Summary of the Consolidated Report for the Fiscal Year Ended March 31, 2006

May 19, 2006

Name of the Company:	ASICS Corporation	Listing Exchanges:	Tokyo, Osaka
Code No.:	7936	Head Office:	Hyogo Prefecture
(URL http://www.asics.co.jp/)			
President and Representative Director:	Kiyomi Wada		
Date of the board meeting for book closing:	May 19, 2006		
Adoption of U.S. GAAP:	No		

1. Consolidated results for the year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

(1) Consolidated business results — Note: Amounts less than one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	MY	%	MY	%	MY	%
FY ended March 2006	171,036	16.6	16,444	66.2	17,335	58.1
FY ended March 2005	146,678	4.4	9,895	33.5	10,963	40.2

	Net income		Net income per share	Net Income per share/diluted	Ratio of net income to shareholders' equity	Ratio of ordinary income to total capital	Ratio of ordinary income to net sales
	MY	%	Yen	Yen	%	%	%
FY ended March 2006	13,806	97.1	69.02	–	20.7	13.2	10.1
FY ended March 2005	7,006	51.6	34.39	–	12.4	9.1	7.5

Notes:
① Equity in earnings of affiliates: FY ended March 2006 398 million yen; FY ended March 2005 416 million yen
② Average number of shares during the term (Consolidated): FY ended March 2006 199,250,041 shares; FY ended March 2005 203,730,764 shares
③ Changes in accounting policies: Yes
④ Percentage indications for net sales, operating income, ordinary income and net income for the current fiscal year represent the rate of change from that of the previous term.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	MY	MY	%	Yen
As of March 2006	140,614	74,899	53.3	375.79
As of March 2005	122,587	58,450	47.7	293.17

Note: Number of shares outstanding as of term end (Consolidated): March 2006 199,153,692 shares; March 2005 199,359,571 shares

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	MY	MY	MY	MY
FY ended March 2006	4,985	(2,264)	(564)	12,055
FY ended March 2005	6,215	(50)	(5,425)	9,365

(4) Number of consolidated subsidiaries, and subsidiaries and affiliates accounted for under the equity method
Consolidated subsidiaries: 27, Unconsolidated subsidiaries accounted for under the equity method: 0,
Affiliated companies accounted for under the equity method: 1

(5) Changes in the number of consolidated subsidiaries, and subsidiaries and affiliates accounted for under the equity method
Newly added consolidated subsidiaries: 7, Subsidiaries excluded from consolidation: 2
Newly added equity method companies: 0, Companies excluded from equity method: 0

2. Forecast for consolidated business results for the year ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	MY	MY	MY	MY
First half	90,000	9,000	9,200	5,500
Full-year	182,000	17,000	17,500	11,000

(Reference) Forecasted net income per share (full-year): 55.23 yen

* The above forecast has been prepared based on information available as of the announcement date of this summary. Therefore, actual results may differ from the forecast due to changing business conditions etc.
Please refer to page 7 of the attached materials regarding the above performance forecast.

Group structure

The ASICS Group is composed of ASICS Corporation, 28 subsidiary companies and 6 affiliates, and our main business activities are the manufacture and sale of sporting goods, including sports shoes, sportswear and sports equipment.

<<Activities related to the manufacture and sale of sporting goods>>

For the manufacture of sporting goods, we manufacture some products in-house and also consign production to the following subsidiaries: Sanin ASICS Industry Corp., ASICS Apparel Industry Corp., Fukui ASICS Industry Corp. and JIANGSU ASICS CO., LTD. We also purchase a certain portion of raw materials and manufactured products from one of our affiliates, ASICS Trading Co., Ltd.

As for sales, our company makes sales itself, and we also make sales in the Japanese market through ASICS Chubu Sales Corp. and 4 other subsidiaries (wholesale), and through 2 sales subsidiaries (retail). Distribution of products is consigned to our subsidiary, ASICS Physical Distribution Corp. Overseas sales of our company’s branded products are carried out by ASICS AMERICA CORPORATION and 16 other subsidiaries. Overseas sales companies purchase our company’s branded products directly from suppliers and pay a royalty to us.

