

**NOTES** adidas AG, a listed German stock corporation, and its subsidiaries design, develop, produce and market – increasingly through own-retail activities – a broad range of athletic and sports lifestyle products. The Group’s Headquarters are located at Adi-Dassler-Str. 1, 91074 Herzogenaurach, Germany. The adidas Group has divided its operating activities by major brand into three segments: adidas, Reebok and TaylorMade-adidas Golf. The business of Reebok International Ltd. (USA) and its subsidiaries is consolidated within the adidas Group as of February 1, 2006, and has a material impact on the Group’s financial position, results of operations and cash flows.

adidas branded products include footwear, apparel and hardware, such as bags and balls. The products are designed and developed by adidas and are almost exclusively manufactured by subcontractors on behalf of adidas.

Reebok branded products also include footwear, apparel and hardware, such as bags and balls. The products are designed and developed by Reebok and are almost exclusively manufactured by subcontractors on behalf of Reebok.

TaylorMade designs, develops and assembles or manufactures high-quality golf clubs, balls and accessories. adidas Golf branded products include footwear, apparel and accessories. Maxfli is specialized in golf balls and golf accessories.

▷ **1 GENERAL** The accompanying consolidated financial statements of adidas AG and its subsidiaries (collectively the “adidas Group” or the “Group”) as at December 31, 2007, are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the additional requirements of German commercial law pursuant to § 315a section 1 HGB.

New standards, amendments to standards and interpretations applicable for the financial year ending December 31, 2007:

- IAS 1 Amendment – Capital Disclosures (effective date: January 1, 2007): This amendment required additional disclosures with respect to the Group’s capital management.
- IFRS 7 Financial Instruments: Disclosures (effective date: January 1, 2007): This new standard required extensive additional disclosures with respect to the Group’s financial instruments.
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-inflationary Economies (effective date: March 1, 2006): This interpretation had no impact on the Group’s financial statements.
- IFRIC 8 Scope of IFRS 2 (effective date: May 1, 2006): This interpretation had no impact on the Group’s financial statements.
- IFRIC 9 Reassessment of Embedded Derivatives (effective date: June 1, 2006): This interpretation had no impact on the Group’s financial statements.
- IFRIC 10 Interim Financial Reporting and Impairment (effective date: November 1, 2006): This interpretation had no impact on the Group’s financial statements.

New standards and interpretations that will be effective for financial years after December 31, 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 Operating Segments (effective date: January 1, 2009): The Group is currently analyzing the potential effects of this new standard.
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective date: March 1, 2007): This interpretation is not expected to have any impact on the Group’s financial statements.

Entities shall apply the new standards, amendments to existing standards and interpretations for annual periods beginning on or after the effective date.

New standards and interpretations, and amendments to existing standards and interpretations are usually not applied by the Group before the effective date.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items such as cash and cash equivalents, available-for-sale financial assets, derivative financial instruments and receivables, which are measured at fair value.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million.