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GOLF TWO INC  
Form SB-2  
September 20, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

Golf Two, Inc.  
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(Exact name of registrant as specified in its charter)

Delaware	5941	04-3625550
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(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1537 West Oranewood Avenue, Orange, California	92868
-----	-----
(Address of registrant's principal executive offices)	(Zip Code)

(714) 633-1400  
-----

(Registrant's Telephone Number, Including Area Code)

Michael J. Muellerleile  
MC Law Group  
4100 Newport Place, Suite 830  
Newport Beach, California 92660  
949.250.8655  
Facsimile 949.250.8656

(Name, Address and Telephone Number of Agent for Service)

Approximate date of proposed sale to the public: From time to time after this Registration Statement becomes effective.

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 this Form is a post-effective amendment filed pursuant to Rule 462(d) 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. [ ]

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## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price
Common Stock, \$.001 par value	2,418,336	\$0.10	\$241,833

The offering price per share for the selling security holders was estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 of Regulation C.

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, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Preliminary Prospectus  
Golf Two, Inc.,  
a Delaware corporation

2,418,336 Shares of Common Stock

This prospectus relates to 2,418,336 shares of common stock of Golf Two, Inc., which are issued and outstanding shares of our common stock, acquired by the selling security holders in private placement transactions which were exempt from the registration and prospectus delivery requirements of the Securities Act of 1933. Our common stock is presently not traded on any market or securities exchange, and we have not applied for listing or quotation on any public market.

See "Risk Factors" on pages 5 to 8 for factors to be considered before investing in the shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a criminal offense.

The information in this prospectus is not complete and may be changed. The selling security holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this prospectus is September 16, 2002  
Subject to completion.

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Dealer Prospectus Delivery Obligation

Until \_\_\_\_\_, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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### Prospectus Summary

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Our business:

We incorporated in Delaware on March 15, 2001. Our principal business address is 1537 West Orangewood Avenue, Orange, California 92868. Our telephone number is 714.633.1400.

We are a developmental stage company and we plan to initiate, establish and operate retail golf stores which will feature indoor golf instruction and custom golf clubs. Each retail location will offer custom-fitted golf clubs, individualized to our customers' needs and marketed under the Golf Two brand name. Golf instruction and training will be conducted on-site by in-store staff under the direction of a professional at each store.

We anticipate that our retail stores will be approximately 5,000 square feet and will include two virtual reality golf simulators, two computer swing analysis systems and a club fitting analysis system. Private label and brand name golf merchandise and related products will also be available for sale at each retail store.

We seek to promote the enjoyment of the game of golf by helping golfing enthusiasts of all levels play better. Accordingly, we intend to offer indoor golf training available and individualized, quality golf clubs and related products to our clientele.

Number of shares being offered:

The selling security holders want to sell 2,418,336 shares of our common stock. The offered shares were acquired by the selling security holders in private placement transactions, which were exempt from the registration and prospectus delivery requirements of the Securities Act of 1933. The selling security holders will sell their shares at \$0.10 per share until our shares are quoted on the OTC Bulletin Board and thereafter at prevailing market prices or privately negotiated prices.

Number of shares outstanding:

7,418,336 shares of our common stock are issued and outstanding. We have no other securities issued.

Estimated use of proceeds:

We will not receive any of the proceeds from the sale of those shares being offered.

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### RISK FACTORS

In addition to the other information in this prospectus, the following risk factors should be considered carefully in evaluating our business before purchasing any of our shares of common stock. A purchase of our common stock is speculative and involves a significant and substantial number of risks. Any person who is not in a position to lose the entire amount of his investment should forego purchasing our common stock.

Risks related to our business:

We are a new company with losses since our formation and we may not be able to achieve profitable operations or raise sufficient financing to continue with our business plans.

We were incorporated on March 15, 2001. Our lack of operating history makes an evaluation of our business and prospects very difficult. Our prospects must be considered speculative considering the risks, expenses and difficulties frequently encountered in the golf industry. We will encounter difficulties as an early stage company with little operating capital in the rapidly evolving and highly competitive golf industry. To implement our business plan and open our planned locations, we will be required to obtain additional financing. At this time, we have no firm commitments for such financing. If we are unable to raise additional financing, our plans to open a retail location will be harmed. If our planned retail facilities are not successful and if we continue to experience losses, our ability to continue with our business plan will be harmed. As a result, our shareholders could lose their entire investment.

We do not have commitments for additional financing and our inability to obtain acceptable financing will harm our development and growth strategy as we will be unable to finance our development and any future expansion.

We will require substantial amounts of working capital to continue executing our business plan, including, but not limited to, funds to secure our initial location and funds for equipment and inventory. We cannot guaranty that additional financing will be available. In fact, we have not yet identified the source of any such funding. We expect to require substantial capital to fund our development and operating expenses. We anticipate that our available funds will be sufficient to meet our anticipated needs for working capital and capital expenditures through the next 12 months. Our anticipation of the time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary as a result of a number of factors, including those described elsewhere in this risk factor section. We cannot be certain that additional financing will be available to us on favorable terms or at all. If we are unable to obtain sufficient additional capital when needed, we could be forced to alter our business strategy, or delay or abandon some of our development plans. Any of these events would impair our ability to raise revenue and would likely interfere with our ability to expand our planned operations.

We face significant competition from traditional golf retail locations. Our operations and our ability to generate revenues will be harmed if we are unable to establish a positive reputation as a provider of golf products.

Our success will depend on our ability to compete in the highly competitive retail golf industry. To succeed, we must establish our reputation for providing quality golf products and instruction. We must establish our initial presence in Orange County, California. We will compete with traditional golf retail locations that are either independent shops or part of large regional or national retail chains such as Roger Dunn or Nevada Bob's. We may not be able to compete effectively with those traditional golf retail locations. If we do not

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compete effectively, our ability to earn revenue will be affected and we may not be able to continue our planned operations.

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We have no existing brand identity and customer loyalty; if we fail to develop and maintain our proposed brand, our business could suffer.

Since we have not yet launched the Golf Two brand, we currently do not have strong brand identity or brand loyalty. We believe that establishing and maintaining brand identity and brand loyalty is critical to attracting consumers. In order to attract and retain consumers and vendors and respond to competitive pressures, we may need to spend substantial funds to create and maintain brand loyalty among these groups. If our branding efforts are not successful, our ability to generate significant revenues will be harmed.

Our officers and directors are engaged in other activities which could divert their time away from our activities and could conflict with our business interests which could harm our ability to continue proceeding with our plan to open retail locations.

Our officers and directors engage in other activities. Those activities may divert our officers and directors' time away from our business activities. If our officers and directors are not able to devote sufficient time to our business activities, our ability to operate at a profit could be harmed. Our officers and directors may have conflicts of interests in allocating time, services, and functions between the other business ventures in which those persons may be or become involved. Neither of our officers devotes their entire business hours to our operations. However, we believe that as soon as we secure the location for our first store in Orange County, California, our officers will increase the time they dedicate to our business.

Risks related to owning our common stock:

Our officers, directors and principal security holders own approximately 70.10% of our outstanding shares of common stock, allowing these shareholders control matters requiring approval of our shareholders.

