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## **FORM 10-K**

**ESCALADE INC - ESCA**

**Filed: March 11, 2004 (period: December 27, 2003)**

Annual report with a comprehensive overview of the company

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 27, 2003  
COMMISSION FILE NUMBER 0-6966

ESCALADE, INCORPORATED  
(Exact name of registrant as specified in its charter)

Indiana  
(State of incorporation)

13-2739290  
(IRS EIN)

251 Wedcor Ave, Wabash, Indiana 46992  
(Address of principal executive office)

(260) 569-7233  
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act  
NONE

Securities registered pursuant to Section 12(g) of the Act  
Common Stock, No Par Value  
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. yes  no

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12 b-2 of the Act). yes  no

Aggregate market value of voting stock held by nonaffiliates of the registrant as of July 12, 2003: \$70,831,571

The number of shares of Registrant's common stock (no par value) outstanding as of February 28, 2004: 6,481,866

Documents Incorporated by Reference

Certain portions of the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 24, 2004 are incorporated by reference into Part III of this Report.

Index to exhibits is found on page 16.

ESCALADE, INCORPORATED AND SUBSIDIARIES

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## PART IV

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## PART I

## ITEM 1--BUSINESS

## GENERAL

Escalade, Incorporated ("Escalade" or "Company") operates in two business segments: sporting goods and office products. Escalade and its predecessors have manufactured and sold sporting goods products for over 75 years and Office Products for over 65 years.

Escalade is the successor to a manufacturer and retailer of women's and children's footwear formed in 1922. Through a series of acquisitions commencing in the 1970's, the Company has transitioned into the two industries it now operates in.

The following table presents the percentages contributed to Escalade's net sales by each of its business segments:

	2003	2002	2001
	----	----	----
Sporting goods	63%	82%	80%
Office/graphic arts	37	18	20
	---	---	---
Total net sales	100%	100%	100%
	===	===	===

For additional segment information, see the notes to consolidated financial statements.

## SPORTING GOODS

Headquartered in Evansville, Indiana, Escalade Sports manufactures and distributes widely recognized brands in family game room and outdoor sporting goods products through traditional department stores, mass merchandise retailers and sporting goods specific retailers. Escalade is the world's largest producer of table tennis tables, the world's largest unit producer of pool tables, and the largest game table importer in the United States. Some of the Company's most recognized brands include:

Product Segment	Brand Names
-----	-----
Table Tennis	Ping-Pong(R), STIGA(R)
Pool Tables and accessories	Mizerak(TM), Murrey(R), Mosconi(TM), Black Widow(TM)
Basketball Backboards and Goals	Goalrilla(TM), Goaliath(R), Silverback(TM)
Game Tables (Air Hockey and Soccer)	Harvard Game(R), Rhino(TM), Murrey Game(TM)
Archery	Fred Bear(R), Indian Archery(R), Jennings(R)
Fitness	The STEP(R), USWeight(TM)

The largest sporting goods customer is Sears Roebuck & Co. ("SEARS"), which

accounted for 38%, 47% and 46% of total sporting goods revenues in 2003, 2002 and 2001, respectively. On a consolidated basis, SEARS accounted for 24%, 38% and 37% of Escalade revenues in 2003, 2002 and 2001, respectively. No other customer accounted for more than 10% of sporting goods revenues or consolidated revenues. Escalade Sports has been a preferred supplier of sporting goods products to SEARS for more than 30 years, winning numerous awards for delivering outstanding products and service. Although the Company does not have long-term supplier contracts with SEARS, the strong relationship with SEARS supports the Company's belief that SEARS will continue to be a significant customer far into the future.

Escalade Sports manufactures in the U.S.A., Mexico, and imports game table product from China, where the Company employs a number of contract manufacturers.

Certain products produced by Escalade Sports are subject to regulation by the Consumer Product Safety Commission. The Company believes it is in full compliance with all applicable regulations.

#### OFFICE PRODUCTS

Operating under the Martin Yale name, the office product business gained a worldwide presence with the 2003 acquisition of Schleicher & Co. International, AG, a manufacturer and distributor of data shredding equipment headquartered in Germany. In addition to data shredding equipment and accessories, Martin Yale products include: paper trimmers, folding machines, paper drills, collators, bursting machines, letter openers, and office related products such as keyboard drawers and hole punches. Martin Yale brands include Martin Yale(TM), Premier(R), Master(TM), Mead Hatcher(TM), Intimus(R), Paper Monster(R), and VacuShred(TM).

Martin Yale manufactures product in the United States, Mexico, Germany and China. In addition to the sales offices located at manufacturing plants, Martin Yale also has offices in the United Kingdom and France. Products are sold throughout the world to office products retailers, wholesalers and catalog distributors. No single customer accounted for more than 10% of sales during 2003.

#### MARKETING AND PRODUCT DEVELOPMENT

In both the sporting goods and office product business segments, Escalade has rigorously developed strategic plans to enhance and promote product branding. The Company constantly evaluates the quality-to-price paradigm of its customers, and then designs and redesigns its products to achieve the best fit. Marketing efforts are then initiated through its retail partners in the form of advertising and other promotion allowances. In general, the Company does not directly advertise to end-users.

In order to meet customer needs, each operating segment conducts its own independent research and development efforts to design new products and enhance already existing products. On a consolidated basis, the Company incurred research and development costs of approximately \$2,947 thousand, \$1,520 thousand and \$2,150 thousand in 2003, 2002 and 2001, respectively.

#### COMPETITION

Escalade is subject to competition with various manufacturers of each product line produced or sold by Escalade. The Company is not aware of any other single company that is engaged in both the same industries as Escalade or that produces the same range of products as Escalade within such industries. Nonetheless, competition exists for many Escalade products within both the sporting goods and office product industries and some competitors are larger and have substantially greater resources than the Company. Escalade believes that its long-term success depends on its ability to strengthen its relationship with existing customers, attract new customers and develop new products that satisfy the quality and price requirements of sporting goods and office product customers.

#### LICENSES, TRADEMARKS AND BRAND NAMES

Escalade Sports has an agreement and contract with Sweden Table Tennis AB for the exclusive right and license to distribute and produce table tennis equipment

under the brand name STIGA(R) for the United States and Canada. Escalade Sports has a non-exclusive, non-transferable license to use the trademark PSE(R); only and specifically for the purpose of applying to juvenile archery equipment and approved archery accessories retailing up to \$79.99.

Escalade is the owner of several registered trademarks and brand names. In the sporting goods segment, the Company holds the Ping-Pong(R), Harvard(R), Accudart(R), Indian Archery(R) and Goaliath(R), registered trademarks and utilizes the Goalrilla(TM), Silverback(TM), Rhino Play(TM), U. S. Weight(TM), The Step(R), Murrey(R), Mosconi(R), Mizerak(R) and PSE(R) brand names. In the office/graphic arts segment, the Company owns the Premier(R) and Intimus(R) registered trademark the Martin Yale(TM), Master Products(TM), Mead Hatcher(TM), Taros(TM), Paper Monster(TM) and VacuShred(TM) brand names.

BACKLOG AND SEASONALITY

Sales are primarily pursuant to standard purchase orders. In most cases products are shipped within the same month received. Unshipped orders at the end of the fiscal year (backlog), were not material, and therefore not an indicator of future results. Consumer demand for sporting goods is extremely seasonal and driven by Christmas season demand. Over the past three years approximately 74% of sporting goods sales have come in the second half of the year. The Company expects sporting goods sales to continue to be seasonal in the future. Demand for Office Products has not been seasonal and is not expected to be so in the future.

EMPLOYEES

The number of full time employees at December 27, 2003 and December 28, 2002 for each business segment were as follows:

	2003	2002
	-----	----
Sporting Goods		
USA	404	285
Mexico	192	134
	-----	---
	596	419
Office/Graphic Arts		
USA	137	107
Mexico	95	96
Europe	202	--
	-----	---
	434	203
	-----	---
Total	1,030	622
	=====	===

The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers AFL-CIO represent hourly rated employees at the Escalade Sports' Evansville, Indiana factory; approximately 120 employees at December 27, 2003. The current 3-year contract expires in April 2006.

Escalade believes that its employee relations are satisfactory.

SOURCES OF SUPPLIES

Raw materials for Escalade's various product lines consist of wood, particleboard, slate, standard grades of steel, steel tubing, plastic, vinyl, steel cables, fiberglass and packaging. Escalade relies upon suppliers in Europe and Brazil for its requirement of billiard balls and slate utilized in the production of home pool tables and upon various Asian manufacturers for certain of its table tennis needs and other items. Escalade sources some of its game table product line in China.

The Company believes that these sources will continue to provide adequate supplies as needed. All other materials needed for the Company's various

operations are available in adequate quantities from a variety of domestic and foreign sources.

#### SEC REPORTS

Our Internet site ([www.escaladeinc.com](http://www.escaladeinc.com)) makes available to interested parties our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and all amendments to those reports, as well as all other reports and schedules we file electronically with the Securities and Exchange Commission (the "Commission"), as soon as reasonably practicable after such material is electronically filed with or furnished to the Commission. Interested parties may also find reports, proxy and information statements and other information on issuers that file electronically with the Commission at the Commission's Internet site (<http://www.sec.gov>).

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#### ITEM 2--PROPERTIES

At December 27, 2003, the Company operated from the following locations:

LOCATION -----	SQUARE FOOTAGE -----	OWNED OR LEASED -----	USE ---
Sporting Goods			
Evansville, Indiana, USA	346,000	Owned	Manufacturing and distribution; sales and marketing; administration
Evansville, Indiana, USA	132,000	Leased	Warehousing
Olney, Illinois, USA	100,000	Leased	Manufacturing and distribution
Gainesville, Florida, USA	155,000	Owned	Manufacturing and distribution
National City, California, USA	51,000	Leased	Warehousing and distribution
Tijuana, Mexico	83,000	Owned	Manufacturing and distribution
Tijuana, Mexico	83,000	Leased	Manufacturing
Ensenada, Mexico	33,000	Leased	Manufacturing
Office Products			
Wabash, Indiana, USA	141,000	Owned	Manufacturing and distribution; sales and marketing; administration
Sanford, N. Carolina, USA	50,000	Leased	Sales and marketing
Tijuana, Mexico	84,000	Leased	Manufacturing and distribution
Markdorf, Germany	70,000	Owned	Manufacturing and distribution; sales and marketing; administration
Paris, France	13,000	Leased	Distribution; sales and marketing
Crawley, UK	17,000	Leased	Sales and marketing

The Company has no idle facilities, and believes that its facilities are in excellent condition and suitable for their respective operations. The Company also believes that it is in compliance with all applicable environmental regulations and is not subject to any proceeding by any federal, state or local authorities regarding such matters. The Company provides regular maintenance and service on its plants and machinery as required.

#### ITEM 3--LEGAL PROCEEDINGS

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of such claims or lawsuits will have a material adverse affect on the business or financial condition of the Company.

