©TOKYO MARATHON

Annual Report 2008

Year Ended March 31, 2008

ASICS Corporation

ASICS Highlights – A Year of Formidable Initiatives

2007

April

- Opened a directly managed store for health-conscious consumers in Namba Parks, Osaka

June

- Launched spiked soccer shoes developed for speed

LETHAL TIGREOR LE

- Obtained the Next-Generation Certification Mark "Kurumin" from the Ministry of Health, Labour and Welfare

August

- Launched autumn / winter Inner Muscle Functional Sportswear products

September

- Onitsuka Tiger launched jeans with an embroidery of a tiger, in collaboration with a Japanese jeans manufacturer, Edwin

Jeans produced in collaboration between Edwin and Onitsuka Tiger

October

- Opened an Onitsuka Tiger concept shop in Hong Kong

Onitsuka Tiger Hong Kong

November

- Established a sales subsidiary in the Republic of Korea
- Established a sales subsidiary in Poland
- Won the top prize for the 50th annual Japan Magazine Ad Award
- Introduced official products embroidered with the Tokyo Marathon 2008 logo

Official goods for the Tokyo Marathon 2008

December

- Onitsuka Tiger launched shoes in collaboration with the MINI brand of the BMW Group

2008

January

- Became the official supplier of sportswear and bags for the athletes representing Japan at the Beijing Olympic 2008
- Supported the Standard Chartered Mumbai Marathon 2008 as an official sports goods partner of the event

Standard Chartered Mumbai Marathon 2008

February

- Launched kids shoes GD.WALKERMINI–SL, suited for both formal situations and daily walking to school or to preschool

GD.WALKERMINI–SL

- Supported the Tokyo Marathon 2008 as an official sponsor of the event

March

- Opened a shop specializing in running goods in Umeda, Osaka
- Completed development of training shoes for use in space stations (see page 7 for details)

Contents

Six-Year Summary

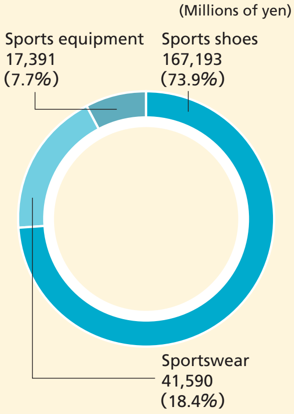
ASICS Corporation and Consolidated Subsidiaries
Years ended March 31

(Millions of yen)

	2003	2004	2005	2006	2007	**2008**
For the year:						
Net sales	¥135,640	¥140,498	¥146,679	¥171,036	¥194,515	**¥226,174**
Sports shoes	74,263	80,199	89,168	112,742	135,248	**167,193**
Sportswear	42,682	42,565	41,278	41,199	42,672	**41,590**
Sports equipment	18,695	17,734	16,233	17,095	16,595	**17,391**
Cost of sales	86,394	87,462	88,244	98,578	110,051	**127,133**
Selling, general and administrative expenses	43,858	45,626	48,540	56,014	64,216	**75,647**
Operating income	5,388	7,410	9,895	16,444	20,248	**23,394**
Income before income taxes and minority interests	6,197	6,743	10,753	17,367	23,998	**21,671**
Net income	5,169	4,622	7,006	13,807	13,878	**13,095**
At year-end:						
Total net assets	¥ 49,917	¥ 54,439	¥ 58,450	¥ 74,899	¥ 93,165	**¥110,141**
Total assets	113,062	118,339	122,588	140,615	154,959	**186,065**
Per share of common stock (in yen):						
Net income	¥ 24.10	¥ 21.80	¥ 34.39	¥ 69.02	¥ 69.72	**¥ 65.82**
Cash dividends	2.00	2.50	3.50	6.00	8.00	**10.00**
Total net assets	233.50	261.83	293.17	375.79	450.78	**500.83**
Ratios:						
Operating income ratio (%)	4.0	5.3	6.7	9.6	10.4	**10.3**
Return on assets (ROA) (%)	4.5	4.0	5.8	10.5	9.4	**7.7**
Shareholders' equity ratio (%)	44.2	46.0	47.7	53.3	57.9	**53.5**

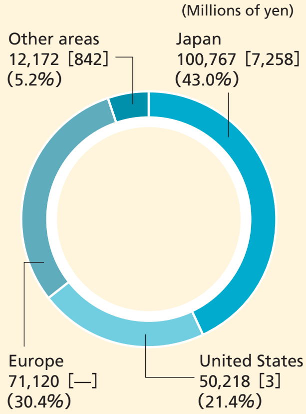
Net Sales by Product

(Millions of yen)



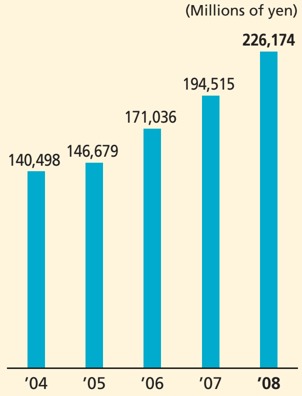
Net Sales by Geographic Area

(Millions of yen)



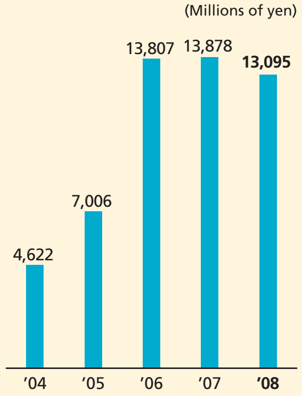
Net Sales

(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.

ASICS has made concentrated efforts at all levels to achieve the goals of the ASICS Challenge Plan (ACP), our medium-term management plan, based on a new management structure we inaugurated in April 2008.

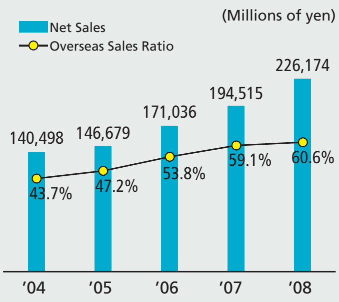
Greetings to all of our shareholders. We would like to express our warmest gratitude toward your continuous support.

The operating environment has become increasingly challenging for ASICS as surging crude oil prices, concerns about an economic slowdown in the United States because of the subprime loan problem, and other difficulties created an uncertain business outlook. Against these difficult backdrops the ASICS Group is promoting growth and development of global operations under the guidance of ACP in order to attain the Group's goal of becoming "the World's No. 1 Creator of Sports-, Health- and Comfort-Oriented Lifestyles." In fiscal 2008 (April 1, 2007 to March 31, 2008), consolidated net sales continued climbing and reached ¥226.2 billion. Operating income increased to ¥23.4 billion, yet net income declined to ¥13.1 billion, owing partially to an exchange loss. Our overseas business continued to drive growth, as was the case in the preceding fiscal year. One of the notable positive developments in this fiscal year was signs of recovery in domestic business, which had been stagnant for some time. This gives a positive outlook on our future business.

On April 1, 2008, Kiyomi Wada, who was serving as a President, assumed the office of a Chairman and Representative Director, and Motoi Oyama, a former Managing Director, assumed the office of a President and Representative Director. Motoi Oyama brings considerable experience and expertise to his new role from his positions as a top manager at the European subsidiary and his leadership in marketing, as well as his extensive networking overseas. Based on the new management structure, the ASICS Group is now poised to quickly implement change for further expanding its global business in tandem with the ACP strategies enacted throughout the Group.

We thank our shareholders for your continuous assistance and understanding and wish you success and prosperity in all your endeavors.

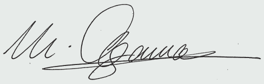
Net Sales



● Consolidated net sales ¥226.2 billion (+16.3%)
● Overseas sales ratio 60.6% (+1.5 percentage point)
● Operating income ¥23.4 billion (+15.5%)
● ROE 13.8% (–3.1 percentage points)

Kiyomi Wada
Chairman and Representative Director

Motoi Oyama
President and Representative Director



Motoi Oyama
President and Representative Director

Profile

Motoi Oyama
President and Representative Director

1951 Born in Ishikawa Prefecture, later graduated from the Commercial Science section of Osaka City University.

1982 Began working at ASICS

2004 Became Executive Manager of Marketing and Representative Director and President of ASICS Europe B.V.

2004 Became ASICS Company Director

2006 Became ASICS Managing Director

2008 Assumed the office of ASICS President and Representative Director in April

Q Tell us about the progress that has been made under ACP so far.