In order to improve the efficiency of the ASICS Group’s sales activities, ASICS Kyushu Sales Corp. was established and officially began operations on January 1, 2006.

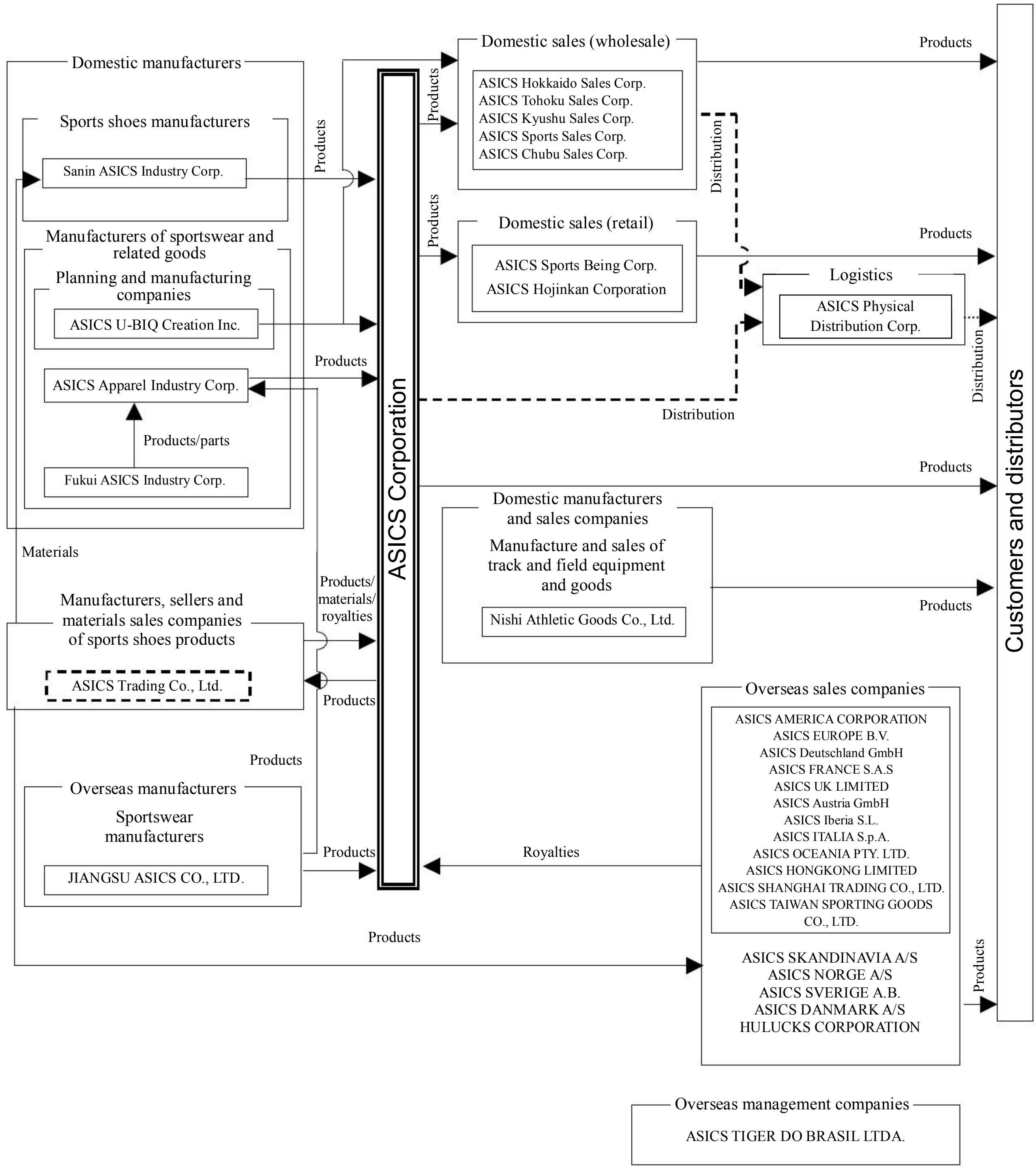
Our subsidiary, ASICS U-BIQ Creation Inc., engages in the design and manufacture of sportswear. Another subsidiary, Nishi Athletic Goods Co., Ltd., focuses mainly on the manufacture and sale of track and field equipment and goods.

