

Consolidated Financial Results Summary for the Second Quarter of FY2009 (For the six months ended June 30, 2009)

August 7, 2009

Listed Stock Exchange (Section): Tokyo Stock Exchange (First Section)

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 Stock Code 7825 URL <http://www.sri-sports.co.jp/>
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 Scheduled date to file Quarterly Report August 12, 2009
 Scheduled starting date of dividend payment September 1, 2009

(Millions of yen with fractional amounts discarded)

1. Consolidated financial results for the second quarter of fiscal year 2009

(Cumulative: from January 1, 2009 to June 30, 2009)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of								
FY2009	31,500	—	636	—	673	—	-77	—
FY2008	40,521	44.6	5,246	88.9	5,112	71.0	2,885	66.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
First six months of				
FY 2009		-268.52		—
FY 2008		9,948.28		—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2009	57,454	32,968	54.6	109,393.12
December 31, 2008	61,260	33,785	52.6	111,122.51

Reference: Equity As of June 30, 2009: 31,395 million yen As of December 31 2008: 32,225million yen

2. Cash Dividends

(Record date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2008	—	2,000.00	—	2,000.00	4,000.00
FY 2009	—	2,000.00			
FY 2010 (forecast)			—	2,000.00	4,000.00

(Note) Revision of the forecasts in the current quarter: None

3. Consolidated earnings forecast for the fiscal year 2009 (from January 1, 2009 to December 31, 2009)

(Percentages indicate year-on-year changes)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	65,000	-12.9	2,300	-67.5	2,000	-67.9	600	-72.1	2,085.81

(Note) Revision of the forecasts in the current quarter: None

4. Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the scope of consolidation): None

(2) Application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated quarterly financial statements (changes described in the section “Changes in significant matters forming the basis for preparing the quarterly consolidated financial statements”)

1) Changes due to revision of accounting standards: Yes

2) Changes due to other reasons: Yes

(4) Number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2009 290,000 shares

As of December 31, 2008 290,000 shares

2) Number of share of treasury stocks as of the end of the period

As of June 30, 2009 3,000 shares

As of December 31, 2008 None

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First six months of FY 2009 288,223 shares

First six months of FY 2008 290,000 shares

※Explanations concerning the appropriate use of earnings forecasts and other special notes

Statements in this document with respect to earnings forecasts are based on information currently available to the Company. Actual results may differ from the stated earnings forecasts.

Qualitative Information and Financial Statements

1. Qualitative information on consolidated earnings results

Despite showing some signs of recovery, the situation regarding the domestic economy during our consolidated accumulative fiscal second quarter (January 1 to June 30, 2009) remained difficult as exports and capital spending fell against the backdrop of severe deterioration in corporate earnings as a whole and because personal consumption was weak due to the worsening of employment and the income environment.

Under such circumstances in the domestic market, our corporate group expanded the product lineup of golf balls with the introduction in February of two new products for the SRIXON Z-STAR series, which was well received by tour professionals, and the introduction in March of the XXIO SUPER XD, which is our main high-price range product, while we worked aggressively to expand sales. Meanwhile, we made further efforts to strengthen sales by expanding our product lineup of golf clubs, such as the addition of the XXIO forged iron. In addition, we introduced new models starting with the SRIXON GiE series, which pursues ease of use, for the SRIXON brand in January, the HiBore MOAI XLS driver and CG7 iron as new models for the Cleveland Golf brand in February, and from Cleveland Golf's putter brand Never Compromise, the NCX-RAY in June, and stepped up sales efforts at stores.

Furthermore, in the overseas market, we enhanced promotional activities for the conclusion of new contracts for the use of our golf balls by 17 players, including Vijay Singh, a Cleveland Golf contract professional and 2008 US PGA Tour money leader, and Boo Weekley, winner of the 2008 US PGA Tour Verizon Heritage for the second consecutive year. We also promoted aggressive sales measures, including the full-scale use of Cleveland Golf's sales routes for golf ball sales, and dramatically increased market share in the United States.

However, the impact of the global recession remains strong in both the domestic and overseas markets, and these measures were not sufficient to expand demand. As a result, sales for the second quarter in this consolidated accumulative period was 31,500 million yen, operating profit was 636 million yen, ordinary income was 673 million yen, and quarterly net loss was 77 million yen. By business segment, sales for sports equipment operations were 29.621 billion yen and operating profit was 753 million yen. Meanwhile, the Other Operations category had a loss of 132 million yen on sales of 1,879 million yen.

2. Qualitative information on consolidated financial situation

Total assets as of the end of this second quarter were 57,454 million yen. Total assets shrank 3,806 million yen from the previous fiscal year end due to the decrease in current assets, such as cash and deposits by 2,759 million yen and marketable securities by 800 million yen.

Liabilities were 24,485 million yen. Liabilities decreased 2,989 million yen from the previous fiscal year end as income taxes payable decreased 1,310 million yen with the payment of corporate taxes, and notes payable and accounts payable fell 1.353 million yen in current assets.

Net assets were 32,968 million yen. Net assets shrank 817 million yen from the previous fiscal year end as shareholders' equity decreased 1,078 billion yen from share buybacks and from payment of dividends.

As a result, the capital-to-asset ratio was 54.6%, rising 2.0 points from the previous consolidated fiscal year end.

3. Qualitative information on consolidated earnings forecast

There are no changes in our full year sales, operating income, ordinary income, and net income forecasts.