Fiscal 2008 marked the second year of ACP. Operating income has remained solid at the consolidated level. Overseas businesses now account for around 60% of the Group's sales. Sales have been rising in double figures in the United States, where we are focused on developing businesses centered on the running field. Sales and profits have been climbing in Europe as well, where we have attained high market share founded on two key brands, ASICS and Onitsuka Tiger, a brand which specializes in the sports lifestyle field.

In addition, Asia holds considerable growth prospects for the future. We opened an Onitsuka Tiger concept shop in Hong Kong in October 2007 and established the Asia-Pacific Division on April 1, 2008 to control all operations in the region. As such, we have created a fourth pillar for global expansion in the Asia-Pacific region to accompany the Americas, Europe, and Japan.

The domestic market has been sluggish for some time. Here, ASICS focused resources on strategic advertising expenditures in the first half of fiscal 2008. We turned sales around and forged growth, particularly in the running and soccer areas, by reorganizing our sales network and offering customers total retail packages, which match shoes with apparel. For fiscal 2011 (April 1, 2010 to March 31, 2011), ACP targets consolidated net sales of ¥300 billion, including ¥200 billion overseas and ¥100 billion in Japan. I am convinced that we have made significant progress toward reaching these goals in fiscal 2008.

Q What are your future overseas and domestic business strategies?

First, in the Americas, we will continue working to make further inroads in the running area and to increase sales of sports lifestyle goods that are tailored to local needs and local culture. Consolidated operations began in Brazil in 2007 and have registered impressive sales in their first fiscal year. We aim to increase growth by penetrating further into that market.

In Europe, competition is intense, and maintaining the brisk growth seen so far may prove challenging. That said, we are setting our sights on diversified expansion

GEL-NIMBUS 9, awarded the Shoe of the Year award by Runners World 2007.

DS LIGHT TECNICO, designed to facilitate smooth movement of the foot.

Cap

Spring Cross Top

Anti-pollen sports wear

Spring Cross Pants

across the whole of Europe without depending on particular countries or parts of the region. We established a sales subsidiary in Poland in November 2007 and intend to focus resources on the Eastern European and Russian markets, which hold promise for growth in the future.

We have positioned Asia as the principal growth driver. ASICS Sports Corporation, a South Korean sales subsidiary, started its operations in January 2008. The subsidiary's planning and development and production capabilities will be put to use for apparel lines throughout Asia as part of initiatives for strengthening competitiveness in the Asia-Pacific region.

In the Japanese domestic market, we aim to make running more widespread and to develop our brand image by actively proposing running lifestyles to our customers, such as earnestly strengthening the kids and junior markets, developing corner displays in stores, which combine shoes with apparel, and opening the second running speciality store in Osaka in March 2008 after ASICS STORE TOKYO.

Also, ASICS Trading Co., Ltd. and its subsidiaries became consolidated subsidiaries of ASICS in the fiscal year with the aim of generating synergies in the Group, further enhancing marketing efficiency, and strengthening merchandising capabilities by separating the roles of our products.

You have been promoting unified visuals in your worldwide advertising and promotion since January 2008. Why is that?

We had used separate visuals for advertising in different countries until recently, which made us unable to create a unified brand image for ASICS.

In Japan, one of our problems has been insufficient brand awareness, especially with young consumers. However, as our brand image has been enhanced after the Tokyo Marathon 2007, where we succeeded as the official sponsor, we decided to launch brand advertisements using globally unified visuals because we saw this opportunity as the best timing to directly communicate with our consumers, and to raise the appeal of the ASICS brand.

Although our brand image is globally unified, consumers' characteristics and our main products differ by countries and regions. Therefore, we place priority on unifying our brand image for advertisements and product developments first, as we take into account particular traits and preferences of people of each country and region when introducing sales and campaigns.

Q Finally, what message would you like to convey to ASICS shareholders?

We are promoting aggressive strategies in our four key regions—the Americas, Europe, Japan and the Asia-Pacific region—in order to achieve the goals of ACP. The source of our strength has always been the passion we show for product development and manufacturing. ASICS founder Kihachiro Onitsuka used to say that the Company should continue counting principally on product development capabilities based on scientific analysis and reasoning, rather than on the masterly works of the craftsman in one generation. The Chairman and I have inherited this concept. We are determined to take full advantage of the intellectual property and engineering assets accumulated at the ASICS Research Institute of Sports Science to build decisive product advantages over our competitors. Moreover, in order to take large steps toward becoming a global company both in name and reality, we will actively work on development of human resources such as training overseas management executives in Japan, in addition to reconsidering the evaluation system of our employees.

The R55, the product of a collaboration between Onitsuka Tiger and BMW Group's MINI. (Onitsuka Tiger)

SECK MT, a stylish, slim leather sneaker. (Onitsuka Tiger)

TRACK TOP, designed with Swarovski's crystal stone and tiger motif. (Onitsuka Tiger)

***Sportività* means sportsmanship in Italian. It is a combination of the words "sports" and "*vità*", or life. The special feature of our annual report this year underscores our affection and feelings for sports and the emotions and passions they convey.**

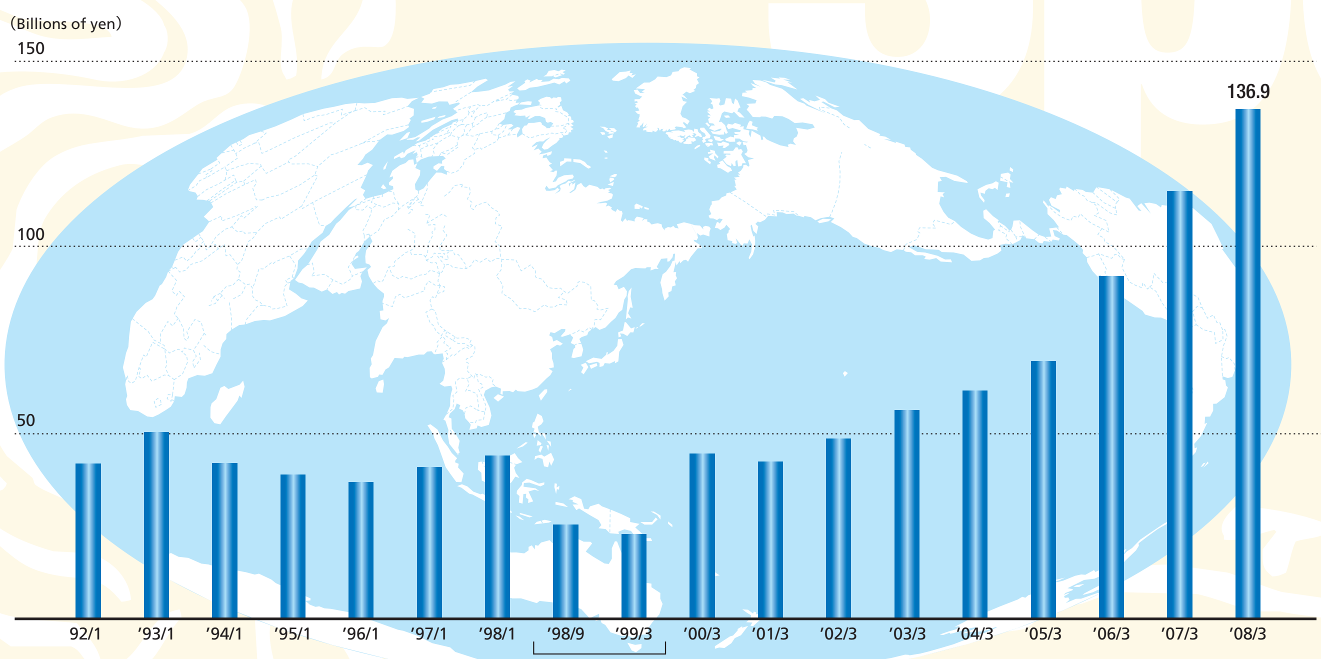
ASICS Expanding Overseas

The ASICS Group is promoting interest in sports to individuals around the world. The Group is actively developing and expanding overseas bases worldwide, and overseas net sales grew to account for 60% of total consolidated net sales by the end of March 2008.

