

Consolidated Financial Results Summary for the First Quarter of FY2010
(For three months ended March 31, 2010)

May 7, 2010

Listed Stock Exchange (Section): Tokyo Stock Exchange

Company name SRI Sports Limited
 Stock Code 7825 URL <http://www.sri-sports.co.jp/en/>
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 Scheduled date to file quarterly report May 13, 2010
 Scheduled starting date of dividend payment ---

(Millions of yen with fractional amounts discarded)

1. Consolidated First Quarter Financial Results (Cumulative: from January 1, 2010 to March 31, 2010)

(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 Quarter, December 2010	15,753	10.8	1,674	—	1,670	—	1,035	—
December 2009	14,221	—	-300	—	-197	—	-337	—

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter, December 2010	3,608.98	—
December 2009	-1,167.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Quarter, December 2010	55,644	34,308	58.9	114,285.33
December 2009	57,501	33,685	56.0	112,102.02

Reference: Equity As of First Quarter, December 2010: 32,799 million yen As of December 31 2009: 32,173 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
December, 2009	—	2,000.00	—	2,000.00	4,000.00
December, 2010	—				
December, 2010 (forecast)		2,000.00	—	2,000.00	4,000.00

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

3. Consolidated earnings forecast (from January 1, 2010 to December 31, 2010)

(Percentage shows change from previous year for full year and change from year-ago quarter for 2nd quarter consolidated cumulative period)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd quarter consolidated Cumulative	34,500	9.5	3,400	434.5	3,300	389.9	2,000	—	6,968.64
Full year	66,000	0.6	4,000	8.5	4,000	8.4	2,000	72.2	6,968.64

(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: None

2) Changes due to other reasons: None

(4) Number of issued shares (common stock)

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

As of First Quarter December, 2010 290,000 shares

As of December, 2009 290,000 shares

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

As of First Quarter December, 2010 3,000 shares

As of December, 2009 3,000 shares

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

First Quarter December, 2010 287,000 shares

First Quarter December, 2009 289,140 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.

1. Qualitative information on consolidated earnings results

The domestic economy during this first quarter (January 1 to March 31, 2010), despite showing signs of a partial economic recovery, generally remained difficult as there were no improvements in the deflationary trend or the high level of unemployment, and consumer spending remained lackluster.

Meanwhile, the environment surrounding our company group, both domestic and abroad, remained in a difficult situation as consumer spending, mainly on golf clubs, continued to be stagnant in the golf equipment market, and as the number of golf course visitors fell below the year-ago level due to bad weather.

Under such circumstances, as for our company group, in the domestic market, the Cleveland Golf new CG15 wedge series remained firm on aggressive sales promotion, in addition to our core golf club product, the New XXIO (= 6th generation XXIO) continuing to hold the top market share^{*1} for store sales. Moreover, our SRIXON Z-STAR golf ball series enjoyed strong sales with the popularity of the signing in February of an endorsement contract with professional golfer Ryo Ishikawa to use our golf balls.

In the overseas market, the CG15 series fared well as it did in the domestic market, and became the top selling wedge with No.1 market share^{*2} in the U.S. In addition, Cleveland Golf's aggressive sales promotion of golf balls also contributed to raising our market presence with SRIXON's market share in the U.S. rising to a record high in March^{*2}.

As a result, our first quarter sales were 15,753 million yen, up 10.8% from the year-ago period, operating income was 1,674 million yen, compared to an operating loss of 300 million yen in the same period a year ago, ordinary income was 1,670 million yen, compared to an ordinary loss of 197 million yen in the year-ago period, and net quarterly income was 1,035 million yen, compared to a 337 million yen net quarterly loss in the year-ago quarter.

By business segment, the Sports Equipment business posted an operating profit of 1,861 million yen, compared to a 116 million yen operating loss for the same period a year ago on sales of 15,276 million yen, up 11.1% from the year-ago period. Meanwhile, the Other Operations category saw sales rise 1.4% to 476 million yen, but posted an operating loss of 190 million yen. The operating loss for the same period a year ago was 192 million yen.

2. Qualitative information on consolidated financial situation

Our total assets as of the end of this first quarter were 55,644 million yen. Products and merchandise increased 385 million yen in current assets, while investments and other assets rose 335 million yen in fixed assets, but cash and deposits decreased 2,669 million yen, and as a result, total assets declined 1,856 million yen from the end of the previous fiscal year.

Liabilities were 21,336 million yen, as notes payable and accounts payable shrank 586 million yen and unpaid corporate taxes fell 408 million yen with the payment of corporate taxes in current liabilities. In addition, long-term borrowings fell 1,600 million yen in fixed liabilities, and in total, liabilities declined 2,480 million yen from the previous fiscal year end.

Net assets were 34,308 million yen. Net assets increased 623 million yen compared to the end of the previous fiscal year, as retained earnings rose from posting a quarterly net profit.

As a result, our capital-to-assets ratio rose to 58.9%, or 2.9 points higher than the previous 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.

^{*1} According to Yano Research Institute Ltd.

^{*2} According to Golf Datatech LLC