMENT STORES, INC.
- B J'S WHOLESALE CLUB
- WAL MART CANADA INC.
- ARMY & AIR FORCE EXCHANGE
- OTHER

	Customer	2001
1	K MART CORP.	\$1,086,476.40
2	MASTERGRIP, INC.	\$916,190.95
3	WAL MART STORES, INC	\$789,092.07
4	SPORTS AUTHORITY, INC.	\$496,354.59
5	BIG 5 CORP.	\$284,648.79
6	J.J.B. SPORTS PLC	\$260,077.62
7	AMES DEPARTMENT STORES, INC.	\$239,194.02
8	B J'S WHOLESALE CLUB	\$230,176.30
9	WAL MART CANADA INC.	\$146,600.16
10	ARMY & AIR FORCE EXCHANGE	\$104,640.00
11	OTHER	\$2,464,616.64
		\$7,018,067.54

Nitro Leisure Products, LLC

Year 2002 Top Customers



- WAL MART STORES, INC
- K MART CORP.
- GOLFBALLSDIRECT.COM
- BIG 5 CORP.
- MARTIN'S GOLF & TENNIS
- MASTERGRIP, INC.
- ECKERD CORPORATION
- PUBLIX SUPER MARKETS, INC.
- SPORTS AUTHORITY, INC.
- AMES DEPARTMENT STORES, INC.
- OTHER

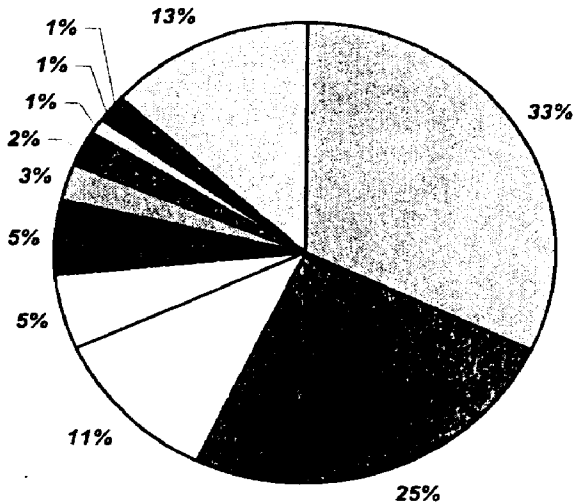
	Customer	2002
1	WAL MART STORES, INC	\$1,115,042.51
2	K MART CORP.	\$518,165.80
3	GOLFBALLSDIRECT.COM	\$266,565.54
4	BIG 5 CORP.	\$247,563.61
5	MARTIN'S GOLF & TENNIS	\$231,158.68
6	MASTERGRIP, INC.	\$116,061.98
7	ECKERD CORPORATION	\$97,188.00
8	PUBLIX SUPER MARKETS, INC.	\$76,375.45
9	SPORTS AUTHORITY, INC.	\$50,724.90
10	AMES DEPARTMENT STORES, INC.	\$49,412.56
11	OTHER	\$922,128.69
		\$3,690,387.72