In Europe, due to the development of two key brands—ASICS and Onitsuka Tiger—our products have been praised for their high quality and impressive performance features. In North America, runners in the popular ING New York City Marathon and in other leading running competitions wear our shoes. In the Asia-Pacific region, interest in sports is on the rise as the economy grows rapidly and people's leisure time increases. The ASICS Group is building a more formidable presence in all of these regions.

As the Group expands its global reach, it is working to further increase corporate value by formulating companywide strategies from its headquarters in Japan and enacting core policies that are implemented by each overseas base.

Sales in Overseas Market



*Because of a change in the Company's fiscal year-end, the fiscal term ended in September 1998 covered eight months and 10 days, and the fiscal term ended in March 1999 covered six months.

Topics

Developing A Unified, Consistent Brand Image Worldwide

Since 2008, we have been promoting globally unified brand advertisements for the ASICS brand which use the “sound mind, sound body” slogan in all our advertisements. Also, the globally renowned photographer Jill Greenberg and music video director Joseph Kahn are in charge of visuals.

Training Shoes for Space Station

In March 2008, ASICS completed the development of special training shoes for astronauts on long-term missions in space stations. Development began in 2005 through the Space Open Lab research program in conjunction with the Japan Aerospace Exploration Agency (JAXA), an independent publicly funded agency. The shoes have various special technological features. For example, they are built with toe splits for easy surface grip in zero gravity. Unlike normal running shoes, they are built with thick toe sections and thin heels so that the sole of the shoe can increase load effectively when running. Also, the shoelaces can be tied with one hand even in an unstable posture.

Awarded Silver Prize for Product Safety Policies by Ministry of Economy, Trade and Industry

In November 2007, ASICS was awarded the Silver Prize in the Major Manufacturers and Importers Division by the Ministry of Economy, Trade and Industry. The company was recognized for its superior policies for promoting product safety. The ministry cited ASICS as a manufacturer making especially diligent efforts to instill product safety in its corporate culture. The award acknowledges the Company for its work in raising awareness of product safety by holding meetings to display product defects and highlight quality data for all employees. It also highly appreciates the Institute of Sports Science for its stringent analysis and investigations into policies for preventing product defects in the future.

Logo for companies that have made a strong commitment to product safety

Overview

During fiscal 2008, ended March 31, 2008, the Japanese economy treaded evenly, as personal consumption stayed firm, but adverse factors such as falling housing investments and the surging cost of energy and raw materials hampered growth. The global economy generally remained on a recovery course despite growing uncertainties, including sharply higher crude oil prices and volatility in the international finance markets.

The sporting goods industry was generally steady, as rising health consciousness spurred growing interest in walking activities and fitness.

Under these conditions, the ASICS Group launched GEL-NIMBUS 9, GEL-KINSEI 2, and other high-performance running shoes in markets worldwide, and worked to expand its lineup of products for women in order continue strengthening and expanding global operations in the running business.

For marketing activities, ASICS was an official sponsor of the ING New York City Marathon, the Tokyo Marathon 2008, the Gold Coast Airport Marathon, the Conergy Marathon Hamburg 2008, the Standard Chartered Mumbai Marathon, and other leading international marathon events in various countries. In this capacity, we provided information and services to participating runners and worked to build a unified brand image for ASICS by using our "sound mind, sound body" corporate slogan, and by other means.

The Company made diligent efforts to strengthen and streamline its sales network. For example, we established new sales subsidiaries overseas in South Korea and Poland, and in the North Kanto and Chugoku-Shikoku regions of Japan. In addition, ASICS Trading Co., Ltd. and its subsidiaries, which were formally affiliates, were converted into consolidated subsidiaries on September 21, 2007, with the aims of enhancing marketing efficiency, strengthening merchandising capabilities by separating the roles of our products, and increasing productivity.

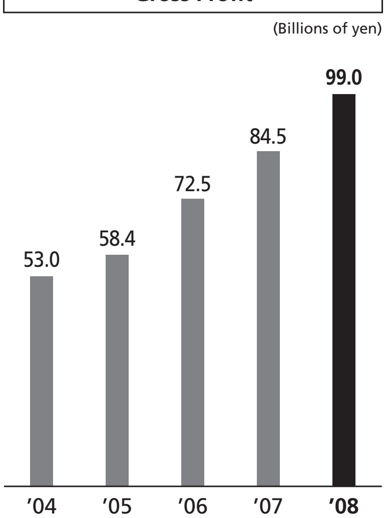
Performance Analysis

In the fiscal year under review, consolidated net sales increased 16.3% year on year to ¥226,174 million. Domestic sales rose 12.2% to ¥89,184 million, underpinned by the consolidation of ASICS Trading and its subsidiaries and by strong revenues from running shoes. Overseas sales were up 19.1% to ¥136,990 million, as lackluster sales of sportswear were offset by the continuing brisk sales of running shoes and sportstyle shoes.

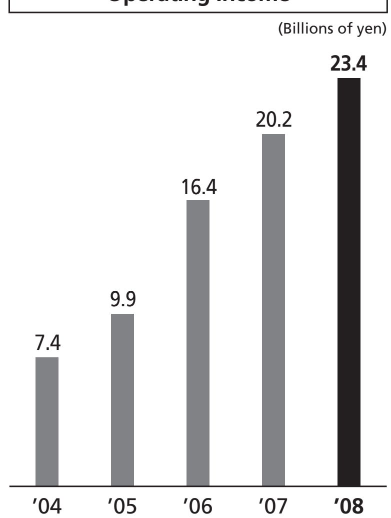
By product, sales of running shoes and sportstyle shoes remained healthy in overseas markets. In Japan, the consolidation of ASICS Trading and its subsidiaries helped lift sales, and running shoes sold well. This translated into favorable sales of sports shoes, which were up 23.6% year on year to ¥167,193 million. Sportswear sales fell 2.5% to ¥41,590 million, as sales of sportstyle wear were poor overseas. As for sports equipment, baseball gear and other products sold well in Japan, leading to a 4.8% increase in sales to ¥17,391 million.

Gross profit climbed 17.3% to ¥99,041 million. Growth was mainly attributable to an increase in net sales, particularly

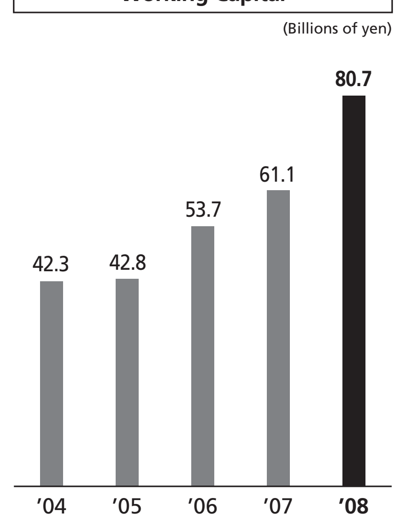
Gross Profit



Operating Income



Working Capital



of running shoes and sportstyle shoes overseas, and an improvement in the cost of sales ratio. In turn, the gross profit margin rose 0.3 percentage point, to 43.7%.

Selling, general and administrative expenses climbed 17.8% to ¥75,647 million. The increase mainly reflected rising advertising and publicity costs, which prompted a 20.2% rise in total business expenditures, to ¥47,359 million. As a result, operating income increased 15.5% to ¥23,394 million.

Net other expenses were ¥1,723 million compared with ¥3,750 million income in the previous fiscal year. The downturn was largely due to a sharp decline in gain on the sales of tangible assets, which was only ¥1 million, down substantially from ¥1,716 million a year earlier and an exchange loss of ¥3,375 million. Consequently, net income declined 5.6% to ¥13,095 million.

Financial Conditions

At the end of the fiscal year under review, total assets increased 20.1% from the previous fiscal year to ¥186,065 million. Total liabilities were up 22.9% to ¥75,924 million, and total net assets rose 18.2% to ¥110,141 million. Increases both in assets and liabilities were mainly attributable to the conversion of ASICS Trading and its subsidiaries from affiliates to consolidated subsidiaries.

