asics®

sound mind, sound body

Annual Report 2010

Year Ended March 31, 2010

ASICS Corporation

Contents

Financial Highlights

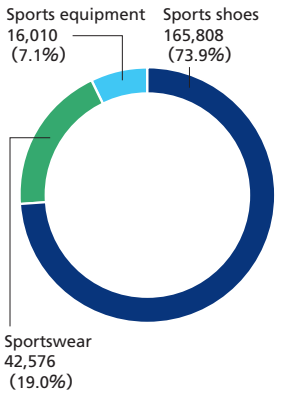
ASICS Corporation and Consolidated Subsidiaries
Years ended March 31

(Millions of yen)

	2005	2006	2007	2008	2009	**2010**
For the year:						
Net sales	¥146,679	¥171,036	¥194,515	¥226,174	¥241,944	**¥224,395**
Sports shoes	89,168	112,742	135,248	167,193	177,869	**165,808**
Sportswear	41,278	41,199	42,672	41,590	46,602	**42,576**
Sports equipment	16,233	17,095	16,595	17,391	17,472	**16,010**
Cost of sales	88,244	98,578	110,051	127,133	138,901	**130,169**
Selling, general and administrative expenses	48,540	56,014	64,216	75,647	80,415	**76,643**
Operating income	9,895	16,444	20,248	23,394	22,628	**17,582**
Income before income taxes and minority interests	10,753	17,367	23,998	21,671	19,735	**18,309**
Net income	7,006	13,806	13,878	13,095	13,085	**8,326**
At year-end:						
Total net assets	¥ 58,450	¥ 74,899	¥ 93,165	¥110,141	¥ 98,263	**¥109,664**
Total assets	122,588	140,615	154,959	186,065	174,922	**184,774**
Per share of common stock (in yen):						
Net income	¥ 34.39	¥ 69.02	¥ 69.72	¥ 65.82	¥ 67.23	**¥ 43.90**
Cash dividends	3.50	6.00	8.00	10.00	10.00	**10.00**
Total net assets	293.17	375.79	450.78	500.83	467.90	**525.58**
Ratios:						
Operating income ratio (%)	6.7	9.6	10.4	10.3	9.4	**7.8**
Return on assets (ROA) (%)	5.8	10.5	9.4	7.7	7.2	**4.6**
Shareholders' equity ratio (%)	47.7	53.3	57.9	53.5	50.7	**53.9**

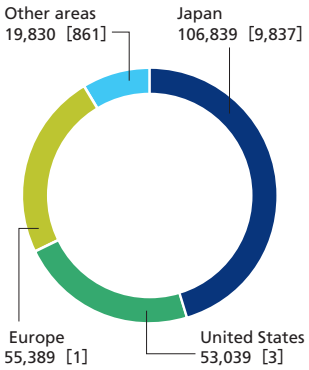
Net Sales by Product

(Millions of yen)



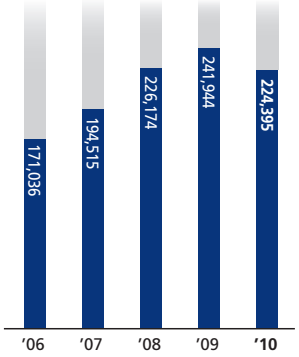
Net Sales by Geographic Area

(Millions of yen)



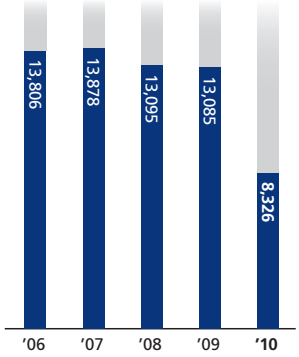
Net Sales

(Millions of yen)



Net Income

(Millions of yen)



Notes: 1. Net Sales by Geographic Area figures include the intersegment sales. The intersegment amount indicates in [ ].
2. All the figures have been rounded off to the nearest millions of yen.

Motoi Oyama
President and Representative Director

AYAMi

GT-2150 NEW YORK

A year of more progress in strengthening our brand as a symbol for outstanding running products in order to achieve sustained growth and increase company value.

Overseas Performance Severely Impacted by the Yen's Appreciation

In fiscal 2010, ended March 31, 2010, our consolidated performance was lower than in the previous fiscal year. The results were consolidated net sales of ¥224.4 billion, operating income of ¥17.6 billion, and net income of ¥8.3 billion. Despite a challenging operating environment, our overseas businesses started growing again. Orders started recovering in the fiscal year's second half, but performance was generally weak in Japan. Furthermore, the yen's appreciation significantly reduced yen translations of overseas sales and earnings. The results were declines in our total sales and earnings.

The yen's appreciation had a negative effect on our performance in all three of our geographical segments. In the Americas, including Brazil, sales of running shoes remained strong. However, after conversion into yen, sales in this region increased only 0.2% (an increase of 11.1% using the previous fiscal year's foreign exchange rate).

In Europe, sales of running shoes were brisk but performance was held down by exchange rates and slow sales of sportstyle shoes. The result was a 13.3% decline in sales (an increase of 1.9% using the previous fiscal year's foreign exchange rates).

Performance in the Asia-Pacific region benefited from strong sales of running shoes, particularly in Australia. However, sales were down 14.2% because of the negative effect of exchange rates. In March 2010, we began operations in India, a market where there are excellent prospects for growth.

Invigorating Operations in Japan Holds the Key to Growth

As the global economy starts to recover, overseas operations are beginning to grow again. As such, the need to rejuvenate our performance in Japan has become even greater. Personal consumption in Japan is indeed weak, yet we cannot blame the economy alone. Our inability to adequately promote the many advantages of ASICS products among Japanese consumers was also responsible for our weak performance in Japan.

By using the resources of the ASICS Research Institute of Sport Science and the Design Center, the ASICS Group produces many value-added products that skillfully combine outstanding functions with attractive designs. I am very confident that these qualities give our products an edge over our competitors' products. We will increase the volume of sales venues that we can supervise ourselves. This includes directly managed stores, franchised stores, and shop-in-shops. I believe this will allow us to reinvigorate our operations in Japan by creating sales areas that can adapt quickly to changes in our merchandising plans.

Reinforcing Our Brand Value, Which Underpins Our Company Value

In January 2008, the ASICS Group started promoting globally unified brand advertisements. As part of these activities, we were a prominent supporter of major urban marathons, such as the ING New York City Marathon and the Paris Marathon. These measures have significantly raised recognition of our brand outside Japan. Overseas operations have also benefited from our commitment to listening to customers throughout the world in order to supply products that reflect regional needs and preferences. Due to these measures, our overseas sales ratio was 58.4% in fiscal 2010. We are targeting Southeast Asia as well, where the population of runners is increasing rapidly. We are conducting extensive advertising and marketing activities with emphasis on support for the Singapore Marathon and other urban marathons. Our goal is to achieve more growth outside Japan by positioning ASICS as a widely recognized global brand.

Japan is also part of initiatives to reinforce our brand. We are using television commercials and other efficient advertising and marketing activities, sponsorship of the Tokyo Marathon and other events, as well as the July 2009 opening of the ASICS SPORTS MUSEUM. I believe that enhancing the profile of our brand in Japan will contribute to increasing our company value.

Strategic Objectives for 2010

ASICS is currently reinforcing and expanding business operations based on the ASICS Challenge Plan, a Groupwide strategy. However, we have decided to push back our goal of raising consolidated net sales to ¥300 billion to after fiscal 2012, ending March 31, 2012, due to the global economic weakness, the instability of the exchange market, and other challenges we face.

©TOKYO MARATON

TOKYO MARATHON 2010

ASICS SPORTS MUSEUM

Globally unified brand advertisements in 2010

Top Impact Line

GEL-KINSEI 3

GEL-RESOLUTION 2

Our strategy for the product lineup is to achieve total growth in apparel and footwear. As for foorwear, which is a market sector where we are highly competitive, we will continue to create innovative, value-added products that competitors cannot match. At the same time, we plan to increase apparel sales by enlarging our presence in the sports casual category.

To reach our medium-term targets for performance, we announced the following strategic objectives for 2010. First is going back to the basics—production activities were the focus of our operations when ASICS was established. We are renewing our commitment to this stance in order to create outstanding products and services with excellence in terms of quality, performance, and designs. Second is improving productivity. We are conducting an exhaustive review of every aspect of our operations with a goal of establishing the best possible supply chain. This begins with product planning and includes manufacturing, distribution, and sales. Third is strengthening corporate governance and human resources. We will establish an effective governance framework based on a suitable system of internal controls. In addition, we plan to assemble an organization that is best suited to supporting the human resource cultivation and development of our workforce.

The ASICS Group operates on a global scale. Our objective as a global company is to achieve sustained growth in sales and earnings along with company value by continuing to expand overseas while rejuvenating operations in Japan. I ask for the support and understanding of shareholders as we take the necessary steps to accomplish this goal.

June 2010

Motoi Oyama,
President and Representative Director

Rapidly Growing in Markets Worldwide

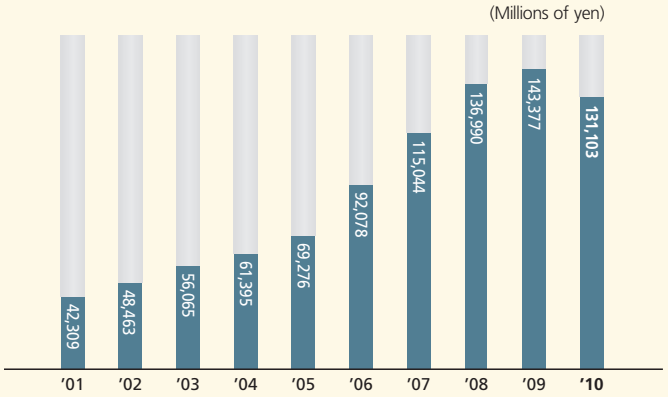
The ASICS Group is taking many actions aimed at strengthening ASICS as a global running brand. Runners worldwide give high marks to our products, which incorporate technologies built on experience dating back to our inception, and we have earned a reputation as one of the top brands in Japan, the United States, Europe, the Asia-Pacific region, and other main areas we have entered.