#### ITEM 4--SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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#### PART II

#### ITEM 5--MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

## MATTERS

The Company's common stock is traded under the symbol "ESCA" on the Nasdaq National Market. The following table sets forth, for the calendar periods indicated, the high and low sales prices of the Common Stock as reported by the Nasdaq National Market:

PRICES -----	HIGH ----	LOW ---
2003		
Fourth quarter ended December 27, 2003	\$ 29.67	\$ 21.25
Third quarter ended October 4, 2003	24.70	15.75
Second quarter ended July 12, 2003	19.05	12.15
First quarter ended March 22, 2003	20.01	12.13
2002		
Fourth quarter ended December 28, 2002	\$ 20.09	\$ 19.49
Third quarter ended October 5, 2002	19.85	19.16
Second quarter ended July 13, 2002	22.48	21.27
First quarter ended March 23, 2002	19.91	19.30

The closing market price on February 28, 2004 was \$38.77 per share.

On February 18, 2004, The Company announced the payment of an annual dividend of \$0.24 per share to all shareholders of record on March 5, 2004, payable on March 12, 2004.

On February 23, 2002, the Board of Directors declared a 3 for 1 stock split payable to stockholders of record on March 15, 2002, which was distributed on March 28, 2002. All per share amounts have been adjusted to reflect the 3 for 1 stock split.

There were approximately 351 holders of record of the Company's Common Stock at February 28, 2004. The approximate number of stockholders, including those held by depository companies for certain beneficial owners, was 850.

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### ITEM 6--SELECTED FINANCIAL DATA (In thousands, except per share data)

AT AND FOR YEARS ENDED -----	DECEMBER 27, 2003 -----	December 28, 2002 -----	December 29, 2001 -----	December 30, 2000 -----	December 25, 1999 -----
INCOME STATEMENT DATA					
Net sales					
Sporting goods	\$139,285	\$126,745	\$118,867	\$ 79,948	\$52,767
Office and graphic arts products	82,443	28,710	29,986	36,133	33,407
Total net sales	221,728	155,455	148,853	116,081	86,174
Net income	14,850	11,138	11,139	8,100	6,100
Weighted-average shares	6,484	6,486	6,447	7,083	9,114
PER SHARE DATA					
Basic earnings per share	\$ 2.29	\$ 1.72	\$ 1.73	\$ 1.14	\$ 0.67
Cash dividends	0	0	0	0	0
BALANCE SHEET DATA					
Working capital	24,657	27,041	13,574	12,485	14,899
Total assets	134,437	96,788	76,111	69,476	66,850
Short-term bank debt	21,568	11,223	9,770	13,267	11,570
Long-term bank debt	15,020	16,700	6,800	12,700	10,700
Total stockholders' equity	61,283	45,875	34,396	23,960	29,438

### ITEM 7--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section should be read in conjunction with Item 1: Business; Item 6: Selected Financial Data; and Item 8: Financial Statements and Supplementary Data.



## FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements relating to present or future trends or factors that are subject to risks and uncertainties. These risks include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, the continuation and development of key customer and supplier relationships, Escalade's ability to control costs, general economic conditions, fluctuation in operating results, changes in the securities market and other risks detailed from time to time in Escalade's filings with the Securities and Exchange Commission. Escalade's future financial performance could differ materially from the expectations of management contained herein. Escalade undertakes no obligation to release revisions to these forward-looking statements after the date of this report.

## OVERVIEW

Escalade, Incorporated ("Escalade" or "Company") manufactures and distributes products for two industries: Sporting Goods and Office Products. Within these industries the Company has successfully built a commanding market presence in niche markets. This strategy is heavily dependent on brand recognition and excellent customer service. The Company's strategic advantage is established relationships with major retailers. This allows the Company to bring new product to the market in a very cost effective manner. In addition to strategic customer relations, the Company has over 75 years of manufacturing experience that enable it to be a low cost supplier.

Because the Company has a strong market position in many of its product lines, significant internal growth is not anticipated. To enable rapid growth the Company has developed a strategy of growth through strategic acquisition. Under this scenario the Company acquires product lines with strong brand recognition and then takes them to market through its established distribution channels building on the Company's market leader position. Significant synergies are achieved through assimilation into the existing company structure. Management believes that

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key indicators in measuring the success of this strategy are revenue growth and earnings growth. The following table sets for the percentage growth in revenues and net income over the prior years:

	2003	2002	2001
	-----	-----	-----
Net revenue	42.6%	4.4%	28.2%
Net Income	33.3%	0.0%	37.5%

## RESULTS OF OPERATIONS

The following schedule sets forth certain consolidated statement of income data as a percentage of net revenue for the periods indicated:

	2003	2002	2001
	-----	-----	-----
NET REVENUE	100.0%	100.0%	100.0%
Cost of products sold	69.6%	71.5%	71.8%
	-----	-----	-----
GROSS MARGIN	30.4%	28.5%	28.2%
Selling, administrative and general expenses	20.9%	16.9%	14.7%
	-----	-----	-----
OPERATING INCOME	9.5%	11.6%	13.5%
	=====	=====	=====

## CONSOLIDATED REVENUE AND GROSS MARGIN

Revenues for 2003 were 42.6% higher than the prior year due primarily to two acquisitions. In Sporting Goods the Company acquired substantially all of the assets of North American Archery Group, LLC, a manufacturer of archery equipment. The product lines acquired in this acquisition contributed roughly \$10 million in net revenues. In the Office Products business, the Company acquired 100% of the outstanding shares of Schleicher & Co. International, AG, a manufacturer and distributor of data shredder products headquartered in Germany. The data shredder product line added approximately \$54 million in net revenues.

As a result of the change in product mix generated by the two acquisitions, the consolidated gross margin ratio for 2003 improved over 2002. The archery product line acquired in Sporting Goods has significantly higher gross margin ratios than existing Sporting Goods products, resulting in a slight improvement in the overall Sporting Goods gross margin ratio compared to the prior year. As the archery product line grows, the overall gross margin ratio in Sporting Goods will continue to improve. In contrast, the overall gross margin ratio in the Office Products business dropped in comparison to the prior year because the gross margin ratios on data shredder products is less than the combined gross margin ratio on other Office Products. However, because this reduced Office Product gross margin ratio is still significantly higher than the Sporting Goods gross margin ratio, it has an elevating effect on the consolidated gross margin ratio because Office Products became a higher percentage of overall revenues. The Company has taken actions to improve the gross margin ratios on data shredder equipment and expects to report improvements late in 2004.

Revenues for 2002 were 4% above 2001 revenues; increased revenues in the Sporting Goods segment were partially offset by declines in the Office Products segment. The full effect of Sporting Goods acquisitions in 2001 was the primary reason for the 6% revenue growth in Sporting Goods over 2001. Continued sluggishness in the U.S. economy and stiff price competition from overseas vendors resulted in lower Office Products sales compared to 2001.

The overall gross margin ratio in 2002 was marginally better than the 2001 gross margin ratio. The increase is attributed to the effect of the 2001 acquisitions in Sporting Goods. The gross margin ratio in Office Products was unchanged from the prior year.

#### CONSOLIDATED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The overall ratio of selling, general and administrative expenses as a percentage of net revenues increased in 2003 compared to 2002. However, the ratio in each business segment remained relatively unchanged from 2002. The increase in the consolidated ratio is directly related to the increased size of the Office Products segment in relation to the consolidated group. The expense ratio in the Office Products segment is roughly twice as high as the corresponding ratio in the Sporting Goods segment; primarily due to traditional program and catalog costs associated with the office supply retail channel. As a result of the data shredder acquisition, Management has identified several areas where synergies will result in cost reductions in selling, general and administrative costs. Management expects modest cost reductions in 2004, with the full impact to be realized in 2005.

In 2002, the ratio of selling, general and administrative expense to net revenues increased in comparison to 2001 as a direct result of increased costs in the Sporting Goods business segment resulting from the West Coast Longshoreman lockout. The disruption in shipping resulted in significant expediting costs to meet customer requirements.

#### SPORTING GOODS

The revenue and net income for the Sporting Goods business segment for the three years ended December 27, 2003 were as follows:

In Thousands -----	2003 -----	2002 -----	2001 -----
Revenues	\$139,285	\$126,745	\$118,867
Net income	\$ 9,720	\$ 8,400	\$ 6,721

Revenues increased 10% in 2003 compared to 2002, primarily due to the archery acquisition, which added approximately \$10 million in revenues. Excluding this effect, revenues were only slightly better than 2002. This was an expected outcome because several major customers had unusually high inventory levels of the Company's products at the end of 2002 as a direct result of shipping delays caused by the West Coast Longshoreman Lockout just before the 2002 Christmas season. As expected, sales to the Company's largest customer, Sears Roebuck & Co. (SEARS) were lower than 2002, representing 38% of net sales in 2003 compared to 47% in 2002. Increased placement in retailers other than SEARS allowed the Company to compensate for the decline in sales to SEARS. Sales reports from SEARS indicate that "sell-through" of the Company's products was strong during the 2003 Christmas season and that year-end inventory levels of the Company's products were normal. The lack of excess inventory at customers, strong "sell-through" at the retail level and increased placement indicate a bright outlook for 2004.

As a direct result of higher sales at a slightly better gross margin, net income in 2003 increased 16% over 2002. Both the increased sales volume and increased gross margin ratio are directly attributed to the archery acquisition.

Revenues in 2002 were 7% higher than 2001. This increase is attributed to the full effect of strategic acquisitions made in 2001.

Net income in 2002 increased 25% over 2001 primarily due to the increased gross margin associated with new products acquired in 2001.

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#### OFFICE PRODUCTS

The revenue and net income for the Office Products business segment for the three years ended December 27, 2003 were as follows:

In Thousands -----	2003 -----	2002 -----	2001 -----
Revenues	\$82,443	\$28,710	\$29,986
Net income	\$ 4,223	\$ 3,029	\$ 3,534

As a direct result of the data shredder acquisition, revenues in 2003 increased 187% over 2002. Revenues from data shredder sales were approximately \$54 million in 2003. Excluding data shredder sales, Office Product revenues were relatively unchanged from the prior year, indicating a halt to the declining sales trend experienced in previous years; an improved U.S. economy and access to European markets as a result of the data shredder acquisition, appear to be the primary factors for this change. Increased data security awareness and an improving global economy are key factors in Management's optimistic outlook for 2004.

Net income increased 39% over 2002; primarily due to a one-time gain of approximately \$1.4 million related to the forgiveness of European bank debt assumed in the data shredder acquisition and subsequently forgiven by the bank in negotiations independent of the acquisition. This gain was recorded in other income on the consolidated income statement. Excluding this gain, the Office Products business segment would have reported lower net income compared to 2002 because the data shredder business was not profitable in 2003. Management has initiated actions to ensure the profitability of the data shredder business and expects the data shredder business to contribute to net income in 2004, but the full effect of these actions will not materialize until 2005.

Revenues in 2002 were lower than 2001 as a result of the depressed U.S. economy and tough price competition from foreign imports. This decline in revenue and the absence of a one-time real estate gain recorded in 2001, resulted in lower 2002 net income compared to 2001.

