



Annual Report 2006

Year Ended March 31, 2006

ASICS Corporation



ASICS Corporation traces its roots to Onitsuka Co., Ltd., which was established in Kobe, Japan, in 1949 as a specialty manufacturer of sports shoes. In 1977, the Company assumed its current name through a merger.

ASICS has grown and evolved since its founding into a global enterprise through its technological prowess honed from furnishing shoes, sportswear, and other goods to many of the world's top athletes.

Looking ahead, ASICS plans to use its technological strength to make an advance into the sports lifestyle field and serve an important role in enhancing human health and well-being worldwide, and in turn achieve further growth.

A S I C S V I S I O N

The World's No. 1 Creator of Sports-, Health- and Comfort-Oriented Lifestyles



A S I C S P O L I C Y

[ASICS Corporate Philosophy]
“Anima Sana in Corpore Sano”
 [ASICS Four Principles]
 1. Provide products and services that create value for all customers
 2. Protect the environment, and contribute to the world community at the individual and societal level
 3. Offer sound services, and share the profit with shareholders who have supported ASICS, community and employees
 4. Achieve ASICS in a spirit of freedom, fairness, respecting for the dignity of the individual

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Six-Year Summary

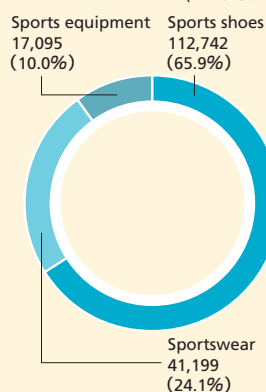
ASICS Corporation and Consolidated Subsidiaries
Years ended March 31

(Millions of yen)

	2001	2002	2003	2004	2005	2006
For the year:						
Net sales	¥126,446	¥128,901	¥135,640	¥140,498	¥146,679	¥171,036
Sports shoes	61,715	66,054	74,263	80,199	89,168	112,742
Sportswear	44,817	43,574	42,682	42,565	41,278	41,199
Sports equipment	19,914	19,273	18,695	17,734	16,233	17,095
Cost of sales	81,276	82,938	86,394	87,462	88,244	98,578
Selling, general and administrative expenses	42,078	42,480	43,858	45,626	48,540	56,014
Operating income	3,092	3,483	5,388	7,410	9,895	16,444
Income before income taxes and minority interests	2,127	2,934	6,197	6,743	10,753	17,367
Net income	1,740	2,123	5,169	4,622	7,006	13,807
At year-end:						
Shareholders' equity	¥ 43,866	¥ 45,512	¥ 49,917	¥ 54,439	¥ 58,450	¥ 74,899
Total assets	113,914	114,741	113,062	118,339	122,588	140,615
Per share of common stock (in yen):						
Net income	¥ 8.13	¥ 9.92	¥ 24.10	¥ 21.80	¥ 34.39	¥ 69.02
Cash dividends	—	—	2.00	2.50	3.50	6.00
Shareholders' equity	205.02	212.74	233.50	261.83	293.17	375.79
Ratios:						
Operating income ratio (%)	2.4	2.7	4.0	5.3	6.7	9.6
Return on assets (ROA) (%)	1.6	1.9	4.5	4.0	5.8	10.5
Shareholders' equity ratio (%)	38.5	39.7	44.2	46.0	47.7	53.3

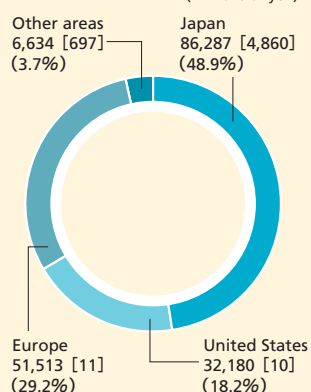
Net Sales by Product

(Millions of yen)



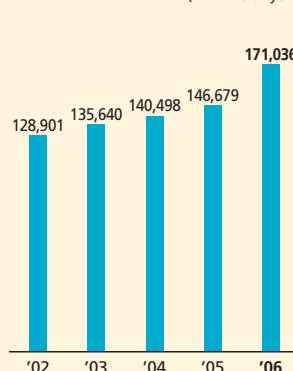
Net Sales by Geographic Area

(Millions of yen)



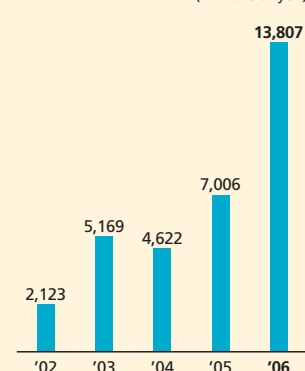
Net Sales

(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.