In recent years, we have started operations in many emerging countries in Asia, Eastern Europe, South America, and other regions. In 2010, we began operations in India.

Onitsuka Tiger is a sport fashion brand of sports shoes that incorporate elements of athletic shoes, but are modernly and fashionably designed for daily use in a city as well. The brand is gaining popularity with the youth globally as a global brand originated in Japan, and we plan to open more of the stores.

With people worldwide becoming more health conscious, the ASICS Group will continue to target opportunities created by these needs to grow on a global scale.

Overseas Sales



Newly opened stores specializing in running shoes

ASICS STORE NEW YORK, United States (October 2009)

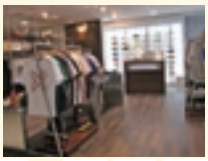
ASICS STORE TAIPEI, Taiwan (February 2010)

Newly opened Onitsuka Tiger stores

Gateway, Hong Kong (October 2009)

Shangri-La, Philippines (January 2010)

DONGSEONGRO, Korea (February 2010)



LOTTE MYONGDONG, Korea (March 2010)

ASICS Ranked 22nd in Japan's Best Global Brands

Plaque awarded for the second consecutive year

ASICS was ranked in the top 30 for the second consecutive year in Japan's Best Global Brands, which is produced by the international brand consulting firm Interbrand Corporation. The difficult economic climate caused declines in the rankings and scores of many Japanese companies. Nevertheless, the ASICS brand rose from number 26 to 22. This improvement reflects the global marathon boom as well as rising consumer needs involving the environment and rising health consciousness. The ASICS global brand strategy is another reason for the higher ranking.

We are determined to continue increasing the value of the ASICS brand with the goal of joining the top 100 in the Best Global Brands ranking of Interbrand.

Overview

In fiscal 2010, ended March 31, 2010, the global economy recovered at a moderate pace but remained negative. The Japanese economy also staged a steady recovery, but severe conditions continued due to deterioration in the employment situation, weak personal consumption, and other issues.

In the sporting goods industry, rising health consciousness led to greater interest in sports. However, the business condition remained challenging because of the severe impact of consumer reluctance toward making expenditures.

Under these conditions, the ASICS Group took actions on a global scale to continue reinforcing the core running business. In addition, ASICS strengthened its product lineup by introducing products with outstanding functions and quality to increase sales in the apparel business.

In marketing activities, ASICS supplied products to many top athletes at the IAAF World Championships in Athletics Berlin 2009 and the Vancouver 2010 Olympic Winter Games in order to raise our corporate image and ASICS brand recognition. Furthermore, ASICS was an official sponsor of marathons in various countries such as the Tokyo Marathon 2010, New York City Marathon, Paris Marathon, and Gold Coast Airport Marathon, providing information and services to participating runners. In addition, ASICS continued its campaign which incorporates the "sound mind, sound body" corporate slogan.

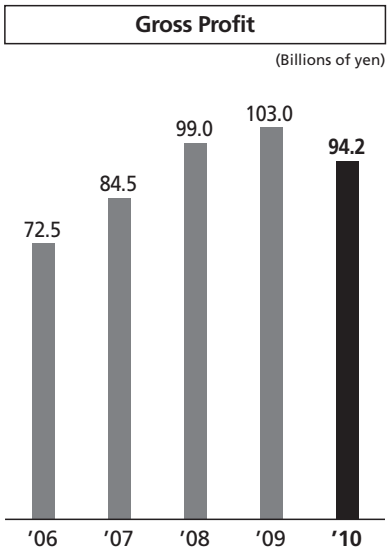
To expand sales in North Europe, ASICS Skandinavia AS and subsidiaries of that company became consolidated subsidiaries of ASICS. In addition, as flagship stores of the ASICS Group, ASICS STORE NEW YORK in the Americas, ASICS STORE TAIPEI in the Asia-Pacific region, and the ASICS Walking Shop in Japan were opened to strengthen the sales network.

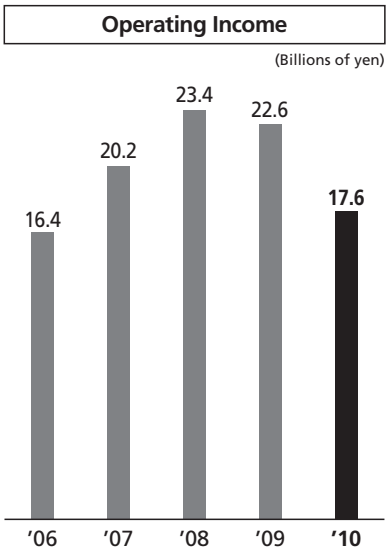
To support the sound development of young people and promote the culture of sports, ASICS opened the ASICS SPORTS MUSEUM at its head office building in Kobe.

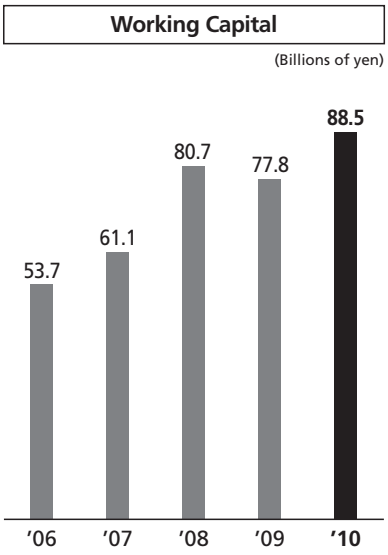
Performance Analysis

In fiscal 2010, consolidated net sales decreased 7.3% to ¥224,395 million. Sales in Japan decreased 5.4% to ¥93,292 million, as strong sales of running shoes and running wear were offset by weakness in the walking shoes and athletic wear categories. Overseas sales decreased 8.6% to ¥131,103 million, as strong sales of running shoes and running wear were offset by the effect of changes in foreign exchange rates and weak sales of sportstyle shoes in Europe.

By product, sales of sports shoes decreased 6.8% to ¥165,808 million. In Japan, sales of running shoes were brisk but walking shoes and other categories of shoes did not perform well. Overseas, sales of running shoes were strong, but sales overall were held down by foreign exchange rates and weak sales of sportstyle shoes. Sportswear sales decreased 8.6% to ¥42,576 million. In Japan, sales of running wear were strong, but athletic wear sales were sluggish. Overseas sportswear sales were negatively impacted by foreign exchange rates. Sales of sports equipment decreased 8.4% to ¥16,010 million







because of generally sluggish sales and the negative effect of foreign exchange rates.

Gross profit decreased 8.6% to ¥94,225 million primarily due to the decline in sales and an increase in the cost of sales ratio overseas.

Selling, general and administrative expenses decreased 4.7% to ¥76,643 million. Reductions in overseas advertising and marketing expenses and the effect of foreign exchange rates were mainly responsible for this decline.

Operating income was down 22.3% to ¥17,582 million.

Net other income was ¥727 million, compared to a loss of ¥2,893 million in the previous fiscal year. Despite a decline in interest income, there was a lower exchange loss, a decline in loss on revaluation on investments in securities, and a gain on redemption of investment in security.

Net income declined 36.4% from the previous fiscal year to ¥8,326 million, due to a payment for income taxes for prior years and other items.

Financial Condition

At the end of fiscal 2010, total assets were ¥184,774 million, up 5.6%, total liabilities were ¥75,110 million, down 2.0%, and net assets were ¥109,664 million, up 11.6% from the previous fiscal year, respectively.

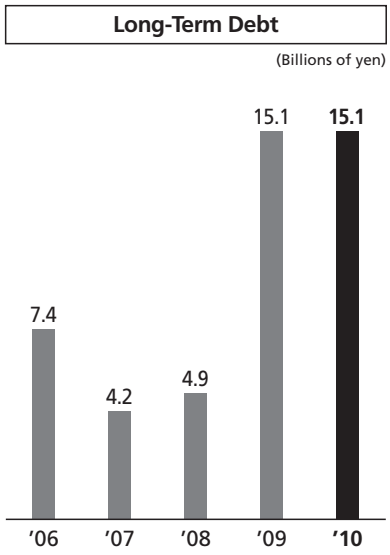
Cash Flows

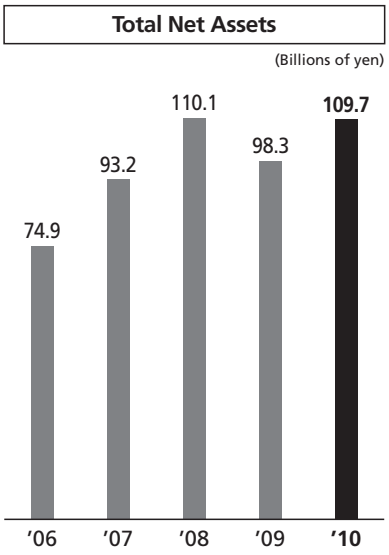
Net cash provided by operating activities decreased ¥1,806 million to ¥16,982 million. Major sources of cash were income before income taxes and minority interests of ¥18,309 million, a ¥6,333 million decrease in inventories, and depreciation and amortization of ¥3,559 million. The major use of cash was income taxes paid of ¥11,943 million.