#### FINANCIAL CONDITION AND LIQUIDITY

The financial condition of the Company remains strong. The current ratio, a basic measure of liquidity (current assets divided by current liabilities), declined from 1.8 as of December 28, 2002 to 1.4 as of December 27, 2003;

comparable to 1.4 at December 29, 2001. The higher current ratio at December 28, 2002 was the result of unusually high inventory and accounts receivable balances due to the shipping delays caused by the 2002 West Coast Longshoreman Lockout. At December 27, 2003, inventory and accounts receivable balances are at historically normal levels. The Company's strong earnings in 2003, coupled with this conversion of current assets into cash, enabled the Company to finance two significant acquisitions and reduce bank debt by \$1.7 million. As a percentage of stockholders' equity, long-term bank debt has decreased from 37% at December 28, 2002 to 26% at December 27, 2003.

In 2003, operations generated \$27 million in cash compared to \$4 million in 2002 and \$20 million in 2001. Cash was provided by net income adjusted for non-cash related items. Approximately \$9 million of the cash generated in 2003 came from reductions in accounts receivable and inventory that were unusually high at December 28, 2002.

The Company used \$24 million for investing activities in 2003, compared to \$13 million in 2002 and \$11 million in 2001. In 2003, the Company invested approximately \$10 million each, in the archery and data shredder acquisitions, and another \$1.5 million increasing its ownership interest in STIGA Table Tennis and acquiring additional assets in the STEP product line. The Company used approximately \$10 million for acquisitions in 2002, and \$9 million in 2001. As opportunities present themselves, the Company will continue to make strategic investments.

In 2003, the Company used approximately \$6 million for financing activities, compared to generating \$12 million in 2002 and using \$9 million in 2001. The Company used approximately \$4 million to reduce debt and \$2 million to

acquire its own stock. In contrast, the Company increased debt by \$11 million in 2002 after reducing debt by \$9 million in 2001. In the absence of additional acquisitions, the Company anticipates cash generated by operations to further reduce outstanding debt in 2004.

The Company's working capital requirements are primarily funded from cash flows from operations and revolving credit agreements with its banks. During 2003, the Company's maximum borrowings under its primary revolving credit lines aggregated \$75 million and the Company met all its debt covenants. A favorable interest rate climate and the Company's strong financial condition resulted in lower borrowing costs on the Company's primary bank debt; the average effective interest rate in 2003 was 3.3%. The Company's relationship with its primary lending bank remains strong and the Company expects to have access to the same level of revolving credit that was available in 2003. In addition, the Company believes it can quickly reach agreement with alternative lending institutions to increase available credit should the need arise.

On February 18, 2004, the Company's Board of Directors announced the payment of an annual dividend of \$0.24 per share to all shareholders of record on March 5, 2004, payable on March 12, 2004.

NEW ACCOUNTING PRONOUNCEMENTS

There have been no new accounting pronouncements that are expected to impact the Company at this time.

OFF BALANCE SHEET FINANCING ARRANGEMENTS

The Company has no financing arrangements that are not recorded on the Company's balance sheet.

CONTRACTUAL OBLIGATIONS

The following schedules summarizes the Company's contractual obligations as of December 27, 2003:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years

	-----	-----	-----	-----	-----
Long-term debt	\$16,083	\$ 354	\$ 709	\$12,320	\$2,700
Operating Leases	4,577	1,611	1,572	965	429
Minimum payments under royalty agreements	1,815	315	700	700	100
	-----	-----	-----	-----	-----
Total	\$22,475	\$2,280	\$2,981	\$13,985	\$3,229
	=====	=====	=====	=====	=====

#### CRITICAL ACCOUNTING ESTIMATES

The methods, estimates and judgments used in applying the Company's accounting policies have a significant impact on the results reported in its financial statements. Some of these accounting policies require difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The most critical accounting estimate includes assessing the degree to which outstanding accounts receivable will be collectible. The Company has other policies that are considered key policies, but these do not meet the definition of critical accounting estimates because they do not generally require estimates or judgments that are difficult or subjective.

#### Allowance for doubtful accounts

The Company maintains a reserve to absorb probable losses relating to bad debts arising from uncollectible accounts receivable. The allowance for doubtful accounts is maintained at a level the Company considers to be adequate to absorb probable bad debts inherent in the accounts receivable balance and is based on ongoing assessments and evaluations of the collectibility, historical loss experience of accounts receivable and the financial status of customers with accounts receivable balances. Bad debts are charged and recoveries are credited to the

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reserve. Provision for bad debts are based on the Company's review of the historical loss experience and such factors, which in management's judgment, deserve consideration under existing economic conditions in estimating probable losses.

The Company utilizes credit reporting services specializing in its business segments, participates in credit management associations pertaining to its business segments, monitors accounts closely for current financial information and performs internal risk analysis when making large credit decisions. The Company has not substantively changed any aspect to its overall approach in the determination of the allowance for bad debts. There have been no material changes in assumptions or estimation techniques as compared to prior periods that impacted the determination of the current period allowance.

Based on the procedures discussed above, management is of the opinion that the reserve of \$2.0 million was adequate, but not excessive, to absorb estimated credit losses associated with the accounts receivable balance at December 27, 2003.

#### EFFECT OF INFLATION

The Company cannot accurately determine the precise effects of inflation; however, there were some increases in sales and costs due to inflation in 2003. The Company attempts to pass on increased costs and expenses through price increases when necessary. The Company is working on reducing expense levels, improving manufacturing technologies and redesigning products to keep these costs under control.

#### CAPITAL EXPENDITURES

As of December 27, 2003, the Company had no material commitments for capital expenditures.

#### ITEM 7. A. -- QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to financial market risks, including changes in currency exchange rates, interest rates and marketable equity security prices. To mitigate these risks, the Company utilizes derivative financial instruments,

among other strategies. At the present time, the only derivative financial instrument used by the company is an interest rate swap. The Company does not use derivative financial instruments for speculative purposes.

A substantial majority of revenue, expense and capital purchasing activities are transacted in U.S. dollars. However, the Company's foreign subsidiaries enter into transactions in other currencies, primarily the Euro. To protect against reductions in value and the volatility of future cash flows caused by changes in currency exchange rates, the Company carefully considers the use of transaction and balance sheet hedging programs. Such programs reduce, but do not entirely eliminate, the impact of currency exchange rate changes. Presently the Company does not employ currency exchange hedging financial instruments, but has adjusted transaction and cash flows to mitigate adverse currency fluctuations. Historical trends in currency exchanges indicate that it is reasonably possible that adverse changes in exchange rates of 20% for the Euro could be experienced in the near term. Such adverse changes would not have resulted in a material impact on income before taxes for the year ended December 27, 2003.

A substantial portion of the Company's debt is based on U.S. prime and LIBOR interest rates. In an effort to lock-in current low rates and mitigate the risk of unfavorable interest rate fluctuations the Company has entered into an interest rate swap agreement. This agreement effectively converted a portion of its variable rate debt into fixed rate debt.

An adverse movement of equity market prices would have an impact on the Company's long-term marketable equity securities that are included in other assets on the consolidated balance sheet. At December 27, 2003 the aggregate book value of long-term marketable equity securities was \$1.5 million. Due to the unpredictable nature of the equity market the Company has not employed any hedge programs relative to these investments.

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#### ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Item 8 are set forth in Part IV, Item 14.

#### ITEM 9 -- CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

#### ITEM 9. A. -- CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investment in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent

to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

### PART III

#### ITEM 10--DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors and Executive Officers is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 24, 2004 under the captions "Certain Beneficial Owners," "Election of Directors," and "Executive Officers of the Registrant" and is incorporated herein by reference.

#### ITEM 11--EXECUTIVE COMPENSATION

Information required under this item is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 24, 2004 under the caption "Executive Compensation" and is incorporated herein by reference, except that the information required by Items 402(k) and (l) of Regulation S-K which appear within such caption under the sub-headings "Compensation and Stock Option Committees", "Report of Audit Committee" and "Financial Performance" are specifically not incorporated by reference into this Form 10-K or into any other filing by the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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#### ITEM 12--SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except for the information required by Item 201(d) of Regulation S-K, which is included below, information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on April 24, 2004 under the caption "Certain Beneficial Owners" and is incorporated herein by reference.

#### EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders (1)	319,695	11.19	661,706
Equity compensation plans not approved by security holders	--		--
Total	319,695		661,706

(1) These plans are the Company's 1997 Incentive Stock Option Plan and the 1997 Director Stock Option Plan.

#### ITEM 13--CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

#### ITEM 14 -- PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on April 24, 2004 under the caption "Principal Accounting Firm Fees" and is incorporated herein by reference.

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### PART IV

#### ITEM 15--EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) DOCUMENTS FILED AS A PART OF THIS REPORT:

(1) FINANCIAL STATEMENTS

Independent Accountants' Report

Consolidated financial statements of Escalade, Incorporated and subsidiaries:

Consolidated balance sheets--December 27, 2003 and December 28, 2002

Consolidated statements of income--fiscal years ended December 27, 2003, December 28, 2002 and December 29, 2001

Consolidated statements of stockholders' equity--fiscal years ended December 27, 2003, December 28, 2002 and December 29, 2001

Consolidated statements of cash flows--fiscal years ended December 27, 2003, December 28, 2002 and December 29, 2001

Notes to consolidated financial statements

(2) FINANCIAL STATEMENT SCHEDULES

Independent Accountants' Report on financial statement schedule

For the three-year period ended December 27, 2003:

Schedule II--Valuation and qualifying accounts

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

(3) EXHIBITS

3.1 Articles of incorporation of Escalade, Incorporated (a)

3.2 By-Laws of Escalade, Incorporated (a)

4.1 Form of Escalade, Incorporated's common stock certificate (a)

10.1 Licensing agreement between Sweden Table Tennis AB and Indian Industries, Inc. dated January 1, 1995 (d)

10.2 Amended and Restated Credit Agreement dated October 24, 2001 between Escalade, Incorporated and Bank One, Indiana, N.A. dated August 29, 2002 (g)

10.3 First Amendment to Amended and Restated Credit Agreement dated October 24, 2001 between Escalade, Incorporated and Bank One, Indiana, N.A. dated August 29, 2002 (h)

10.4 Third Amendment to amend and restate the credit agreement between Escalade, Incorporated and Bank One, N.A. The effective date is June 1, 2003 (i)

10.5 Credit Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association (excluding exhibits and schedules not deemed to be material). The effective date is September 7, 2003 (j)

10.6 Revolving Note dated as of September 5, 2003 in principal amount of \$45,000,000, executed by Indian-Martin, Inc. in favor of Bank One, National Association (j)

10.7 Pledge Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association (j)

10.8 Collateral Assignment and Security Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank



One, National Association (j)