As a result of such ownership by our officers, directors and principal security holders, investors will have no control over matters requiring approval by our security holders, including the election of directors. Our officers and directors can control matters requiring approval by our security holders, including the election of directors. Moreover, if our officers and directors decide to sell a significant number of their shares, investors will likely lose confidence in our ability to earn revenues and will see such a sale as a sign that our business is failing. Each of these factors by independently or collectively, will likely harm the market price of our stock. Moreover, such concentrated control may also make it difficult for our shareholders to receive a premium for their shares of our common stock in the event we merge with a third party or enter into different transactions which require shareholder approval.

We are registering 200,000 shares of common stock owned by our officers and directors. Those officers and directors may sell those shares as soon as possible, which could decrease the price of our common stock and reduce their desire to see us succeed.

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In the event that this individual sells his shares, the price of our common stock could decrease significantly. Also, a conflict of interest will occur between his duties to us and his personal interest in selling his shares. We cannot assure you that this individual will not sell those shares as soon as they are registered.

Because we will be subject to the "penny stock" rules, the level of trading activity in our stock may be reduced, which may make it difficult for investors in our common stock to sell their shares.

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Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on NASDAQ. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, 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, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

We lack a public market for shares of our common stock, which may make it difficult for investors to sell their shares.

There is no public market for shares of our common stock. An active public market may not develop or be sustained. Therefore, investors may not be able to find purchasers for their shares of our common stock. Should there develop a significant market for our shares, the market price for those shares may be significantly affected by such factors as our financial results and introduction of new products and services. Factors such as announcements of new or enhanced products by us or our competitors and quarter-to-quarter variations in our results of operations, as well as market conditions in our sector may have a significant impact on the market price of our shares. Moreover, the stock market has experienced extreme volatility that has particularly affected the market prices of stock of many companies and that often has been unrelated or disproportionate to the operating performance of those companies.

Because we lack a public market for shares of our common stock, the selling security holders will arbitrarily determine the offering price of the shares. Therefore, investors may lose all or part of their investment if the price of their shares is too high.

Our common stock is not publicly traded and we do not participate in an electronic quotation medium for securities. We cannot guaranty that an active

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public market for our stock will develop or be sustained. Therefore, the selling security holders may arbitrarily determine the offering price of shares of our common stock. Accordingly, purchasers may lose all or part of their investments if the price of their shares is too high. A purchase of our stock in this offering would be unsuitable for a person who cannot afford to lose his entire investment.

### Forward Looking Statements

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Information in this prospectus contains "forward looking statements" which can be identified by the use of forward-looking words such as "believes", "estimates", "could", "possibly", "probably", "anticipates", "estimates", "projects", "expects", "may", "will", or "should" or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. The following matters constitute cautionary statements identifying important factors with respect to those forward-looking statements, including certain risks and uncertainties that could cause actual results to vary materially from the future results anticipated by those forward-looking statements. Among the key factors that have a direct bearing on our results of operations are the effects of various governmental regulations, the fluctuation of our direct costs and the costs and effectiveness of our operating strategy. Other factors could also cause actual results to vary materially from the future results anticipated by those forward-looking statements.

### Use of Proceeds

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We will not receive any proceeds from the sale of shares of our common stock being offered by the selling security holders.

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### Determination of Offering Price

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The selling security holders will sell their shares at \$0.10 per share until our shares are quoted on the OTC Bulletin Board and thereafter at prevailing market prices or privately negotiated prices.

### Dilution

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The shares offered for sale by the selling security holders are already outstanding and, therefore, do not contribute to dilution.

### Selling Security Holders

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The following table sets forth information concerning the selling security holders including:

1. the number of shares owned by each selling security holder prior to this offering;
2. the total number of shares that are to be offered for each selling security holder; and
3. the total number of shares and the percentage of common stock that



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will be owned by each selling security holder upon completion of the offering.

The shares offered for sale constitute all of the shares known to us to be beneficially owned by the selling security holders. None of the selling security holders has held any position or office with us, except as specified in the following table. Other than the relationships described below, none of the selling security holders had or have any material relationship with us. None of the selling security holders is a broker-dealer or an affiliate of a broker-dealer to our knowledge.

Name of Selling Security Holder	Amount of Shares of Common Stock Owned by Selling Security Holder Before the Offering	Amount of Shares of Common Stock to be Offered by the Selling Security Holder
Jeff & Dawn Miller	66,667	66,667
Mark Bartolo	33,333	33,333
Shakeel Sorathia	100,000	100,000
Lisa Kristin Forman	16,667	16,667
Linda Bennett	133,333	133,333
Kevin R. Moore	66,667	66,667
Gina M. Sharp	66,667	66,667
Anita L. De Barros	66,667	66,667
Young Hom & Shellee Hom	16,667	16,667
James M. Butchy	166,667	166,667
Daniel R. Bernstein, secretary, director	2,033,333	33,333
Ronald Rosenow	166,667	166,667
Yvonne Homan	33,333	33,333
William P. Ridley	33,333	33,333
Howard Lawrence Hull III	16,667	16,667
Glen Kangas	16,667	16,667
Martha Gewertz	33,333	33,333
Keri Ann Keele	10,000	10,000
Leon Matthews & Julie Webster-Matthews	16,667	16,667

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Gerda Oswald	66,667	66,667
Barbara J. Moore	66,667	66,667
Robert DeLuna	66,667	66,667
William H. Boren	16,667	16,667
Becky Moore	66,667	66,667
Curtis A. Stickfort	33,333	33,333
Michelle Bennett, spouse of David Bennett, our president, treasurer and director	166,667	166,667
Kent S. Handleman	66,667	66,667
Edward C. Ball	33,333	33,333
Phillip M. Handleman	166,667	166,667
Albert DiPaolo	33,333	33,333
Bradley Podosin	100,000	100,000
George Scott Watrous	50,000	50,000
James T. Smith	33,333	33,333
Harry R. Steele	33,333	33,333
Carol Jean Gehlke	325,000	325,000

Plan of Distribution

The selling security holders will sell their shares at \$0.10 per share until our shares are quoted on the OTC Bulletin Board and thereafter at prevailing market prices or privately negotiated prices. The selling security holders may sell our common stock in negotiated transactions or otherwise. The selling security holders may sell our common stock at prices then prevailing or at negotiated prices. The shares will not be sold in an underwritten public offering.

The shares may be sold directly or through brokers or dealers. The methods by which the shares may be sold include:

- o purchases by a broker or dealer as principal and resale by such broker or dealer for its account;
- o ordinary brokerage transactions and transactions in which the broker solicits purchasers; and
- o privately-negotiated transactions.

Brokers and dealers engaged by selling security holders may arrange for other

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brokers or dealers to participate. Brokers or dealers may receive commissions or discounts from selling security holders, or, if any such broker-dealer acts as agent for the purchaser of such shares, from such purchaser, in amounts to be negotiated. Broker-dealers may agree with the selling security holders to sell a specified number of such shares at a stipulated price per share, and, to the extent such broker-dealer is unable to do so acting as agent for a selling security holder, to purchase as principal any unsold shares at the price required to fulfill the broker-dealer commitment to such selling security holder. Broker-dealers who acquire shares as principal may resell those shares from time to time in the over-the-counter market or otherwise at prices and on terms then prevailing or then related to the then-current market price or in negotiated transactions and, in connection with such resales, may receive or pay commissions.