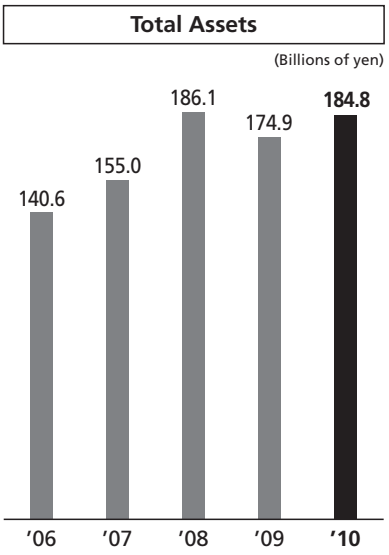
Net cash used in investing activities decreased ¥9,182 million to ¥2,698 million. Major sources of cash were proceeds of ¥3,526 million from sales and redemption of investments in securities and ¥965 million from time deposits withdrawn. Major uses of cash were ¥3,010 million for purchases of property, plant and equipment, ¥2,021 million for acquisition of shares of consolidated subsidiaries resulting in initial consolidation, ¥1,094 million for purchases of investments in securities, and a ¥978 million net increase in securities included in short-term investments.

Net cash used in financing activities was ¥4,919 million compared with a positive cash flow of ¥1,222 million one year earlier. The major source of cash was proceeds of ¥1,131 million from long-term loans. Major uses of cash were a net decrease of ¥2,009 million in short-term bank loans, cash dividends paid to the Company's shareholders of ¥1,903 million, and repayment of ¥1,348 million of long-term loans.

As a result, cash and cash equivalents at end of year increased by ¥11,202 million to ¥33,777 million.







Consolidated Balance Sheets

ASICS Corporation and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and deposits (Notes 4 and 15)	**¥ 33,436**	¥ 23,419	**$ 359,527**
Short-term investments (Notes 4, 5 and 15)	**3,130**	1,318	**33,656**
Notes and accounts receivable (Note 4):			
Trade	**56,745**	55,488	**610,161**
Less allowance for doubtful receivables	**(2,193)**	(1,531)	**(23,581)**
Inventories (Note 6)	**35,773**	39,397	**384,656**
Deferred income taxes (Note 16)	**4,460**	5,015	**47,957**
Other current assets	**4,636**	4,719	**49,849**
Total current assets	**135,987**	127,825	**1,462,225**
Property, plant and equipment (Note 14)**:**			
Land	**10,375**	10,577	**111,559**
Buildings and structures	**28,427**	28,389	**305,667**
Machinery, equipment and vehicles	**4,107**	3,860	**44,161**
Tools, furniture and fixtures	**8,618**	8,622	**92,667**
Leased assets	**1,001**	689	**10,763**
Construction in progress	**2,318**	5	**24,925**
Less accumulated depreciation	**(29,388)**	(28,086)	**(316,000)**
Property, plant and equipment, net	**25,458**	24,056	**273,742**
Intangible assets	**6,007**	2,880	**64,591**
Investments and other assets:			
Investments in securities:			
Unconsolidated subsidiaries and affiliates	**111**	85	**1,194**
Other (Notes 4 and 5)	**6,912**	8,562	**74,323**
Long-term loans receivable	**632**	736	**6,796**
Deferred income taxes (Note 16)	**1,299**	1,697	**13,968**
Other assets	**9,844**	10,642	**105,849**
Less allowance for doubtful accounts	**(1,476)**	(1,561)	**(15,871)**
Total investments and other assets	**17,322**	20,161	**186,259**
Total assets (Note 18)	**¥184,774**	¥174,922	**$1,986,817**

LIABILITIES AND NET ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term bank loans (Notes 4 and 7)	**¥ 8,180**	¥ 9,708	**$ 87,957**
Current portion of long-term debt and lease obligations (Notes 4 and 7)	**1,370**	1,601	**14,731**
Notes and accounts payable (Note 4):			
Trade	**20,883**	20,692	**224,548**
Construction	**9**	27	**97**
Accrued income taxes (Note 16)	**1,590**	2,644	**17,097**
Accrued expenses	**6,886**	7,715	**74,043**
Deferred income taxes (Note 16)	**1**	8	**11**
Other current liabilities	**8,555**	7,611	**91,989**
Total current liabilities	**47,474**	50,006	**510,473**
Long-term liabilities:			
Long-term debt and lease obligations (Notes 4 and 7)	**15,118**	15,062	**162,559**
Accrued retirement benefits for employees (Note 8)	**7,628**	7,365	**82,022**
Deferred income taxes (Note 16)	**980**	319	**10,538**
Other long-term liabilities	**3,910**	3,907	**42,043**
Total long-term liabilities	**27,636**	26,653	**297,162**
Net assets:			
Shareholders' equity (Note 12):			
Common stock:			
Authorized shares—790,000,000 shares at March 31, 2010 and 2009			
Issued shares —199,962,991 shares at March 31, 2010 and 2009	**23,972**	23,972	**257,763**
Capital surplus	**17,182**	17,182	**184,753**
Retained earnings (Note 19)	**71,658**	64,937	**770,516**
Less treasury stock, at cost			
(10,331,996 shares at March 31, 2010 and 10,293,321 shares at March 31, 2009)	**(7,780)**	(7,749)	**(83,656)**
Total shareholders' equity	**105,032**	98,342	**1,129,376**
Valuation and translation adjustments:			
Unrealized holding gain on securities (Note 5)	**1,286**	529	**13,828**
Unrealized deferred loss on hedges (Note 10)	**(233)**	(82)	**(2,505)**
Revaluation reserve for assets of foreign subsidiaries (Note 13)	**565**	—	**6,075**
Translation adjustments	**(6,984)**	(10,042)	**(75,097)**
Total valuation and translation adjustments	**(5,366)**	(9,595)	**(57,699)**
Minority interests	**9,998**	9,516	**107,505**
Total net assets	**109,664**	98,263	**1,179,182**
Total liabilities and net assets	**¥184,774**	¥174,922	**$1,986,817**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Net sales (Note 18)	**¥224,395**	¥241,944	**$2,412,849**
Cost of sales	**130,170**	138,901	**1,399,677**
Gross profit	**94,225**	103,043	**1,013,172**
Selling, general and administrative expenses (Note 11)	**76,643**	80,415	**824,118**
Operating income (Note 18)	**17,582**	22,628	**189,054**
Other income (expenses):			
Interest income	**439**	691	**4,720**
Dividend income	**620**	445	**6,667**
Interest expense	**(481)**	(615)	**(5,172)**
Exchange loss	**(655)**	(1,831)	**(7,043)**
Gain on sales of investments in securities (Note 5)	**45**	32	**484**
Gain on redemption of investment in security	**333**	—	**3,581**
Reversal of allowance for doubtful accounts	**119**	—	**1,280**
Loss on valuation of derivatives	**—**	(545)	**—**
Loss on sales or disposal of property, plant and equipment and other, net	**(74)**	(95)	**(796)**
Loss on sales of investments in securities (Note 5)	**(19)**	(81)	**(204)**
Loss on revaluation of investments in securities (Note 5)	**(182)**	(761)	**(1,957)**
Loss on redemption of investment in security	**(27)**	—	**(290)**
Loss on write-down of golf club membership	**(34)**	—	**(366)**
Loss on impairment of fixed assets (Note 14)	**(81)**	(125)	**(871)**
Loss on change in employees' retirement benefit plan	**—**	(243)	**—**
Other, net	**724**	235	**7,784**
	727	(2,893)	**7,817**
Income before income taxes and minority interests	**18,309**	19,735	**196,871**
Income taxes (Note 16):			
Current	**6,123**	8,000	**65,839**
Prior years	**1,937**	—	**20,828**
Deferred	**1,066**	(2,432)	**11,462**
	9,126	5,568	**98,129**
Income before minority interests	**9,183**	14,167	**98,742**
Minority interests	**857**	1,082	**9,215**
Net income	**¥ 8,326**	¥ 13,085	**$ 89,527**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

		Millions of yen									
	Number of issued shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain (loss) on securities	Unrealized deferred gain (loss) on hedges	Revaluation reserve for assets of foreign subsidiaries	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	199,962,991	¥23,972	¥17,182	¥54,214	¥ (704)	¥ 1,958	¥(689)	¥ —	¥ 3,688	¥10,520	¥110,141
Change in accounting policies of overseas subsidiaries		—	—	(373)	—	—	—	—	—	—	(373)
Dividends	—	—	—	(1,989)	—	—	—	—	—	—	(1,989)
Net income	—	—	—	13,085	—	—	—	—	—	—	13,085
Net change in treasury stock	—	—	—	—	(7,045)	—	—	—	—	—	(7,045)
Other changes	—	—	—	—	—	(1,429)	607	—	(13,730)	(1,004)	(15,556)
Balance at March 31, 2009	199,962,991	23,972	17,182	64,937	(7,749)	529	(82)	—	(10,042)	9,516	98,263
Dividends	**—**	**—**	**—**	**(1,896)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,896)**
Changes in scope of consolidation	**—**	**—**	**—**	**245**	**—**	**—**	**—**	**611**	**—**	**—**	**856**
Reversal of revaluation reserve for assets of foreign subsidiaries	**—**	**—**	**—**	**46**	**—**	**—**	**—**	**(46)**	**—**	**—**	**0**
Net income	**—**	**—**	**—**	**8,326**	**—**	**—**	**—**	**—**	**—**	**—**	**8,326**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(32)**	**—**	**—**	**—**	**—**	**—**	**(32)**
Sales of treasury stock	**—**	**—**	**0**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**1**
Other changes	**—**	**—**	**—**	**—**	**—**	**757**	**(151)**	**—**	**3,058**	**482**	**4,146**
Balance at March 31, 2010	**199,962,991**	**¥23,972**	**¥17,182**	**¥71,658**	**¥(7,780)**	**¥ 1,286**	**¥(233)**	**¥565**	**¥ (6,984)**	**¥ 9,998**	**¥109,664**