- 10.9 Receivables Purchase Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Indian-Martin AG (j)
- 10.10 Receivables Purchase Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Indian Industries, Inc. Substantially similar Receivables Purchase Agreements were also entered into by Indian-Martin, Inc. and each of Escalade, Incorporated's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)

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- 10.11 Services Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Martin Yale Industries, Inc. Substantially similar Services Agreements were also entered into by Indian-Martin, Inc. and each of Escalade, Incorporated's other domestic operating subsidiaries, Harvard Sports, Inc., Indian Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)
- 10.12 Escalade Subordination Agreement dated as of September 5, 2003 between Escalade, Incorporated and Bank One, National Association (j)
- 10.13 Offset Waiver Agreement dated as of September 5, 2003 between Escalade, Incorporated, Bank One, National Association, Indian-Martin, Inc., Harvard Sports, Inc., Indian Industries, Inc., Martin Yale Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)
- 10.14 Loan Agreement dated September 1, 1998 between Martin Yale Industries, Inc. and City of Wabash, Indiana (f)
- 10.15 Trust Indenture between the City of Wabash, Indiana and Bank One Trust Company, NA as Trustee dated September 1, 1998 relating to the Adjustable Rate Economic Development Revenue Refunding Bonds, Series 1998 (Martin Yale Industries, Inc. Project) (f)
- (4) EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS
- 10.16 The Harvard Sports/Indian Industries, Inc. 401(k) Plan as amended and merged in 1993 (c)
- 10.17 Martin Yale Industries, Inc. 401(k) Retirement Plan as amended in 1993 (c)
- 10.18 Incentive Compensation Plan for Escalade, Incorporated and its subsidiaries (a)
- 10.19 Example of contributory deferred compensation agreement between Escalade, Incorporated and certain management employees allowing for deferral of compensation (a)
- 10.20 1997 Director Stock Compensation and Option Plan (e)
- 10.21 1997 Incentive Stock Option Plan (e)
- 21 Subsidiaries of the Registrant
- 23 Consent of BKD, LLP
- 99.1 Certification of Chief Executive Officer
- 99.2 Certification of Chief Financial Officer
- (a) Incorporated by reference from the Company's Form S-2

Registration Statement, File No. 33-16279, as declared effective by the Securities and Exchange Commission on September 2, 1987

- (b) Intentionally deleted
- (c) Incorporated by reference from the Company's 1993 Annual Report on Form 10-K
- (d) Incorporated by reference from the Company's 1995 Annual Report on Form 10-K
- (e) Incorporated by reference from the Company's 1997 Proxy Statement
- (f) Incorporated by reference from the Company's 1998 Third Quarter Report on Form 10-Q
- (g) Incorporated by reference from the Company's 2001 Third Quarter Report on Form 10-Q
- (h) Incorporated by reference from the Company's 2002 Third Quarter Report on Form 10-Q
- (i) Incorporated by reference from the Company's 2003 Second Quarter Report on Form 10-Q
- (j) Incorporated by reference from the Company's 2003 Third Quarter Report on Form 10-Q

(B) REPORTS ON FORM 8-K

- (1) On October 24, 2003, Escalade filed a report on Form 8-K relating to its financial information for the quarter ended October 4, 2003 and forward-looking statements as presented in the shareholder message and press release dated October 24, 2003.

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ESCALADE, INCORPORATED AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

The following consolidated financial statements of the Registrant and its subsidiaries and Independent Accountants' Report are submitted herewith:

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Consolidated financial statements of Escalade, Incorporated and subsidiaries:	
Consolidated balance sheets--December 27, 2003 and December 28, 2002 .....	20
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[BKD LLP LOGO]

INDEPENDENT ACCOUNTANTS' REPORT

To the Stockholders and Board of Directors  
Escalade, Incorporated  
Evansville, Indiana

We have audited the accompanying consolidated balance sheets of Escalade, Incorporated and subsidiaries as of December 27, 2003 and December 28, 2002 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 27, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Escalade, Incorporated and subsidiaries at December 27, 2003 and December 28, 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 27, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5, in 2002 the Company changed its method of accounting for goodwill and other intangible assets.

Evansville, Indiana  
February 3, 2004

ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

All Amounts in Thousands Except Share Information	DECEMBER 27, 2003	December 28, 2002
	-----	-----
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 648	\$ 3,370
Receivables, less allowances of \$1,991 and \$550	45,073	34,141
Inventories	29,853	20,549
Prepaid expenses	1,611	542
Deferred income tax benefit	2,434	815
	-----	-----
Total current assets	79,619	59,417
Property, plant and equipment	17,537	9,059
Intangible assets	9,026	6,492
Goodwill	18,777	13,351
Other assets	9,478	8,469
	-----	-----
	\$134,437	\$ 96,788
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Notes payable--bank	\$ 21,568	\$ 11,223
Current portion of long-term debt	354	167
Trade accounts payable	8,139	2,793
Accrued liabilities	23,321	17,004

Income tax payable	1,580	1,189
	-----	-----
Total current liabilities	54,962	32,376
	-----	-----
Other liabilities		
Long-term debt	15,729	17,200
Deferred compensation	1,408	1,337
Interest Rate Swap	1,055	--
	-----	-----
	18,192	18,537
	-----	-----
Stockholders' equity		
Preferred stock		
Authorized--1,000,000 shares, no par value, none issued		
Common stock		
Authorized--10,000,000 shares, no par value		
Issued and outstanding--2003--6,427,081 shares, 2002--6,508,856 shares	6,427	6,509
Retained earnings	52,609	38,709
Additional paid-in capital	--	681
Accumulated other comprehensive income (loss)	2,247	(24)
	-----	-----
	61,283	45,875
	-----	-----
	\$134,437	\$ 96,788
	=====	=====

See notes to consolidated financial statements.

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ESCALADE, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

All Amounts in Thousands Except Per Share Data	Years Ended		
	DECEMBER 27, 2003	December 28, 2002	December 29, 2001
	-----	-----	-----
Net Sales	\$ 221,728	\$155,455	\$148,853
Costs, Expenses and Other Income			
Cost of products sold	154,365	111,164	106,921
Selling, administrative and general expenses	46,367	26,328	21,850
Amortization of goodwill	--	--	862
Interest	2,282	951	1,359
Other expense (income)	(2,509)	69	430
	-----	-----	-----
	200,505	138,513	131,423
	-----	-----	-----
Income Before Income Taxes	21,223	16,943	17,430
Provision for Income Taxes	6,373	5,804	6,292
	-----	-----	-----
NET INCOME	\$ 14,850	\$ 11,138	\$ 11,139
	=====	=====	=====
Per Share Data			
Basic earnings per share	\$ 2.29	\$ 1.72	\$ 1.73
	=====	=====	=====
Diluted earnings per share	\$ 2.25	\$ 1.66	\$ 1.68
	=====	=====	=====

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

All Amounts in Thousands	COMMON STOCK		RETAINED EARNINGS	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
	SHARES	AMOUNT				
BALANCES AT DECEMBER 30, 2000	2,166	\$ 2,166	\$ 21,492	\$ 105	\$ 197	\$ 23,960
Comprehensive income						
Net income			11,139			11,139
Unrealized losses on securities, net of tax					(72)	(72)
						11,067
Exercise of stock options	32	32		434		467
Stock issued under the Director Stock Option Plan	6	6		102		108
Purchase of stock	(63)	(63)	(777)	(365)		(1,206)
Stock split	4,283					
Restatement of common stock to \$1 per share		4,283	(4,283)			--
BALANCES AT DECEMBER 29, 2001	6,424	6,424	27,571	276	125	34,396
Comprehensive income						
Net income			11,138			11,138
Unrealized losses on securities, net of tax					(149)	(149)
						10,989
Exercise of stock options	96	96		441		537
Stock issued under the Director Stock Option Plan	12	12		68		80
Purchase of stock	(23)	(23)		(104)		(127)
BALANCES AT DECEMBER 28, 2002	6,509	6,509	38,709	681	(24)	45,875
Comprehensive income						
Net income			14,850			14,850
Unrealized Gain on securities, net of tax					103	103
Foreign Currency Translation Adjustment					2,853	2,853
Unrealized Loss on Interest Rate Swap Agreement, net of tax					(685)	(685)
						17,121
Exercise of stock options	60	60		290		350
Stock issued under the Director Stock Option Plan	2	2		49		51
Purchase of stock	(144)	(144)	(950)	(1,020)		(2,114)
BALANCES AT DECEMBER 27, 2003	6,427	\$ 6,427	\$ 52,609	\$ --	\$ 2,247	\$ 61,283

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(All Amounts in Thousands)

YEARS ENDED DECEMBER 27, DECEMBER 28 AND DECEMBER 29	2003	2002	2001
OPERATING ACTIVITIES			
Net income	\$ 14,850	\$ 11,138	\$ 11,139
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	5,301	3,798	3,592
Provision for doubtful accounts	131	101	40
Deferred income taxes	(1,042)	(14)	(314)
Provision for deferred compensation	121	117	112
Deferred compensation paid	(50)	(55)	(35)
(Gain) loss on disposals of assets	(25)	(304)	135

Changes in			
Accounts receivable	3,077	(6,974)	(521)
Inventories	5,959	(1,004)	860
Prepays	262	(378)	(27)
Other assets	(1,024)	(500)	(49)
Income tax payable	(264)	(493)	(293)
Accounts payable and accrued expenses	(770)	(1,557)	4,979
	-----	-----	-----
Net cash provided by operating activities	26,526	3,875	19,618
	-----	-----	-----
INVESTING ACTIVITIES			
Premiums paid for life insurance	(32)	(32)	(32)
Change in cash surrender value, net of loans and premiums	(121)	47	36
Purchase of property and equipment	(2,564)	(3,085)	(2,739)
Purchase of long-term investments	(846)	(15)	(60)
Purchase of Bear Archery assets	(9,855)	--	--
Purchase of certain additional Mead Hatcher assets	--	(600)	--
Purchase of Accudart	--	--	(1,966)
Purchase of U. S. Weight	--	--	(5,889)
Purchase of certain assets of Murrey and Sons	--	(2,489)	--
Purchase of certain assets of Steve Mizerak, Inc.	--	(1,229)	--
Purchase of all assets relating to The Step product line	(875)	(4,840)	--
Proceeds from sale of property and equipment	207	1,699	--
Equity investment in Schleicher & Co. International AG	(9,886)	(2,557)	--
	-----	-----	-----
Net cash used by investing activities	(23,972)	(13,101)	(10,650)
	-----	-----	-----
FINANCING ACTIVITIES			
Net increase (decrease) in notes payable--bank	(2,270)	1,453	(3,497)
Proceeds from exercise of stock options	350	617	575
Reduction of long-term debt	(1,848)	(5,167)	(5,900)
Purchase of stock	(2,114)	(127)	(1,206)
Proceeds from long-term debt	--	14,900	833
	-----	-----	-----
Net cash provided (used) by financing activities	(5,882)	11,676	(9,195)
	-----	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH	606	--	--
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,722)	2,450	(227)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,370	920	1,147
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 648	\$ 3,370	\$ 920
	=====	=====	=====
SUPPLEMENTAL CASH FLOWS INFORMATION			
Interest paid	\$ 2,285	\$ 952	\$ 1,480
Income taxes paid, net	7,207	6,831	7,122
Fixed assets in accounts payable	--	68	--

See notes to consolidated financial statements.