Kiyomi Wada
President and Representative Director

In fiscal 2006, ended March 31, 2006, ASICS performed well overseas. How would you assess the results for the fiscal year?

Looking back at fiscal 2006, the ASICS Group's consolidated performance was healthy. Growth in the fiscal year was helped by overseas businesses, which recorded sales of ¥92,078 million. As such, sales registered overseas have exceeded sales by domestic businesses faster than we had anticipated. Growth overseas is admirable in light of the Company's goal of becoming a global enterprise. Nonetheless, sales have remained weak in domestic businesses. Looking ahead, further initiatives for growing our domestic businesses are challenges for the next fiscal year.

You have unveiled a new business plan called the ASICS Challenge Plan (ACP). What are the goals of ACP?

The ASICS Revolution Plan, our previous medium-term business plan, which ended in the fiscal year under review, set our sights on future growth by turning away from the experiences that have marked our success in the past and embracing wholly revolutionary and innovative concepts. Now that the plan is steadily reaping rewards, sales levels in our domestic and overseas businesses have switched places.

Based on the innovative changes fostered under the previous plan, the Company introduced the ACP in October 2005, a five-year management plan for the period from January 2006 to March 2011, which aims to transform the Company into a global enterprise. The first concrete target is to attain consolidated net sales of ¥300 billion (¥200 billion overseas and ¥100 billion in Japan). Specifically, we will further promote innovative new ways of thinking and planning in our domestic businesses and grapple with radical initiatives that break completely with company practices in the past.

ASICS Brand

Our principal brand, specializing in competition sports goods, sportstyle goods, and health and comfort products



HADASHIWALKER711 (W)



GEL-KINSEI



FABRE FIRST MS



DS LIGHT II

What measures do you plan to take for achieving the goals?

Reaching the ¥100 billion sales goal for Japan will require some bold, innovative measures. We will take proactive steps to challenge ourselves in bolstering sales without counting on the traditional steps used for sustaining growth in the past.

For example, in marketing, we have discarded the old concept that our revenues are derived from sales to distributors. Instead, the idea that we should find ways to sell our merchandise directly to the customers through final retail sales has now been firmly entrenched. We are confident that we can create excellent merchandise if we listen directly to our customers as a manufacturer and produce goods reflecting their ideas and wishes. If we raise the brand value of our goods, our products will flow smoothly through distribution channels.

In addition, taking advantage of our technological skills honed over many years in meeting the needs of top athletes for increasing brand value in the sportstyle field is crucial. In one such initiative, the Company restored the Onitsuka Tiger brand four years ago, reviving a brand that had formerly been specifically for athletic competition and targeting it for the sportstyle field. Also, we are developing directly managed stores, called ASICS LI-FEEL, that sell both footwear and apparel as we work to appeal to three different generations.

Moreover, overseas operations have been expanding at a strong pace, but footwear accounts for nearly 90% of sales. Consequently, enlarging apparel businesses abroad is now a key strategy. Because apparel business development has been through licensing contracts with overseas subsidiaries, cohesive brand development has been relatively difficult in overseas markets. Looking ahead, the Company will form global teams, establish production bases, and develop the foundations for apparel businesses abroad under the guidance of the Headquarters in Japan. We intend to build on our continuing successes in the United States and Europe while getting operations in China and Taiwan on solid growth tracks.



JUMSY TOP



JUMSY PANTS



ARM SHELL



BIG BAG

ASICS makes high-quality goods. Your focus appears to be on craftsmanship.