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on securities	Unrealized deferred loss on hedges	Revaluation reserve for assets of foreign subsidiaries	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	$257,763	$184,753	$698,247	$ (83,323)	$ 5,688	$ (882)	$ —	$(107,978)	$102,323	$1,056,591
Dividends	**—**	**—**	**(20,387)**	**—**	**—**	**—**	**—**	**—**	**—**	**(20,387)**
Changes in scope of consolidation	**—**	**—**	**2,634**	**—**	**—**	**—**	**6,570**	**—**	**—**	**9,204**
Reversal of revaluation reserve for assets of foreign subsidiaries	**—**	**—**	**495**	**—**	**—**	**—**	**(495)**	**—**	**—**	**0**
Net income	**—**	**—**	**89,527**	**—**	**—**	**—**	**—**	**—**	**—**	**89,527**
Purchases of treasury stock	**—**	**—**	**—**	**(344)**	**—**	**—**	**—**	**—**	**—**	**(344)**
Sales of treasury stock	**—**	**0**	**—**	**11**	**—**	**—**	**—**	**—**	**—**	**11**
Other changes	**—**	**—**	**—**	**—**	**8,140**	**(1,623)**	**—**	**32,881**	**5,182**	**44,580**
Balance at March 31, 2010	**$257,763**	**$184,753**	**$770,516**	**$(83,656)**	**$13,828**	**$(2,505)**	**$6,075**	**$ (75,097)**	**$107,505**	**$1,179,182**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Operating activities:			
Income before income taxes and minority interests	**¥ 18,309**	¥ 19,735	**$ 196,871**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**3,559**	3,040	**38,269**
Increase (decrease) in allowance for doubtful accounts	**582**	(209)	**6,258**
Increase in accrued retirement benefits for employees	**501**	289	**5,387**
Loss on revaluation of investments in securities	**182**	761	**1,957**
(Gain) loss on sales of investments in securities, net	**(26)**	49	**(280)**
Gain on redemption of investments in securities, net	**(306)**	—	**(3,291)**
Interest and dividend income	**(1,059)**	(1,136)	**(11,387)**
Interest expense	**481**	615	**5,172**
Foreign exchange loss, net	**122**	764	**1,312**
Loss on sales or disposal of property, plant and equipment and other, net	**74**	95	**796**
Other, net	**(136)**	553	**(1,461)**
Decrease (increase) in operating assets:			
Notes and accounts receivable	**292**	(964)	**3,140**
Inventories	**6,333**	(476)	**68,097**
Other operating assets	**1,832**	136	**19,699**
(Decrease) increase in operating liabilities:			
Notes and accounts payable	**(1,688)**	1,112	**(18,151)**
Accrued consumption taxes	**157**	65	**1,688**
Other operating liabilities	**(831)**	(947)	**(8,936)**
Subtotal	**28,378**	23,482	**305,140**
Interest and dividends received	**1,026**	1,106	**11,032**
Interest paid	**(479)**	(612)	**(5,151)**
Income taxes refunded	**—**	1,284	**—**
Income taxes paid	**(11,943)**	(6,472)	**(128,419)**
Net cash provided by operating activities	**16,982**	18,788	**182,602**
Investing activities:			
Purchases of time deposits included in short-term investments	**(200)**	(1,198)	**(2,151)**
Proceeds from time deposits withdrawn	**965**	1,500	**10,376**
Purchases of property, plant and equipment	**(3,010)**	(5,252)	**(32,366)**
Proceeds from sales of property, plant and equipment	**73**	58	**785**
Purchases of intangible assets	**(338)**	(351)	**(3,634)**
Net (increase) decrease in securities included in short-term investments	**(978)**	17	**(10,516)**
Purchases of investments in securities	**(1,094)**	(3,600)	**(11,763)**
Proceeds from sales and redemption of investments in securities	**3,526**	2,591	**37,914**
Purchases of investments in subsidiaries	**—**	(70)	**—**
Purchase of investment in securities of a subsidiary	**(196)**	(171)	**(2,108)**
Payment for acquisition of shares of consolidated subsidiaries resulting in initial consolidation (Note 15)	**(2,021)**	—	**(21,731)**
Payments for transfer of a business	**—**	(5,454)	**—**
Net decrease in short-term loans receivable included in other current assets	**14**	8	**151**
Long-term loans receivable made	**(34)**	(127)	**(366)**
Collection of long-term loans receivable	**96**	71	**1,032**
Other, net	**499**	98	**5,366**
Net cash used in investing activities	**(2,698)**	(11,880)	**(29,011)**
Financing activities:			
Net (Decrease) increase in short-term bank loans	**(2,009)**	2,420	**(21,602)**
Proceeds from long-term loans	**1,131**	—	**12,161**
Repayment of long-term loans	**(1,348)**	(1,752)	**(14,495)**
Proceeds from issuance of bonds	**—**	10,715	**—**
Purchases of treasury stock	**(32)**	(7,045)	**(344)**
Proceeds from sales of treasury stock	**1**	—	**11**
Purchase of treasury stock by a subsidiary	**—**	(593)	**—**
Proceeds from stock issuance to minority shareholders	**4**	126	**43**
Payments under lease obligations	**(343)**	(265)	**(3,688)**
Cash dividends paid to the Company's shareholders	**(1,903)**	(1,987)	**(20,462)**
Cash dividends paid to minority shareholders of consolidated subsidiaries	**(420)**	(397)	**(4,516)**
Net cash (used in) provided by financing activities	**(4,919)**	1,222	**(52,892)**
Effect of exchange rate changes on cash and cash equivalents	**1,837**	(5,062)	**19,753**
Net increase in cash and cash equivalents	**11,202**	3,068	**120,452**
Cash and cash equivalents at beginning of year	**22,575**	19,507	**242,742**
Cash and cash equivalents at end of year (Note 15)	**¥ 33,777**	¥ 22,575	**$ 363,194**

See accompanying notes to consolidated financial statements.

1 Basis of Preparation

ASICS Corporation (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements of the Company and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen amounts solely for convenience and, as a matter of arithmetic computation only, at ¥93=U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2010. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2 Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies which it controls directly or indirectly. All significant intercompany transactions and accounts have been eliminated in consolidation. The overseas consolidated subsidiaries are consolidated on the basis of fiscal years ending December 31, a date which differs from the balance sheet date of the Company. As a result, adjustments have been made for any significant intercompany transactions which took place during the period between the year end of these overseas consolidated subsidiaries and the year end of the Company.

All assets and liabilities of the consolidated subsidiaries are revalued on acquisition, if applicable. The difference, not significant in amount, between the cost of investments in subsidiaries and the equity in their net assets at the respective dates of acquisition is amortized over a period of 5 years on a straight-line basis, except that immaterial amounts are charged to income as incurred.

Other affiliates are not significant in terms of their net income or loss, and retained earnings. Accordingly, these other affiliates have not been accounted for by the equity method. Investments in such affiliates are stated at cost.

Certain subsidiaries were excluded from the scope of consolidation because the effect of their sales, net income or loss, total assets and retained earnings on the accompanying consolidated financial statements was immaterial.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and gain or loss on each translation is credited or charged to income. Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Foreign exchange gain or loss is credited or charged to income in the period in which the gain or loss is recognized for financial reporting purposes.

The financial statements of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that the components of net assets excluding minority interests are translated at their historical exchange rates.

(c) Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible into cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Securities

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Cost of securities sold is determined by the moving-average method. Non-marketable equity securities classified as other securities are stated at cost determined by the moving-average method. Non-marketable debt securities classified as other securities are stated at net amortized cost.

(e) Inventories

Inventories are principally stated at the lower of cost or net realizable value, cost being determined by the first-in, first-out method.

(f) Property, plant and equipment (except for leased assets under finance leases)

The Company and its domestic consolidated subsidiaries compute depreciation of property, plant and equipment by the declining-balance method over the estimated useful lives of the respective assets, except that the straight-line method is applied to buildings (other than structures attached to the buildings) acquired on or subsequent to April 1, 1998.

Overseas consolidated subsidiaries compute depreciation of property, plant and equipment by the straight-line method over the estimated useful lives of the respective assets.

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

The principal estimated useful lives used for calculating depreciation are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(g) Allowance for doubtful receivables

The Company and its domestic consolidated subsidiaries provide an allowance for doubtful receivables at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

The overseas consolidated subsidiaries provide an allowance for doubtful receivables at an amount calculated based on probable specific bad debts from their customers.

(h) Retirement benefits for employees

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as adjusted for unrecognized actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Net retirement benefit obligation at transition is amortized by the straight-line method over a period of 15 years.

Past service cost is amortized by the straight-line method over a period within the estimated average remaining years of service of the eligible employees. Such amortization is deducted from retirement benefit expenses.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized principally by the straight-line method over a period which falls within the estimated average remaining years of service of the eligible employees. Certain consolidated subsidiaries recognize actuarial gain or loss when incurred.

(Supplementary Information)

Effective February 28, 2009, a domestic consolidated subsidiary changed employees' retirement benefit plan from a tax-qualified pension plan to a defined contribution plan. Upon transition, "Guidance on Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1) was applied.

As a result of this change, loss on change in employees' retirement benefit plan in the amount of ¥243 million was recorded as a component of other expenses in the consolidated statement of income for the year ended March 31, 2009.

(i) Leases

Finance leases other than those that are deemed to transfer the ownership of the leased property to the lessees, are depreciated using the straight-line method over the lease term with no residual value.