The selling security holders and any broker-dealers participating in the distributions of the shares may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933. Any profit on the sale of shares by the selling security holders and any commissions or discounts given to any such broker-dealer may be deemed to be underwriting commissions or discounts. The shares may also be sold pursuant to Rule 144 under the Securities Act of 1933 beginning one year after the shares were issued.

We have filed the Registration Statement, of which this prospectus forms a part, with respect to the sale of the shares by the selling security holders. The selling security holders may not sell any or all of the offered shares.

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Under the Securities Exchange Act of 1934 and the regulations thereunder, any person engaged in a distribution of the shares of our common stock offered by this prospectus may not simultaneously engage in market making activities with respect to our common stock during the applicable "cooling off" periods prior to the commencement of such distribution. Also, the selling security holders are subject to applicable provisions which limit the timing of purchases and sales of our common stock by the selling security holders.

We have informed the selling security holders that, during such time as they may be engaged in a distribution of any of the shares we are registering by this Registration Statement, they are required to comply with Regulation M. In general, Regulation M precludes any selling security holder, any affiliated purchasers and any broker-dealer or other person who participates in a distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of the distribution until the entire distribution is complete. Regulation M defines a "distribution" as an offering of securities that is distinguished from ordinary trading activities by the magnitude of the offering and the presence of special selling efforts and selling methods. Regulation M also defines a "distribution participant" as an underwriter, prospective underwriter, broker, dealer, or other person who has agreed to participate or who is participating in a distribution.

Regulation M prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security, except as specifically permitted by Rule 104 of Regulation M. These stabilizing transactions may cause the price of our common stock to be more than it would otherwise be in the absence of these transactions. We have informed the selling security holders that stabilizing transactions permitted by Regulation M allow bids to purchase our common stock if the stabilizing bids do not exceed a

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specified maximum. Regulation M specifically prohibits stabilizing that is the result of fraudulent, manipulative, or deceptive practices. Selling security holders and distribution participants are required to consult with their own legal counsel to ensure compliance with Regulation M.

Legal Proceedings

There are no legal actions pending against us nor are any legal actions contemplated by us at this time.

Directors, Executive Officers, Promoters and Control Persons

Executive Officers and Directors. Our officers and directors are specified on the table below:

Name	Age	Position
David Bennett	37	President, Treasurer, Director
Daniel Bernstein	42	Secretary, Director

David Bennett. Mr. Bennett has been our president, treasurer and one of our directors since February 2002. Mr. Bennett is responsible for marketing, business development and day to day operations of our management. From August 2001 to the present, Mr. Bennett has been employed as a programmer and manager by Cyberbucks.com. From 1994 to 2000, Mr. Bennett was the president and manager of Beneducci, Inc., and from 1982 to 1994, Mr. Bennett was a manager, partner and technician of Ramco Refrigeration. Mr. Bennett's background in marketing and management has given Mr. Bennett the necessary experience to understand the market trends essential for the implementation of our business strategy. Mr. Bennett is not an officer or director of any reporting company.

Daniel Bernstein. Mr. Bernstein has been our secretary and one of our directors since our inception. From 1982 to the present, Mr. Bernstein has been self-employed as a builder, specializing in steep hillside contemporary homes. Mr. Bernstein graduated with a Masters in architectural design from the Southern California Institute of Architecture in 1987. Mr. Bernstein earned a Bachelor of Science in economics from the University of California, Los Angeles in 1982. Mr. Bernstein also possesses a general contractor's license in the state of California. Mr. Bernstein is not an officer or director of any reporting company.

There is no family relationship between any of our officers or directors. There are no orders, judgments, or decrees of any governmental agency or administrator, or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining any of our officers or directors from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security, or any aspect of the securities business or of theft or of any felony, nor are any of the officers or directors of any corporation or entity affiliated

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with us so enjoined.

Security Ownership of Certain Beneficial Owners and Management  
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The following table sets forth certain information regarding the beneficial ownership of our common stock as of September 16, 2002 by each person or entity known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, each of our directors and named executive officers, and all of our directors and executive officers as a group.

Title of Class	Name of Beneficial Owner	Amount of Beneficial Owner
Common Stock	David Bennett 1537 West Orangewood Avenue Orange, CA 92868	3,166,667 shares(1), president, treasurer, director
Common Stock	Daniel Bernstein 1537 West Orangewood Avenue Orange, CA 92868	2,033,333 shares, secretary, director
Common Stock	All directors and named executive officers as a group	5,200,000 shares

(1) Michelle Bennett, who is the spouse of David Bennett, our president, treasurer and director, owns 166,667 shares of our common stock.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. In accordance with Securities and Exchange Commission rules, shares of our common stock which may be acquired upon exercise of stock options or warrants which are currently exercisable or which become exercisable within 60 days of the date of the table are deemed beneficially owned by the optionees. Subject to community property laws, where applicable, the persons or entities named in the table above have sole voting and investment power with respect to all shares of our common stock indicated as beneficially owned by them.

Changes in Control. Our management is not aware of any arrangements which may result in "changes in control" as that term is defined by the provisions of Item 403(c) of Regulation S-B.

Description Of Our Securities  
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Description of Capital Stock. Our authorized capital stock consists of 50,000,000 shares of \$.001 par value common stock, of which 7,418,336 are issued and outstanding as of September 16, 2002, and 5,000,000 shares of \$.001 par value preferred stock, of which no such shares are issued and outstanding as of September 16, 2002. Holders of shares of our common stock are entitled to receive dividends when and as declared by our Board of Directors from funds legally available therefore. All the shares of our common stock have equal voting rights and are nonassessable. Each shareholder of our common stock is entitled to share ratably in any assets available for distribution to holders our equity securities upon our liquidation.

Dividend Policy. We have never declared or paid a cash dividend on our capital stock. We do not expect to pay cash dividends on our common stock in the

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foreseeable future. We currently intend to retain our earnings, if any, for use in our business. Any dividends declared in the future will be at the discretion of our Board of Directors and subject to any restrictions that may be imposed by our lenders.

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Preferred Stock. We are authorized to issue 5,000,000 shares of \$.001 par value preferred stock, of which no such shares are issued and outstanding. We have not designated the right and preferences of our preferred stock. The availability or issuance of these shares could delay, defer, discourage or prevent a change in control.

### Interest of Named Experts and Counsel

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No expert or our counsel was hired on a contingent basis, or will receive a direct or indirect interest in us.

### Disclosure of Commission Position on Indemnification for Securities Act Liabilities

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Article Seventh of our Certificate of Incorporation provides, among other things, that our directors shall not be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- o for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- o for unlawful payments of dividends or unlawful stock purchase or redemption by us.

Accordingly, our directors may have no liability to our shareholders for any mistakes or errors of judgment or for any act of omission, unless the act or omission involves intentional misconduct, fraud, or a knowing violation of law or results in unlawful distributions to our shareholders.

Section 17 of our Bylaws also provides that our officers and directors shall be indemnified and held harmless by us to the fullest extent permitted by the provisions of Section 145 of the Delaware General Corporation Law.

