

Sports Business

- Dunlop Sports Co. Ltd.,* a company spun off from Sumitomo Rubber Industries in 2003, plays a central role in the manufacturing and marketing of such items as golf clubs and golf balls. In the area of tennis equipment, the company offers several products, including rackets and balls.
- In its mainstay golf product lineups, Dunlop Sports has introduced the XXIO, SRIXON and Cleveland Golf brands on a global scale.
- Dunlop Sports was listed on the first section of the Tokyo Stock Exchange.

* In May 2012, SRI Sports Limited changed its corporate name to Dunlop Sports Co. Ltd.



No.1

ranking in terms of value of domestic shipments in 2012 for

- Golf clubs
- Golf balls
- Tennis rackets (tied for first place with rival)
- Tennis balls

The 2012 market share forecast based on the Sports Goods Industry 2013 by Yano Research Institute Ltd.



XXIO

The flagship golf goods brand XXIO is a favorite among golfers in Japan, South Korea and China.

360 golfers in 24 countries worldwide

The number of professional golfers who have entered into goods use agreements with Dunlop Sports

As of April 30, 2013



SRIXON®

Golf goods under the SRIXON brand, introduced for professional and semiprofessional use, are preferred by leading golfers throughout the world and contribute to their tournament wins.



Cleveland GOLF

Introduced in 1979 in the United States, Cleveland Golf's wedges enjoy a high share of the U.S. golf club market.



Dunlop Sports' tennis balls are used in a number of important domestic tournaments.

Fiscal 2012 Results

Sales in the Sports business increased 5.1% year on year to ¥61,346 million, while operating income rose 22.7% to ¥4,465 million. Although the domestic golf goods market stagnated, reflecting lackluster recovery in demand following the Great East Japan Earthquake, there were improvements in market conditions overseas, particularly in North America.

Against this backdrop, sales were favorable in Japan for Dunlop Sports' XXIO 7 golf clubs, the seventh-generation in the mainstay XXIO series, and the SRIXON Z series golf clubs for professional and semiprofessional use. In golf balls, the company released the XXIO LX with improved flight distance performance, aiming to further sales expansion. Owing to these efforts, the company's golf clubs and balls captured top market shares in terms of annual domestic storefront sales.*

Overseas, Dunlop Sports stepped up efforts to strengthen its operations in the rapidly growing markets of Asia. To this end, in February 2012 the company opened a representative office in Shanghai, China, and in October commenced operations at a sales subsidiary in Thailand.

In Europe and the United States, the company pursued an aggressive sales promotion policy, focusing mainly on new golf clubs under the Cleveland Golf brand and golf balls under the SRIXON brand.

*Market share survey conducted by Yano Research Institute Ltd.

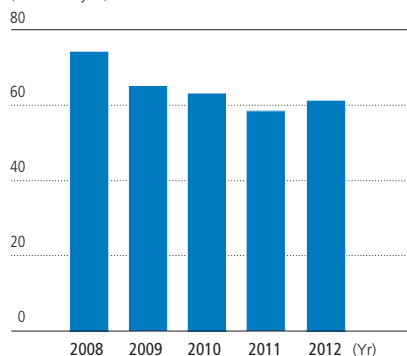
Fiscal 2013 Outlook

Forecasts call for ongoing harsh operating conditions due to a trend toward contraction in the domestic golf and tennis equipment markets and intensifying competition in overseas markets. Amid these circumstances, Dunlop Sports will accelerate its business growth and, accordingly, pursue global expansion mainly in the field of golf equipment.

Net Sales

Year on Year
¥61.3 billion **+5.1%**

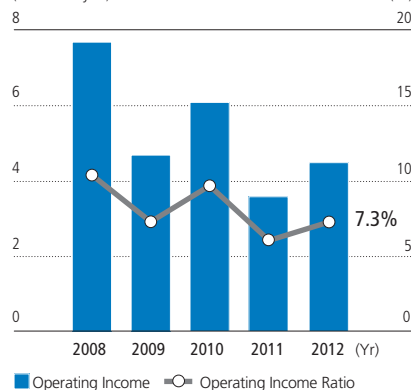
(Billions of yen)



Operating Income and Operating Income Ratio

Year on Year
¥4.5 billion **+22.7%**

(Billions of yen)



Sales Breakdown

(Billions of yen)

	2011	2012	Year-on-Year
Clubs	27.3	29.9	+10%
Balls	11.9	12.3	+3%
Shoes and accessories	7.9	7.8	-0%
Golf goods	47.0	50.0	+6%
Tennis goods	6.1	6.5	+7%
Licensing revenue	0.4	0.4	+2%
Sports goods	53.5	56.9	+6%
Others	4.9	4.5	-7%
Total	58.4	61.3	+5%

Figures are rounded to the nearest ¥0.1 billion. Percentage figures are rounded to the nearest whole number.