<<Other activities>>

Our subsidiary, ASICS Capital Corporation, engages in factoring activities relating to payments made by the ASICS Group.

A brief organization chart is provided on the following page.

<<Activities related to the manufacture and sale of sporting goods>>



<<Other activities>>

Factoring

ASICS Capital Corporation

Consolidated subsidiaries   Affiliated companies under the equity method

No border: Unconsolidated subsidiaries and affiliates

Notes: 1. ASICS U-BIQ Creation Inc. and ASICS Iberia S.L. are the renamed entities corresponding to the previously named ASICS Travel Insurance Service Corporation and ASICS Leader S.L. respectively.

2. ASICS Almos Inc. was dissolved on October 31, 2005, and liquidation was completed on March 22, 2006.

3. ASICS Hojinkan Corporation and ASICS Sports Being Corp. were merged on April 1, 2006. ASICS Hojinkan Corporation remained as the surviving entity, and was renamed ASICS Sports Being Corp.

Management policies

1. Basic management policies

   ASICS' founding philosophy is "Anima Sana in Corpore Sano," meaning a sound mind in a sound body. Our corporate vision is to become "The World's No. 1 Creator of Sports-, Health- and Comfort-Oriented Lifestyles." To realize this vision, we are working to put the following four philosophies into action.

   (Corporate philosophies)

   (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 social level
   (3) Offer sound service, 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

2. Basic policies regarding the distribution of profits

   ASICS Corporation recognizes the return of profits to shareholders as one of the most important aspects of its operations. The basic approach is to set dividends in correspondence with earnings conditions while striving to provide a stable dividend and giving consideration to the bolstering of corporate strengths with a view to persevering in a severe business environment, and the development of future business areas.

   The dividend for this period is to be increased by 2.5 yen to 6 yen per share.

3. Basic stance and policies on the reduction of the investment unit

   We see the reduction of the investment unit for our company's shares as an effective policy for expanding the individual investor base and increasing the liquidity of shares. We will examine this strategy taking into account market trends and movements in our company's share prices as well as the costs and benefits associated with its implementation, but the details and timing for the implementation of this strategy remain undecided at present.

4. Targets for financial ratios

   The ASICS Group promotes managerial practices that focus on cash flows, and we have set medium-term targets for performance ratios on a consolidated basis of 8% for Return of Assets (ROA), and 15% for Return on Equity (ROE).

5. Medium-term management strategy

   ASICS aims to achieve net sales of 300 billion yen on a consolidated basis by fiscal year 2010 ending March 31, 2011. In order to achieve this goal, our group is developing and implementing business strategies aimed at bringing about reforms and meeting challenges based on the group wide management strategy for realizing the ASICS Vision, "the ASICS Challenge Plan."

   Our main basic strategies for the period from January 2006 to March 2011 are as follows.

   Business domains

   (1) "Athletic Sports": The challenge to be No. 1 athletic for sports enthusiasts
   (2) "SportStyle": The challenge to provide high-quality, performance-oriented products for customer ranging from sports enthusiasts to casual/lifestyle participants
   (3) "Health/Comfort": The challenge to leverage our intellectual assets to develop products that will enable people to realize healthy and comfortable lifestyles