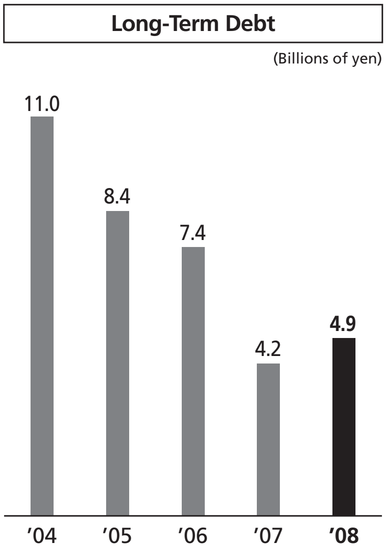
Cash Flows

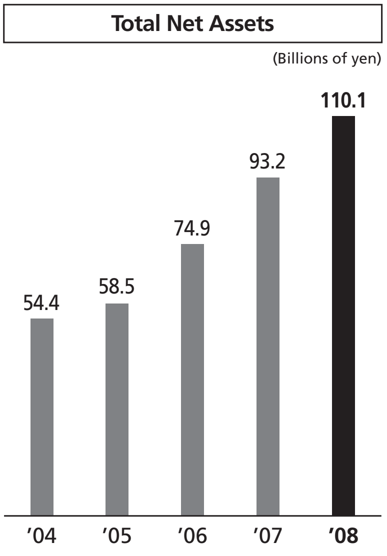
Net cash provided by operating activities amounted to ¥9,894 million, a decrease of ¥3,712 million from the previous fiscal year. Net cash inflow consisted mainly of proceeds totaling ¥21,671 million from income before income taxes and minority interests, and ¥2,661 million from depreciation and amortization. Net cash outflow consisted principally of increases in notes and accounts receivable of ¥2,461 million, and in inventories of ¥1,876 million, and income tax paid totaling ¥13,506 million.

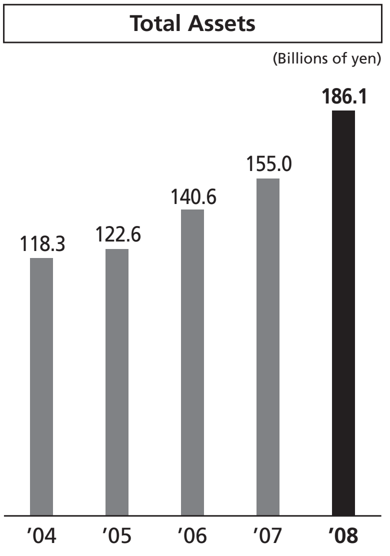
Net cash used in investing activities declined ¥4,133 million from the previous fiscal year to ¥1,610 million. Net cash inflow consisted principally of ¥1,417 million in proceeds from time deposits withdrawn and ¥1,098 million from the proceeds from purchase of investment in a subsidiary resulting in change in scope of consolidation. This income consisted of leftover cash and cash equivalents at the end of the interim period minus payments for acquiring shares in subsidiaries. Net cash outflow mainly comprised ¥1,801 million for purchases of property, plant and equipment and ¥2,065 million for purchases of investments in securities.

Net cash provided by financing activities amounted to ¥530 million, compared with ¥10,424 million used in the previous fiscal year. Net cash inflow consisted mainly of net increase in short-term bank loans of ¥4,509 million and proceeds from long-term loans of ¥2,200 million. Net cash outflow were ¥3,200 million for repayment of bonds and ¥1,586 million for cash dividends paid to the Company's shareholders.

As a result, cash and cash equivalents at end of year increased ¥9,311 million from the previous fiscal year to ¥19,507 million.







Consolidated Balance Sheets

ASICS Corporation and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2008**	2007	**2008**
Current assets:			
Cash and cash deposits (Note 13)	**¥ 20,539**	¥ 10,933	**$ 205,390**
Short-term investments (Notes 4 and 13)	**1,359**	1,197	**13,590**
Notes and accounts receivable:			
Trade	**63,031**	55,236	**630,310**
Less allowance for doubtful receivables	**(3,069)**	(2,738)	**(30,690)**
Inventories (Note 5)	**47,445**	35,795	**474,450**
Deferred income taxes (Note 14)	**4,392**	3,172	**43,920**
Other current assets	**7,169**	6,347	**71,690**
Total current assets	**140,866**	109,942	**1,408,660**
Property, plant and equipment:			
Land (Notes 9 and 15)	**7,297**	5,825	**72,970**
Buildings and structures (Note 9)	**28,050**	23,651	**280,500**
Machinery, equipment and vehicles	**6,217**	5,444	**62,170**
Tools, furniture and fixtures	**7,174**	6,753	**71,740**
Construction in progress	**230**	—	**2,300**
Less accumulated depreciation	**(28,476)**	(24,394)	**(284,760)**
Property, plant and equipment, net	**20,492**	17,279	**204,920**
Intangible assets	**3,776**	2,631	**37,760**
Investments and other assets:			
Investments in securities:			
Unconsolidated subsidiaries and affiliates	**85**	5,401	**850**
Other (Note 4)	**10,733**	10,931	**107,330**
Long-term loans receivable	**692**	830	**6,920**
Deferred income taxes (Note 14)	**1,003**	435	**10,030**
Other assets	**8,979**	8,057	**89,790**
Less allowance for doubtful receivables	**(561)**	(547)	**(5,610)**
Total investments and other assets	**20,931**	25,107	**209,310**
Total assets	**¥186,065**	¥154,959	**$1,860,650**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 1) 2008
Current liabilities:			
Short-term bank loans (Note 6)	**¥ 10,221**	¥ 5,901	**$ 102,210**
Current portion of long-term debt (Notes 6 and 9)	**1,412**	4,151	**14,120**
Notes and accounts payable:			
Trade	**22,272**	20,389	**222,720**
Construction	**11**	95	**110**
Accrued income taxes (Note 14)	**1,335**	5,662	**13,350**
Accrued expenses	**11,578**	8,272	**115,780**
Deferred income taxes (Note 14)	**986**	—	**9,860**
Other current liabilities (Note 3)	**12,344**	4,417	**123,440**
Total current liabilities	**60,159**	48,887	**601,590**
Long-term liabilities:			
Long-term debt (Notes 6 and 9)	**4,931**	4,174	**49,310**
Accrued retirement benefits for employees (Note 7)	**7,140**	6,619	**71,400**
Accrued retirement benefits for directors and corporate auditors (Note 3)	**—**	512	**—**
Deferred income taxes (Note 14)	**329**	764	**3,290**
Other long-term liabilities (Note 3)	**3,365**	838	**33,650**
Total long-term liabilities	**15,765**	12,907	**157,650**
Net assets:			
Shareholders' equity (Note 12):			
Common stock:			
Authorized shares—790,000,000 shares at March 31, 2008 and 2007			
Issued shares —199,962,991 shares at March 31, 2008 and 2007	**23,972**	23,972	**239,720**
Capital surplus	**17,182**	17,182	**171,820**
Retained earnings (Note 18)	**54,214**	43,459	**542,140**
Less treasury stock, at cost			
(1,050,085 shares at March 31, 2008 and 952,276 shares at March 31, 2007)	**(704)**	(551)	**(7,040)**
Total shareholders' equity	**94,664**	84,062	**946,640**
Valuation and translation adjustments:			
Unrealized holding gain on securities (Note 4)	**1,958**	3,692	**19,580**
Unrealized deferred (loss) gain on hedges	**(689)**	184	**(6,890)**
Land revaluation reserve (Note 15)	**—**	(747)	**—**
Translation adjustments	**3,688**	2,519	**36,880**
Total valuation and translation adjustments	**4,957**	5,648	**49,570**
Minority interests	**10,520**	3,455	**105,200**
Total net assets	**110,141**	93,165	**1,101,410**
Total liabilities and net assets	**¥186,065**	¥154,959	**$1,860,650**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Net sales	**¥226,174**	¥194,515	**$2,261,740**
Cost of sales (Note 11)	**127,133**	110,051	**1,271,330**
Gross profit	**99,041**	84,464	**990,410**
Selling, general and administrative expenses (Note 11)	**75,647**	64,216	**756,470**
Operating income	**23,394**	20,248	**233,940**
Other income (expenses):			
Interest income	**1,206**	699	**12,060**
Dividend income	**522**	309	**5,220**
Equity in earnings of an affiliate	**259**	333	**2,590**
Interest expense	**(696)**	(475)	**(6,960)**
Exchange (loss) gain	**(3,375)**	819	**(33,750)**
Gain on sales of tangible assets	**1**	1,716	**10**
Gain on sales of investments in subsidiaries and affiliates	**905**	—	**9,050**
Gain on sales of investments in securities (Note 4)	**79**	1	**790**
Settlement cost on litigation	**(461)**	—	**(4,610)**
Other, net	**(163)**	348	**(1,630)**
	(1,723)	3,750	**(17,230)**
Income before income taxes and minority interests	**21,671**	23,998	**216,710**
Income taxes (Note 14):			
Current	**7,598**	9,273	**75,980**
Deferred	**362**	81	**3,620**
	7,960	9,354	**79,600**
Income before minority interests	**13,711**	14,644	**137,110**
Minority interests	**616**	766	**6,160**
Net income	**¥ 13,095**	¥ 13,878	**$ 130,950**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