Since its founding, the Company has channeled resources into elevating its craftsmanship, given its affection and admiration for sports. Our participation in the Olympic Games and other major sporting events has its roots in initiatives to manufacture goods tailored to the perspective of top athletes.

The birthrate has been declining recently, but a growing number of people are walking, running, and participating in other light physical fitness activities. Consumers are increasingly keen not only on sports and competition for the sake of winning and losing, but on exercising to maintain their health and refresh their bodies. Under these conditions, we at ASICS asked ourselves how we could help today's needs as an enterprise that had been mainly focused on athletic competition. The answer is that we want to make more people to enjoy physical activities using our products cultivated through engineering in sports fields.

Despite our ongoing innovation, one trend that does not change is our emphasis on technology and fine craftsmanship in production. This focus on craftsmanship remains the wellspring of our actions and the underlying force that will enable us to survive and thrive in the industry worldwide.

How does ASICS hope to maintain growth going forward?

Craftsmanship in manufacturing will remain a vital concern, and the concept of providing products and services that create value for all customers will remain at the core of our operations. The Company aims to build the underlying foundations that will enable it to foresee and adapt to change well ahead of the times.

Kihachiro Onitsuka, the founder of ASICS and the current chairman, has often noted that shareholders, employees, and business partners form a united entity of three parts that shares a common destiny. I concur with this view, and I am confident that our longstanding philosophy and practices will continue serving to underpin growth.

Fortunately, the Company continues generating strong sales and earnings. We will make concerted efforts to further enhance enterprise value as we seek growth over a long-term perspective.

June 2006

Kiyomi Wada
Kiyomi Wada
President and Representative Director

Onitsuka Tiger Brand

Specializing in sportstyle goods



MEXICO Mid Runner



LIMBERUP ASIAN



MEXICO V40



MARATHON TABI

During fiscal 2006, ended March 31, 2006, the Japanese economy recovered steadily, backed by ongoing increases in capital investment due to improving corporate profits and by steadily increasing personal consumption. The global economy was generally strong despite surging crude oil prices, appreciation of the Chinese yuan, major hurricanes in the United States, and other adversities.

In the sporting goods industry, the Turin Winter Olympic Games and growing interest in sports amid rising health consciousness helped spur strong performance on the whole.

Amid these conditions, the ASICS Group worked to expand its running gear business, particularly running shoes, and further enhance its brand image through such means as providing shoes and sportswear to the convention staff as a sponsor of the ING New York City Marathon 2006. In addition, the Company developed and expanded operations in the global market. For instance, we opened directly managed stores for the Onitsuka Tiger brand in Japan and abroad. In Japan, the Company strived to hone its image as a maker of fitness walking shoes. For example, we expanded our lineup of *HADASHIWALKER* shoes, which give wearers the impression they are walking in bare feet, and we held walking events and promoted sales with the help of Duke Saraie, a specialist in walking exercise, as part of initiatives for further boosting the image of our fitness walking shoes.

Furthermore, ASICS has expanded its lineup of kids shoes based on its research into the particular ways children move their feet in walking and running and strengthened sales promotion through retail and other means in order to increase sales. For the Turin Winter Olympics, ASICS ITALIA S.p.A., a subsidiary, was an official sponsor, and concerted efforts were made to further elevate the image of the ASICS Group and further heighten brand awareness.

Consolidated net sales increased 16.6% year on year, to ¥171,036 million, in the fiscal year under review. While sales of sportswear were weak, fitness walking shoes and sportstyle shoes recorded healthy gains, which contributed to a 2.0% increase in domestic sales, to ¥78,958 million. Overseas sales rose 32.9%, to ¥92,078 million, backed by ongoing growth in sales of running shoes and sportstyle shoes, particularly in Europe and the United States. Higher sales and an improvement in the cost of sales ratio were the main factors elevating income. Operating income increased 66.2%, to ¥16,444 million and net income was up 97.1%, to ¥13,807 million.



WOMEN'S
TRACK TOP



Onitsuka Tiger
Messenger Bag



Boston M

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.

R&D for tomorrow's athletes

ASICS has a true passion for crafting fine products. The Company consistently endeavors in its R&D activities to create unique running shoes and other sporting goods for the growing population of sports enthusiasts based on technologies springing from its endeavors for top-flight athletes in track and field and other areas.