**Nitro Leisure Products, LLC
2002 - Top SKU's Purchased by Top Customers**

Customer	SKU Description	Quantity Purchased	Balls Per Unit	Total Balls	Total In Dozens
WAL MART STORES, INC	STORELINE 15 PACK	140,580	15	2,108,700	175,725
	PROLINE 15 PACK	93,576	15	1,403,640	116,970
K MART CORP.	Tour 2 Gold 15 Pack	92,364	15	1,385,460	115,455
	UV TITANIUM 15 BALL PACK	38,472	15	577,080	48,090
GOLFBALLSDIRECT.COM	AAA PREMIUM 12 PACK	6,570	12	78,840	6,570
	AAA PREMIUM 72 PACK	1,782	72	128,304	10,692
GOLFBALLSDIRECT.COM	REFURBISHED PREMIUM 12 PACK	698	12	8,376	698
	AAA PREMIUM 36 PACK	467	36	16,812	1,401
BIG 5 CORP.	72 BALL SUPER VALUE PACK	297	72	21,384	1,782
	NITRO TOUR DISTANCE TITANIUM 18 PACK	272	18	4,896	408
BIG 5 CORP.	NITRO BALATA LD+10 12 PACK	216	12	2,592	216
	South Bay 15 Pack - TITLEIST DISTANCE	14,592	15	218,880	18,240
BIG 5 CORP.	Tour 2 Gold 15 Pack - TITLEIST RECYCLED	11,484	15	172,260	14,355
	NITRO TOUR DISTANCE TITANIUM 18 PACK	5,700	18	102,600	8,550
MARTIN'S GOLF & TENNIS	South Bay 6 Pack - TITLEIST DISTANCE	3,312	6	19,872	1,656
	Tour 2 Premium Recycled 12 Pack	9,152	12	109,824	9,152
MARTIN'S GOLF & TENNIS	Tour 2 Storeline 30 Pack	1,472	30	44,160	3,680
	AAA Recycled Titleist Professional 12 Pack	1,470	12	17,640	1,470
MASTERGRIP, INC.	Practice Yellow Bulk 300 Box	563	300	168,900	14,075
	Premium Recycled Bulk 300 Box	200	300	60,000	5,000
MASTERGRIP, INC.	Proline Recycled Bulk 300 Box	171	300	51,300	4,275
	Recycled Storeline Bulk 300 Box	249	300	74,700	6,225
ECKERD CORPORATION	Refurbished Titleist Professional Bulk 300 Box	218	300	65,400	5,450
	Recycled Proline Bulk 300 Box	100	300	30,000	2,500
PUBLIX SUPER MARKETS, INC.	Refurbished Titleist Pro V1 Bulk 300 Box	83	300	24,900	2,075
	Storeline Mix 20 Ball Pack	14,952	20	299,040	24,920
SPORTS AUTHORITY, INC.	12 Ball Storeline Mix - Case	603	12	7,236	603
	20 Ball Storeline Mix - Case	600	20	12,000	1,000
AMES DEPARTMENT STORES, INC.	Recycled Proline 12 Pack	8,064	12	96,768	8,064
	Max 24 Pack - Practice	14,694	24	352,656	29,388
AMES DEPARTMENT STORES, INC.	Nitro Maximum Distance 15 Pack	6,240	15	93,600	7,800
		469,213		7,757,820	646,485

Nitro Leisure Products, LLC

Year 2003 Top Customers



- WAL MART STORES, INC
- GART SPORTS
- GOLFBALLSDIRECT.COM
- BIG 5 CORP.
- MARTIN'S GOLF & TENNIS
- PUBLIX SUPER MARKETS, INC.
- MASTERGRIP, INC.
- SPORTS AUTHORITY, INC.
- HEARTLAND AMERICA
- TENIS & GOLF SPORT S.A.
- OTHER

	Customer	2003
1	WAL MART STORES, INC	\$927,924.00
2	GART SPORTS	\$732,210.00
3	GOLFBALLSDIRECT.COM	\$321,601.97
4	BIG 5 CORP.	\$158,071.20
5	MARTIN'S GOLF & TENNIS	\$148,846.64
6	PUBLIX SUPER MARKETS, INC.	\$77,504.92
7	MASTERGRIP, INC.	\$67,955.39
8	SPORTS AUTHORITY, INC.	\$38,220.00
9	HEARTLAND AMERICA	\$27,046.35
10	TENIS & GOLF SPORT S.A.	\$26,962.28
11	OTHER	\$388,992.91
		\$2,915,335.66