		Millions of yen									
	Number of issued shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on securities	Unrealized deferred gain (loss) on hedges	Land revaluation reserve	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006 ...	199,962,991	¥ 23,972	¥ 17,182	¥ 30,704	¥ (354)	¥ 4,272	¥ —	¥ (747)	¥ (130)	¥ —	¥ 74,899
Reclassified balance at March 31, 2006	—	—	—	—	—	—	—	—	—	2,835	2,835
Dividends	—	—	—	(1,195)	—	—	—	—	—	—	(1,195)
Bonuses to directors and corporate auditors	—	—	—	(53)	—	—	—	—	—	—	(53)
Net change arising from initial consolidation of subsidiaries ...	—	—	—	125	—	—	—	—	—	—	125
Net income	—	—	—	13,878	—	—	—	—	—	—	13,878
Net change in treasury stock.......	—	—	—	—	(197)	—	—	—	—	—	(197)
Other changes...........................	—	—	—	—	—	(580)	184	—	2,649	620	2,873
Balance at March 31, 2007 ...	199,962,991	23,972	17,182	43,459	(551)	3,692	184	(747)	2,519	3,455	93,165
Dividends	**—**	**—**	**—**	**(1,593)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,593)**
Reversal of land revaluation reserve	**—**	**—**	**—**	**(747)**	**—**	**—**	**—**	**747**	**—**	**—**	**—**
Net income	**—**	**—**	**—**	**13,095**	**—**	**—**	**—**	**—**	**—**	**—**	**13,095**
Net change in treasury stock......	**—**	**—**	**—**	**—**	**(153)**	**—**	**—**	**—**	**—**	**—**	**(153)**
Other changes.......................	**—**	**—**	**—**	**—**	**—**	**(1,734)**	**(873)**	**—**	**1,169**	**7,065**	**5,627**
Balance at March 31, 2008 ...	**199,962,991**	**¥23,972**	**¥17,182**	**¥54,214**	**¥(704)**	**¥1,958**	**¥(689)**	**¥ —**	**¥3,688**	**¥10,520**	**¥110,141**

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on securities	Unrealized deferred gain (loss) on hedges	Land revaluation reserve	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	$ 239,720	$ 171,820	$ 434,590	$ (5,510)	$ 36,920	$ 1,840	$(7,470)	$ 25,190	$ 34,550	$ 931,650
Dividends	**—**	**—**	**(15,930)**	**—**	**—**	**—**	**—**	**—**	**—**	**(15,930)**
Reversal of land revaluation reserve....................................	**—**	**—**	**(7,470)**	**—**	**—**	**—**	**7,470**	**—**	**—**	**—**
Net income	**—**	**—**	**130,950**	**—**	**—**	**—**	**—**	**—**	**—**	**130,950**
Net change in treasury stock	**—**	**—**	**—**	**(1,530)**	**—**	**—**	**—**	**—**	**—**	**(1,530)**
Other changes..	**—**	**—**	**—**	**—**	**(17,340)**	**(8,730)**	**—**	**11,690**	**70,650**	**56,270**
Balance at March 31, 2008	**$239,720**	**$171,820**	**$542,140**	**$(7,040)**	**$ 19,580**	**$(6,890)**	**$ —**	**$36,880**	**$105,200**	**$1,101,410**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ASICS Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Operating activities:			
Income before income taxes and minority interests	**¥ 21,671**	¥ 23,998	**$ 216,710**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**2,661**	1,718	**26,610**
Increase in allowance for doubtful receivables	**170**	186	**1,700**
Increase (decrease) in accrued retirement benefits for employees	**307**	(16)	**3,070**
Decrease in accrued retirement benefits for directors and corporate auditors	**—**	(49)	**—**
Loss on devaluation of investment securities	**98**	10	**980**
Gain on sales of investments in securities	**(79)**	(1)	**(790)**
Gain on sales of investments in subsidiaries and affiliates	**(905)**	—	**(9,050)**
Interest and dividend income	**(1,728)**	(1,008)	**(17,280)**
Interest expense	**712**	475	**7,120**
Equity in earnings of an affiliate	**(259)**	(333)	**(2,590)**
Loss on sales or disposal of property, plant and equipment and other	**58**	56	**580**
Gain on sales of tangible assets	**(1)**	(1,716)	**(10)**
Other, net	**2,874**	(813)	**28,740**
Decrease (increase) in operating assets:			
Notes and accounts receivable	**(2,461)**	(3,201)	**(24,610)**
Inventories	**(1,876)**	(2,279)	**(18,760)**
Other operating assets	**78**	(1,245)	**780**
(Decrease) increase in operating liabilities:			
Notes and accounts payable	**(1,057)**	1,118	**(10,570)**
Accrued consumption taxes	**160**	(64)	**1,600**
Other operating liabilities	**1,909**	1,287	**19,090**
Bonuses paid to directors and corporate auditors	**—**	(53)	**—**
Subtotal	**22,332**	18,070	**223,320**
Interest and dividends received	**1,780**	1,108	**17,800**
Interest paid	**(712)**	(483)	**(7,120)**
Income taxes paid	**(13,506)**	(5,089)	**(135,060)**
Net cash provided by operating activities	**9,894**	13,606	**98,940**
Investing activities:			
Purchases of time deposits included in short-term investments	**(300)**	(2,200)	**(3,000)**
Proceeds from time deposits withdrawn	**1,417**	100	**14,170**
Purchases of property, plant and equipment	**(1,801)**	(2,923)	**(18,010)**
Proceeds from sales of property, plant and equipment	**57**	2,178	**570**
Purchases of intangible assets	**(751)**	(1,440)	**(7,510)**
Increase in securities included in short-term investments	**(93)**	(28)	**(930)**
Purchases of investments in securities	**(2,065)**	(637)	**(20,650)**
Proceeds from sales and redemption of investments in securities	**969**	35	**9,690**
Proceeds from sales of investments in subsidiaries and affiliates	**981**	—	**9,810**
Proceeds from purchase of investment in a subsidiary resulting in change in scope of consolidation (Note 13)	**1,098**	—	**10,980**
Payments for transfer of a business (Note 13)	**(822)**	—	**(8,220)**
Net decrease (increase) in short-term loans receivable	**26**	(29)	**260**
Long-term loans receivable made	**(171)**	(81)	**(1,710)**
Collection of long-term loans receivable	**78**	28	**780**
Other, net	**(233)**	(746)	**(2,330)**
Net cash used in investing activities	**(1,610)**	(5,743)	**(16,100)**
Financing activities:			
Net increase (decrease) in short-term bank loans, net	**4,509**	(5,675)	**45,090**
Proceeds from long-term loans	**2,200**	949	**22,000**
Repayment of long-term loans	**(1,019)**	(1,788)	**(10,190)**
Repayment of bonds	**(3,200)**	(2,000)	**(32,000)**
Purchases of treasury stock	**(153)**	(197)	**(1,530)**
Proceeds from stock issuance to minority shareholders	**240**	—	**2,400**
Cash dividends paid to the Company's shareholders	**(1,586)**	(1,196)	**(15,860)**
Cash dividends paid to minority interests	**(461)**	(424)	**(4,610)**
Other, net	**—**	(93)	**—**
Net cash provided by (used in) financing activities	**530**	(10,424)	**5,300**
Effect of exchange rate changes on cash and cash equivalents	**497**	658	**4,970**
Net increase (decrease) in cash and cash equivalents	**9,311**	(1,903)	**93,110**
Cash and cash equivalents at beginning of year	**10,196**	12,055	**101,960**
Increase in cash and cash equivalents arising from initial consolidation of a subsidiary	**—**	44	**—**
Cash and cash equivalents at end of year (Note 13)	**¥ 19,507**	¥ 10,196	**$ 195,070**

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, 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.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for the year ended March 31, 2007 to conform to the 2008 presentation. Such reclassifications had no effect on consolidated net assets and net income.