However, the Company and its domestic consolidated subsidiaries account for finance lease transactions that do not transfer the ownership of the leased property to the lessees in the same manner as operating leases if the initial transactions were entered into on or before March 31, 2008.

(j) Research and development costs and intangible assets (except for leased assets under finance leases)

Research and development costs are charged to income as incurred. Expenditures relating to computer software developed for internal use are charged to income as incurred, except if the software is expected to contribute to the generation of future income or to cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their respective estimated useful lives, generally a period of 5 years.

The Company has also recorded intangible assets related to sales rights and customer base based on a revaluation of assets and liabilities of ASICS Skandinavia AS and its consolidated subsidiaries because ASICS Europe B.V. initially consolidated them effective the year ended March 31, 2010. Such intangible assets are amortized by the straight-line method over a period of 5 years and 9 years, respectively.

(k) Income taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial purposes and the corresponding balances for tax reporting purposes.

(l) Derivatives and hedging activities

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets. Receivables and payables hedged by qualified forward foreign exchange contracts and currency options are translated at the corresponding foreign exchange contract rates. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt.

(m) Distribution of retained earnings

Under the Corporation Law of Japan (the "Law"), the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions. Refer to Note 19.

(n) Bond issuance costs

Bond issuance costs are charged to income as incurred.

3 Changes in Method of Accounting

Effective the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19 issued on July 31, 2008). The effect of the adoption of this accounting standard on operating results for the year ended March 31, 2010 was immaterial.

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). The effect of the adoption of this accounting standard on operating results for the year ended March 31, 2009 was immaterial.

On March 30, 2007, the Accounting Standards Board of Japan revised "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Statement No. 16). The new accounting standards require that all finance lease transactions must be capitalized. The Company and its domestic consolidated subsidiaries adopted the new accounting standards effective the year ended March 31, 2009, and leased property is capitalized. The effect of the adoption of this accounting standard on operating results for the year ended March 31, 2009 was immaterial.

Previously, the Company and its domestic consolidated subsidiaries accounted for finance lease transactions other than those which transferred the ownership of the leased property to the lessees in the same manner as operating leases.

Effective the year ended March 31, 2009, the Company and its overseas consolidated subsidiaries adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006). The effects of this adoption on the consolidated operating results for the year ended March 31, 2009 and on the consolidated retained earnings at the beginning of the year were immaterial.

(Supplementary information)

Effective the year ended March 31, 2010, the Company and its consolidated subsidiaries have adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008) and (Implementation) "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued on March 10, 2008).

Effective the year ended March 31, 2010, the Company has adopted "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosure about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008). However, the related disclosure has been omitted because the fair value of investment and rental property as of March 31, 2010 was immaterial.

Effective the year ended March 31, 2009, the Company adopted "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11 issued on October 17, 2006) and its implementation guidance, "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13 issued on October 17, 2006).

4 Financial Instruments

(a) Status of financial instruments

In consideration of plans for capital investment, the Company and its consolidated subsidiaries (collectively the "Group") raise funds by bank borrowings and bonds issuance. The Group manages temporary fund surpluses principally through liquid financial assets. Furthermore, the Group raises short-term capital through bank borrowings. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative purposes.

Trade receivables, notes and accounts receivables, are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from trade receivables denominated in foreign currencies; however, forward foreign currency exchange contracts are arranged to reduce the risk.

Marketable securities and investment securities are exposed to market risk. Those securities are mainly composed of the shares of common stock of other companies with which the Group has business relationships.

Substantially all trade payables, trade notes and accounts payable, have payment due dates within 4 months. Although a portion of payables are exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, forward foreign currency exchange contracts are arranged to reduce the risk.

Loans and bonds are taken out principally for the purpose of making capital investments and other business activities. The repayment dates of the long-term debt extend up to 7 years from the balance sheet date. Although a portion of the debt is exposed to interest rate fluctuation risk, the Group undertakes interest rate swap transactions as a hedging instrument.

Regarding derivatives, the Group enters into forward foreign currency exchange contracts to reduce the foreign currency exchange risk mainly on the payables denominated in foreign currencies resulting from importing products within the actual demand for foreign currency exchange. The Group also enters into interest rate swap transactions to reduce fluctuation risk deriving from interest payable for long-term loans and bonds.

Regarding trade receivables, each related division monitors the credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by customer. In addition, the Group is making efforts to identify and mitigate risks of bad debt from customers who have financial difficulties.

In accordance with internal policies "Policies of Administrative Authority," the Group only acquires debt securities held for investment purposes with high credit ratings. Accordingly, the Group believes that the credit risk deriving from such debt securities is insignificant.

The Group also believes that the credit risk of derivatives is insignificant as the Group enters into derivative transactions only with international financial institutions with sound credit profiles.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies "Policies on Derivative Transactions" and "Policies of Administrative Authority," which set forth delegation of authority and segregation of duties related to derivative transactions. The Accounting and Financing Department conducts and manages derivative transactions and segregates duties of execution and management of transactions to separate personnel and management who are each responsible for transactions, positions and operations. Actual transaction data are regularly submitted to top management for their review.

For short-term investments and investments in securities, the Group periodically reviews the fair value of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether or not security investments should be maintained, taking into account their fair value and relationships with the issuers.

Certain subsidiaries that enter into derivative transactions or buy/sell marketable securities and investment securities also follow internal policies and base transactions are overseen and reviewed by management departments of these subsidiaries.

Based on a report from each division, the Group prepares and updates its cash flow plans on a timely basis and maintains solvency to manage liquidity risk.

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

(b) Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains are shown in the following table. The table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen			Thousands of U.S. dollars		
	2010			**2010**		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Assets:						
Cash and deposits	**¥33,436**	**¥33,436**	**¥—**	**$ 359,527**	**$ 359,527**	**$ —**
Notes and accounts receivable...	**56,745**			**610,161**		
Less allowance for doubtful receivables	**(2,193)**			**(23,581)**		
	54,552	**54,552**	**—**	**586,580**	**586,580**	**—**
Short-term investments and investments in securities:						
Other investment securities ...	**9,864**	**9,864**	**—**	**106,064**	**106,064**	**—**
Total assets	**¥97,852**	**¥97,852**	**¥—**	**$1,052,171**	**$1,052,171**	**$ —**
Liabilities:						
Notes and accounts payable	**¥20,883**	**¥20,883**	**¥—**	**$ 224,548**	**$ 224,548**	**$ —**
Short-term bank loans	**9,238**	**9,238**	**—**	**99,333**	**99,333**	**—**
Bonds.....	**11,000**	**11,047**	**47**	**118,280**	**118,785**	**505**
Long-term loans	**3,451**	**3,456**	**5**	**37,108**	**37,162**	**54**
Total liabilities	**¥44,572**	**¥44,624**	**¥52**	**$ 479,269**	**$ 479,828**	**$559**
Derivative transactions	**¥ (2,699)**	**¥ (2,699)**	**¥—**	**$ 29,022**	**$ 29,022**	**$ —**

The value of assets and liabilities arising from derivatives is a net value, and the amount in parentheses represents liability position.

Since cash and deposits, and notes and accounts receivable are settled in a short period of time, their carrying value approximates the fair value.

The fair value of equity securities are based on quoted market prices. The fair value of debt securities is based on either quoted market prices or the prices provided by the financial institutions making markets in these securities.

Since notes and accounts payable, and short-term bank loans are settled in a short period of time, their carrying value approximates the fair value.

The fair value of bonds are based on the present value of the total of principal and interest discounted by the interest rate determined taking into account the remaining period for each bond and the current credit risk.

The fair value of long-term loans based on the present value of the total of principal and interest discounted by the interest rate to be applied if incremental borrowings were entered into.

The carrying value of other securities without determinable market value at March 31, 2010 is presented as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Unlisted equity securities.....	**¥289**	**$3,108**

The redemption schedule for monetary claims and investments by maturity date at March 31, 2010 are as follows:

	Millions of yen				Thousands of U.S. dollars			
	2010				**2010**			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	**¥33,436**	**¥ —**	**¥ —**	**¥ —**	**$359,527**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable	**56,745**	**—**	**—**	**—**	**610,161**	**—**	**—**	**—**
Short-term investments and investment in securities								
Debt securities:								
Corporate bonds	**—**	**150**	**141**	**—**	**—**	**1,613**	**1,516**	**—**
Other	**1,395**	**—**	**—**	**—**	**15,000**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**100**	**—**	**—**	**—**	**1,075**
	¥91,576	**¥150**	**¥141**	**¥100**	**$984,688**	**$1,613**	**$1,516**	**$1,075**

5 Short-Term Investments and Investments in Securities

Information regarding other securities with determinable market value at March 31, 2010 and 2009 is summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			**2010**		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	**¥4,615**	**¥2,750**	**¥1,865**	¥2,526	¥1,554	¥ 972	**$ 49,624**	**$29,570**	**$20,054**
Debt securities:									
Corporate bonds	**1,602**	**1,538**	**64**	27	24	3	**17,226**	**16,538**	**688**
Other	**631**	**433**	**198**	550	396	154	**6,784**	**4,655**	**2,129**
Subtotal	**6,848**	**4,721**	**2,127**	3,103	1,974	1,129	**73,634**	**50,763**	**22,871**
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	**937**	**1,069**	**(132)**	2,152	2,435	(283)	**10,075**	**11,495**	**(1,420)**
Debt securities:									
Corporate bonds	**465**	**480**	**(15)**	2,589	2,595	(6)	**5,000**	**5,161**	**(161)**
Other	**1,614**	**1,674**	**(60)**	526	580	(54)	**17,355**	**18,000**	**(645)**
Subtotal	**3,016**	**3,223**	**(207)**	5,267	5,610	(343)	**32,430**	**34,656**	**(2,226)**
Total	**¥9,864**	**¥7,944**	**¥1,920**	¥8,370	¥7,584	¥ 786	**$106,064**	**$85,419**	**$20,645**

The total amounts of gain and loss on sales of other securities included in short-term investments and investments in securities for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Total sales	**¥451**	¥745	**$4,849**
Gain on sales	**47**	34	**505**
Loss on sales	**21**	85	**226**

The Company recorded an impairment loss of ¥182 million ($1,957 thousand) and ¥761 million on investments in securities classified as other securities for the years ended March 31, 2010 and 2009, respectively.

