GS Yuasa Corporation

Additional copies of this annual report and
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URL (English Version.): http://www.gs-yuasa.com/us

2013 Annual Report

For the year ended March 31, 2013

GS Yuasa Corporation

From the deep sea to outer space.

The GS Yuasa Group consists of 65 subsidiaries and 33 affiliates in countries throughout the world, with holding company GS Yuasa Corporation (GYC) coordinating the GS Yuasa Group's activities. GYC was founded in April 2004 as the holding company through the implementation of a joint share transfer of the two companies that had laid the foundations for storage battery manufacturing in Japan: Japan Storage Battery Co., Ltd. (GS) and Yuasa Corporation.

Since its founding in 1895, the GS Yuasa Group has continually contributed to economic development and the improvement of living standards through the development and manufacture of batteries, power supply systems and lighting equipment. We are a major force in the market as one of the world's leading manufacturers of automotive and motorcycle batteries. As a supplier of high-performance power supply systems, we also help to ensure the reliability of social infrastructure. Another field in which we are responding to today's increasingly sophisticated needs is lithium-ion battery technology, which has attracted intense interest as a next-generation energy system. Our extensive range of lithium-ion batteries encompasses those not only for vehicles but also for products in a vast range of fields, from deep sea to aerospace, to meet the ever more sophisticated needs of the times.

Throughout its long history, the GS Yuasa Group has worked to create innovative technology. This commitment serves as the foundation for our continuing efforts to explore new possibilities in the field of electrical energy under a corporate vision expressed in the words "Innovation and Growth."

Contents

Disclaimer: Descriptions concerning future plans and performance in this annual report are based on the current economic situation and business environment and are subject to change depending upon various factors including, but not limited to, future trends of the Japanese economy and securities markets, changes in legal and other systems, and development of new services and information technology.

Key Figures

Results for the Year Ended March 31, 2013

¥274,510 million in net sales (down 3.8% year on year)

¥9,775 million in operating income (down 39.0% year on year)

3rd place with an 8%* share of the global automotive battery market

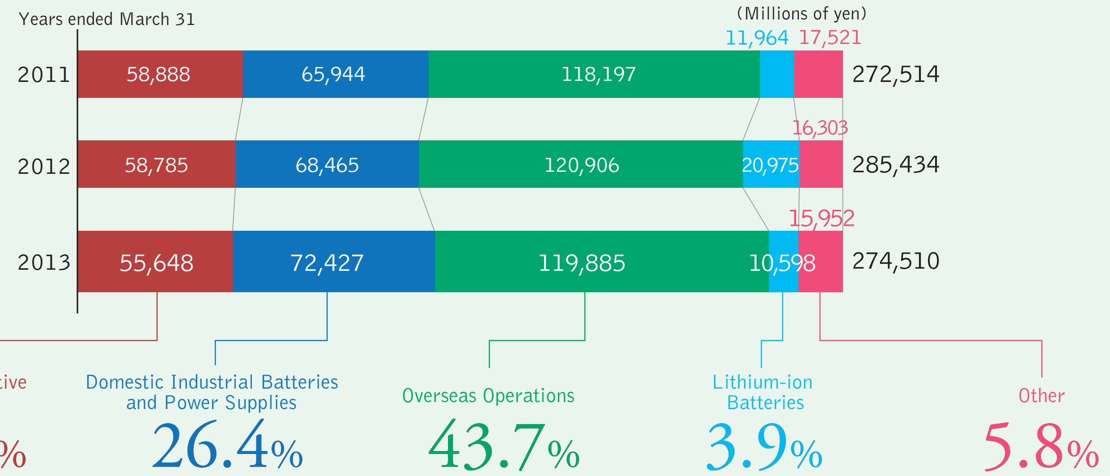
1st place with a 27%* share of the global motorcycle battery market

1st place with a 19%* share of the Asian automotive battery market

1st place with a 27%* share of the Asian motorcycle battery market

*Estimated value by GS Yuasa Corporation

Well-balanced sales (% of net sales by segment)



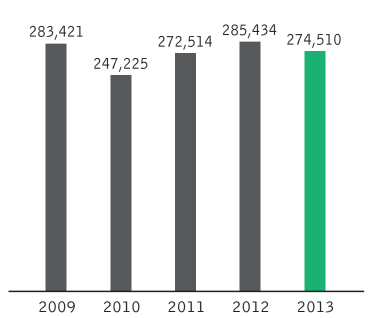
Consolidated Financial Highlights

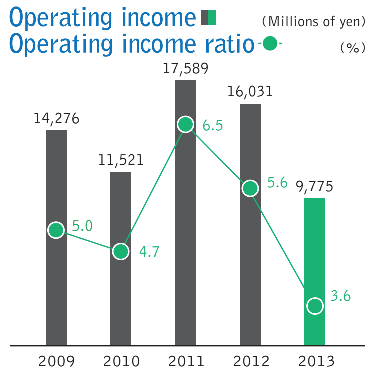
GS Yuasa Corporation and Consolidated Subsidiaries