**Nitro Leisure Products, LLC
2003 - Top SKU's Purchased by Top Customers**

Customer	SKU Description	Quantity Purchased	Balls Per Unit	Total Balls	Total In Dozens
WAL MART STORES, INC	STORELINE 15 PACK	146,448	15	2,196,720	183,060
	PROLINE 15 PACK	58,488	15	877,320	73,110
GART SPORTS	48 Ball Value Mix Mesh Bag	22,056	48	1,058,688	86,224
	Tour 2 Premium Refurbished 12 Pack	14,888	12	178,656	14,888
	Tour 2 Storeline Recycled 12 Pack	12,900	12	154,800	12,900
	Tour 2 Storeline Optic Recycled 12 Pack	10,962	12	131,544	10,962
	Tour 2 Proline Recycled 12 Pack	7,200	12	86,400	7,200
	AAA PREMIUM 12 PACK	7,777	12	93,324	7,777
	AAA PREMIUM 72 PACK	2,583	12	30,996	2,583
GOLFBALLSDIRECT.COM	AAA PROLINE 12 PACK	735	12	8,820	735
	72 BALL SUPER VALUE PACK	619	72	44,568	3,714
	AAA PREMIUM 36 PACK	524	36	18,864	1,572
	AAA PROLINE 72 PACK	482	72	34,704	2,892
	REFURBISHED PREMIUM 12 PACK	471	12	5,652	471
BIG 5 CORP.	Tour 2 Gold 15 Pack - TITLEIST RECYCLED	11,292	15	169,380	14,115
	Nitro 24 Ball Jar w/ 100 Tees	5,000	24	120,000	10,000
	Tour 2 Premium Recycled 12 Pack	5,856	12	70,272	5,856
	Tour 2 Proline Recycled 12 Pack	5,286	12	63,432	5,286
MARTIN'S GOLF & TENNIS	Tour 2 Storeline Recycled 12 Pack	2,496	12	29,952	2,496
	Tour 2 Premium Recycled 12 Pack	2,022	12	24,264	2,022
	Tour 2 Premium Recycled X-OUT 12 Pack	606	240	145,440	12,120
	20 Ball Storeline Mix - Case	590	144	84,960	7,080
PUBLIX SUPER MARKETS, INC.	12 Ball Storeline Mix - Case	216	300	64,800	5,400
	Refurbished Proline Bulk 300 Box	135	300	40,500	3,375
	Premium Recycled Bulk 300 Box	86	300	25,800	2,150
MASTERGRIP, INC.	Proline Recycled Bulk 300 Box	5,880	12	70,560	5,880
	Recycled Proline 12 Pack	1,620	12	19,440	1,620
SPORTS AUTHORITY, INC.	Tour 2 Premium Recycled 12 Pack	960	12	11,520	960
	Tour 2 Proline Recycled 12 Pack	1,140	20	22,800	1,900
HEARTLAND AMERICA	Storeline Mix 20 Ball Pack	700	48	33,600	2,800
	48 Ball Value Mix Mesh Bag	480	12	5,760	480
TENIS & GOLF SPORT S.A.	REFURBISHED PREMIUM 12 PACK	330,498		5,923,536	493,628

Nitro Leisure Products, LLC**2004 Sales Forecast Summary by Customer**

Customer Name	Projected Sales
GART SPORTS/TSA	\$1,299,390.00
WAL MART STORES, INC	\$803,090.00
GOLFBALLSDIRECT.COM	\$288,900.00
BIG 5 CORP.	\$164,340.00
INTERNATIONAL	\$129,450.00
PUBLIX SUPER MARKETS, INC.	\$85,920.00
MARTIN'S GOLF & TENNIS	\$73,920.00
OFF COURSE SPECIALTY	\$56,780.00
MASTERGRIP, INC.	\$48,000.00
HEARTLAND AMERICA	\$47,300.00
WHOLESALE	\$35,000.00
OTHER SPORTS/MASS MERCHANDISING	\$26,640.00
RANGE	\$23,175.00
Total Sales	\$3,081,905.00

Note: Forecast excludes approximately \$500K to \$1M of new business with existing and or one time customers that is currently under review. This is not included due to the competitive sensitivity within the used ball business.