An impairment loss is recorded when the market value of a security falls by 30% or more from its acquisition cost.

6 Inventories

The following is a summary of inventories at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Finished products	**¥34,431**	¥37,968	**$370,226**
Work in process	**305**	332	**3,280**
Raw materials and supplies	**1,037**	1,097	**11,150**
	¥35,773	¥39,397	**$384,656**

7 Short-Term Bank Loans and Long-Term Debt and Lease Obligations

The average annual interest rates on short-term bank loans were 1.1% and 2.7% at March 31, 2010 and 2009, respectively.

Long-term debt and lease obligations at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
1.35% yen unsecured bonds, due 2016	**¥ 5,000**	¥ 5,000	**$ 53,763**
1.32% yen unsecured bonds, due 2016	**3,000**	3,000	**32,258**
1.45% yen unsecured bonds, due 2016	**3,000**	3,000	**32,258**
Unsecured loans primarily from banks, due 2010 through 2017, at interest rates ranging from 0.8% to 5.3%	**4,509**	4,718	**48,484**
Lease obligations	**979**	945	**10,527**
	16,488	16,663	**177,290**
Current portion of long-term debt and lease obligations	**(1,370)**	(1,601)	**(14,731)**
	¥15,118	¥15,062	**$162,559**

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2010 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	**¥ 1,370**	**$ 14,731**
2012	**789**	**8,484**
2013	**2,545**	**27,366**
2014	**237**	**2,548**
2015	**92**	**989**
2016 and thereafter	**11,455**	**123,172**
	¥16,488	**$177,290**

8 Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit pension plans, i.e., welfare pension fund plans ("WPFPs"), tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to each retiree's position and basic salary at termination, as well as length of service and certain other factors. Certain domestic consolidated subsidiaries have adopted the smaller enterprise retirement allowance mutual aid plan as their defined multi-employer pension plan.

The following table sets forth the funded and accrued status of the defined retirement benefit plans of the Company and its domestic consolidated subsidiaries at March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Retirement benefit obligation	**¥(17,091)**	¥(16,896)	**$(183,774)**
Plan assets at fair value	**7,177**	5,928	**77,172**
Unfunded retirement benefit obligation	**(9,914)**	(10,968)	**(106,602)**
Unrecognized net retirement benefit at transition	**1,083**	1,288	**11,645**
Unrecognized actuarial loss	**2,608**	4,006	**28,043**
Prepaid retirement benefits	**(1,405)**	(1,691)	**(15,108)**
Accrued retirement benefits	**¥ (7,628)**	¥ (7,365)	**$ (82,022)**

As permitted under the accounting standard for retirement benefits, domestic consolidated subsidiaries calculate their retirement benefit obligation principally by simplified methods.

The components of retirement benefit expenses for the years ended March 31, 2010 and 2009 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Service cost	**¥ 922**	¥1,013	**$ 9,914**
Interest cost	**274**	315	**2,946**
Expected return on plan assets	**(99)**	(159)	**(1,065)**
Amortization of net retirement benefit obligation at transition	**127**	127	**1,366**
Recognized net actuarial loss	**544**	344	**5,849**
Recognized past service cost	**—**	(586)	**—**
Other	**32**	7	**345**
Retirement benefit expenses	**¥1,800**	¥1,061	**$19,355**

The retirement benefit expenses of domestic consolidated subsidiaries have been calculated by simplified methods and are included in service cost in the above table.

For the year ended March 31, 2010, "Other" in the above table consisted of payments to defined benefit pension plans and the smaller enterprise retirement allowance mutual aid plan. For the year ended March 31, 2009, "Other" consisted of payments to the smaller enterprise retirement allowance mutual aid plan and additional termination benefits to employees.

The assumptions used in accounting for the retirement benefit plans for the years ended March 31, 2010 and 2009 are as follows:

	2010	2009
Discount rates	**1.5–2.0%**	1.5–2.0%
Expected rates of return on plan assets	**2.0%**	2.0–2.5%

9 Leases

The Company and its consolidated subsidiaries lease machinery, equipment and vehicles; tools, furniture and fixtures; and other assets. The following *pro forma* amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased assets at March 31, 2010 and 2009, whose initial transaction date was before the adoption of the revised accounting standard related to lease transactions. The amounts would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen								Thousands of U.S. dollars			
	2010				2009				**2010**			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Machinery, equipment and vehicles	**¥ 70**	**¥ 51**	**¥—**	**¥ 19**	¥ 92	¥ 54	¥ —	¥ 38	**$ 753**	**$ 548**	**$ —**	**$ 205**
Tools, furniture and fixtures	**1,133**	**765**	**99**	**269**	2,060	1,296	104	660	**12,183**	**8,226**	**1,065**	**2,892**
Other assets	**513**	**333**	**—**	**180**	691	390	—	301	**5,516**	**3,581**	**—**	**1,935**
Total	**¥1,716**	**¥1,149**	**¥99**	**¥468**	¥2,843	¥1,740	¥104	¥999	**$18,452**	**$12,355**	**$1,065**	**$5,032**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥517 million ($5,559 thousand) and ¥617 million for the years ended March 31, 2010 and 2009, respectively. These amounts were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms assuming a nil residual value.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2010 under finance leases other than those which transfer the ownership of the leased assets to the Company and its consolidated subsidiaries as of March 31, 2010 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥311**	**$3,344**
Due after one year	**256**	**2,753**
Total	**¥567**	**$6,097**

10 Derivatives and Hedging Activities

The open currency-related derivatives positions not designated as hedging instruments at March 31, 2010 and 2009 are as follows:

		Millions of yen							
		2010				2009			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized loss
Over-the-counter transactions	Currency options:								
	Selling:								
	USD	**¥10,784**	**¥ 8,348**	**¥(1,304)**	**¥ (725)**	¥13,054	¥10,784	¥ (559)	¥ (519)
	EUR	**1,142**	**—**	**(39)**	**53**	—	—	—	—
	Buying:								
	USD	**4,961**	**3,787**	**146**	**(232)**	6,162	4,961	312	(160)
	EUR	**1,142**	**—**	**78**	**(8)**	—	—	—	—
	Currency swaps:								
	USD	**10,829**	**10,829**	**(1,139)**	**(1,139)**	12,029	12,029	(801)	(801)
	Forward foreign exchange contract:								
	Selling:								
	USD	**—**	**—**	**—**	**—**	66	—	(3)	(3)
	Buying:								
	USD	**2,413**	**913**	**(122)**	**(122)**	3,303	1,445	(33)	(33)
	Total	**¥31,271**	**¥23,877**	**¥(2,380)**	**¥(2,173)**	¥34,614	¥29,219	¥(1,084)	¥(1,516)

		Thousands of U.S. dollars			
		2010			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized gain (loss)
Over-the-counter transactions	Currency options:				
	Selling:				
	USD	**$115,957**	**$ 89,764**	**$(14,022)**	**$ (7,796)**
	EUR	**12,280**	**—**	**(419)**	**570**
	Buying:				
	USD	**53,344**	**40,720**	**1,570**	**(2,495)**
	EUR	**12,280**	**—**	**839**	**(86)**
	Currency swaps:				
	USD	**116,441**	**116,441**	**(12,247)**	**(12,247)**
	Forward foreign exchange contract:				
	Buying:				
	USD	**25,946**	**9,817**	**(1,312)**	**(1,312)**
	Total	**$336,248**	**$256,742**	**$(25,591)**	**$(23,366)**

Fair value is based on the prices obtained from financial institutions.

		Millions of yen			
		2009			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized loss
Over-the-counter transaction	Equity derivative	¥1,525	¥—	¥(734)	¥(734)

Fair value is based on the prices obtained from financial institutions.

The open interest-related derivative position not designated as hedging instruments at March 31, 2010 and 2009 are as follows:

		Millions of yen							
		2010				2009			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized loss	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized loss
Over-the-counter transaction	Interest rate option:								
	Selling floor	**¥1,500**	**¥1,500**	**¥(19)**	**¥(19)**	¥1,500	¥1,500	¥(12)	¥(12)

		Thousands of U.S. dollars			
		2010			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized loss
Over-the-counter transaction	Interest rate option:				
	Selling floor	**$16,129**	**$16,129**	**$(204)**	**$(204)**

Fair value is based on the prices obtained from financial institutions.