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 ¥100=U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2008. This translation should not be construed as a representation that the 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 total assets, 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.

ASICS Trading Co., Ltd. was reclassified from an affiliate to a subsidiary of the Company at September 21, 2007 and the Company consolidated it and its two consolidated subsidiaries were also added to the scope of consolidation.

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 corporate bonds classified as other securities are stated at net amortized cost.

(e) Inventories

Inventories are stated principally at cost determined by the first-in, first-out method.

(f) Property, plant and equipment

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 65 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.

(i) Retirement benefits for directors and corporate auditors

At a meeting of the Board of Directors of the Company held on June 23, 2006, the Company approved a resolution for the abolishment of an unfunded retirement benefit plan for directors and corporate auditors. The Company has discontinued any provision for accrued retirement benefits for directors and corporate auditors as of that date and the amount recorded as of March 31, 2007 was for those officers who held their positions before the above resolution was approved.

Consolidated subsidiaries have continued their unfunded retirement benefit plans for directors and corporate auditors and accrued estimated amounts under their respective internal regulations.

(j) Leases

Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(k) Research and development costs and computer software

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.

(l) 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.

(m) 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 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.

(n) Distribution of retained earnings

Under the Corporation Law of Japan, 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 18.

3 Changes in Method of Accounting

Effective the year ended March 31, 2007, the Company adopted an accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. In addition, effective the year ended March 31, 2007, the Company is required to prepare consolidated statements of changes in net assets instead of consolidated statements of shareholders' equity. Under this accounting standard, certain items which were previously presented as assets and liabilities are now presented as components of net assets. Such items include minority interests and deferred gain and loss on hedges.

Effective the year ended March 31, 2007, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005). As a result of the adoption of this accounting standard, operating income and income before income taxes and minority interests decreased by ¥30 million for the year ended March 31, 2007 from the amounts which would had been recorded under the method applied in the previous year.

In accordance with the 2007 revision of the Corporation Tax Law of Japan, effective April 1, 2007, the method of accounting for depreciation of tangible fixed assets acquired on or after April 1, 2007 has been changed to the procedure stipulated in the revised law. As a result, the effect of this change on income for the year ended March 31, 2008 was immaterial.

Depreciation expense for tangible fixed assets acquired before April 1, 2007 is computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value and memorandum value is depreciated from the year following the year in which the book value of an asset reaches 5% of its acquisition cost by the straight-line method over a period 5 years. This change was made based on an amendment to the Corporation Tax Law. The effect of this change on income for the year ended March 31, 2008 was immaterial.

Effective the year ended March 31, 2008, the Company has adopted Auditing and Assurance Practice Committee Report No. 42 (issued by the Japanese Institute of Certified Public Accountants on April 13, 2007). As a result of the adoption of this method of accounting, the Company has reclassified accrued retirement benefits for directors and corporate auditors as of March 31, 2008 and, consequently, has presented the balances of ¥200 million ($2,000 thousand) as other current liabilities and ¥322 million ($3,220 thousand) as other long-term liabilities as of March 31, 2008.

4 Short-Term Investments and Investments in Securities

Information regarding other securities with determinable market value at March 31, 2008 and 2007 is summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			**2008**		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	**¥2,910**	**¥ 5,966**	**¥3,056**	¥3,538	¥ 8,492	¥4,954	**$29,100**	**$ 59,660**	**$30,560**
Corporate bonds	**500**	**508**	**8**	—	—	—	**5,000**	**5,080**	**80**
Other	**449**	**879**	**430**	449	1,201	752	**4,490**	**8,790**	**4,300**
Subtotal	**3,859**	**7,353**	**3,494**	3,987	9,693	5,706	**38,590**	**73,530**	**34,940**
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	**1,642**	**1,338**	**(304)**	4	4	(0)	**16,420**	**13,380**	**(3,040)**
Corporate bonds	**142**	**129**	**(13)**	606	579	(27)	**1,420**	**1,290**	**(130)**
Other	**1,847**	**1,742**	**(105)**	—	—	—	**18,470**	**17,420**	**(1,050)**
Subtotal	**3,631**	**3,209**	**(422)**	610	583	(27)	**36,310**	**32,090**	**(4,220)**
Total	**¥7,490**	**¥10,562**	**¥3,072**	¥4,597	¥10,276	¥5,679	**$74,900**	**$105,620**	**$30,720**

The total amounts of gain and loss on sales of investments in securities for the year ended March 31, 2008 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Total sales	¥892	$8,920
Gain on sales	79	790
Loss on sales	4	40

The total amount of gain and loss on sales of investments in securities for the year ended March 31, 2007 was immaterial.

The carrying value of other securities without determinable market value at March 31, 2008 and 2007 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Monetary assets held in trust in commingled funds	**¥1,359**	¥1,197	**$13,590**
Unlisted equity securities	**171**	655	**1,710**
	¥1,530	¥1,852	**$15,300**

At March 31, 2008 and 2007, the redemption schedule for other securities by maturity date was as follows:

	Millions of yen			
	2008			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	**¥—**	**¥—**	**¥ 99**	**¥ —**
Other bonds	**—**	**—**	**1,030**	**—**
Other	**—**	**—**	**—**	**250**
	¥—	**¥—**	**¥1,129**	**¥250**

	Millions of yen			
	2007			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	¥—	¥—	¥92	¥ —
Other bonds	—	—	—	—
Other	—	—	—	109
	¥—	¥—	¥92	¥109

	Thousands of U.S. dollars			
	2008			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	**$—**	**$—**	**$ 990**	**$ —**
Other bonds	**—**	**—**	**10,300**	**—**
Other	**—**	**—**	**—**	**2,500**
	$—	**$—**	**$11,290**	**$2,500**

5 Inventories

The following is a summary of inventories at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Finished products	**¥45,903**	¥33,960	**$459,030**
Work in process	**306**	295	**3,060**
Raw materials and supplies	**1,236**	1,540	**12,360**
	¥47,445	¥35,795	**$474,450**

6 Short-Term Bank Loans and Long-Term Debt

The average annual interest rates on short-term bank loans were 4.4% and 5.0% at March 31, 2008 and 2007, respectively.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
1.22% yen unsecured bonds, due 2008	**¥ —**	¥ 1,600	**$ —**
1.12% yen unsecured bonds, due 2008	**—**	800	**—**
1.60% yen unsecured bonds, due 2008	**—**	800	**—**
Unsecured loans primarily from banks, due 2009 through 2013, at interest rates ranging from 0.8% to 5.5%	**6,294**	5,125	**62,940**
Secured loan from a bank, due 2009 through 2011, at an interest rate of 1.3%	**49**	—	**490**
	6,343	8,325	**63,430**
Current portion of long-term debt	**(1,412)**	(4,151)	**(14,120)**
	¥ 4,931	¥ 4,174	**$ 49,310**

The aggregate annual maturities of long-term debt subsequent to March 31, 2008 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥1,412	$14,120
2010	1,391	13,910
2011	1,096	10,960
2012	478	4,780
2013	1,966	19,660
	¥6,343	$63,430

7 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 contribution 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, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Retirement benefit obligation	**¥(16,013)**	¥(15,329)	**$(160,130)**
Plan assets at fair value	**7,577**	7,921	**75,770**
Unfunded retirement benefit obligation	**(8,436)**	(7,408)	**(84,360)**
Unrecognized net retirement benefit obligation at transition	**1,503**	1,717	**15,030**
Unrecognized actuarial loss	**1,693**	628	**16,930**
Unrecognized past service cost	**(586)**	(1,172)	**(5,860)**
Prepaid retirement benefits	**(1,314)**	(384)	**(13,140)**
Accrued retirement benefits	**¥ (7,140)**	¥ (6,619)	**$ (71,400)**

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

The components of retirement benefit expenses for the years ended March 31, 2008 and 2007 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Service cost	**¥ 889**	¥ 741	**$ 8,890**
Interest cost	**306**	294	**3,060**
Expected return on plan assets	**(170)**	(148)	**(1,700)**
Amortization of net retirement benefit obligation at transition	**126**	127	**1,260**
Recognized net actuarial loss	**193**	209	**1,930**
Recognized past service cost	**(586)**	(586)	**(5,860)**
Other	**7**	—	**70**
Retirement benefit expenses	**¥ 765**	¥ 637	**$ 7,650**