Indemnification Agreements. We will enter into indemnification agreements with each of our executive officers. We will agree to indemnify each such person for all expenses and liabilities, including criminal monetary judgments, penalties and fines, incurred by such person in connection with any criminal or civil action brought or threatened against such person by reason of such person being or having been our officer or director or employee. In order to be entitled to indemnification by us, such person must have acted in good faith and in a manner such person believed to be in our best interests. With respect to criminal actions, such person must have had no reasonable cause to believe his or her conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in that act and is, therefore, unenforceable.

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### Organization Within Last Five Years

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Transactions with Promoters. Daniel Bernstein was issued 2,000,000 shares of our common stock in exchange for his services as our promoter. The value of the services performed by Mr. Bernstein was approximately \$2,000, which represented the fair value of the common stock on the date of issuance.

### Description of Business

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Our Background. We were incorporated pursuant to the laws of the State of Delaware on March 15, 2001.

Our Business. We are a developmental stage company and we plan to initiate, establish and operate retail golf stores which will feature indoor golf instruction and custom golf clubs. We intend to operate retail locations which will offer custom-fitted golf clubs tailored to our customers' needs and marketed under the Golf Two brand name. We expect that golf instruction and training will be conducted on-site by in-store staff under the direction of a professional at each store.

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We anticipate that our retail stores will be approximately 5,000 square feet and will include two virtual reality golf simulators, two computer swing analysis systems and a club fitting analysis system. We also plan to offer private label and brand name golf merchandise and related products for sale at each retail store.

We seek to promote the enjoyment of the game of golf by helping golfing enthusiasts of all levels play better. As such, we intend to offer indoor golf training available and individualized, quality golf clubs and related products to our clientele.

Our Proposed Products. We anticipate that our retail locations will offer customized golf clubs made on site and tailored to our customers' needs. In addition to our customized golf-clubs, we plan to offer our customers related products such as private label and brand name golf merchandise and accessories, related clothing items, instructional golf books and videos and golf novelty items.

Our Proposed Services. We seek to promote the enjoyment of the game of golf by helping golfing enthusiasts of all levels play better. We intend to offer indoor golf training available and individualized, quality golf clubs and related products to our clientele. We hope to offer our customers with on-site, indoor, individual instructional lessons with trained and qualified golf instructors utilizing the virtual reality equipment available on the market. We anticipate providing our customers with access to introductory, intermediate and advanced golf instruction and technique analysis. By providing these classes, we hope to build a client base familiar with our products and services and gain increased exposure to our brand name.

Our Business Strategy. As the popularity of golf continues to grow, we expect that easy and affordable access to proper training and specialized equipment and products is in high demand and will continue to remain so. We hope to be strategically positioned to fill the growing need for golfing instruction demanded by golf enthusiasts in the United States and what we believe to be the

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ever-growing number of new golf enthusiasts. We propose to offer our customers:

- o computerized swing analysis;
- o indoor golf practice and simulation;
- o golf lessons and instruction for beginners and experts alike;
- o customized golf clubs tailored to an individual's particular needs;
- and
- o related private label and brand-name gold merchandise.

Furthermore, we will strive to maintain clean, well-merchandised, attractive stores that we believe will appeal to high-caliber clientele. We hope to become a premier "center" where golfing enthusiasts of all abilities will feel welcomed and comfortable such that they will enjoy the time they spend with us and will want to return.

Our Target Markets and Marketing Strategy. We anticipate that our primary target market will consist of golfers throughout California, specifically patrons of nearby golf courses, country clubs, driving ranges and putting greens. We plan to market and promote our retail stores locally. We anticipate that our marketing initiatives will include:

- o utilizing direct response print advertisements placed primarily in specialized golf industry print media such as magazines and local newspapers;
- o advertising by television, radio, banners, affiliated marketing and direct mail in California and surrounding areas; and,
- o word of mouth advertising based on the customer loyalty and high quality service.

Growth Strategy. We seek to establish a profitable retail golf store and training facility with the intention of expanding our efforts in areas outside California. Our strategy is to provide unparalleled customer service and high-quality, competitively-priced merchandise and offer on-site, indoor, individual instructional lessons with trained and qualified golf instructors utilizing the finest virtual reality equipment available on the market, thereby creating a fun, friendly and comfortable atmosphere which we believe will achieve unequalled customer satisfaction. We intend to initiate growth throughout California by establishing more alliances with leading and local vendors and long-term customer relationships and aim to replicate this model in many markets across the United States.

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Our Competition. We expect to face significant competition from existing golf stores. There are currently numerous local and national chains, such as Roger Dunn, that we will be competing with us as well as individually owned businesses. Current and new competitors may be able to establish new locations relatively quickly. We anticipate we will also compete directly with other companies and businesses that have several golf retail locations which will be competitive with the golf retail stores developed by us. We cannot guaranty that we will be able to compete effectively with those competitors. Many of those competitors have greater financial and other resources, and more experience in the establishment of golf retail facilities, than we have.

Government Regulation. Each retail location facility we establish will be subject to licensing and reporting requirements by numerous governmental authorities. These governmental authorities include federal, state and local health, environmental, labor relations, sanitation, building, zoning, fire and



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safety departments. Difficulties in obtaining or failure to obtain the necessary licenses or approvals could delay or prevent the development or operation of a given retail location. Any problems that we may encounter in renewing such licenses in one jurisdiction, may impact our licensing status on a federal, state or local level in other relevant jurisdictions.

Our Research and Development. We are not currently conducting any research and development activities other than the development of our website. We do not anticipate conducting such activities in the near future.

Intellectual Property. We do not presently own any patents, trademarks, copyrights, licenses, concessions or royalties.

We own the Internet domain name www.golftwo.com. Under current domain name registration practices, no one else can obtain an identical domain name, but someone might obtain a similar name, or the identical name with a different suffix, such as ".org", or with a country designation. The regulation of domain names in the United States and in foreign countries is subject to change, and we could be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our domain names.

Employees. As of September 16, 2002, we have two part-time employees. We do not currently anticipate that we will hire any employees in the next six months, unless we complete our business development. From time-to-time, we anticipate that we will use the services of independent contractors and consultants to support our business development. We believe our future success depends in large part upon the continued service of our senior management personnel and our ability to attract and retain highly qualified managerial personnel.

Facilities. Our headquarters are located at 1537 West Orangewood Avenue, Orange, California 92868. We believe that our facilities are adequate for our needs and that additional suitable space will be available on acceptable terms as required. We do not own any real estate.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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For the six month period ended June 30, 2002.  
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Liquidity and Capital Resources. We have cash of \$42,019 as of June 30, 2002. Our total assets were approximately \$42,019 as of June 30, 2002. Our total liabilities were approximately \$2,563 as of June 30, 2002. In April 2002, we sold 2,093,336 shares of our common stock for \$0.03 per share. The net proceeds from the sale of those shares were \$62,800. Those proceeds were used to provide us with additional working capital.

Results of Operations.

Revenues. We have realized no revenues during the period ended June 30, 2002. We anticipate that we will generate more revenues as we commence operations and build our customer base.