   All ASICS Group basic strategies

   (1) Global management
      ① To establish the functions of the ASICS Global Headquarters (AHQ) and clearly separate the functions of Headquarters from those of Japan on account of group-wide appropriateness.
      ② To establish a marketing system that ensures our ability to conduct consumer-oriented business activities, ranging from product development to sales among end users.
      ③ To accelerate intensive manufacturing on a global scale in order to strengthen our cost competitiveness, while realizing an effective "production portfolio (combination of production areas)" and avoiding over-concentration of production areas, from the aspect of risk diversification.
      ④ To position the three major markets - Japan, the United States and Europe - as well as the emerging greater Chinese market, as the most important markets; expand our market share in Japan, the United States and Europe; and concentrate our management resources on the greater Chinese market in order to establish our business foundation and improve the market positioning of the "ASICS" brand.
      ⑤ To foster world-class human resources and offer all our employees an attractive and worthwhile working environment.
      ⑥ To improve our internal control system so that we can fulfill our social responsibilities, including compliance, thoughtful consideration of human rights, environmental protection and contribution to local communities.

(2) Two principal brands

① Our two core brands are ASICS and Onitsuka Tiger, and we will enhance the value of these brands and expand our activities in the global market.

② In order to expand our business activities under the Onitsuka Tiger brand, we will establish planning and development systems and business processes to enable us to respond rapidly to changes in consumer orientation.

(3) Further expansion of the footwear business, improvement of the apparel business, restructuring of the equipment business

(4) Profitability- and capital efficiency-oriented management

① To establish a management system that enables us to track profits by business, brand and market, so that we can make business decisions swiftly.

② To decide on proposed new businesses/investments after conducting appropriate in-house reviews of business plans, including expected earnings.

③ To consider withdrawal from unprofitable businesses, brands, sub-brands and products/product groups that fall under any of our withdrawal guidelines shown below. The board of directors will decide on withdrawal from businesses, brands and sub-brands; and appropriate business divisions will decide on withdrawal from products and product groups.

A. Businesses, brands, sub-brands and products/product groups are not complied in line with our group-wide strategies
B. 3 consecutive fiscal years of operating loss
C. Products/product groups have no differentiation compared to competitors' products
D. Businesses, brands, sub-brands and products/product groups are not aimed to be among the top 3 in market share for in their respective markets (categories) within 5 years.

6. Issues to be addressed

We will continue to strive towards expanding and strengthening our sports business with the main focus on running shoes, and at the same time we will drastically reexamine our planning, development, and marketing functions, and expand the apparel business on a global level.

With regard to the sportstyle business, we will establish planning and development systems that enable us to respond rapidly to changes in customer orientation, and we will achieve further expansions of our business with the ASICS and Onitsuka Tiger brands.

In the health/comfort business we will enhance our shopfront sales promotion activities, bolster efforts towards the opening of new directly-run stores, and realize expansions in the walking shoes and kids shoes businesses.

In order to facilitate activities on the sales front that demonstrate a customer oriented perspective, we will actively develop and expand our directly-run store and shop-in-shop store operations. We will also work to expand sales in the Chinese market, which includes both mainland China and the Taiwan area.

Through these strategies, and with the Group's goal of becoming "The World's No. 1 Creator of Sports-, Health- and Comfort-Oriented Lifestyles," we will strive towards achieving net sales of 300 billion yen on a consolidated basis by fiscal year 2010.

Further, with the aim of increasing our sales efficiency and reducing inventory stockpiles, we will put reformed management information systems into operation and continue to drive through group wide business reforms.

7. Matters in relation to the parent company

Nothing relevant to note.

Operating results and financial position

1. Operating results

(1) Overview of consolidated results for the current fiscal year

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.

We posted sales for the current fiscal year of 171,036 million yen on a consolidated basis, an increase of 16.6% compared to the previous year. Domestic sales represented 78,958 million yen of this total, an increase of 2.0% compared to the previous year, and overseas sales accounted for 92,078 million yen, an increase of 32.9% compared to the previous year. With regard to the profit and loss account, operating income of 16,444 million yen was posted, representing an increase of 66.2% compared to the previous year. Ordinary income came in at 17,335 million yen, an increase of 58.1% compared to the previous year. Net income for the current fiscal year was 13,806 million yen, an increase of 97.1% compared to the previous year.