The Company's Institute of Sport Science is world's leading research facilities worldwide operated by a sporting goods manufacturer. More than 50 researchers here focus on basic research and enhancing sporting goods development. They engage in R&D for the materials and molding technologies used in shoes and other gear, for the performance features and structural foundations of sportswear and gear, and structural design for shoes and gear using computer simulation and measuring equipment models.



Institute of Sport Science



New Products

GEL-KINSEI wins prestigious award

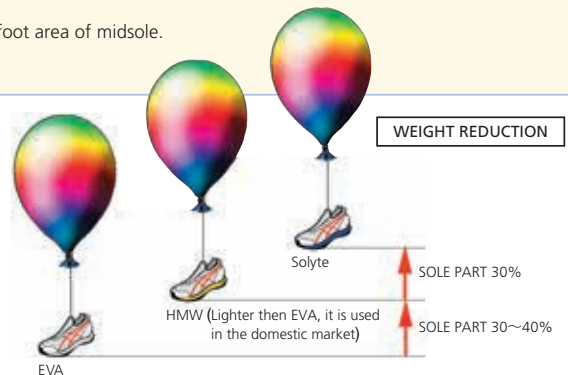
GEL-KINSEI, a new running shoe embedded with technology developed by the Institute of Sport Science, won the 2006 Gear of the Year award from *Outside* magazine in the United States. GEL-KINSEI is installed with features creating a comfortable and snug fit. It incorporates a soft touch gel in a λ (lambda) formation for superior shock absorbance to create a new cushioning system (Discrete sole). Combined with the cradle-shaped Trusic system*, it successfully provides robust inner and outer stability and rich cushioning. Used together with **Solyte** and other innovative material, it creates a lighter shoe.

* Trusic system is a structure for reinforcing the mid-foot area of midsole.



Solyte, a new midsole material

Solyte is an extremely light material developed from copolymer and foam molding technologies. Midsoles manufactured with Solyte are about half the weight of those made with general ethylene vinyl acetate (EVA) materials and about 30% lighter than the Company's EVA midsoles. Solyte is an entirely new material that features improved cushioning from changes in temperature. Shoe cushions retain their stability even as temperatures fluctuate.



Topics

Turin 2006

ASICS was an official sponsor of Turin 2006, the Turin Winter Olympic Games marking the 20th Winter Olympiad. Principally through a subsidiary ASICS ITALIA S.p.A., the Company served as a sponsor for Olympic committees, individual athletes, and athletic organizations in Japan, the Netherlands, Italy, and other countries, furnishing sportswear, bags, sports shoes and other gear, as well as providing support to athletes and related personnel.

Following the Turin games, ASICS served as an official sponsor of the Turin Paralympics, from March 10 to 19. The Company furnished sportswear to the Paralympics committees for around 2,500 staff and volunteers.



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Official Sponsor



<http://www.asics.com/>

ASICS is building a global Web site that consolidates data from all of its many crucial business bases and operations worldwide. We are preparing the site to provide viewers with a clear understanding of all our important Group operations in the USA, Europe, Asia, Oceania, the Middle East and Africa to introduce them to our history and technology.

We will continually update our Web site to introduce viewers to the details of our operations in a way that is user-friendly to users across the globe.

Corporate Information

(As of March 31, 2006)

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:	3,836 (consolidated basis)

Board of Directors and Corporate Auditors (As of July 1, 2006)

Chairman and Director:	Kihachiro Onitsuka
President and Representative Director:	Kiyomi Wada
Senior Managing Directors:	Ryoji Tamesada Mitsuhiro Okada
Managing Directors:	Yuichiro Shimizu Motoi Oyama
Directors:	Nobuo Oda Yoshio Chihara Toshiro Ikezaki Shigeyuki Kawai
Standing Corporate Auditors:	Kiyoshi Morii Takashi Iwasaki
Corporate Auditors:	Junzo Yoneda Yasuo Takahashi

Directly Managed Stores (As of May 31, 2006)