ESCALADE, INCORPORATED

Notes to Consolidated Financial Statements

NOTE 1 -- NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Escalade, Incorporated and its wholly owned subsidiaries (the "Company") are engaged in the manufacture and sale of sporting goods and office products. The Company is headquartered in Wabash, Indiana and has manufacturing facilities in the United States of America, Mexico, Germany and China. The Company sells products to customers throughout the world.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Escalade,

Incorporated and its wholly-owned subsidiaries, Indian Industries, Inc., Martin Yale Industries, Inc., Indian-Martin, Inc., Indian-Martin, AG, EIM Company, Inc., and SOP Services, Inc. All material intercompany accounts and transactions have been eliminated.

#### BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company's fiscal year is a 52 or 53 week period ending on the last Saturday in December. Fiscal 2003, 2002, and 2001 were each 52 weeks long ending on December 27, 2003, December 28, 2002, and December 29, 2001, respectively.

#### 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 reporting period. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Highly liquid financial instruments with insignificant interest rate risk and with original maturities of three months or less are classified as cash and cash equivalents.

#### INVENTORIES

Inventories are valued at the lower of cost or market. Cost is based on the first-in, first-out (FIFO) method.

#### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due between 30 and 60 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are reserved or written off based on individual credit evaluation and specific circumstances of the customer.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation and amortization are computed for financial reporting purposes principally using the straight-line method over the following estimated useful lives: buildings, 20-30 years; leasehold improvements, 4-8 years; machinery and equipment, 5-15 years; and tooling, dies and molds, 2-4 years.

#### INVESTMENTS

Available for sale. Included in other assets on the consolidated balance sheet are marketable equity securities recorded at fair value with unrealized gains and losses, net of tax, reported in accumulated other comprehensive income.

#### ESCALADE, INCORPORATED

##### Notes to Consolidated Financial Statements

Non-Marketable Equity Securities and Other Investments. Also included in other assets are non-marketable minority equity investments in companies strategically related to the company's business. These investments are recorded at historical cost or, if the company has significant influence over the investee, using the equity method of accounting. The company's proportionate share of income or losses from investments accounted for under the equity method are recorded in other expense (income) on the consolidated statement of income.

#### FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of cash equivalents approximate cost due to the short period of time

to maturity. Fair values of long-term investments, non-marketable debt investments, short-term debt, long-term debt and swaps, are based on quoted market prices or pricing models using current market rates. For the company's portfolio of non-marketable equity securities, management believes that the carrying value of the portfolio approximates the fair value at December 27, 2003. All of the estimated fair values are management's estimates; however, there is no readily available market and the estimated fair value may not necessarily represent the amounts that could be realized in a current transaction, and these fair values could change significantly.

#### EMPLOYEE STOCK OPTION PLAN

The Company has two stock-based compensation plans, which are described more fully in Note 8. The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock issued to Employees, and related interpretations. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

(In Thousands Except Per Share Amounts)	2003	2002	2001
	-----	-----	-----
Net income, as reported	\$ 14,850	\$ 11,138	\$ 11,139
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	(440)	(404)	(208)
	-----	-----	-----
Pro forma net income	\$ 14,410	\$ 10,734	\$ 10,931
	=====	=====	=====
Earnings per share			
Basic--as reported	\$ 2.29	\$ 1.72	\$ 1.73
	=====	=====	=====
Basic--pro forma	\$ 2.22	\$ 1.65	\$ 1.70
	=====	=====	=====
Diluted--as reported	\$ 2.25	\$ 1.66	\$ 1.68
	=====	=====	=====
Diluted--pro forma	\$ 2.18	\$ 1.59	\$ 1.65
	=====	=====	=====

#### EMPLOYEE BENEFITS

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for non-union employees. It is the Company's policy to fund costs accrued on a current basis.

#### INCOME TAXES

Income tax in the consolidated statement of income includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes.

#### INTANGIBLE ASSETS

The Company has various intangible assets including consulting agreements, patents, trademarks, noncompetition agreements and goodwill. Amortization is computed using the straight-line method over the following lives: consulting agreements, the life of the agreement; non-compete agreements, the lesser of the term or 5 years; and

patents, 5 to 8 years. Trademarks are deemed to have indefinite useful lives and according are not amortized, but evaluated on an annual basis to determine whether any impairment in value has occurred.



## PRODUCT WARRANTY

The Company provides limited warranties on certain of its products, for varying periods. Generally, the warranty periods range from 90 days to one year. However, some products carry extended warranties of seven-year, ten-year, and lifetime warranties. The Company records an accrued liability and expense for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and expense in the current year. A reconciliation of the liability is as follows:

In Thousands	2003	2002
	-----	-----
Beginning balance	\$ 1,324	\$ 1,307
Liability assumed through acquisition	45	--
Changes in liability for product warranties issued	1,122	981
Changes in estimated liability for warranties issued in prior years	280	245
Payments made under warranties	(1,137)	(1,209)
	-----	-----
Ending balance	\$ 1,634	\$ 1,324
	=====	=====

## RESEARCH AND DEVELOPMENT

Research and development costs are charged to expense as incurred. Research and development costs incurred during 2003, 2002 and 2001 were approximately \$2,947 thousand, \$1,520 thousand, and \$2,150 thousand, respectively.

## REVENUE RECOGNITION

Revenue from the sale of the Company's products is recognized as products are shipped to customers.

## SELF INSURANCE

The Company has elected to act as a self-insurer for certain costs related to employee health and accident benefit programs. Costs resulting from non-insured losses are charged to income when incurred. The Company has purchased insurance which limits its exposure for individual claims and which limits its aggregate exposure to \$1,400,000.

## RECLASSIFICATIONS

Certain reclassifications have been made to the 2002 financial statements to conform to the 2003 financial statement presentation. These reclassifications had no effect on net earnings.

## NEW ACCOUNTING PRONOUNCEMENTS

In January of 2003, the FASB issued Interpretation No. 46, (FIN 46), Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51, and in December 2003 the FASB deferred certain effective dates of Interpretation No. 46. For all variable interest entities other than special purpose entities, the revised Interpretation is effective for periods ending after March 15, 2004. For variable interest entities meeting the definition of special purpose entities under earlier accounting rules, the Interpretation remains effective for periods ending after December 31, 2003. The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling interest through ownership of a majority voting interest in the entity. The Company has determined that it has no such instruments.

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In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. This statement establishes standards for how an issuer classifies and measures in its balance sheet certain financial instruments with characteristics of both liabilities and equity. The objective of this Statement is to require issuers to classify as liabilities (or assets in some circumstances) three classes of freestanding financial instruments that embody obligations for the issuer. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of a nonpublic company. For these instruments, this Statement is effective for existing or new contracts for fiscal periods beginning after December 15, 2003. Adoption of this Standard is not expected to have a material effect on the Company.

In November 2002, the FASB issued Interpretation No. 45, (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, which elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this Interpretation are effective for periods ending after December 15, 2002. The Company has product warranties that fall under the scope of FIN 45 and has adopted the requirements of FIN 45.

NOTE 2 -- INVENTORIES

Inventories consist of the following:

In Thousands	2003	2002
	-----	-----
Finished products	\$ 17,420	\$ 10,263
Work in process	5,133	4,536
Raw materials and supplies	7,300	5,750
	-----	-----
	\$ 29,853	\$ 20,549
	=====	=====

NOTE 3 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

In Thousands	2003	2002
	-----	-----
Land	\$ 1,773	\$ 300
Buildings and leasehold improvements	15,596	10,071
Machinery and equipment	31,475	24,886
	-----	-----
Total cost	48,844	35,257
Accumulated depreciation and amortization	(31,307)	(26,198)
	-----	-----
	\$ 17,537	\$ 9,059
	=====	=====

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NOTE 4 -- INVESTMENTS

Marketable equity securities available for sale were included in other assets as follows:

In Thousands	2003	2002
	-----	-----
Cost Basis	\$1,413	\$ 1,242
Unrealized Gain (Loss)	133	(40)
	-----	-----
Approximate Fair Market Value	\$1,546	\$ 1,202
	=====	=====

NOTE 5 -- ACQUIRED INTANGIBLE ASSETS AND GOODWILL

The carrying basis and accumulated amortization of recognized intangible assets were:

In Thousands	2003		2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	-----	-----	-----	-----
Amortized intangible assets				
Patents	\$ 6,078	\$1,334	\$4,720	\$ 585
Consulting agreements	810	710	810	660
Non-compete agreements	1,700	1,180	1,700	880
Trademarks	3,783	121	1,509	121
	-----	-----	-----	-----
	\$12,371	\$3,345	\$8,739	\$2,247
	=====	=====	=====	=====

Amortization expense was \$1,098 thousand for 2003, \$1,112 thousand for 2002 and \$361 thousand for 2001.

Estimated amortization expense for each reporting segment for each of the following five years is:

In Thousands	2004	2005	2006	2007	2008	Thereafter
	-----	-----	-----	-----	-----	-----
Sporting Goods	\$1,154	\$1,114	\$824	\$824	\$824	\$624
Office/Graphic Arts	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
	\$1,154	\$1,114	\$824	\$824	\$824	\$624
	=====	=====	=====	=====	=====	=====

The changes in the carrying amount of goodwill were:

In Thousands	Sporting Goods	Office Products	Total
	-----	-----	-----
Balance at December 29, 2001	\$6,561	\$ 6,200	\$12,761
Acquired	590	--	590
	-----	-----	-----
Balance at December 28, 2002	7,151	6,200	13,351
Acquired	--	4,566	4,566

Foreign Currency Translation Adjustment	--	860	860
	-----	-----	-----
Balance at December 27, 2003	\$7,151	\$11,626	\$18,777
	=====	=====	=====

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Financial Accounting Standards Board Statement No. 142, Goodwill and Other Intangibles, requires transitional disclosures regarding the change in amortization and other treatment of goodwill and intangible assets for the year ended December 29, 2001 as follows:

In Thousands	2001
	-----
Reported net income	\$11,139
Add back: Goodwill amortization, net of tax	827
	-----
Pro-Forma net income	\$11,966
	=====

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 141, Business Combinations, which requires that the purchase method of accounting be used for all business combinations completed after June 30, 2001. SFAS No. 141 specifies that certain acquired intangible assets in a business combination be recognized as assets separately from goodwill. Additionally, it requires the Company to evaluate its existing intangible assets and goodwill and to make any necessary reclassifications in order to conform to the new separation requirements at the date of adoption. Goodwill and intangible assets determined to have indefinite useful lives that are acquired in a business combination completed after June 30, 2001 will not be amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 continued to be amortized until December 29, 2001. The Company adopted the provisions of SFAS No. 141 on December 30, 2001.