(2) Analysis of operating results

(Sales)

① Sports shoes

Sales came in at 112,742 million yen (an increase of 26.4% compared to the previous year), particularly due to favorable overseas results for running shoes, fitness walking shoes, and sportstyle shoes including Onitsuka Tiger shoes.

② Sportswear

Sales of 41,199 million yen (down 0.7% compared to the previous year) were posted due to sluggish sales of training wear and outdoor wear in Japan.

③ Sports equipment

Sales came in at 17,095 million yen (a rise of 6.7% compared to the previous year) due to the development and expansion of our domestic product range and other factors.

(Operating income)

Consolidated gross profit for the current fiscal year came in at 72,458 million yen, an increase of 24.0% compared to the previous year. The main factors responsible for this increase were favorable sales of running shoes, fitness walking shoes, and sportstyle shoes particularly overseas, and an improved cost of sales ratio. This produced a gross profit margin of 42.4%, an improvement of 2.6% compared to the previous year.

A total of 56,013 million yen was posted for selling, general & administrative (SG&A) expenses, up 15.4% year-on-year. This was mainly due to increased advertising costs which resulted in increased total expenses of 33,418 million yen, a rise of 21.1% over the previous year.

The above factors resulted in operating income of 16,444 million yen, representing an increase of 66.2% over the previous year.

(Ordinary income)

Non-operating income fell 7.1% year-on-year to 1,971 million yen, due to factors such as reduced foreign exchange gains.

Non-operating expenses rose 2.5% year-on-year to 1,080 million yen, due to increased foreign exchange losses.

The above factors resulted in ordinary income of 17,335 million yen, representing an increase of 58.1% over the previous year.

(Net income)

Net income for the current period came in at 13,806 million yen, an increase of 97.1% year-on-year. This was due to increased extraordinary income of 592 million yen, a rise of 171.2% year-on-year, and a 30.6% rise over the previous year in extraordinary losses which came to 561 million yen.

(3) Geographic segments

The domestic and foreign operations for the group are summarized as follows.

① Japan

Favorable performance for fitness walking shoes in Japan mainly produced sales of 86,287 million yen (an increase of 4.3% over the previous year), and operating income of 3,907 million yen (an increase of 38.1% over the previous year).

② U.S.

Favorable performance for running shoes in the U.S. produced sales of 32,180 million yen (an increase of 37.0% over the previous year), and operating income of 2,704 million yen (an increase of 117.2% compared to the previous year).

③ Europe

Favorable performance for running shoes and sportstyle shoes including Onitsuka Tiger shoes produced sales of 51,513 million yen (an increase of 30.3% compared to the previous year), and operating income of 8,850 million yen (an increase of 77.4% over the previous year).

④ Other areas

In other geographical areas, particularly due to favorable performance of running shoes in Australia, sales came to 6,633 million yen (an increase of 14.0% over the previous year), and operating income came to 1,503 million yen (an increase of 29.8% compared to the previous year).

(4) Outlook for the next term

The overseas market for sporting goods is expected to remain solid. The modest recovery in individual consumer spending and an increased interest in sports are expected to result in a generally strong market in Japan.

The ASICS Group will continue to work towards expanding and strengthening its sports business, with the main focus on running shoes. We plan to make further expansions in the sportstyle business with the ASICS and Onitsuka Tiger brands. In the health/comfort business, we are focused on achieving expansions through walking shoes and kids shoes.

Performance estimates on a consolidated basis for the fiscal year ending in March 2007 are currently as follows: 182 billion yen for sales, 17 billion yen for operating income, 17.5 billion yen for ordinary income, and 11 billion yen for net income.

2. Financial position

Total consolidated assets at the fiscal year-end stood at 140,614 million yen (an increase of 14.7% compared to the previous year), and total liabilities came to 62,880 million yen (an increase of 2.2% compared to the previous year). Minority interests stood at 2,835 million yen (an increase of 9.4% compared to the previous year), and shareholders' equity came to 74,899 million yen (an increase of 28.1% compared to the previous year).