Operating Expenses. For the period ended June 30, 2002, our total expenses were approximately \$103,503, which were represented by general and administrative

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expenses. Of that amount, \$90,000 was represented by stock issued for services. For the period ended June 30, 2002, we experienced a net loss of approximately \$103,666.

For the Period from March 15, 2001, our date of formation, through December 31, 2001.

-----  
Liquidity and Capital Resources. We had no cash as of December 31, 2001.

Results of Operations. We did not yet realize any revenue from operations for the period from March 15, 2001, our date of formation, through December 31, 2001. Our expenses of approximately \$13,703 consist of start-up costs from formation through December 31, 2001.

Our Plan of Operation for the Next Twelve Months. To effectuate our business plan during the next twelve months, we must locate a suitable location for our planned retail location, market our products and services and develop our brand image. Our operations to date have been focused on developing our brand name and attempting to establish strategic relationships with providers of golf products.

Our plan of operation is materially dependent on our ability to raise additional working capital. We believe that we have sufficient cash resources to fund most of our initial development plans. However, we will need additional capital to finance our proposed retail location. We are in the process of estimating the cost of opening our initial retail location. We hope to open our initial retail location in the next twelve months if we have adequate funding to do so. There is no guaranty that we will be able to arrange for financing. We may raise the necessary funds through equity financings or through loans from banks or other lending institutions. We may not be able to arrange for loans on favorable terms. Such additional capital may be raised through public or private financing. We cannot guaranty that additional funding will be available on favorable terms, if at all. If adequate funds are not available, then our ability to commence operations may be harmed.

We have cash of \$42,019 as of June 30, 2002. In the opinion of management, available funds will satisfy our working capital requirements through the next twelve months. For the next twelve months, we anticipate that our day-to-day expenses will be approximately \$1,000 per month until and unless we secure our first location. We believe that our expenses will significantly increase once we begin renovating and developing our first location. Our forecast for the period for which our financial resources will be adequate to support our operations involves risks and uncertainties and actual results could fail as a result of a number of factors.

We are not currently conducting any research and development activities and do not anticipate conducting such activities in the near future. We do not anticipate that we will purchase or sell of any significant equipment. In the event that we generate significant revenues and expand our operations, then we may need to hire additional employees or independent contractors as well as purchase or lease additional equipment.

### Description of Property

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Property held by us. As of the date specified in the following table, we held the following property:

Property	June 30, 2002
Cash	\$42,019

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Property and Equipment, net \$0  
=====

Our Facilities. Our headquarters are located at 1537 West Oranewood Avenue, Orange, California 92868. David Bennett, our president, treasurer and one of our directors, currently provides office space to us totalling \$100 per month on a month-to-month basis, which is recorded as a contribution to capital. We do not have a written lease or sublease agreement and Mr. Bennett does not expect to be paid or reimbursed for providing office facilities.

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### Certain Relationships and Related Transactions

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David Bennett, our president, treasurer and one of our directors, currently provides office space to us valued at \$100 per month on a month-to-month basis, which is recorded as a contribution to capital.

In April 2001, we entered into a \$10,000 non interest-bearing note with a stockholder. The note was due upon demand and repaid in April 2002. We recorded interest expense on this note at 8% per annum as a contribution to capital.

With regard to any future related party transaction, we plan to fully disclose any and all related party transactions, including, but not limited to, the following:

- o disclosing such transactions in prospectuses where required;
- o disclosing in any and all filings with the Securities and Exchange Commission, where required;
- o obtaining disinterested directors consent; and
- o obtaining shareholder consent where required.

### Market for Common Equity and Related Stockholder Matters

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Reports to Security Holders. Our securities are not listed for trading on any exchange or quotation service. We are not required to comply with the timely disclosure policies of any exchange or quotation service. The requirements to which we would be subject if our securities were so listed typically include the timely disclosure of a material change or fact with respect to our affairs and the making of required filings. Although we are not required to deliver an annual report to security holders, we intend to provide an annual report to our security holders, which will include audited financial statements.

When this registration statement becomes effective, we will be a reporting company pursuant to the Securities Exchange Act of 1934. We will be required file annual, quarterly and periodic reports with the Securities and Exchange Commission. The public may read and copy any materials filed with the Securities and Exchange Commission at the Security and Exchange Commission's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission. The address of that site is <http://www.sec.gov>.

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There are no shares of our common stock that can be sold pursuant to Rule 144. There are no outstanding options or warrants to purchase, or securities convertible into, shares of our common stock. There are no outstanding shares of our common stock that we have agreed to register under the Securities Act for sale by security holders. The approximate number of holders of record of shares of our common stock is thirty-six.

There have been no cash dividends declared on our common stock. Dividends are declared at the sole discretion of our Board of Directors.

Penny Stock Regulation. Shares of our common stock are subject to rules adopted by the Securities and Exchange Commission that regulate broker-dealer practices in connection with transactions in "penny stocks". Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in those securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission, which contains the following:

- o a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- o a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities' laws;
- o a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the "bid" and "ask" price;

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- o a toll-free telephone number for inquiries on disciplinary actions;
- o definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- o such other information and is in such form including language, type, size and format, as the Securities and Exchange Commission shall require by rule or regulation.

Prior to effecting any transaction in penny stock, the broker-dealer also must provide the customer the following:

- o the bid and offer quotations for the penny stock;
- o the compensation of the broker-dealer and its salesperson in the transaction;
- o the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- o monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in

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the secondary market for a stock that becomes subject to the penny stock rules. Holders of shares of our common stock may have difficulty selling those shares because our common stock will probably be subject to the penny stock rules.

Executive Compensation

Any compensation received by our officers, directors, and management personnel will be determined from time to time by our Board of Directors. Our officers, directors, and management personnel will be reimbursed for any out-of-pocket expenses incurred on our behalf.

Summary Compensation Table. The table set forth below summarizes the annual and long-term compensation for services in all capacities to us payable to our Chief Executive Officer and our other executive officers whose total annual salary and bonus are anticipated to exceed \$50,000 during the years ending December 31, 2001 and 2002. Our Board of Directors may adopt an incentive stock option plan for our executive officers which would result in additional compensation.

Name and Principal Position	Year	Annual Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)
David Bennett - president, treasurer	2002	None	None	None
Scott Watrous - former president, treasurer	2001	None	None	None
Daniel Bernstein - secretary	2002	None	None	None
Daniel Bernstein - secretary	2001	None	None	None

(1) Represents stock issued for services.

Compensation of Directors. Our current directors are also our employees and receive no extra compensation for their service on our board of directors.

Employment Contracts. We anticipate that we will enter into an employment agreement with David Bennett, although we do not currently know the terms of that employment agreement.

Stock Option Plan. We anticipate that we will adopt a stock option plan, pursuant to which shares of our common stock will be reserved for issuance to satisfy the exercise of options. The stock option plan will be designed to retain qualified and competent officers, employees, and directors. Our Board of

Directors, or a committee thereof, shall administer the stock option plan and will be authorized, in its sole and absolute discretion, to grant options thereunder to all of our eligible employees, including officers, and to our directors, whether or not those directors are also our employees. Options will be granted pursuant to the provisions of the stock option plan on such terms, subject to such conditions and at such exercise prices as shall be determined by our Board of Directors. Options granted pursuant to the stock option plan shall

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not be exercisable after the expiration of ten years from the date of grant.