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires that goodwill no longer be amortized but instead be tested for impairment at least annually, and that intangible assets other than goodwill should be amortized over their useful lives. The Company adopted the provisions on December 30, 2001. The Company did not have any impairment of goodwill or intangibles assets during 2003, 2002 or 2001.

NOTE 6 -- ACCRUED LIABILITIES

Accrued liabilities consist of the following:

In Thousands	2003	2002
	-----	-----
Employee compensation	\$10,443	\$ 6,134
Customer Allowances	9,748	8,144
Other accrued items	3,130	2,726
	-----	-----
	\$23,321	\$17,004
	=====	=====

NOTE 7 -- BORROWINGS

SHORT-TERM DEBT

Short-term debt at fiscal year-ends was as follows:

In Thousands	2003	2002
	-----	-----
Bank One Revolving line of credit	\$17,660	\$ 11,223
Deutsche Bank Revolving credit line	2,623	--
Unsecured demand note	790	--
Other short-term debt	495	--
	-----	-----
	\$21,568	\$ 11,223
	=====	=====

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The Company's directly owned subsidiary, Indian-Martin, Inc., has a revolving line of credit under which it can borrow funds from time to time to purchase eligible accounts receivable from the company's operating subsidiaries which accounts are and will be pledged to secure those borrowings. At December 27, 2003, this line of credit aggregated \$40 million, of which \$17,660 thousand was borrowed. At the company's option, borrowings can be made under the bank's prime interest rate minus 1.25% or LIBOR plus 1.38%. At December 27, 2003, all borrowings under this revolving line of credit were under the prime interest rate option at an effective rate of 2.75%.

The Company's European subsidiaries have revolving credit line agreements with Deutsche Bank that are secured by the Company's real estate holdings in Germany. The combined amount available under these credit lines is 2.5 million Euros (approximately \$3.1 million US Dollars at December 27, 2003), of which 2.1 million Euros (\$2.6 million US Dollars) was used at December 27, 2003. Borrowings under these credit lines bear interest at 6.0%.

The liabilities of Schleicher & Co. International, AG (Schleicher), acquired in 2003, included a note payable to the founder of Schleicher in the amount of \$790 thousand. This note is due on demand and bears interest at bank prime, 4% at December 27, 2003. Interest is payable quarterly.

During 2003, the Company negotiated and executed a debt reduction plan with two European banks wherein the banks agreed to forgive 1.2 million Euro (approximately 1.4 million US Dollars) in debt, in exchange for early settlement of the outstanding debt. The gain associated with this extinguishment of debt was recorded in other income. This transaction was not considered an element of the Schleicher acquisition because it was not contemplated until after the acquisition was completed and it was not part of the acquisition decision criteria.

LONG-TERM DEBT

Long-term debt at fiscal year-ends was as follows:

In Thousands	2003	2002
	-----	-----
Revolving term loan of \$35,000, the amount available under this revolving term loan is reduced by \$7,000 annually starting March 31, 2004, balance due March 31, 2008. At December 27, 2003, \$2,320 of this revolving term loan had an interest rate of prime minus .75% or 3.25% and \$10,000 had an interest rate of London Interbank Offered Rate (LIBOR) plus 1.00% or 2.62%, unsecured	12,320	14,000
Mortgage payable (Wabash, Indiana Adjustable Rate Economic Development Revenue Refunding Bonds), annual installments are optional, interest varies with short-term rates and is adjustable weekly based on market conditions, maximum rate is 10.00%, current rate is 1.55%, due September 2028, secured by plant facility, machinery and equipment, and stand-by letter of credit	2,700	2,700
Contract payable for Accudart acquisition, due \$167 annually beginning February		

1, 2002 through February 1, 2006, non-interest bearing, secured by a stand-by letter of credit	\$ 500	\$ 667
Contract Payable for acquisition of equity interest in Sweden Table Tennis, AB, unsecured and non-interest bearing. Annual payments of \$187 due March of each year	563	--
	-----	-----
	16,083	17,367
Portion classified as current	(354)	(167)
	-----	-----
	\$ 15,729	\$ 17,200
	=====	=====

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Maturities of long-term debt outstanding at December 27, 2003 are as follows: \$354 thousand in 2004; \$354 thousand in 2005; \$355 thousand in 2006; \$5,320 thousand in 2007; \$7,000 thousand in 2008; and \$2,700 thousand thereafter.

The mortgages payable and term loan agreements contain certain restrictive covenants, of which the more significant include maintenance of specified net worth and maintenance of specified ranges of debt service and leverage ratios.

INTEREST RATE SWAP AGREEMENT

In May 2003, the Company entered into an interest rate swap agreement having a notional amount of \$10 million and a maturity date of May 19, 2008. This swap agreement is designated as a cash flow hedge, and effectively converts a portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate of 5.08%. The Company entered into this interest rate swap agreement to manage interest costs and cash flows associated with variable interest rates, primarily short-term changes in LIBOR; changes in the cash flows of the interest rate swap offset changes in the interest payments on the covered portion of the Company's revolving debt. In connection with this interest rate swap agreement the Company recorded an after tax charge of \$685 thousand in Other Comprehensive Income (OCI). There was no impact on net income due to ineffectiveness. The Company's exposure to credit loss on its interest rate swap agreement in the event of non-performance by the counterparty is believed to be remote due to the Company's requirement that the counterparty have a strong credit rating.

NOTE 8 -- STOCK OPTIONS

At the Company's 1997 annual meeting, the stockholders approved two Stock Option Plans reserving 900,000 common shares for issuance under an Incentive Stock Option Plan (ISO) and 300,000 common shares for issuance under a Director Stock Option Plan (DSO). The following table summarizes the option activity under the two plans:

	Incentive Stock		Director Stock	
	Granted	Outstanding	Granted	Outstanding
	-----	-----	-----	-----
2003	87,400	303,400	1,189	16,295
2002	77,100	280,200	5,713	18,175
2001	83,700	310,762	6,207	18,585

Under the Company's ISO, which is accounted for in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, the Company grants selected executives and other key employees' stock option awards, which vest over four years of continued employment. The exercise price of each option, which has a five-year life, was equal to the market price of the Company's stock on the date of grant; therefore, no compensation expense was recognized. Options are exercisable commencing one year from the date of issuance to the extent vested.

Although the Company has elected to follow APB Opinion No. 25, Statement of Financial Accounting Standards (SFAS) No. 123 requires pro forma disclosures of net income and earnings per share as if the Company had accounted for its employee stock options under that statement. The fair value of each option grant was estimated

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on the grant date using an option-pricing model with the following assumptions:

	2003 -----	2002 -----	2001 -----
Risk-free interest rates	2.90%	4.65%	4.76%
Dividend yields	0%	0%	0%
Volatility factors of expected market price of common stock	46%	38%	95%
Weighted average expected life of the options	5 YEARS	5 years	5 years

Stock option transactions are summarized as follows:

	2003 -----		2002 -----		2001 -----	
	Shares -----	Option Price -----	Shares -----	Option Price -----	Shares -----	Option Price -----
Outstanding at beginning of year	298,375	\$4.83 to 18.06	329,347	\$3.29 to 7.19	288,861	\$3.29 to 7.00
Issued during year	88,589	\$13.97 to 21.35	82,813	\$7.59 to 18.06	89,907	\$5.83 to 7.19
Canceled or expired	(6,950)		(6,375)		(10,571)	
Exercised during year	(60,319) -----	\$4.83 to 18.06	(107,410) -----	\$3.29 to 7.19	(38,850) -----	\$3.29 to 7.00
Outstanding at end of year	319,695 =====	\$4.83 to 21.35	298,375 =====	\$4.83 to 18.06	329,347 =====	\$3.29 to 7.19
Exercisable at end of year	128,031 =====		112,737 =====		143,805 =====	
Weighted-average fair value of options granted during the year	\$14.07 =====		\$6.98 =====		\$5.36 =====	

The following table summarizes information about fixed stock options outstanding at December 27, 2003:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares -----	Weighted-Average Remaining Contractual Life -----	Weighted-Average Exercise Price -----	Number of Shares -----	Weighted-Average Exercise Price -----
\$ 4.83 - \$7.59	156,681	1.0 years	\$ 6.28	109,206	\$ 6.12
\$13.97 - \$18.06	161,825	3.7 years	\$15.88	18,825	\$18.06
\$21.35	1,189	4.3 years	\$21.35	--	--
	-----			-----	
	319,695 =====			128,031 =====	

Incentive stock options are exercisable at the rate of 25% over each of the four years following the date of grant.

During fiscal year 2003, 1,189 Director Stock Options were issued at an option

price of \$21.35 and can be exercised after April 28, 2004 with an expiration date of April 27, 2008.

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NOTE 9 -- EARNINGS PER SHARE

The shares used in the computation of the company's basic and diluted earnings per common share are as follows:

In Thousands	2003	2002	2001
	-----	-----	-----
Weighted average common shares outstanding	6,484	6,486	6,447
Dilutive effect of Stock options	124	231	171
	-----	-----	-----
Weighted average common shares outstanding, assuming dilution	6,608	6,717	6,618
	=====	=====	=====

Weighted average common shares outstanding, assuming dilution, includes the incremental shares that would be issued upon the assumed exercise of stock options outstanding.

NOTE 10 -- OPERATING LEASES

The Company leases warehouse and office space under non-cancelable operating leases that expire at various dates through 2011. Terms of the leases, including renewals, taxes, utilities, and maintenance, vary by lease. Total rental expense included in the results of operations relating to non-cancelable leases with terms of more than one year were \$2,232 thousand, \$1,133 thousand, and \$715 thousand in 2003, 2002, and 2001, respectively.

At December 27, 2003, minimum rental payments under noncancelable leases with terms of more than one year were as follows:

In Thousands	AMOUNT
	-----
2004	\$ 1,611
2005	997
2006	575
2007	547
2008	418
2009 and beyond	429
	-----
	\$ 4,577
	=====

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ESCALADE, INCORPORATED  
Notes to Consolidated Financial Statements

NOTE 11 -- PROVISION FOR TAXES

Income before taxes and the provision for taxes consisted of the following:

In Thousands	2003	2002	2001
	-----	-----	-----



Income before taxes:			
United States of America (USA)	\$ 19,720	\$ 16,943	\$ 17,430
Non USA	1,503	--	--
	-----	-----	-----
	\$ 21,223	\$ 16,943	\$ 17,430
	=====	=====	=====
Provision for taxes:			
Current			
Federal	\$ 5,802	\$ 4,678	\$ 5,384
State	1,073	459	549
International	539	681	673
	-----	-----	-----
	7,414	5,818	6,606
	-----	-----	-----
Deferred			
Federal	(845)	(10,862)	(250)
State	(196)	(3,558)	(64)
	-----	-----	-----
	(1,041)	(14,420)	(314)
	-----	-----	-----
	\$ 6,373	\$ 5,804	\$ 6,292
	=====	=====	=====

The Company has not provided for USA deferred taxes or foreign withholding taxes on undistributed earnings for non-USA subsidiaries. The company intends to reinvest these earnings indefinitely in operations outside the USA.