The cash flow situation was as follows.

(Cash flows from operating activities)

Although income before income taxes and minority interests stood at 17,366 million yen for the current fiscal year, owing to increases in accounts receivable and inventories, and payments of company taxes, net cash provided by operating activities came in at 4,985 million yen for the current fiscal year. This represents a fall of 1,229 million yen compared to the previous fiscal year, and this is mainly due to the amount of corporate taxes paid and other items.

(Cash flows from investing activities)

Net cash used in investment activities for the current fiscal year came to 2,264 million yen on a consolidated basis, an increase of 2,214 million yen from the previous term. Although we made sales of investment securities, the increased outflow was due to factors such as the acquisition of land for the relocation of the Osaka Office, and the purchase of software for the reform of our core information systems.

(Cash flows from financing activities)

Despite a net increase in short-term loans, payments for the redemption of bonds resulted in consolidated net cash used in financing activities coming in at 564 million yen for the current fiscal year. This represents a decrease of 4,861 million yen from the previous fiscal year, and this is mainly due to factors such as a net increase in short-term loans and a decrease in outlay on the purchase of own shares.

As a result of the above, cash and cash equivalents rose 2,689 million yen from the previous fiscal year to 12,055 million yen.

Trends in cash flow indicators

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Shareholders' equity ratio (%)	39.7	44.2	46.0	47.7	53.3
Market value based shareholders' equity ratio (%)	20.6	28.9	48.8	72.4	182.6
Debt repayment period (years)	4.9	5.2	3.9	3.4	4.5
Interest coverage ratio	4.6	5.0	8.0	11.7	9.9

Notes: Shareholders' equity ratio = shareholders' equity / total assets
Market value based shareholders' equity ratio = market capitalization / total assets
Debt repayment period = interest bearing debt / operating cash flow
Interest coverage ratio = operating cash flow / interest expense

1. All indicators are calculated using consolidated basis figures.
2. Market capitalization is calculated by multiplying the market closing price of shares at the end of the period by the number of shares on the issue at the end of the period (excluding own shares held).
3. Figures for operating cash flow are taken from the cash flows from operating activities section of the Consolidated Statement of Cash Flows. Interest bearing debt refers to all debt appearing on the Consolidated Balance Sheets for which interest payments are made. Interest expense is that appearing on the Consolidated Statement of Cash Flows.

3. Business and other risks

Listed below are the principal business and other risks that we believe may influence our group's business performance, financial position, company share price, and other items. Information disclosed here that relates to future events is based on information currently available.

ASICS Corporation fully recognizes the possibility of these risks being realized and has therefore set up a Risk Management Committee to examine how such risks may be avoided, and how to proceed in the event that they are realized.

(1) Risks associated with expanding business in overseas markets

ASICS Corporation conducts activities on a global scale in the sports shoes business, manufacturing mainly in China, and selling principally in the U.S., Europe, and Australia. We are also aiming to expand overseas manufacture and overseas sales of sportswear, and with regard to the expansion of business activities in these overseas markets, we have identified the following risks on both the sales and manufacturing fronts.

① Sales

Our companies' overseas sales account for a significant 53.8% of total sales on a consolidated basis (overseas sales were up 32.9% over the previous year). The overseas markets in which we sell our products are therefore subject to the following risks, and there is a possibility that these factors may impact negatively on our financial position and business performance.

- Changes in the economic climate
- Legal claims involving intellectual property rights
- Negative impacts on product and corporate image due to the occurrence of defective products
- Unexpected changes in legal and regulatory systems
- Terrorism, war, and other disruptions to the social climate

② Production

Production of our company's sports shoes is conducted mainly at subcontract Chinese factories, and we rely on production in China for a large portion of our company's total footwear products. We are advancing with the development of a portion of our production in other areas, such as Vietnam in order to reduce the production risk, but we are still subject to potential problems in the production environment in China due to factors such as changes in the political and legal environments, strikes, changes in the economic climate, natural disasters, and the spread of infectious diseases. These events could cause delays or make it impossible to supply products to our sales locations. The same risks also exist in relation to sportswear, and there is the possibility of such events having a negative impact on our company's financial position and business performance.