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

"Other" in the above table 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, 2008 and 2007 were as follows:

	2008	2007
Discount rates	**1.5–2.5%**	2.5%
Expected rates of return on plan assets	**2.0–2.5%**	2.5%

8 Leases

The Company and its consolidated subsidiaries lease machinery and equipment 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, 2008 and 2007, which 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		
	2008			2007			**2008**		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥1,720**	**¥ 372**	**¥1,348**	¥1,617	¥ 189	¥1,428	**$17,200**	**$ 3,720**	**$13,480**
Machinery, equipment and vehicles	**795**	**357**	**438**	792	226	566	**7,950**	**3,570**	**4,380**
Tools, furniture and fixtures	**2,639**	**1,190**	**1,449**	2,281	678	1,603	**26,390**	**11,900**	**14,490**
Other assets	**628**	**287**	**341**	448	223	225	**6,280**	**2,870**	**3,410**
Total	**¥5,782**	**¥2,206**	**¥3,576**	¥5,138	¥1,316	¥3,822	**$57,820**	**$22,060**	**$35,760**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥1,085 million ($10,850 thousand) and ¥938 million for the years ended March 31, 2008 and 2007, 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, 2008 under finance leases other than those which transfer the ownership of the leased assets to the Company and its consolidated subsidiaries are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	**¥1,032**	**$10,320**
Due after one year	**2,544**	**25,440**
Total	**¥3,576**	**$35,760**

9 Pledged Assets

Pledged assets as collateral at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Land	**¥ 79**	**$ 790**
Buildings and structures	**30**	**300**
Total	**¥109**	**$1,090**

The liabilities secured by the above pledged assets at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term debt	**¥21**	**$210**
Long-term debt	**28**	**280**
Total	**¥49**	**$490**

10 Derivatives and Hedging Activities

Derivative financial instruments are utilized by the Company and its consolidated subsidiaries (the "Group") principally in order to manage risk arising from adverse fluctuation in foreign currency exchange rates and interest rates. The Group does not hold or issue derivatives for speculative trading purposes.

The Group is exposed to market risk arising from its forward foreign exchange contracts, currency swaps, currency options, interest-rate swaps, interest-rate options and equity derivatives. Market risk is the likelyhood of incurring a loss because the value of a derivative position has decreased due to fluctuation in market factors such as interest rates, foreign exchange rates and securities prices. The Group is also exposed to the risk of credit loss in the event of nonperformance by the counterparties to these derivatives transactions; however, the Group does not anticipate nonperformance by any of these counterparties, all of whom are international financial institutions with high credit ratings.

The open interest-rate-related, currency-related and other derivatives positions at March 31, 2008 and 2007 were as follows:

	Millions of yen							
	2008				2007			
	Notional amount	Over 1 year	Fair value	Unrealized gain (loss)	Notional amount	Over 1 year	Fair value	Unrealized gain (loss)
Interest-rate options:								
Interest-rate floor sold	**¥ 1,500**	**¥ 1,500**	**¥ (15)**	**¥ (15)**	¥ 1,500	¥ 1,500	¥ (4)	¥ (4)
Currency options:								
Sold	**7,726**	**6,429**	**320**	**0**	806	201	(51)	(51)
Bought	**4,162**	**3,402**	**251**	**(35)**	3,257	2,740	288	288
Currency swaps	**15,121**	**12,812**	**(1,512)**	**(1,512)**	13,416	13,416	309	309
Forward foreign exchange contracts:								
Sold	**87**	**—**	**7**	**7**	—	—	—	—
Bought	**2,719**	**1,977**	**(100)**	**(100)**	—	—	—	—
Equity derivatives	**1,525**	**1,525**	**(190)**	**(190)**	—	—	—	—
Total	**¥32,840**	**¥27,645**	**¥(1,239)**	**¥(1,845)**	¥18,979	¥17,857	¥542	¥542

	Thousands of U.S. dollars			
	2008			
	Notional amount	Over 1 year	Fair value	Unrealized gain (loss)
Interest-rate options:				
Interest-rate floor sold	**$ 15,000**	**$ 15,000**	**$ (150)**	**$ (150)**
Currency options:				
Sold	**77,260**	**64,290**	**3,200**	**0**
Bought	**41,620**	**34,020**	**2,510**	**(350)**
Currency swaps	**151,210**	**128,120**	**(15,120)**	**(15,120)**
Forward foreign exchange contracts:				
Sold	**870**	**—**	**70**	**70**
Bought	**27,190**	**19,770**	**(1,000)**	**(1,000)**
Equity derivatives	**15,250**	**15,250**	**(1,900)**	**(1,900)**
Total	**$328,400**	**$276,450**	**$(12,390)**	**$(18,450)**

Disclosure of the corresponding information on derivatives which qualified for deferral hedge accounting has been omitted.

11 Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the year ended March 31, 2008, and in product manufacturing costs and in selling, general and administrative expenses for the year ended March 31, 2007 amounted to ¥638 million ($6,380 thousand) and ¥516 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 was nil at March 31, 2008 and 2007.

Treasury Stock

Movements in treasury stock for the years ended March 31, 2008 and 2007 are summarized as follows:

	Number of Shares			
	2008			
	March 31, 2007	Increase	Decrease	March 31, 2008
Treasury Stock	**952,276**	**97,809**	**—**	**1,050,085**

	Number of Shares			
	2007			
	March 31, 2006	Increase	Decrease	March 31, 2007
Treasury Stock	809,299	142,977	—	952,276

13 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, 2008 and 2007 as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Cash and deposits	**¥20,539**	¥10,933	**$205,390**
Money Management Fund, included in short-term investments	**68**	—	**680**
Time deposits with original maturities in excess of three months, included in cash and deposits	**(1,100)**	(737)	**(11,000)**
Cash and cash equivalents	**¥19,507**	¥10,196	**$195,070**

During the year ended March 31, 2008, the Company acquired a certain number of shares of ASICS Trading Co., Ltd., currently a domestic consolidated subsidiary. Assets acquired and liabilities assumed of this subsidiary at the date of commencement of consolidation and the related cost of acquired shares and payments for acquisition of shares are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥11,224	$112,240
Fixed assets	5,383	53,830
Current liabilities	(2,070)	(20,700)
Non-current liabilities	(581)	(5,810)
Goodwill	902	9,020
Minority interests	(6,617)	(66,170)
Accumulated equity in earnings of the subsidiary accounted for by the equity method	(3,104)	(31,040)
Cost of previously acquired shares of the subsidiary	(2,143)	(21,430)
Cost of acquired shares of the subsidiary	2,994	29,940
Cash and cash equivalents	(4,092)	(40,920)
Proceeds from purchase of investment in the subsidiary	¥ (1,098)	$ (10,980)

During the year ended March 31, 2008, the Company established ASICS Sports Corporation, a Korean subsidiary, and initially consolidated it. Consideration paid for its business for the year ended March 31, 2008 was as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥5,918	$59,180
Fixed assets	1,232	12,320
Consideration paid	¥7,150	$71,500

14 Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants' and enterprise taxes. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate. The statutory tax rates in Japan for the years ended March 31, 2008 and 2007 were, in the aggregate, approximately 40.6% and 40.5%, respectively. The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 differed from the above statutory tax rates for the following reasons:

	2008	2007
Statutory tax rates:	**40.6 %**	40.5 %
Permanently non-deductible expenses	**0.5**	0.5
Permanently non-taxable income	**(0.1)**	(0.0)
Changes in valuation allowance	**3.7**	3.5
Tax rate differences at overseas consolidated subsidiaries	**(7.8)**	(5.0)
Equity in earnings of an affiliate	**(0.5)**	(0.6)
Other	**0.3**	0.1
Effective tax rates	**36.7 %**	39.0 %

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, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Inventories	**¥ 1,905**	¥ 1,054	**$ 19,050**
Allowance for doubtful receivables	**1,415**	1,097	**14,150**
Provision for bonuses	**795**	737	**7,950**
Accrued retirement benefits for employees	**2,323**	2,407	**23,230**
Tax loss carryforwards	**912**	950	**9,120**
Other	**2,702**	2,839	**27,020**
Gross deferred tax assets	**10,052**	9,084	**100,520**
Less valuation allowance	**(3,001)**	(2,698)	**(30,010)**
Total deferred tax assets	**7,051**	6,386	**70,510**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**1,054**	2,095	**10,540**
Other	**1,917**	1,448	**19,170**
Total deferred tax liabilities	**2,971**	3,543	**29,710**
Net deferred tax assets	**¥ 4,080**	¥ 2,843	**$ 40,800**

15 Land Revaluation Reserve

At March 31, 2002, ASICS Trading Co., Ltd., which was reclassified from an affiliate accounted for by the equity method to a consolidated subsidiary of the Company on September 21, 2007, revalued its land held for business use. "Land revaluation reserve" under net assets in the accompanying consolidated balance sheet at March 31, 2007 represented the difference on land revaluation, which was calculated at the Company's share of the net amount of the relevant tax effect.