The provision for income taxes was computed based on financial statement income. A reconciliation of the provision for income taxes to the amount computed using the statutory rate follows:

In Thousands	2003	2002	2001
	-----	-----	-----
Income tax at statutory rate	\$ 7,216	\$ 5,760	\$ 5,926
Increase (decrease) in income tax resulting from			
Recurring permanent differences (dividend exclusion, non-deductible officers' life insurance expense and foreign income)	(6)	(56)	76
State tax expense, net of federal effect	578	301	320
Effect of lower international tax rates	(804)	--	--
Research credit	(111)	(102)	--
Foreign net operating loss carryforwards	(101)	--	--
Other	(399)	(98)	(31)
	-----	-----	-----
Provision for income taxes recorded	\$ 6,373	\$ 5,804	\$ 6,292
	=====	=====	=====

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The components of the net deferred tax asset are as follows:

In Thousands	2003	2002
	-----	-----
Assets		
Employee benefits	\$ 791	\$ 852
Valuation reserves	2,070	536
Goodwill and intangible assets	--	65
Deferred compensation	525	497
Depreciation	200	316
Unrealized loss on securities available for sale	--	16

Unrealized loss on interest rate swap agreement	370	--
	-----	-----
Net operating loss carry forward	579	--
	-----	-----
Total assets	4,535	2,282
Liabilities		
Unrealized gain on sale of securities available-for-sale	(53)	--
Goodwill and intangible assets	(69)	--
	-----	-----
Total assets	(122)	--
	-----	-----
	\$ 4,413	\$2,282
	=====	=====

Deferred tax assets are included in the consolidation balance sheet as follows:

In Thousands	2003	2002
	-----	-----
Current-Deferred income tax benefit	\$2,434	\$ 815
Long-Term-included in other assets	1,979	1,467
	-----	-----
	\$4,413	\$2,282
	=====	=====

The Company has federal and state net operating loss carryforwards of approximately \$800 thousand that expire in various amounts through 2018.

#### NOTE 12 -- EMPLOYEE BENEFIT PLANS

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for non-union employees. The Company's contribution is a matching percentage of the employee contribution as determined by the Board of Directors annually. The Company's expense for the plan was \$487 thousand, \$461 thousand, and \$376 thousand for 2003, 2002 and 2001, respectively.

#### NOTE 13 -- VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION TRUST (VEBA)

The Company established a VEBA as a tax-exempt organization to provide life, medical, disability and other similar welfare benefits permitted pursuant to Internal Revenue Code Section 501(c)(9) for its employees.

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#### ESCALADE, INCORPORATED Notes to Consolidated Financial Statements

#### NOTE 14 -- OPERATING SEGMENT AND GEOGRAPHIC INFORMATION

The Company manufactures and sells products in two industries: sporting goods and office products. Customers include retailers and wholesalers located throughout the United States and Europe. The sporting goods operating segment's products include: pool tables and accessories; table tennis tables and accessories; soccer and hockey tables; archery equipment and accessories; basketball goals; and fitness, arcade and darting products. The office/graphic arts operating segment's products include: data shredders; folding machines; paper trimmers and cutters; and other products used in the office environment.

In Thousands	2003	2002	2001
	-----	-----	-----
Sales to unaffiliated customers			
Sporting goods	\$ 139,285	\$ 126,745	\$ 118,867
Office Products	82,443	28,710	29,986
	-----	-----	-----

Total consolidated	\$ 221,728	\$ 155,455	\$ 148,853
	=====	=====	=====
Segment profit			
Sporting goods	\$ 9,720	\$ 8,400	\$ 6,721
Office Products	4,223	3,029	3,534
Corporate	907	(291)	884
	-----	-----	-----
Total consolidated	\$ 14,850	\$ 11,138	\$ 11,139
	=====	=====	=====
Interest expense			
Sporting goods	\$ 906	\$ 881	\$ 1,078
Office Products	1,433	95	84
Corporate	(57)	(25)	197
	-----	-----	-----
Total consolidated	\$ 2,282	\$ 951	\$ 1,359
	=====	=====	=====
Gain (loss) on disposal of assets			
Sporting goods	\$ (56)	\$ (128)	\$ (135)
Office Products	81	432	--
	-----	-----	-----
Total consolidated	\$ 25	\$ 304	\$ (135)
	=====	=====	=====
Identifiable assets			
Sporting goods	\$ 64,627	\$ 65,282	\$ 47,762
Office Products	60,168	25,653	22,793
Corporate	9,642	5,853	5,556
	-----	-----	-----
Total assets	\$ 134,437	\$ 96,788	\$ 76,111
	=====	=====	=====
Depreciation and amortization			
Sporting goods	\$ 3,314	\$ 2,746	\$ 2,115
Office Products	1,987	1,052	1,477
	-----	-----	-----
Total consolidated	\$ 5,301	\$ 3,798	\$ 3,592
	=====	=====	=====
Capital expenditures			
Sporting goods	\$ 1,363	\$ 2,450	\$ 1,132
Office Products	1,201	635	1,607
	-----	-----	-----
	\$ 2,564	\$ 3,085	\$ 2,739
	=====	=====	=====

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Notes to Consolidated Financial Statements

Identifiable assets are principally those assets used in each industry. Corporate assets are principally cash and cash equivalents; deferred tax assets; marketable equity securities; investments; and the cash surrender value of life insurance.

The company has one customer in the sporting goods segment who accounted for 24%, 38% and 37% of consolidated total revenues in 2003, 2002 and 2001, respectively. Within the sporting goods segment this customer accounted for 38%, 47% and 46% of total revenues.

As of December 27, 2003, approximately 120 employees of the Company's labor force were covered by a collective bargaining agreement that expires in April 27, 2006. Management acknowledges that differences between Company offers and union demands during negotiations can occur, but has no reason to expect such differences to result in protracted conflicts.

Raw materials for Escalade's various product lines consist of wood, particleboard, slate, standard grades of steel, steel tubing, plastic, vinyl, steel cables, fiberglass and packaging. Escalade relies upon suppliers in Europe

and Brazil for its requirement of billiard balls and slate utilized in the production of home pool tables and upon various Asian manufacturers for certain of its table tennis needs and other items. Escalade sources some of its game table product line in China.

Revenues by geographic region/country were as follows:

In Thousands	2003	2002	2001
	-----	-----	-----
United States of America	\$187,021	\$155,455	\$ 148,853
Europe	28,719	--	--
Other	5,988	--	--
	-----	-----	-----
	\$221,728	\$155,455	\$ 148,853
	=====	=====	=====

Revenues are attributed to country based on location of customer and are for continuing operations.

Identified assets by geographic region/country were as follows:

In Thousands	2003	2002
	-----	-----
United States of America	\$ 99,881	\$92,088
Europe	32,995	--
Other	1,561	4,700
	-----	-----
	\$134,437	\$96,788
	=====	=====

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ESCALADE, INCORPORATED  
Notes to Consolidated Financial Statements

NOTE 15 -- CERTAIN SIGNIFICANT ESTIMATES

Management's estimates that influence the financial statements are normally based on knowledge and experience about past and current events and assumptions about future events. The following estimates affecting the financial statements are particularly sensitive because of their significance, and it is at least reasonably possible that a change in these estimates will occur in the near term:

Product warranty reserves--based on an analysis of customers' product return histories, current status, sales volume and management's expectations from new products introduced into the market.

Customer allowance reserves--based on agreements for customer purchase rebates and shared advertising, and prior year's shipments.

Inventory valuation reserves--based on estimates of costs of inventory amounts overstocked or obsolete in excess of realizable value.

NOTE 16 -- DEFERRED COMPENSATION PLAN

In October 1985, the Board of Directors approved the adoption of a Contributory Deferred Compensation Plan pursuant to which some recipients of incentive compensation could elect to defer receipt thereof. For each dollar of deferred compensation, the Company provided a 75% matching amount. Amounts deferred earn interest at the rate of 9%. Such amounts are not intended to be recognized for tax purposes until receipt. All deferrals allowed under this plan have been made. Participants have no vested rights in deferred amounts credited to their accounts and are general creditors of the Company until such amounts are

actually paid.

NOTE 17 -- COMMITMENTS AND CONTINGENCIES

At December 27, 2003, the Company had standby letters of credit issued by a bank in the amount of \$500,001.

Additionally, the Company has obtained a letter of credit for the benefit of certain mortgage holders. At December 27, 2003, the balance of the letter of credit was \$2,733,750. It is to be used in the event of a default in either interest or principal payments.

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

The Company has entered into various agreements whereby it is required to make royalty payments. At December 27, 2003, the Company had estimated minimum royalty payments for each of the following five years as follows:

In Thousands	Amount
2004	\$ 315
2005	350
2006	350
2007	350
2008	350
Thereafter	100
	-----
	\$1,815
	=====

ESCALADE, INCORPORATED  
Notes to Consolidated Financial Statements

NOTE 18 -- SUMMARY OF QUARTERLY RESULTS

In thousands, except per share data (unaudited)	March 22	July 12	October 4	December 27
	-----	-----	-----	-----
2003				
Net sales	\$ 29,103	\$49,837	\$73,660	\$69,128
Gross profit	10,444	18,677	20,108	18,134
Net income	7	2,254	6,125	6,464
Basic earnings per share	\$ 0.00	\$ 0.35	\$ 0.95	\$ 1.01
2002				
Net sales	\$ 17,505	\$32,202	\$51,859	\$53,889
Gross profit	5,171	10,623	15,173	13,324
Net income	(68)	2,603	4,149	4,454
Basic earnings per share	\$ (0.01)	\$ 0.40	\$ 0.64	\$ 0.68

NOTE 19 -- ACQUISITIONS

All of the Company's acquisitions have been accounted for using the purchase method of accounting.

2003

On December 30, 2002 the Company increased its ownership interest to 51.2% of the outstanding shares of Schleicher & Co. International, AG ("Schleicher"), a manufacturer and distributor of data shredding equipment headquartered in Germany and publicly traded on the German Stock Exchange. Escalade then initiated and successfully completed in April 2003, a tender offer for all the remaining shares culminating in 100% ownership. The acquisition of Schleicher

increases the Company's product offering in the office product industry and expands the Company's presence into Europe.

The value assigned to the Schleicher acquisition is the sum of the per share amount paid to shareholders and amounts expended that directly relate to the tender offer agreement. The per share price was based on the market price of the Schleicher shares on the German stock exchange and valuation studies ordered by the German securities regulators. The total price paid exceeded the fair market value of Schleicher's net assets, resulting in goodwill of \$4,566 thousand. No portion of the recorded goodwill is deductible for income tax purposes.