The open currency-related derivatives positions designated as hedging instruments at March 31, 2010 are as follows:

		Millions of yen			Thousands of U.S. dollars		
		2010			**2010**		
Method of hedge accounting	Transaction and major of hedged items	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value
Deferral hedge accounting	Currency options:						
	Selling:						
	USD Accounts payable (Forecasted transaction)	**¥ 1,647**	**¥ 611**	**¥ (31)**	**$ 17,710**	**$ 6,570**	**$ (333)**
	Buying:						
	USD Accounts payable (Forecasted transaction)	**1,647**	**611**	**217**	**17,710**	**6,570**	**2,333**
	Forward foreign exchange contract:						
	Selling:						
	USD Accounts receivable (Forecasted transaction)	**427**	**—**	**(10)**	**4,591**	**—**	**(108)**
	Buying:						
	USD Accounts payable (Forecasted transaction)	**32,935**	**13,959**	**(476)**	**354,140**	**150,097**	**(5,118)**
	Subtotal	**36,656**	**15,181**	**(300)**	**394,151**	**163,237**	**(3,226)**
Allocation method for forward foreign exchange contract	Forward foreign exchange contract:						
	Buying:						
	USD Accounts payable	**173**	**—**	**—**	**1,860**	**—**	**—**
	Total	**¥36,829**	**¥15,181**	**¥(300)**	**$396,011**	**$163,237**	**$(3,226)**

The fair value of forward foreign exchange contracts that qualify for deferral hedge accounting is included in accounts payable. Fair value is based on the prices obtained from financial institutions.

The open interest-related derivatives positions designated as hedging instruments at March 31, 2010 is as follows:

		Millions of yen			Thousands of U.S. dollars		
		2010			**2010**		
Method of hedge accounting	Transaction and major of hedged items	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value
Special treatment for interest rate swaps	Interest rate swaps:						
	Pay fixed / Receive floating Long-term debt	**¥720**	**¥540**	**—**	**$7,742**	**$5,806**	**—**

The fair value of interest rate swaps that qualify for special treatment is included in long-term debt.

11 Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2010 and 2009 amounted to ¥783 million ($8,419 thousand) and ¥687 million, respectively.

12 Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings is nil at March 31, 2010 and 2009.

Movements in common stock and treasury stock for the years ended March 31, 2010 and 2009 are summarized as follows:

	Number of Shares			
	2010			
	March 31, 2009	Increase	Decrease	March 31, 2010
Common Stock	**199,962,991**	**—**	**—**	**199,962,991**
Treasury Stock	**10,293,321**	**39,610**	**935**	**10,331,996**

	Number of Shares			
	2009			
	March 31, 2008	Increase	Decrease	March 31, 2009
Common Stock	199,962,991	—	—	199,962,991
Treasury Stock	1,050,085	9,243,236	—	10,293,321

13 Revaluation Reserve for Assets of Foreign Subsidiaries

A revaluation reserve for assets of foreign subsidiaries has been recorded in accordance with ASBJ PITF No.18 because the Company's consolidated overseas subsidiary additionally acquired a certain number of shares of ASICS Skandinavia AS, during the year ended March 31, 2010. This subsidiary's revaluation reserve was recorded in accordance with International Financial Reporting Standards ("IFRS") 3 "Business Combinations."

14 Loss on Impairment of Fixed Assets

The Company and its consolidated subsidiaries basically group their assets by retail store. The assets are grouped by cash-generating units (except for idle property, which is grouped individually) and these are defined as the smallest identifiable groups of assets generating cash inflows.

The Company and its domestic consolidated subsidiaries have written down the assets and asset groups whose operating income has been continuously negative to their respective net recoverable value, and recorded related losses on impairment of fixed assets.

The recoverable value of the assets (of groups of assets) are measured based on their respective estimated selling value determined by the Company.

			Millions of yen	Thousands of U.S. dollars
Use	Location	Classification	**2010**	**2010**
Retail stores	15 Retail stores (Hokkaido and Chubu 2 stores respectively, Kansai and Kyushu 3 stores respectively, Kanto 4 stores and, Shikoku 1 store)	Building and structures	**¥ 5**	**$ 54**
		Tools, furniture and fixtures	**3**	**32**
		Leased assets	**73**	**785**
Total			**¥81**	**$871**

			Millions of yen
Use	Location	Classification	2009
Retail stores	13 Retail stores (Hokkaido, Tohoku, and Chubu 1 store respectively, Kanto 7 stores, and Kansai 3 stores)	Leased assets	¥104
Other			21
Total			¥125

15 Supplemental Information on the Consolidated Statements of Cash Flows

The balances of cash and deposits reflected in the accompanying consolidated balance sheets were reconciled to the balances of cash and cash equivalents as presented in the accompanying consolidated statements of cash flows at March 31, 2010 and 2009 as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and deposits	**¥33,436**	¥23,419	**$359,527**
Money Management Fund, included in short-term investments	**382**	45	**4,108**
Time deposits with original maturities in excess of three months, included in cash and deposits	**(41)**	(889)	**(441)**
Cash and cash equivalents	**¥33,777**	¥22,575	**$363,194**

The Company and its consolidated subsidiaries recorded new leased assets and lease obligations under finance leases of ¥799 million and ¥839 million, respectively, during the year ended March 31, 2009.

Effective the year ended March 31, 2010, the Company initially consolidated ASICS Skandinavia AS and its 3 consolidated subsidiaries. Assets acquired and liabilities assumed of these subsidiaries at the date of commencement of consolidation and the related cost of the acquired shares and payments for the acquisition of the shares are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Current assets	**¥ 3,454**	**$ 37,140**
Fixed assets	**2,933**	**31,537**
Current liabilities	**(2,494)**	**(26,817)**
Non-current liabilities	**(870)**	**(9,355)**
Goodwill	**1,286**	**13,828**
Revaluation reserve for assets of foreign subsidiaries	**(611)**	**(6,570)**
Interests in these subsidiaries before initial consolidation	**(295)**	**(3,172)**
Acquisition cost of shares of consolidated subsidiaries	**3,403**	**36,591**
Cash and cash equivalents	**(1,382)**	**(14,860)**
Payment for acquisition of shares of consolidated subsidiaries resulting in initial consolidation	**¥ 2,021**	**$ 21,731**

16 Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants' and enterprise taxes. The statutory tax rate in Japan for the years ended March 31, 2010 and 2009 is, in the aggregate, approximately 40.6%. The effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 differed from the above statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate:	**40.6%**	40.6%
Permanently non-deductible expenses	**1.5**	0.5
Permanently non-taxable income	**(0.1)**	(0.1)
Changes in valuation allowance	**5.3**	(0.6)
Tax rate differences at overseas consolidated subsidiaries	**(8.3)**	(8.8)
Reversal of deferred tax liabilities for undistributed earnings of overseas subsidiaries	**—**	(3.6)
Correction of taxation on transfer pricing	**10.6**	—
Other	**0.2**	0.2
Effective tax rates	**49.8%**	28.2%

Deferred income taxes reflect the net tax effect of the temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts for income tax purposes. The significant components of the deferred tax assets and liabilities of the Company and consolidated subsidiaries at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Inventories	**¥ 2,680**	¥ 2,432	**$ 28,817**
Allowance for doubtful accounts	**853**	1,592	**9,172**
Provision for bonus	**653**	907	**7,022**
Accrued retirement benefits for employees	**2,507**	2,227	**26,957**
Tax loss carryforwards	**1,008**	1,060	**10,839**
Other	**2,525**	2,852	**27,150**
Gross deferred tax assets	**10,226**	11,070	**109,957**
Less valuation allowance	**(2,982)**	(3,332)	**(32,065)**
Total deferred tax assets	**7,244**	7,738	**77,892**
Deferred tax liabilities:			
Unrealized holding gain on securities	**520**	136	**5,591**
Other	**1,946**	1,217	**20,925**
Total deferred tax liabilities	**2,466**	1,353	**26,516**
Net deferred tax assets	**¥ 4,778**	¥ 6,385	**$ 51,376**

Prior years income tax recorded in the year ended March 31, 2010 is primarily related to a tax assessment for transfer pricing taxation on royalties from an overseas subsidiary during a period of 4 years from the year ended March 31, 2005.
(Supplementary information)
On September 30, 2009, the Company received a notice of tax assessment to correct prior taxation amounts from the Osaka Regional Taxation Bureau ("ORTB") with regard to transfer pricing taxation and paid additional corporation tax in October 2009. However, the Company disagrees with such tax assessment and, on November 26, 2009, filed an opposition notice with the ORTB.

On March 31, 2010, the Company filed a request with the National Tax Agency for mutual discussion with Australia in order to avoid double taxation and implemented an Advance Pricing Agreement for the coming fiscal year.

17 Amounts per Share

Amounts per share at March 31, 2010 and 2009 and for the years then ended were as follows:

	Yen		U.S. dollars
	2010	2009	**2010**
Net assets	**¥525.58**	¥467.90	**$5.65**
Net income:			
Basic	**43.90**	67.23	**0.47**
Cash dividends applicable to the year	**10.00**	10.00	**0.11**

The amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the year end. Basic net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share has not been presented because there were no potentially dilutive shares at March 31, 2010 and 2009.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years.

18 Segment Information

(a) Business segments

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of sporting goods in Japan and overseas. As most of the consolidated net sales were related to sports and leisure-related products, the disclosure of business segment information has been omitted.