Financial Statements  
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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

### FINANCIAL STATEMENTS

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

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### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Golf Two, Inc.  
Newport Beach, California

We have audited the accompanying balance sheets of Golf Two, Inc. (A Development Stage Company) as of June 30, 2002 and December 31, 2001, the related statements of operations, stockholders' equity and cash flows for the period from March 15, 2001 (inception) to December 31, 2001, six months ended June 30, 2002 and the periods from March 15, 2001 (inception) to June 30, 2002 and 2001. We have audited the accompanying statements of stockholders' equity (deficiency), for the period from March 15, 2001 (inception) to June 30, 2002. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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

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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 audits provide 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 Golf Two, Inc. as of June 30, 2002 and December 31, 2001 and the results of its operations and its cash flows for the period from March 15, 2001 (inception) to December 31, 2001, six months ended June 30, 2002 and the periods from March 15, 2001 (inception) to June 30, 2002 and 2001 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the accompanying financial statements, the Company has no established source of revenue, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CERTIFIED PUBLIC ACCOUNTANTS

Irvine, California  
August 16, 2002

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEETS

ASSETS  
-----

	June 30, 2002
Current assets:	
Cash and cash equivalents	\$ 42,
	-----
Total assets	\$ 42, =====

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### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

Current liabilities:	
Accounts payable	\$ 2,
Accounts payable-related party	
Notes payable-related party	
Total current liabilities	2,
Stockholders' equity (deficiency):	
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued or outstanding, respectively	7,
Common stock, \$0.001 par value, 50,000,000 shares authorized, 7,418,336 and 2,325,000 issued and outstanding, respectively	150,
Additional paid-in capital	(117,
Deficit accumulated during development stage	39,
Total stockholders' equity (deficiency)	42,
Total liabilities and stockholders' equity (deficiency)	\$

See accompanying independent auditors' report and notes to financial statements

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

### STATEMENTS OF OPERATIONS

	For the period from March 15, 2001 (inception) to December 31, 2001	For the six months ended June 30, 2002	For period March 1 (incept June 30
	-----	-----	-----
Revenue	\$ -	\$ -	\$
General and administrative expenses	13,703	103,503	
	-----	-----	-----
Loss from operations	(13,703)	(103,503)	
Other income expenses:			
Interest income	-	37	



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Interest expense	(600)	(200)	
	-----	-----	-----
Loss before provision for income taxes	(14,303)	(103,666)	
Provision for income taxes	-	-	
	-----	-----	-----
Net loss	\$ (14,303)	\$ (103,666)	\$
	=====	=====	=====
Net loss available to common stockholders per common share - basic and dilutive:			
Loss per common share	(\$0.01)	(\$0.02)	
	=====	=====	=====
Weighted average common shares outstanding - basic and dilutive	2,325,000	5,378,352	2,
	=====	=====	=====

See accompanying independent auditors' report and notes to financial statements

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

	Common stock		Additional paid-in capital	Def accum dur devel st
	Shares	Amount		
	-----	-----	-----	-----
Balance at March 15, 2001, date of incorporation	-	\$ -	\$ -	\$ -
Issuance of Founders Shares for services, March 2001	2,325,000	2,325	-	
Additional paid in capital	-	-	1,500	
Net loss	-	-	-	

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Balance at December 31, 2001	2,325,000	2,325	1,500	
Issuance of common stock for services at \$0.03 per share (February 2002)	3,000,000	3,000	87,000	
Issuance of common stock for cash at \$0.03 per share (April 2002)	2,093,336	2,093	60,707	
Additional paid in capital	-	-	800	
Net loss	-	-	-	
Balance at June 30, 2002	7,418,336	\$ 7,418	\$ 150,007	\$

See accompanying independent auditors' report and notes to financial statements

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS

	For the period from March 15, 2001 (inception) to December 31, 2001	For the six months ended June 30, 2002	pe Mar (in Jun
Cash flows used for operating activities:			
Net loss	\$ (14,303)	\$ (103,666)	\$
Adjustments to reconcile net loss to net cash used for operating activities:			
Non-cash issuance of common stock for services	2,325	90,000	
Non-cash additional paid-in-capital contributed	1,500	800	
Increase (decrease) in liabilities -			
Accounts payable	-	2,563	
Accounts payable-related party	478	(478)	

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Total adjustments	4,303	92,885	
	-----	-----	-----
Net cash used for operating activities	(10,000)	(10,781)	
	-----	-----	-----
Cash flows provided by financing activities:			
Proceeds from note payable-related party	10,000	-	
Repayment of note payable-related party	-	(10,000)	
Proceeds from issuance of common stock	-	62,800	
	-----	-----	-----
Net cash provided by financing activities	10,000	52,800	
	-----	-----	-----
Net increase in cash and cash equivalents	-	42,019	
Cash and cash equivalents, beginning of period	-	-	
	-----	-----	-----
Cash and cash equivalents, end of period	\$ -	\$ 42,019	\$
	=====	=====	=====
Supplemental disclosure of cash flow information:			
Income taxes paid	\$ -	\$ -	\$
	=====	=====	=====
Interest paid	\$ -	\$ -	\$
	=====	=====	=====

See accompanying independent auditors' report and notes to financial statements

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

(1) Summary of Significant Accounting Policies:

Nature of Business:

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Golf Two, Inc. (the "Company") is currently a development stage company under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 7 and was incorporated under the laws of the State of Delaware on March 15, 2001. The Company plans to operate retail golf stores that will feature indoor golf instruction and sell custom golf clubs throughout California.

### Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company has no established source of revenue. This matter raises substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management plans to take the following steps that it believes will be sufficient to provide the Company with the ability to continue in existence:

Management intends to continue to raise additional financing through joint venturing of projects, exchange of asset, debt financing, equity financing or other means and interests which it deems necessary with a view to moving forward and sustain a prolonged growth in its strategy phases.

### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported periods.

### Comprehensive Income:

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive income and its components in the financial statements. As of June 30, 2002 and December 31, 2001, and for the periods from inception to June 30, 2002, the Company has no items that represent other comprehensive income and, therefore, has not included a schedule of comprehensive income in the consolidated financial statements.

See accompanying independent auditors' report.

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

(1) Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Basic and Diluted Loss Per Share:

In accordance with SFAS No. 128, "Earnings Per Share," the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of June 30, 2002, the Company does not have any equity instruments outstanding that can be converted into common stock.

Income Taxes:

The Company accounts for income taxes under SFAS 109, "Accounting for Income Taxes." Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

See accompanying independent auditors' report.

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

(1) Summary of Significant Accounting Policies, Continued:

Stock-Based Compensation:

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and complies with the disclosure provisions of SFAS 123, "Accounting for Stock-Based Compensation." Under APB 25, compensation cost is recognized over the vesting period based on the excess, if any, on the date of grant of the deemed fair value of the Company's shares over the employee's exercise price. When the exercise price of the employee share options is less than the fair value price of the underlying shares on the grant date, deferred stock compensation is recognized and amortized to expense in accordance with FASB Interpretation No. 28 over the vesting period of the individual options. Accordingly, because the exercise price of the Company's employee options equals or exceeds the market price of the underlying shares on the date of grant, no compensation expense is recognized. Options or shares awards issued to non-employees are valued using the fair value method and expensed over the period services are provided.