The estimated fair values of the assets acquired and liabilities assumed as of December 30, 2002 are as follows:

In thousands	Amount
	-----
Current assets (net of cash acquired)	\$ 21,211
Property, plant and equipment	5,679
Other assets	2,043
Goodwill	4,566
Investments	262
	-----
Total assets acquired	33,761
Current liabilities	(20,856)
Long-term debt	(424)
	-----
Total liabilities assumed	(21,280)
	-----
Net assets acquired	\$ 12,481
	=====

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ESCALADE, INCORPORATED  
Notes to Consolidated Financial Statements

In June 2003 the company acquired substantially all of the assets of North American Archery Group, LLC (NAAG), a manufacturer and distributor of archery equipment and accessories located in Gainesville, Florida. NAAG had been operating under bankruptcy court protection since April 2002. This acquisition increased the Company's distribution network for archery products, provided access to significant brand names such as Fred Bear(R) and instantly added archery production capability.

The estimated fair values of the assets acquired and liabilities assumed as of June 19, 2003 are as follows:

In thousands	Amount
	-----
Current assets (net of cash acquired)	\$ 7,427
Property, plant and equipment	3,500
Other assets	484
	-----
Total assets acquired	11,411
Current liabilities	(1,556)
	-----
Net assets acquired	\$ 9,855
	=====

The results of operations from the NAAG acquisition have been included in the consolidated operating results for 2003 subsequent to the date of acquisition.

The following unaudited pro forma financial information presents results as if the two acquisitions described above had occurred at the beginning of the respective periods:

Unaudited; in thousands except per share amounts	2003	2002
	-----	-----
Net revenue	\$ 225,211	\$ 211,724
Net income	13,829	15,435
Earnings per share - basic	2.13	2.38
Earnings per share - diluted	\$ 2.09	\$ 2.30

These pro forma results have been prepared for comparative purposes only and include certain adjustments such as additional depreciation and amortization expenses as a result of identifiable tangible and intangible assets arising from the acquisition. The pro forma results are not necessarily indicative either of the results of operations that actually would have resulted had the acquisition been in effect at the beginning the respective periods or of future results.

#### 2002

On January 25, 2002, Escalade acquired substantially all of the assets relating to The Step(R) product line from Bollinger Industries for cash. The Step(R) is America's original aerobic step fitness system and is widely used by individuals and at over 18,000 health clubs. The purchase price was \$4,840,000. The assets acquired include \$120,000 of equipment and \$4,720,000 of patents. The patents are being amortized over an 8-year period.

On March 26, 2002, Escalade Sports acquired substantially all of the assets of Steve Mizerak, Inc. The acquisition includes an exclusive line of billiard equipment and intellectual property. The cost of the purchase was \$1,229,000. The assets acquired include inventory of \$129,000, trademarks of \$1,085,000 and equipment of \$15,000.

On May 28, 2002, Escalade Sports acquired certain assets and assumed certain liabilities related to the manufacture and distribution of Murrey's exclusive line of premium indoor and outdoor billiard and soccer tables marketed under the Murrey brand name. The cost of the purchase was \$2,489,000. The assets acquired

#### ESCALADE, INCORPORATED Notes to Consolidated Financial Statements

included inventory of \$1.2 million, machinery of \$837,000, non-compete agreement of \$400,000, other assets of \$127,000 and assumed liabilities of \$75,000. The non-compete agreement is being amortized over a 5-year period.

#### 2001

On February 5, 2001, Escalade Sports acquired substantially all of the assets of Accudart Corporation for cash. The purchased assets, included inventory, equipment and intellectual property. Accudart is a leading name in darts. The cost of the purchase was \$1,966,341. Winmau(R), a leading name in dartboards, will be distributed in the U.S.A. exclusively by Escalade Sports as part of the purchase agreement.

On September 18, 2001, Escalade Sports acquired substantially all of the assets of U. S. Weight, Inc., the only U. S. manufacturer of filled vinyl weights and weight sets. The assets purchased were accounts receivable, inventory and machinery and equipment. The cost of the purchase was \$5,889,194. The acquisition was accounted for as a purchase and the excess of cost over the fair value of net assets acquired was \$2,723,720.

The results of operations from the business combinations occurring in 2002 and 2001 have been included in the results of operations of the Company subsequent to the date of the acquisitions and did not have a material effect on the Company's financial statements.

NOTE 20 -- OTHER COMPREHENSIVE INCOME

The components of other comprehensive income and related tax effects were as follows:

In Thousands	2003	2002	2001
	-----	-----	-----
Change in net unrealized value of available-from-sale investments net of tax of \$69, \$(99), and \$(48), in 2003, 2002 and 2001, respectively	\$ 103	\$(149)	\$ (72)
Change in foreign currency translation adjustment	2,853	--	--
Change in unrealized loss on interest rate swap agreement net of \$(370) in tax	(685)	--	--
	-----	-----	-----
	\$ 2,271	\$(149)	\$ (72)
	=====	=====	=====

The components of accumulated other comprehensive income, net of tax, were as follows:

In Thousands	2003	2002	2001
	-----	-----	-----
Accumulated gain (loss) on available for sale investments	\$ 79	\$(24)	\$(125)
Foreign currency translation adjustment	2,853	--	--
Unrealized loss on interest rate swap agreement	(685)	--	--
	-----	-----	-----
	\$ 2,247	\$(24)	\$(125)
	=====	=====	=====

NOTE 21 -- SUBSEQUENT EVENT

On February 18, 2004, The Company announced the payment of an annual dividend of \$0.24 per share to all shareholders of record on March 5, 2004, payable on March 12, 2004.

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[BKD LLP LOGO]

INDEPENDENT ACCOUNTANTS' REPORT

To the Stockholders and Board of Directors  
Escalade, Incorporated  
Evansville, Indiana

We have audited the consolidated financial statements of Escalade, Incorporated as of December 27, 2003 and December 28, 2002 and for each of the three years in the period ended December 27, 2003 and have issued our report thereon dated February 3, 2004; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedules of Escalade, Incorporated listed in Item 15. These consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole; present fairly in all material respects the information set forth therein.

BKD, LLP  
Evansville, Indiana  
February 3, 2004

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ESCALADE, INCORPORATED AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(All Amounts in Thousands)

COL. A DESCRIPTION	COL. B BALANCE AT BEGINNING OF PERIOD	COL. C ADDITIONS		COL. D DEDUCTIONS - DESCRIBE (2)	COL. E BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS - DESCRIBE (3)		
Allowance for doubtful accounts and discounts (1)					
Fiscal year ended December 27, 2003	\$ 550	\$ 374	\$ 1,822	\$ 755	\$1,991
Fiscal year ended December 28, 2002	514	101		65	550
Fiscal year ended December 29, 2001	611	41		138	514
Product warranty reserves					
Fiscal year ended December 27, 2003	1,324	1,402	45	1,137	1,634
Fiscal year ended December 28, 2002	1,307	1,227		1,209	1,324
Fiscal year ended December 29, 2001	1,705	1,473		1,871	1,307
Customer allowance reserves					
Fiscal year ended December 27, 2003	7,059	11,708	309	11,834	7,242
Fiscal year ended December 28, 2002	7,174	12,816		12,931	7,059
Fiscal year ended December 29, 2001	6,250	9,725		8,801	7,174
Inventory valuation reserves					
Fiscal year ended December 27, 2003	1,182	2,574	2,955	1,246	5,465
Fiscal year ended December 28, 2002	1,120	685		622	1,182
Fiscal year ended December 29, 2001	800	1,941		1,621	1,120

- (1) Deducted from related assets
- (2) Accounts charged off, less recoveries
- (3) Amounts acquired through acquisitions

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ESCALADE, INCORPORATED

By:

/s/ C.W. Bill Reed

March 9, 2004

-----  
C.W. "Bill" Reed  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ C.W. Reed  
-----  
C.W. Reed

Chief Executive Officer and Director  
(Principal Executive Officer) March 9, 2004

/s/ Robert E. Griffin  
-----  
Robert E. Griffin

Chairman and Director March 9, 2004

/s/ Terry Frandsen  
-----  
Terry Frandsen

Chief Financial Officer,  
Secretary and Treasurer  
(Principal Financial and  
Accounting Officer) March 9, 2004

Terry Frandsen

/s/ Blaine E. Matthews, Jr.                      Director                      March 9, 2004  
-----  
Blaine E. Matthews, Jr.

/s/ Keith P. Williams                      Director                      March 9, 2004  
-----  
Keith P. Williams

/s/ Yale Blanc                      Director                      March 9, 2004  
-----  
Yale Blanc

EXHIBIT 21

ESCALADE, INCORPORATED AND SUBSIDIARIES

LIST OF SUBSIDIARIES AT DECEMBER 27, 2003

PARENT	STATE OF OTHER JURISDICTION OF INCORPORATION	PERCENT OF VOTING SECURITIES OWNED BY PARENT
	-----	-----
Escalade, Incorporated	Indiana	
Subsidiaries		
Indian Industries, Inc. (1)	Indiana	100%
U.S. Weight, Inc. (1)	Illinois	100%
Harvard Sports, Inc. (1)	California	100%
Harvard California, S. DE R.L. C.V. (1)	B.C. Mexico	100%
Bear Archery, Inc. (1)	Florida	100%
Martin Yale Industries, Inc. (1)	Indiana	100%
Productos Maestros de Oficiina, S.A. DE C.V. (1)	B.C. Mexico	100%
Schleicher & Co. America (1)	North Carolina	100%
Martin Yale International, GmbH (1)	Germany	100%
Olympia Business Systems (1)	North Carolina	100%
Martin Yale International SARL (1)	France	100%
Martin Yale International Ltd (1)	England	100%
Taros Trading, GmbH (1)	Germany	100%
Indian-Martin AG (1)	Switzerland	100%
Indian-Martin, Inc. (1)	Nevada	100%
EIM Company, Inc. (1)	Nevada	100%
SOP Services, Inc. (1)	Nevada	100%

(1) Each subsidiary company so designated has been included in Consolidated Financial Statements for all periods following its acquisition. See Notes to Consolidated Financial Statements.

EXHIBIT 23

INDEPENDENT ACCOUNTANTS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-16279, 333-52475 and 333-52477 of Escalade, Incorporated (Company) on Form S-8 of our report dated February 3, 2004 on the consolidated financial statements of the Company appearing in the Company's Annual Report on Form 10-K for the year ended December 27, 2003.

BKD, LLP  
Evansville, Indiana  
March 10, 2004

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, C.W. (Bill) Reed, certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2004

/s/ C.W. Bill Reed

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C.W. (Bill) Reed  
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Terry Frandsen, certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - c) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - d) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - e) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - f) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - g) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2004

/s/ Terry Frandsen

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Terry Frandsen  
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Escalade, Incorporated (the "Company") on Form 10-K for the period ending December 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. W. (Bill) Reed, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ C. W. (Bill) Reed  
-----

C. W. (Bill) Reed  
Chief Executive Officer  
March 9, 2004

EXHIBIT 32.2

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Escalade, Incorporated (the "Company") on Form 10-K for the period ending December 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terry D. Frandsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Terry Frandsen  
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Terry D. Frandsen  
Chief Financial Officer  
March 9, 2004