(b) Geographical segments

The domestic and overseas operations of the Group for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen						
	2010						
	Japan	America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	**¥ 97,002**	**¥53,036**	**¥55,388**	**¥18,969**	**¥224,395**	**¥ —**	**¥224,395**
Intersegment	**9,837**	**3**	**1**	**861**	**10,702**	**(10,702)**	**—**
Net sales	**106,839**	**53,039**	**55,389**	**19,830**	**235,097**	**(10,702)**	**224,395**
Operating expenses	**102,166**	**49,952**	**47,472**	**17,892**	**217,482**	**(10,669)**	**206,813**
Operating income	**¥ 4,673**	**¥ 3,087**	**¥ 7,917**	**¥ 1,938**	**¥ 17,615**	**¥ (33)**	**¥ 17,582**
Total assets	**¥105,542**	**¥24,329**	**¥42,702**	**¥15,703**	**¥188,276**	**¥ (3,502)**	**¥184,774**

	Millions of yen						
	2009						
	Japan	America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	¥102,731	¥52,939	¥63,908	¥22,366	¥241,944	¥ —	¥241,944
Intersegment	8,747	5	—	752	9,504	(9,504)	—
Net sales	111,478	52,944	63,908	23,118	251,448	(9,504)	241,944
Operating expenses	104,721	49,688	54,191	20,196	228,796	(9,480)	219,316
Operating income	¥ 6,757	¥ 3,256	¥ 9,717	¥ 2,922	¥ 22,652	¥ (24)	¥ 22,628
Total assets	¥104,582	¥23,682	¥35,629	¥13,850	¥177,743	¥(2,821)	¥174,922

	Thousands of U.S. dollars						
	2010						
	Japan	America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	**$1,043,032**	**$570,280**	**$595,570**	**$203,967**	**$2,412,849**	**$ —**	**$2,412,849**
Intersegment	**105,774**	**32**	**11**	**9,258**	**115,075**	**(115,075)**	**—**
Net sales	**1,148,806**	**570,312**	**595,581**	**213,225**	**2,527,924**	**(115,075)**	**2,412,849**
Operating expenses	**1,098,559**	**537,118**	**510,452**	**192,386**	**2,338,515**	**(114,720)**	**2,223,795**
Operating income	**$ 50,247**	**$ 33,194**	**$ 85,129**	**$ 20,839**	**$ 189,409**	**$ (355)**	**$ 189,054**
Total assets	**$1,134,860**	**$261,602**	**$459,161**	**$168,850**	**$2,024,473**	**$ (37,656)**	**$1,986,817**

(c) Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries, for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Overseas sales:			
America	**¥ 53,036**	¥ 52,941	**$ 570,280**
Europe	**54,841**	63,308	**589,688**
Other areas	**23,226**	27,128	**249,742**
Total	**¥131,103**	¥143,377	**$1,409,710**
Consolidated net sales	**¥224,395**	¥241,944	**$2,412,849**
Overseas sales as a percentage of consolidated net sales:			
America	**23.6%**	21.9%	
Europe	**24.4**	26.2	
Other areas	**10.4**	11.2	
Total	**58.4%**	59.3%	

19 Subsequent Event

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved at a meeting of the shareholders of the Company held on June 18, 2010:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥10.00=U.S.$0.11 per share)	**¥1,896**	**$20,387**

Report of Independent Auditors

The Board of Directors
ASICS Corporation

We have audited the accompanying consolidated balance sheets of ASICS Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ASICS Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

Osaka, Japan
June 18, 2010

Corporate Information
(As of March 31, 2010)

Corporate Data

Corporate Name:	ASICS Corporation
Founded:	September 1, 1949
Paid-in Capital:	¥23,972 million
Principal Business:	Manufacture and sales of sports and leisure goods
Head Office:	1-1, Minatojima-Nakamachi 7-chome, Chuo-ku, Kobe 650-8555, Japan Tel: +81-78-303-2231 Fax: +81-78-303-2241
Number of Employees:	5,357 (consolidated basis)

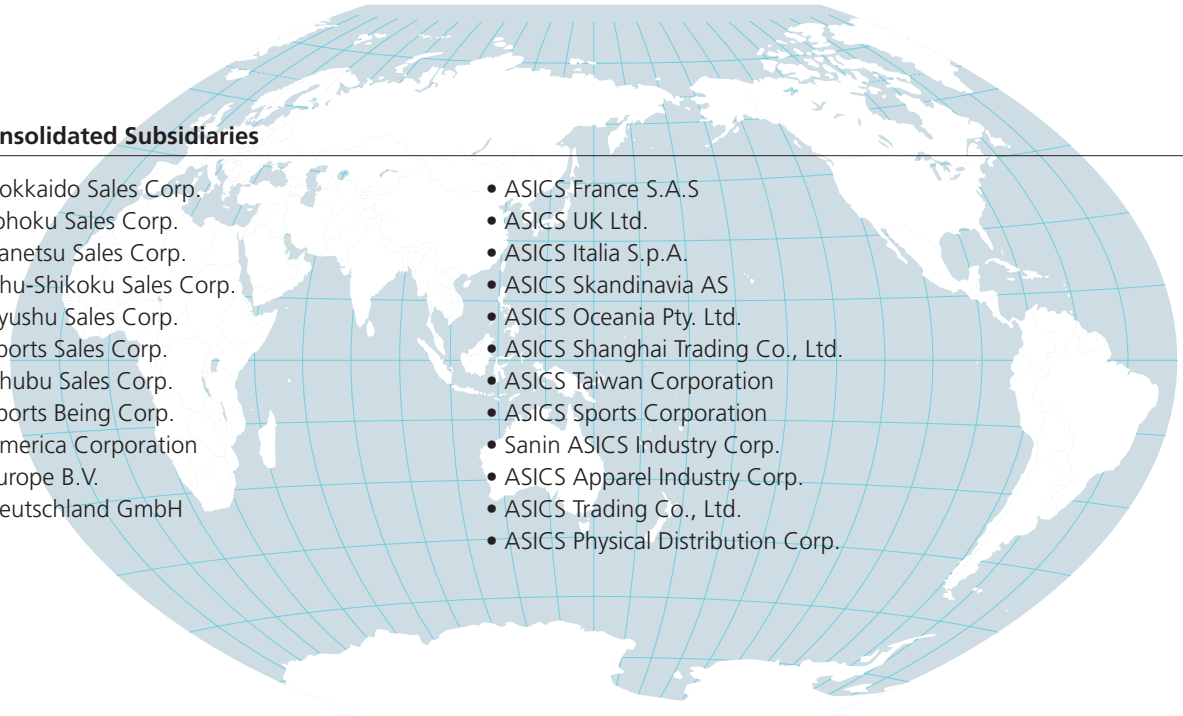
Branch Offices (As of April 1, 2010)

TOKYO OFFICE
10-11, Kinshi 4-chome, Sumida-ku,
Tokyo 130-8585, Japan
Tel: +81-3-3624-2240

KANSAI OFFICE
3-28, Shioe 1-chome, Amagasaki-shi,
Hyogo 661-8577, Japan
Tel: +81-6-6496-5111

Board of Directors and Corporate Auditors (As of June 18, 2010)

Chairman and Representative Director:	Kiyomi Wada
President and Representative Director:	Motoi Oyama
Directors and Managing Executive Officers:	Yuichiro Shimizu Toshiro Ikezaki
Directors and Executive Officers:	Nobuo Oda Yoshio Chihara Kazuhito Matsuo Toshiyuki Sano
Executive Officers:	Arata Ikeda Tadashi Inoue Katsumi Kato Kousuke Hashimoto Yoshiaki Hase Koji Hieda Masao Hijikata Hiroshi Hiramoto Hiroshi Watanabe
Standing Corporate Auditors:	Tetsuo Kurosaki Shuichi Nishino
External Standing Corporate Auditor:	Hideaki Tanaka
External Corporate Auditors:	Kazunori Yamagami Hideaki Mihara



Major Consolidated Subsidiaries

- ASICS Hokkaido Sales Corp.
- ASICS Tohoku Sales Corp.
- ASICS Kanetsu Sales Corp.
- ASICS Chu-Shikoku Sales Corp.
- ASICS Kyushu Sales Corp.
- ASICS Sports Sales Corp.
- ASICS Chubu Sales Corp.
- ASICS Sports Being Corp.
- ASICS America Corporation
- ASICS Europe B.V.
- ASICS Deutschland GmbH
- ASICS France S.A.S
- ASICS UK Ltd.
- ASICS Italia S.p.A.
- ASICS Skandinavia AS
- ASICS Oceania Pty. Ltd.
- ASICS Shanghai Trading Co., Ltd.
- ASICS Taiwan Corporation
- ASICS Sports Corporation
- Sanin ASICS Industry Corp.
- ASICS Apparel Industry Corp.
- ASICS Trading Co., Ltd.
- ASICS Physical Distribution Corp.

Shareholder Information

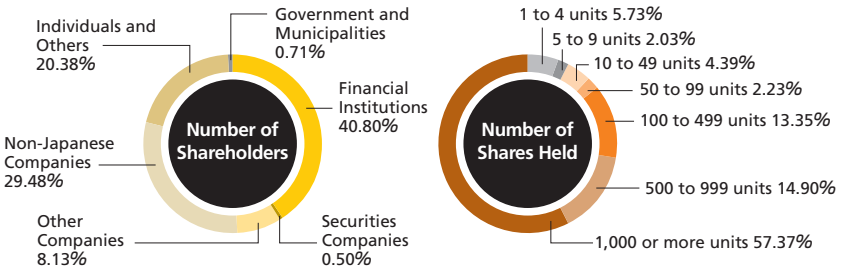
Common Stock:	Authorized—	790,000,000 shares
	Issued—	199,962,991 shares (including treasury stock of 10,331,996 shares)
Number of Shareholders:		12,921

Principal Shareholders:

Name	Shareholdings (Thousands)	Ownership* (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	10,656	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,521	5.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,858	4.1
Sumitomo Mitsui Banking Corporation	6,607	3.5
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,471	3.4
Nippon Life Insurance Company	6,309	3.3
Mizuho Corporate Bank, Ltd.	5,068	2.7
The Minato Bank, Ltd.	4,208	2.2
State Street Bank and Trust Company	3,346	1.8
SAJAP	2,967	1.6

*Ownership ratios were calculated by deducting shares of treasury stock.

Breakdown of Shareholders:



ASICS Corporation
HEAD OFFICE
1-1, Minatojima-Nakamachi 7-chome,
Chuo-ku, Kobe 650-8555, Japan
http://www.asics.com/