Nitro Leisure Products, LLC
Profit & Loss Forecast for 2004 (2/11/2004)

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Totals	Percent of Gross Sales
Sales														
Used Ball Revenue	\$222,840	\$186,160	\$261,860	\$277,920	\$296,560	\$252,280	\$249,330	\$260,590	\$179,560	\$198,750	\$246,500	\$80,860	\$2,713,220	88.04%
Used Ball Range Revenue	\$2,610	\$3,915	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$23,175	0.75%
New Ball Nitro Revenue	\$0	\$10,200	\$510	\$5,100	\$5,100	\$5,100	\$4,896	\$6,830	\$5,610	\$3,672	\$4,896	\$4,896	\$56,610	1.84%
New Ball Range Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
GolfBallsDirect.com Revenue	\$29,000	\$31,900	\$24,000	\$25,000	\$20,000	\$25,750	\$30,750	\$25,750	\$15,750	\$16,750	\$18,750	\$25,500	\$288,900	9.37%
Accessories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Gross Sales	\$254,450	\$232,175	\$288,035	\$309,685	\$323,325	\$284,805	\$286,641	\$294,635	\$202,585	\$220,837	\$271,811	\$112,921	\$3,081,905	100.00%
Net Sales (Less 2.5%)	\$248,089	\$226,371	\$280,834	\$301,943	\$315,242	\$277,685	\$279,475	\$287,269	\$197,520	\$215,316	\$265,016	\$110,098	\$3,004,857	97.50%
Cost of Goods Sold														
Used Balls (42%)	\$106,869	\$93,230	\$120,761	\$127,926	\$133,655	\$117,476	\$118,333	\$120,962	\$82,730	\$91,209	\$112,104	\$45,371	\$1,270,624	41.23%
New Balls (63%)	\$0	\$5,406	\$270	\$2,703	\$2,703	\$2,703	\$2,595	\$3,514	\$2,973	\$1,946	\$2,595	\$2,595	\$30,003	0.97%
Material Cost	\$106,869	\$98,636	\$121,031	\$130,629	\$136,358	\$120,179	\$120,928	\$124,476	\$85,703	\$93,155	\$114,699	\$7,965	\$1,300,627	42.20%
Conversion Cost:	42.0%	42.5%	42.0%	42.2%	42.2%	42.2%	42.2%	42.2%	42.3%	42.2%	42.2%	42.5%		
Plant Labor	\$26,000	\$26,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$202,000	6.55%
Plant Labor - Supervision	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$50,400	1.64%
Plant Labor - Overtime	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	0.16%
Payroll Taxes	\$2,349	\$2,310	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$1,469	\$19,347	0.63%
Casual Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Auto Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Equipment Rental/Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Rent	\$10,183	\$10,183	\$10,183	\$10,183	\$10,183	\$9,900	\$9,900	\$9,900	\$9,900	\$9,900	\$9,900	\$9,900	\$120,217	3.90%
General Manufacturing Supplies	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	0.39%
Wash & Bubble Supplies	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800	0.16%
Soaking Supplies	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$8,400	0.27%
Blasting Supplies	\$2,000	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500	0.11%
Paint Supplies	\$4,396	\$4,000	\$1,123	\$1,208	\$1,261	\$1,111	\$1,118	\$1,149	\$790	\$861	\$1,060	\$440	\$18,518	0.60%
Print Supplies	\$800	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200	0.04%
Packaging Supplies	\$19,847	\$18,110	\$20,018	\$21,523	\$22,471	\$19,794	\$19,922	\$20,477	\$14,080	\$15,348	\$18,891	\$7,848	\$218,329	7.08%
Printing Plates	\$300	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	0.02%
Repairs	\$2,000	\$2,000	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$14,500	0.47%
Safety Equipment	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900	0.03%
Utilities	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	\$2,464	\$2,464	\$2,464	\$2,464	\$2,464	\$2,464	\$2,464	\$35,749	1.16%
General Health Insurance	\$2,850	\$2,850	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$20,700	0.67%
Workmens Comp	\$2,430	\$2,430	\$2,430	\$2,430	\$2,430	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$24,750	0.80%
Travel and Entertainment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Manufacturing Overhead	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600	0.12%
Freight Out	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$12,000)	-0.39%
Freight In, Spot Purchases	\$4,071	\$3,715	\$4,609	\$4,955	\$5,173	\$4,557	\$4,586	\$4,714	\$3,241	\$3,533	\$4,349	\$1,807	\$49,310	1.60%
Freight In, New Balls	\$0	\$510	\$26	\$255	\$255	\$245	\$245	\$332	\$281	\$184	\$245	\$245	\$2,831	0.09%
Freight In, Non Ball	\$2,200	\$2,200	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,400	0.79%
Express Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Total Conversion Cost	\$89,301	\$85,783	\$69,233	\$70,898	\$72,117	\$66,525	\$66,679	\$67,480	\$59,200	\$60,734	\$65,353	\$51,148	\$824,450	26.75%
Total Cost Of Goods Sold	\$196,170	\$184,419	\$190,264	\$201,527	\$208,475	\$186,704	\$187,606	\$191,956	\$144,902	\$153,890	\$180,052	\$99,113	\$2,125,078	68.95%
Gross Profit \$	\$51,919	\$41,952	\$90,570	\$100,416	\$106,767	\$90,981	\$91,869	\$95,313	\$52,618	\$61,426	\$84,964	\$10,985	\$879,780	28.55%