Hojinkan:	38
Onitsuka Tiger:	6 in domestic, 7 in overseas
ASICS LI-FEEL:	2
ASICS Factory Outlet:	8
ASICS Sport Style Shop:	1



Hojinkan Ginza



Onitsuka Tiger London



ASICS LI-FEEL Umeda

Branch Offices

TOKYO OFFICE
10-11, Kinshi 4-chome, Sumida-ku, Tokyo 130-8585, Japan Tel: +81-3-3624-2240
OSAKA OFFICE
2-3, Toyotsu-cho, Suita-shi, Osaka 564-8588, Japan Tel: +81-6-6385-2082
KITA KANTO SALES OFFICE
305, Miyahara-cho 3-chome, Kita-ku, Saitama 331-0812, Japan Tel: +81-48-660-2931
HIROSHIMA SALES OFFICE
101, 6-24, Hikari-machi 2-chome, Higashi-ku, Hiroshima 732-0052, Japan Tel: +81-82-262-2133
SHIKOKU SALES OFFICE
2060-24, Kamifukuoka-cho, Takamatsu-shi, Kagawa 760-0077, Japan Tel: +81-87-862-8611

Major Consolidated Subsidiaries and Affiliates

[Domestic]

- Nishi Athletic Goods Co., Ltd.
- ASICS Hokkaido Sales Corp.
- ASICS Tohoku Sales Corp.
- ASICS Kyushu Sales Corp.
- ASICS Sports Sales Corp.
- ASICS Chubu Sales Corp.
- ASICS Hojinkan Corporation
- ASICS Sports Being Corp.
- Sanin ASICS Industry Corp.
- ASICS Apparel Industry Corp.
- Fukui ASICS Industry Corp.
- ASICS U-BIQ Creation Inc.
- ASICS Capital Co., Ltd.
- ASICS Physical Distribution Corp.
- ASICS Trading Co., Ltd.

[Overseas]

- ASICS AMERICA CORPORATION
- ASICS EUROPE B.V.
- ASICS Deutschland GmbH
- ASICS FRANCE S.A.S
- ASICS UK LIMITED
- ASICS AUSTRIA GmbH
- ASICS Iberia S.L.
- ASICS ITALIA S.p.A.
- ASICS OCEANIA PTY. LTD.
- ASICS HONG KONG LIMITED
- ASICS SHANGHAI TRADING CO., LTD.
- ASICS TAIWAN SPORTING GOODS CO., LTD.
- JIANGSU ASICS CO., LTD.

Shareholder Information

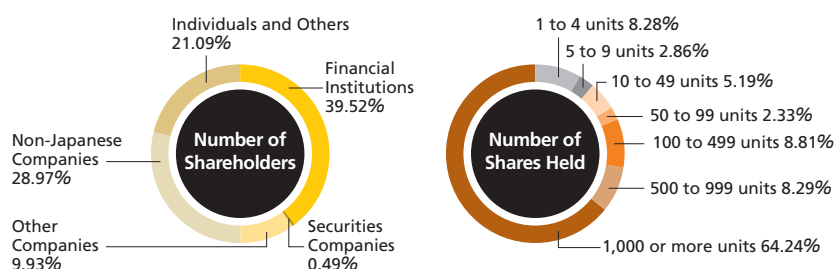
Common Stock: Authorized—790,000,000 shares
 Issued— 199,962,991 shares

Number of Shareholders: 17,151

Principal Shareholders:

Name	Shareholdings (Thousands)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,479	9.2
Japan Trustee Services Bank, Ltd. (Trust Account)	11,096	5.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,858	3.9
Goldman Sachs International	7,265	3.6
State Street Bank and Trust Company	6,876	3.4
Nippon Life Insurance Company	6,310	3.2
Sumitomo Mitsui Banking Corporation	5,607	2.8
Mizuho Corporate Bank, Ltd.	5,558	2.8
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	4,597	2.3
ASICS Group Employee Stockholding	4,082	2.0

Breakdown of Shareholders:





ASICS Corporation
HEAD OFFICE

1-1, Minatojima-Nakamachi 7-chome,
Chuo-ku, Kobe 650-8555, Japan

<http://www.asics.com/>