

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending December 31, 2010**  
**(Japanese Standard)**

August 5, 2010

Company name SRI Sports Limited Listed Stock Exchange (Section): Tokyo Stock Exchange  
 Stock Code 7825 URL <http://www.sri-sports.co.jp/>  
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 Scheduled date to file Quarterly Report August 12, 2010  
 Quarterly earnings supplementary information material: yes  
 Quarterly earnings explanatory meeting: yes (for institutional investors)  
 Scheduled starting date of dividend payment September 1, 2010

(Millions of yen with fractional amounts discarded)

1. Consolidated earnings results for the second quarter of fiscal year 2010 (from January 1, 2010, to June 30, 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 six months of								
FY 2010	33,349	5.9	3,578	462.5	3,491	418.3	2,183	—
FY 2009	31,500	—	636	—	673	—	-77	—

	Quarterly net income per share	Diluted quarterly net income per share
First six months of	Yen	Yen
FY 2010	7,608.93	—
FY 2009	-268.52	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2010	54,172	35,166	62.2	117,324.37
Dec. 31, 2009	57,501	33,685	56.0	112,102.02

(Reference) Equity As of June 30, 2010: 33,672 million yen As of December 31 2009: 32,173 million yen

2. Cash Dividends

	Annual Cash dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2009	—	2,000.00	—	2,000.00	4,000.00
FY 2010	—	2,000.00	—	—	—
FY 2010 (forecast)	—	—	—	2,000.00	4,000.00

Note: Revision of the forecasts of dividends in the current quarter: None

3. Consolidated earnings forecast for the fiscal year 2010 (from January 1, 2010 to December 31, 2010)

(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
Full Year	64,000	-2.5	4,200	13.9	4,200	13.8	2,200	89.5	7,665.51

Note: Revision of the forecasts in the current quarter: Yes

#### 4. Others

(1) Changes in significant subsidiaries during the period: None

Note: This is regarding the changes in specified subsidiaries resulting in the scope of consolidation.

(2) Application of simplified accounting measures and specific accounting measures: Yes

Note: This is regarding the application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements.

(3) Changes in accounting policies, procedures, and methods of presentation

1) Changes due to the revision of accounting standards: None

2) Changes due to reasons other than 1): None

Note: Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated quarterly financial statements as described in the section "Changes in significant matters forming the basis for preparing the quarterly consolidated financial statements"

(4) Number of issued shares (common stocks)

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

As of June 30, 2010 290,000 shares

As of December 31, 2009 290,000 shares

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

As of June 30, 2010 3,000 shares

As of December 31, 2009 3,000 shares

3) Average number of shares during the period (cumulative quarter)

First six months of FY 2010 287,000 shares

First six months of FY 2009 288,223 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 and our group. Actual results may differ from the stated earnings forecasts. Furthermore, our consolidated earnings forecast announced on February 12, 2010 has been revised. Please refer to Section (3) mentioned below for details.

(1) Qualitative information on consolidated earnings results

Regarding the domestic economy during this consolidated cumulative second quarter period (January 1 to June 30, 2010) despite signs of recovery being seen in certain areas owing to the effects of policy measures, there was renewed outlook uncertainty, such as the concerns over an economic downturn, especially in Europe. As the deflationary trend persisted and unemployment rate remained high, the situation in general continued to be harsh with consumer spending being sluggish, among other things.

Meanwhile, the environment surrounding our company group remained difficult. In addition to the number of visitors to golf courses both domestic and abroad falling below the same period a year ago because of bad weathers, consumer spending in the golf equipment market remained stagnant, mainly for golf clubs.

Under such business environment, at our company group, our core new product for golf clubs the New XXIO (sixth generation XXIO) continued to seize the top market share<sup>\*1</sup> for store sales in the domestic market. In addition, the new Cleveland Golf wedge product CG15 series increased market share through aggressive sales efforts. Also, in February, there was the news hook of our signing a contract for the use of our golf balls with professional player Ryo Ishikawa and we were able to significantly expand sales of our golf ball SRIXON Z-STAR series. Meanwhile, for tennis equipments, our core product of the Bobolat brand, Pure Drive, and our new product Aero Pro Drive was strong. Furthermore, our tennis balls which boasts top market share<sup>\*1</sup> also remained healthy.

In the overseas market, the CG15 series was strong similar to the domestic market. Particularly in the United States, our market share for wedges rose to No. 1.<sup>\*2</sup> In addition, sales of our golf balls expanded in each area, as we made aggressive sales efforts and introduced color balls with higher visibility, and our presence in the market also increased.

As a result, sales for this consolidated cumulative fiscal second quarter period was 33,349 million yen (up 5.9% year-over-year), operating income was 3,578 million yen (5.625 times the same period a year ago), ordinary income was 3,491 million yen (5.183 times the year-ago period) and quarterly net income was 2,183 million yen (bottom line was a net loss of 77 million yen in the same period one year ago).

By business segment, the Sports Equipment business earned sales of 31,616 million yen (up 6.7% from the same period a year ago) and operating income of 3,735 million yen (4.957 times more than the same period a year ago), while the Other Operations category had an operating loss of 167 million yen (compared to an operating loss of 132 million yen in the same period a year ago) on sales of 1,733 million yen (down 7.7% from the same period a year ago).

(\*1) Figures from Yano Research Institute (\*2) Figures from Golf Datatech.

(2) Qualitative information on consolidated financial situation

Total assets as of the end of this second quarter was 54,172 million yen. Total assets shrank 3,328 million yen from the previous fiscal year end due to the decrease in current assets, such as the drop in cash and deposits by 2,755 million yen as well as in bills receivables and accounts receivables by 522 million yen. Liabilities were 19,006 million yen. Liabilities decreased 4,810 million yen from the previous fiscal year end as bills payable and accounts payable shrank 814 million yen and short-term borrowings decreased 2,878 million yen in current liabilities, and as long-term borrowings declined 1,600 million yen in fixed liabilities. Net assets were 35,166 million yen. Net assets increased 1,481 million yen compared to the previous fiscal year end as accumulated profit grew with the posting of quarterly net profit, etc. As a result, the capital-to-asset ratio was 62.2%, rising 6.2 points from the previous consolidated fiscal year end.

(3) Qualitative information on consolidated earnings forecast

As for the sales forecast for the full fiscal year, upon taking into consideration factors, such as the result of the consolidated cumulative fiscal second quarter period and the difficult market condition which is expected to continue, we estimate the result will come in lower than our previously announced figures. On the other hand, as for ordinary income and net income, in addition to making further efforts to cut costs in the second half of the fiscal year, upon taking into consideration the consolidated cumulative fiscal second quarter results, we expect the results to be above

our previously announced figures. As a result, for our full year consolidated earnings, we expect sales of 64,000 million yen, operating income of 4,200 million yen, ordinary income of 4,200 million yen and net income of 2,200 million yen. The revision is as follows.

(Full Year)

	Sales	Operating income	Ordinary income	Net income
Previously announced forecast (A)	million yen 66,000	million yen 4,000	million yen 4,000	million yen 2,000
Current forecast (B)	64,000	4,200	4,200	2,200
Changes (B-A)	-2,000	200	200	200
Percentage change (%)	-3.0	5.0	5.0	10.0
Previous fiscal year actual	65,622	3,686	3,689	1,161