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Totals	Percent of Gross Sales
Selling Expenses														
Sales Salaries	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$84,000	2.73%
Payroll Taxes	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$6,428	0.21%
Group Health Insurance	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$2,880	0.09%
Commissions	\$6,361	\$5,804	\$7,201	\$7,742	\$8,083	\$7,120	\$7,166	\$7,366	\$5,065	\$5,521	\$6,795	\$2,823	\$77,048	2.50%
Auto Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Promotional Expense	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600	0.12%
Advertising/Marketing	\$1,000	\$1,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$7,000	0.23%
e-Commerce Marketing	\$5,500	\$5,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$56,000	1.82%
Packaging Design	\$250	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	0.02%
Show Expense - Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Show Expense	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$10,000	0.32%
Travel and Entertainment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	0.39%
Communication Costs	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200	0.23%
Internet Site Development	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000	0.19%
Express Delivery	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	0.08%
Rent	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$24,000	0.45%
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000	0.16%
Total Selling Expenses	\$30,967	\$25,410	\$25,056	\$25,598	\$25,939	\$23,379	\$23,425	\$23,624	\$26,323	\$21,779	\$23,054	\$19,082	\$293,635	9.53%
G & A Expenses														
Salaries	\$20,300	\$20,300	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$16,100	\$201,600	6.54%
Payroll Taxes	\$1,201	\$1,201	\$880	\$880	\$880	\$880	\$880	\$880	\$880	\$880	\$880	\$880	\$11,200	0.36%
Auto Expense	\$871	\$871	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,741	0.06%
Group Health Insurance	\$1,550	\$1,550	\$1,550	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$15,450	0.50%
Workman's Comp Insurance	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$265	\$3,180	0.10%
General Insurance - COBRA Suspense	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300	0.01%
General Insurance - Liability & Umbre	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,166	\$1,166	\$1,166	\$1,166	\$1,166	\$1,166	\$1,166	\$16,909	0.55%
General Insurance - Automobile	\$220	\$220	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$440	0.01%
General Insurance - Office Equipment	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$2,133	\$2,133	\$2,133	\$2,133	\$2,133	\$2,133	\$2,133	\$30,932	1.00%
Bad Debt Expense	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	0.39%
Bank Charges	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000	0.78%
Computer Expense	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$14,500	0.47%
Express Delivery	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800	0.06%
Dues and Subscriptions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Taxes and Licenses	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	0.39%
Rent	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$13,751	0.45%
Utilities	\$550	\$550	\$550	\$550	\$550	\$366	\$366	\$366	\$366	\$366	\$366	\$366	\$5,314	0.17%
Repairs and Maintenance	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	0.04%
Office Cleaning and Related Expense	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800	0.16%
Office Supplies	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600	0.12%
Paper and Forms	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900	0.03%
Postage	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	0.08%
Legal Fees	\$2,000	\$2,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$14,000	0.45%
Accounting and Taxes	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$13,000	0.42%
Telephone	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$32,000	1.04%
Travel and Entertainment	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800	0.16%
Payroll Service	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500	0.21%
Office Equipment Leases	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$10,000	0.32%
Separation Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
All Other	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	0.39%
Total G & A	\$49,737	\$49,737	\$42,625	\$42,275	\$42,275	\$34,810	\$34,810	\$34,810	\$34,810	\$34,810	\$34,810	\$34,810	\$470,316	15.26%