Furthermore, working environments and conditions in overseas factories have become an international issue, and our company is criticized on Internet web sites from time to time. There is the possibility that such activities will have a negative impact on our corporate and product image.

(2) Exchange rate risk

We conduct product manufacturing and sales activities on the global level. Sales, expenses and assets valued in the currency of each respective domicile are converted to a yen value when preparing the consolidated financial statements. Although the original value of these items in the local currencies may not change, there is the possibility of the exchange rate at the time of conversion having an impact on their yen value.

A major portion of the core product inventories of our overseas sales companies is purchased on a U.S. dollar basis. Movements in the U.S. dollar exchange rate with respect to other currencies, as well as increased costs of production due to the revaluation of local currencies in areas where we conduct manufacturing may have a negative impact on our financial position and business performance.

Our company pursues measures aimed at reducing U.S. dollar foreign exchange risk by entering into short and long-term exchange forward contracts as required, but it is not possible to completely eliminate foreign exchange risk.

(3) Changes in consumer preferences

The market for our company's products is extremely competitive, and there is a possibility that we will be affected by changes in consumer preferences, and that our particular style of product development may lead to a deterioration in brand image. We strive to maintain the superiority of our products by utilizing research conducted at ASICS' Institute of Sport Science, but the possibility exists for these factors to have a negative impact on our financial position and business performance.

(4) Business alliances with other companies

ASICS Corporation manufactures and sells baseball wear and baseball equipment under license from other companies. If a disagreement were to occur between the parties concerned for managerial, financial, or other reasons, problems that potentially affect the continuation of the baseball business may arise, and this may have a negative impact on our financial position and business performance.

(5) Factors underlying financial position and business performance

The past financial position and business performance of our company has been affected by losses incurred under the categories of loss on valuation of investments in securities, loss on restructuring of affiliates, and loss on business restructuring. We have worked hard to restructure unprofitable businesses and to greatly reduce inventory stockpiles, and this has led to a marked improvement in our consolidated financial affairs. However, there is no guarantee that further losses will not be realized in future.

(6) Retirement benefit obligation

Regarding our companies employee retirement benefit expenses, it is possible that losses will arise due to events such as a fall in the market value of pension plan assets, poor investment yields on pension plan assets, changes to the actuarial assumptions used to calculate our retirement benefit obligation, or the emergence of previously unrecognized past service obligations due to changes in the pension system. Such events may have a negative impact on our financial position and business performance.

(7) Product liability risk

ASICS Corporation conducts production and purchasing according to strict quality standards. We do have product liability insurance, but this does not guarantee to cover for all potential claims. If problems were to occur with respect to product liability, the negative impact on society's valuation of our company and on corporate image could adversely affect consumer willingness to purchase our products. Such events may have a detrimental effect on our financial position and business performance.

(8) Intellectual property rights

ASICS Corporation has intellectual property in the form of numerous patents and trademarks held both in Japan and overseas. There is the potential for negative impacts on our product development and brand image to occur due to infringements on the rights of our company, or infringements on the rights of other companies.

In particular, the considerable time and expense involved in infringement litigation and settlement has the potential to impact negatively on our financial position and business performance.

(9) Information security

If an information system failure, or leakage of customer or private information were to occur in relation to the provision of services to customers for whatever reason, claims for compensation from customers and losses in confidence have the potential to impact negatively on our business results.

(10) Large-scale natural disasters

Our company's head office is in Kobe, Hyogo Prefecture, and our group wide managerial and administrative functions are concentrated here. Therefore, if a large-scale natural disaster were to occur in this area or over a wide region, there is the possibility of negative impacts on our group's financial position and business performance.