Fair Value of Financial Instruments:

The estimated fair values of cash and cash equivalents, accounts payable and accrued expenses, approximate their carrying value because of the short term maturity of these instruments or the stated interest rates are indicative of market interest rates.

Advertising Costs:

Advertising costs are expensed as incurred. There were no advertising expenses for any of the periods from March 15, 2001 (inception) to June 30, 2002.

Segment Reporting:

Based on the Company's integration and management strategies, the Company operated in a single business segment. For the periods from inception to June 30, 2002, all revenues have been derived from domestic operations.

See accompanying independent auditors' report.

GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

(1) Summary of Significant Accounting Policies, Continued:

New Accounting Pronouncements:

In July 2001, the FASB issued SFAS No. 141 "Business Combinations." SFAS No. 141 supersedes Accounting Principles Board ("APB") No. 16 and requires that any business combinations initiated after June 30, 2001 be accounted for as a purchase; therefore, eliminating the pooling-of-interest method defined in APB 16. The statement is effective for any business combination initiated after June 30, 2001 and shall apply to all business combinations accounted for by the purchase method for which the date of acquisition is July 1, 2001 or later. The Company has implemented this pronouncement and has concluded that the adoption has no material impact to the financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangibles." SFAS No. 142 addresses the initial recognition, measurement and amortization of intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) and addresses the amortization provisions for excess cost over fair value of net assets acquired or intangibles acquired in a business combination. The statement is effective for fiscal years beginning after December 15, 2001, and is effective July 1, 2001 for any intangibles acquired in a business combination initiated after June 30, 2001. The Company has implemented this pronouncement and has concluded that the adoption has no material impact to the financial statements.

In October 2001, the FASB recently issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires companies to record the fair value of a liability for asset retirement obligations in the period in which they are incurred. The statement applies to a company's legal obligations associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, and development or through the normal operation of a long-lived asset. When a liability is initially recorded, the company would capitalize the cost, thereby increasing the carrying amount of the related asset. The capitalized asset retirement cost is depreciated over the life of the respective

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asset while the liability is accreted to its present value. Upon settlement of the liability, the obligation is settled at its recorded amount or the company incurs a gain or loss. The statement is effective for fiscal years beginning after June 30, 2002. The Company does not expect the adoption to have a material impact to the Company's financial position or results of operations.

See accompanying independent auditors' report.

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GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

(1) Summary of Significant Accounting Policies, Continued:

New Accounting Pronouncements, Continued:

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Statement 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets. The statement provides a single accounting model for long-lived assets to be disposed of. New criteria must be met to classify the asset as an asset held-for-sale. This statement also focuses on reporting the effects of a disposal of a segment of a business. This statement is effective for fiscal years beginning after December 15, 2001. The Company has implemented this pronouncement and has concluded that the adoption has no material impact to the financial statements.

In April 2002, the FASB issued Statement No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements" and FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The Company does not expect the adoption to have a material impact



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to the Company's financial position or results of operations.

### (2) Related-Party Transactions:

#### Note Payables

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In April 2001, the Company entered into a \$10,000 non interest-bearing note with a stockholder. The note was due upon demand and repaid in April 2002. The Company recorded interest expense on this note at 8% per annum as a contribution to capital.

#### Office Expense

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An officer of the Company provides office space to the Company for \$100 per month on a month-to-month basis, which was recorded as a contribution to capital.

See accompanying independent auditors' report.

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### GOLF TWO, INC. (A DEVELOPMENT STAGE COMPANY)

#### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

### (3) Stockholders' Equity:

#### Common Stock

In March 2001, the Company issued 5,650,000 shares of its common stock in exchange for services to incorporate the Company. In February 2002, the Board of Directors declared that the Company had not received consideration for the issuance of 3,325,000 shares of the previously issued shares and canceled those shares leaving 2,325,000 shares totaling \$2,325. The Founder Shares were valued at the par value of the Company's common stock, which represented its fair market value on the date of issuance. The Company has not recognized the issuance of the cancelled shares in the financial statements.

In February 2002, 3,000,000 shares of common stock were issued at \$0.03 per share in exchange for prior services rendered for a total of \$90,000, which was fair market value of the Company's common stock on the date of issuance.

In April 2002, the Company performed a private placement and issued

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2,093,336 shares of its common stock at \$0.03 per share for an aggregate total of \$62,800.

### Preferred Stock

The Company is authorized to issue 5,000,000 shares of Preferred stock, par value at \$.001 per share. As of June 30, 2002 and December 31, 2001, none of the shares was issued and outstanding.

(4) Provision for Income Taxes:

The reconciliation of the effective income tax rate to the federal statutory rate for the year ended December 31, 2001, the periods ended June 30, 2001 and 2000, and for the period from March 15, 2001 (inception) to June 30, 2002 is as follows:

	For the period from March 15, 2001 (inception) to December 31, 2001 -----	For the six months ended June 30, 2002 -----	Period from March 15, 2001 (inception) to June 30, 2001 -----	For the from Mar (incept June 30 -----
Computed "expected" benefit	\$ 200	\$ 34,300	\$ 4,400	\$
Increase (decrease) in income taxes resulting from:				
Increase in valuation allowance	(200)	(34,300)	(4,400)	(
	-----	-----	-----	-----
	\$ -	\$ -	\$ -	\$
	=====	=====	=====	=====

See accompanying independent auditors' report.

GOLF TWO, INC.  
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM MARCH 15, 2001 (INCEPTION)  
TO DECEMBER 31, 2001, SIX MONTHS  
ENDED JUNE 30, 2002 AND THE  
PERIODS FROM MARCH 15, 2001 (INCEPTION)  
TO JUNE 30, 2002 AND 2001

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(4) Provision for Income Taxes, Continued:

Deferred tax assets and liabilities reflect the net effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at June 30, 2002 and December 31, 2001 are as follows:

	June 30, 2002	December 31, 2001
	-----	-----
Deferred tax assets:		
Net operating loss carryforwards	\$ 38,900	\$ 4,600
Less: valuation allowance	38,900	4,600
	-----	-----
	\$ -	\$ -
	=====	=====

At December 31, 2001 and June 30, 2002, the Company has provided a 100% valuation allowance for the deferred tax asset since management has not been able to determine that the realization of that asset is more likely than not. The net change in the valuation allowance for the six months ended June 30, 2002 and the year ended December 31, 2001 was an increase of \$34,300 and \$200, respectively. As of June 30, 2002, the Company had net operating loss carryforwards ("NOLs") of approximately \$118,000. If unused, the NOLs will begin to expire during 2019.

See accompanying independent auditors' report.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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In July 2002, our Board of Directors appointed Stonefield Josephson, Inc., independent accountant, to audit our financial statements for the period from March 15, 2001, our date of formation, through June 30, 2002. Prior to our appointment of Stonefield Josephson, Inc. as our auditor, our financial statements had not been audited. Prior to engaging Stonefield Josephson, Inc., we had not consulted with them on the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements. There have been no disagreements with our accountant since our formation required to be disclosed pursuant to Item 304 of Regulation S-B.