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Totals	Percent of Gross Sales
Total S, G & A Expenses	\$80,704	\$75,147	\$67,681	\$67,873	\$68,214	\$58,188	\$58,234	\$58,434	\$61,133	\$56,589	\$57,863	\$53,891	\$763,961	24.79%
EBITDA	(\$28,785)	(\$33,195)	\$22,889	\$32,544	\$38,553	\$32,793	\$33,634	\$36,879	(\$8,515)	\$4,837	\$27,100	(\$42,907)	\$115,829	3.76%
Depreciation & Amortization	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$94,000	3.05%
EBIT	(\$44,785)	(\$49,195)	\$6,889	\$16,544	\$22,553	\$30,793	\$31,634	\$34,879	(\$10,515)	\$2,837	\$25,100	(\$44,907)	\$21,829	0.71%
Interest Expense	(\$5,000)	(\$5,000)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$17,000)	-0.55%
Other Income	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$8,400	0.27%
Other Expense	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$700)	(\$8,400)	-0.27%
Net Income (Loss)	(\$48,785)	(\$54,195)	\$6,189	\$15,844	\$21,853	\$30,093	\$30,934	\$34,179	(\$11,215)	\$2,137	\$24,400	(\$45,607)	\$4,828	0.16%

Nitro Leisure Products, LLC**Golf Ball and Packaging Inventory as of 2/9/04**

Item	Quantity
Finished Goods	
	Units
WalMart Round II	7,500
48 Ball Value Mix Mesh Bag	3,600
72 Ball Super Value Pack	300
Graded Balls	
	Balls
Balata Repro	50,000
Hi Pro	15,000
Hi Repro	20,000
Lo Pro	35,000
Lo Repro	90,000
Practice Balls	70,000
Premium Refurbished	13,000
Pro V1 Recycled	8,000
Proline Refurbished	22,000
Range Pluggers	30,000
Range Recycled	15,000
Range Refurbished	30,000
Storeline	30,000
Storeline Repro	65,000
Total Loose Balls	493,000
Packaging	
	Units
12 Ball Clamshells	12,000
20 Ball Hex Box	5,000
24 Ball Clamshells	27,000
36 Ball Clamshells	60,000
48 Ball Mesh Bags	8,000
Tour 2 12 Packs	60,000
Tour 2 30 Packs	3,000
WalMart 15 Packs	40,000

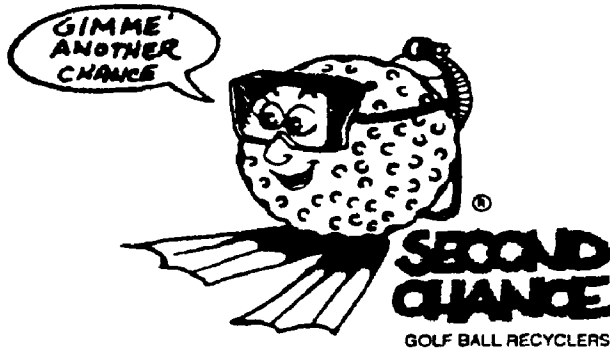
Note: Property Plant and Equipment Asset List Available Upon Request.

Nitro Leisure Products, LLC

Trademarks and Domains



NITRO



SECOND CHANCE

<u>DOMAIN NAME</u>	<u>EXPIRES</u>
bestrange.com	5/14/08
golfballsdirect.com	11/11/04
golfballtrader.com	8/9/08
nitrogolf.com	2/15/09
nitrogolf.net	4/13/04
nitrogolfcorp.com	4/13/08
planetgolfballs.com	12/3/08