

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2009

November 6, 2009

Listed Stock Exchange (Section): Tokyo Stock Exchange

Company name SRI Sports Limited
 Stock Code 7825 URL <http://www.sri-sports.co.jp/>
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 Scheduled date to file quarterly report November 13, 2009
 Scheduled starting date of dividend payment ---

(Millions of yen with fractional amounts discarded)

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

(Cumulative: from January 1, 2009 to September 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 nine months of FY 2009	46,442	—	1,132	—	1,005	—	-266	—
FY 2008	56,972	35.8	6,260	76.2	5,868	56.9	2,961	38.9

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months of FY 2009	-924.41	—
FY 2008	10,212.62	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	55,373	32,139	55.2	106,471.06
December 31, 2008	61,260	33,785	52.6	111,122.51

Reference: Equity As of September 30, 2009: 30,557 million yen As of December 31 2008: 32,225 million 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 2009 (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 September 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 September 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 nine months of FY 2009 287,856 shares

First nine 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.

Please refer to page 3 on items regarding the above-mentioned forecasts.

Qualitative Information and Financial Statements

1. Qualitative information on consolidated earnings results

The domestic economy during this consolidated cumulative third quarter period (January 1, to September 30, 2009) remained difficult despite signs of recovery with production picking up and exports growing from the expansion of overseas demand as domestic demand, on the other hand, lacked self-sufficiency with capital investment declining from a sense of overcapacity and as the employment situation and personal consumption continued to be subdued.

Under such circumstances, our company group, in the domestic market for golf balls, aimed to appeal to users by expanding the variety of products, by adding the Srixon Soft Feel Lady in August designed especially for women, in addition to new color variations to our main high-end product XXIO SUPER XD and the Srixon Z-STAR series, a product we introduced at the beginning of the year and favored by the world's tour professionals.

Meanwhile for golf clubs, we made further efforts to strengthen sales with the introduction of the Srixon Z-TX series for the Srixon brand in September for pursuing flying distance performance for competition-oriented golfers, on top of the introduction of the Srixon GiE series from the Srixon brand, which pursues the ease of use, and the HiBORE MOAI XLS Driver and CG7 Iron from the Cleveland Golf brand. With tennis equipment, we expanded aggressive sales promotions with our new brand as we introduced the Srixon X series tennis racket in September, following the tennis balls and tennis wear under the Srixon brand.

In the overseas market, we enhanced promotional activities by signing new contracts for the use of our golf balls with players, including Vijay Singh, a Cleveland Golf contract professional and 2008 US PGA Tour money leader, with the goal of expanding golf ball sales. We also began full-fledged use of Cleveland Golf's sales channels for golf ball sales and significantly increased our market share in the U.S.A.

However, the situation for both sales and profit was harsh, as the global market downturn continued and our core product, The XXIO, entered its second year on the market, and as the unit price fell due to increased price competition for golf clubs overseas.

As a result, sales for this consolidated cumulative fiscal third quarter period was 46,442 million yen, operating income was 1,132 million yen, ordinary income was 1,005 million yen, and quarterly net loss was 266 million yen. By business segment, the Sports Equipment business had sales of 43,123 million yen and operating profit of 1,183 million yen, while the Other Operations category had a loss of 77 million yen on sales of 3,318 million yen.

2. Qualitative information on consolidated financial situation

Total assets as of the end of this third quarter were 55,373 million yen. Total assets shrank 5,887 million yen from the previous fiscal year end due to the decrease in current assets, such as cash and deposits by 2,651 million yen and raw materials and supplies by 912 million yen, as well as the decline in intangible fixed assets by 1,249 million yen. Liabilities were 23,234 million yen. Liabilities decreased 4,241 million yen from the previous fiscal year end as income taxes payable fell 1,438 million yen with the payment of corporate taxes, and notes payable and accounts payable decreased 1,010 million yen in current liabilities as long-term borrowings declined 2,000 million yen in fixed liabilities. Net assets were 32,139 million yen. Net assets shrank 1,645 million yen from the previous fiscal year end as shareholders' equity decreased 1,841 million yen from share buybacks and from dividend payments. As a result, the capital-to-asset ratio was 55.2%, rising 2.6 points from the previous consolidated fiscal year end.

3. Qualitative information on consolidated earnings forecast

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