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### Legal Matters

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The validity of the issuance of the shares of common stock offered by the selling security holders has been passed upon by MC Law Group, located in Newport Beach, California.

### Experts

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Our financial statements for the period from March 15, 2001, our date of formation, through June 30, 2002, appearing in this prospectus which is part of a Registration Statement have been audited by Stonefield Josephson, Inc., and are included in reliance upon such reports given upon the authority of Stonefield Josephson, Inc., as experts in accounting and auditing.

### Additional Information

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We have filed a Registration Statement on Form SB-2 with the Securities and Exchange Commission pursuant to the Securities Act of 1933 with respect to the common stock offered by the selling security holders. This prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement. For further information regarding us and our common stock offered hereby, reference is made to the Registration Statement and the exhibits and schedules filed as a part of the Registration Statement.

## PART II - INFORMATION NOT REQUIRED IN PROSPECTUS

### Indemnification of Directors and Officers

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Article Seventh of our Certificate of Incorporation provides, among other things, that our directors shall not be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- o for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- o for unlawful payments of dividends or unlawful stock purchase or redemption by us.

Accordingly, our directors may have no liability to our shareholders for any mistakes or errors of judgment or for any act of omission, unless such act or omission involves intentional misconduct, fraud, or a knowing violation of law or results in unlawful distributions to our shareholders.

Our Certificate of Incorporation provides that we will indemnify our directors to the extent permitted by Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary under the Delaware General Corporation Law. Our Certificate of Incorporation also provides that to the extent that Delaware General Corporation Law is amended to permit further indemnification, we will so indemnify our directors.

Section 145 of the Delaware General Corporation Law provides that a corporation

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shall have the power to indemnify any person who was or is a party or is threatened to be made a party to or is involved in any pending, threatened, or completed civil, criminal, administrative, or arbitration action, suit, or proceeding, or any appeal therein or any inquiry or investigation which could result in such action, suit, or proceeding, because of his or her being or having been our director, officer, employee, or agent or of any constituent corporation absorbed by us in a consolidation or merger or by reason of his or her being or having been a director, officer, trustee, employee, or agent of any other corporation or of any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or such enterprise, serving as such at our request or of any such constituent corporation, or the legal representative of any such director, officer, trustee, employee, or agent, from and against any and all reasonable costs, disbursements, and attorney's fees, and any and all amounts paid or incurred in satisfaction of settlements, judgments, fines, and penalties, incurred or suffered in connection with any such proceeding.

Section 17 of our Bylaws also provides that our officers and directors shall be indemnified and held harmless by us to the fullest extent permitted by the provisions of Section 145 of the Delaware General Corporation Law.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have 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.

### Other Expenses of Issuance and Distribution

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We will pay all expenses in connection with the registration and sale of the common stock by the selling security holders. None of the expenses will be borne by the selling security holders. The estimated expenses of issuance and distribution are set forth below.

Registration Fees	Approximately	\$22.25
Transfer Agent Fees	Approximately	\$650.00
Costs of Printing and Engraving	Approximately	\$500.00
Legal Fees	Approximately	\$10,000.00
Accounting Fees	Approximately	\$2,500.00

### Recent Sales of Unregistered Securities

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There have been no sales of unregistered securities within the last three years which would be required to be disclosed pursuant to Item 701 of Regulation S-B, except for the following:

In April 2002, we issued 2,093,336 shares of our common stock to thirty-four investors for \$0.03 per share. The shares were issued in a transaction which we believe satisfies the requirements of that exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of that act and Rule 506 of Regulation D promulgated pursuant to that act by the Securities and Exchange Commission. Specifically, the offer was made to "accredited investors", as that term is defined under applicable federal and state securities laws, and no more than 35 non-accredited investors. We believe that each purchaser who was not an

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accredited investor has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment. Each investor was given adequate access to sufficient information about us to make an informed investment decision. There were no commissions paid on the sale of these shares. The net proceeds to us were \$62,800.

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In February 2002, we issued 3,000,000 shares of our common stock to David Bennett, our president, treasurer and one of our directors. We believe that Mr. Bennett has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment. In addition, Mr. Bennett had sufficient access to material information about us because he was our president, treasurer and one of our directors. The shares were issued in a transaction which we believe satisfies the requirements of that certain exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of the Securities Act of 1933, as amended. The shares were issued in exchange for services provided to us, which were valued at \$90,000. That amount represented the fair value of the common stock on the date of issuance.

In March 2001, we issued 2,325,000 shares of our common stock to two individuals, one of which was Daniel Bernstein, our secretary and one of our directors. We believe that those shareholders have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment. The shares were issued in a transaction which we believe satisfies the requirements of that certain exemption from the registration and prospectus delivery requirements of the Securities Act of 1933, which exemption is specified by the provisions of Section 4(2) of the Securities Act of 1933, as amended. The shares were issued in exchange for services provided to us, which were valued at \$2,325. That amount represented the fair value of the common stock on the date of issuance.

### Exhibits

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Copies of the following documents are filed with this Registration Statement as exhibits:

### Exhibit No.

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1. Underwriting Agreement (not applicable)
- 3.1 Certificate of Incorporation
- 3.2 Bylaws
5. Opinion Re: Legality
8. Opinion Re: Tax Matters (not applicable)
11. Statement Re: Computation of Per Share Earnings\*
15. Letter on unaudited interim financial information (not applicable)
- 23.1 Consent of Auditors

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- 23.2 Consent of Counsel\*\*
24. Power of Attorney is included on the Signature Page of the Registration Statement
- \* Included in Financial Statements
- \*\* Included in Exhibit 5

### Undertakings

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A. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is,

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therefore, unenforceable. In the event that a claim for indemnification against such liabilities, other than the payment by us of expenses incurred or paid by our director, officer or controlling person 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, we will, unless in the opinion of our 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 Securities Act of 1933 and will be governed by the final adjudication of such issue.

### B. We hereby undertake:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) To specify in the prospectus any facts or events arising after the effective date of the Registration Statement or most recent post-effective amendment thereof which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered, if the total dollar value of securities offered would not exceed that which was registered, and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b), Section 230.424(b) of Regulation S-B, if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

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- (iii) To include any additional or changed material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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SIGNATURES

In accordance with the requirements of the Securities Act of 1933, as amended, we certify that we have reasonable grounds to believe that we meet all of the requirements of filing on Form SB-2 and authorized this Registration Statement to be signed on our behalf by the undersigned, in the city of Orange, California, on September 17, 2002.

Golf Two, Inc.  
a Delaware corporation

By: /s/ David Bennett  
-----  
David Bennett  
Its: principal executive and financial officer  
president, treasurer, and a director

In accordance with the requirements of the Securities Act of 1933, this Registration Statement was signed by the following persons in the capacities and on the dates stated:

/s/ David Bennett ----- David Bennett principal executive and financial officer president, treasurer and a director	September 17, 2002
/s/ Daniel Bernstein ----- Daniel Bernstein secretary and a director	September 17, 2002