16 Amounts per Share

Amounts per share at March 31, 2008 and 2007 and for the years then ended were as follows:

	Yen		U.S. dollars
	2008	2007	**2008**
Net assets	**¥500.83**	¥450.78	**$5.01**
Net income:			
Basic	**65.82**	69.72	**0.66**
Cash dividends applicable to the year	**10.00**	8.00	**0.10**

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, 2008 and 2007.

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

17 Segment Information

(1) 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.

(2) Geographical Segments

The domestic and overseas operations of the Group for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of yen						
	2008						
	Japan	United States of America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	**¥ 93,509**	**¥50,215**	**¥71,120**	**¥11,330**	**¥226,174**	**¥ —**	**¥226,174**
Intersegment	**7,258**	**3**	**—**	**842**	**8,103**	**(8,103)**	**—**
Net sales	**100,767**	**50,218**	**71,120**	**12,172**	**234,277**	**(8,103)**	**226,174**
Operating expenses	**95,802**	**45,911**	**58,735**	**10,337**	**210,785**	**(8,005)**	**202,780**
Operating income	**¥ 4,965**	**¥ 4,307**	**¥12,385**	**¥ 1,835**	**¥ 23,492**	**¥ (98)**	**¥ 23,394**
Total assets	**¥102,154**	**¥24,057**	**¥43,041**	**¥19,908**	**¥189,160**	**¥(3,095)**	**¥186,065**

	Millions of yen						
	2007						
	Japan	United States of America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	¥81,439	¥43,180	¥61,526	¥8,370	¥194,515	¥ —	¥194,515
Intersegment	6,192	4	—	797	6,993	(6,993)	—
Net sales	87,631	43,184	61,526	9,167	201,508	(6,993)	194,515
Operating expenses	83,286	39,675	50,661	7,227	180,849	(6,582)	174,267
Operating income	¥ 4,345	¥ 3,509	¥10,865	¥1,940	¥ 20,659	¥ (411)	¥ 20,248
Total assets	¥92,557	¥19,863	¥36,619	¥7,888	¥156,927	¥(1,968)	¥154,959

	Thousands of U.S. dollars						
	2008						
	Japan	United States of America	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Net sales:							
Sales to customers	**$ 935,090**	**$502,150**	**$711,200**	**$113,300**	**$2,261,740**	**$ —**	**$2,261,740**
Intersegment	**72,580**	**30**	**—**	**8,420**	**81,030**	**(81,030)**	**—**
Net sales	**1,007,670**	**502,180**	**711,200**	**121,720**	**2,342,770**	**(81,030)**	**2,261,740**
Operating expenses	**958,020**	**459,110**	**587,350**	**103,370**	**2,107,850**	**(80,050)**	**2,027,800**
Operating income	**$ 49,650**	**$ 43,070**	**$123,850**	**$ 18,350**	**$ 234,920**	**$ (980)**	**$ 233,940**
Total assets	**$1,021,540**	**$240,570**	**$430,410**	**$199,080**	**$1,891,600**	**$(30,950)**	**$1,860,650**

(3) 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, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Overseas sales:			
America	**¥ 50,215**	¥ 42,826	**$ 502,150**
Europe	**70,401**	60,881	**704,010**
Other areas	**16,374**	11,337	**163,740**
Total	**¥136,990**	¥115,044	**$1,369,900**
Consolidated net sales	**¥226,174**	¥194,515	**$2,261,740**
Overseas sales as a percentage of consolidated net sales:			
America	**22.2%**	22.0%	
Europe	**31.1**	31.3	
Other areas	**7.3**	5.8	
Total	**60.6%**	59.1%	

18 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, 2008, was approved at a meeting of the shareholders of the Company held on June 20, 2008:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥10.00=U.S.$0.10 per share)	¥1,989	$19,890

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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 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 ShinNihon

Osaka, Japan
June 20, 2008

Corporate Information

(As of March 31, 2008)

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:	4,894 (consolidated basis)

Branch Offices

KANTO 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 20, 2008)

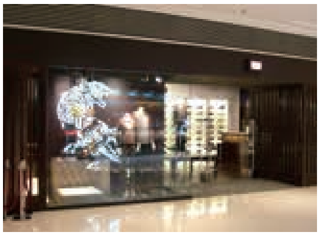
Chairman and Representative Director:	Kiyomi Wada
President and Representative Director:	Motoi Oyama
Senior Managing Director and Representative Director:	Ryoji Tamesada
Managing Director:	Yuichiro Shimizu
Directors:	Nobuo Oda Yoshio Chihara Toshiro Ikezaki Shigeyuki Kawai Kazuhito Matsuo Toshiyuki Sano
Standing Corporate Auditors:	Tetsuo Kurosaki Shuichi Nishino
External Standing Corporate Auditor:	Hideaki Tanaka
External Corporate Auditors:	Kazunori Yamagami Hideaki Mihara

Directly Managed Stores (As of June 30, 2008)

Hojinkan:	46
Onitsuka Tiger:	11 domestic, 12 overseas
ASICS LI-FEEL:	4
ASICS Factory Outlet:	12
ASICS Sport Style Shop:	1
ASICS STORE:	2


ASICS STORE TOKYO


Onitsuka Tiger Kyoto


Onitsuka Tiger Hong Kong


Hojinkan Sannomiya

Major Consolidated Subsidiaries and Affiliates

- ASICS Hokkaido Sales Corp.
- ASICS Tohoku Sales Corp.
- ASICS Kyushu Sales Corp.
- ASICS Kanetsu Sales Corp.
- ASICS Chu-Shikoku 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 Italia S.p.A.
- ASICS Oceania Pty. Ltd.
- ASICS Sports Corporation
- ASICS Shanghai Trading Co., Ltd.
- ASICS Taiwan Corporation
- Sanin ASICS Industry Corp.
- ASICS Apparel Industry Corp.
- Jiang Su ASICS Co., Ltd.
- ASICS Trading Co., Ltd.
- ASICS Physical Distribution Corp.

Shareholder Information

Common Stock: Authorized—790,000,000 shares

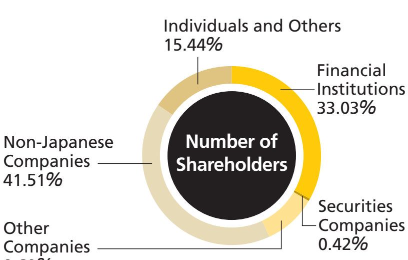
Issued— 199,962,991 shares
(including treasury stock of 1,050,085 shares)

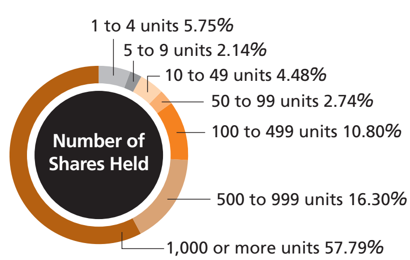
Number of Shareholders: 13,150

Principal Shareholders:

Name	Shareholdings (Thousands)	Ownership (%)
State Street Bank and Trust Company	10,753	5.4
Japan Trustee Services Bank, Ltd. (Trust Account)	9,942	5.0
UBS AG London A/C IPB Segregated Client Account	9,783	4.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,086	4.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,858	4.0
Nippon Life Insurance Company	6,309	3.2
BBH Boston for Variable INS Products FDIII Mid Cap Portfolio	6,049	3.0
Sumitomo Mitsui Banking Corporation	5,607	2.8
Northern Trust Co. AVFC Re Fidelity Funds	5,335	2.7
The Minato Bank, Ltd.	4,208	2.1

Breakdown of Shareholders:





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