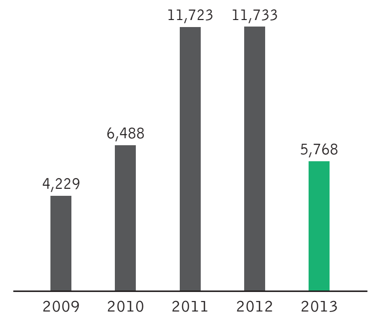
Years Ended March 31

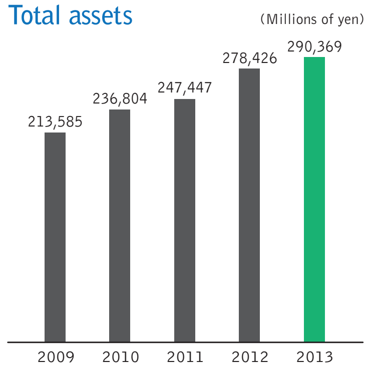
	Millions of yen					Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2010	2009	2013
Net sales	¥274,510	¥285,434	¥272,514	¥247,225	¥283,421	$2,920,319
Costs and operating expenses	264,735	269,404	254,925	235,704	269,145	2,816,330
Other income (expenses), net	(1,484)	291	(3,286)	(1,210)	(7,098)	(15,787)
Operating income	9,775	16,031	17,589	11,521	14,276	103,989
Income before income taxes and minority interests	8,291	16,322	14,303	10,311	7,178	88,202
Net income	5,768	11,733	11,723	6,488	4,229	61,362
Per share of common stock (yen)						
Net income (Note 1)	13.97	28.42	28.39	16.32	11.52	0.15
Total assets	290,369	278,426	247,447	236,804	213,585	3,089,032
Total equity	141,189	136,221	122,311	111,859	66,049	1,502,011

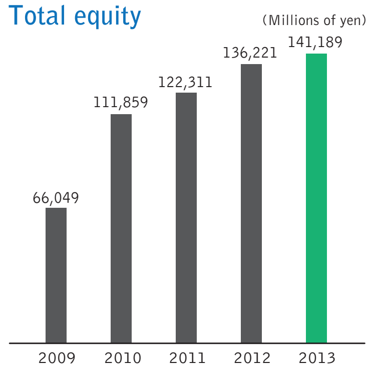
Notes: 1. Computation of net income per share is based on the weighted average number of common shares outstanding.
2. The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013 of ¥94 to $1.











We are determined to achieve further growth through timely adaptation to changes in the business environment.

Makoto Yoda
President

We faced challenging economic conditions in the year ended March 31, 2013. While the Japanese economy shifted to a gradual recovery trend following the change of government in December 2012, the outlook for the world economy remained clouded by uncertainties, including the prolonged debt crisis in Europe and slower growth in China. The GS Yuasa Group in this environment continued to expand its business activities and strengthen its earning potential through strategies focused in particular on buoyant demand for eco-cars and post-earthquake reconstruction demand, and we boosted sales of automotive batteries for new vehicles and power supply systems. Despite this growth, consolidated net sales fell by 3.8% year on year to ¥274,510 million, mainly because of lower sales in Europe and slow sales of lithium-ion batteries for electric vehicles. Operating income declined by 39.0% to ¥9,775 million, while net income was down 50.8% to ¥5,768 million.

Lithium-ion batteries are positioned in our strategies as a core contributor to our future earnings. A substantial reduction in the quantity of batteries supplied for electric vehicles caused sales of lithium-ion batteries to decline by 49.5% year on year to ¥10,598 million. However, this result in no way diminishes the importance of these products as key components for the shift to electrically powered vehicles. We also remain firmly committed to a growth scenario based on the use of earnings from existing business segments to build new areas of business.

On July 30, 2013, we launched our third Mid-Term Management Plan, which will cover the period to the year ending March 31, 2016. Our goals for the domestic automotive batteries segment in the year ending March 31, 2014, the first year of this plan, are to expand our market share and boost earnings. We will also work to build our presence in overseas markets, especially China and other Asian countries, and to develop robust infrastructure for the lithium-ion batteries business. Another focus will be the expansion of the industrial batteries and power supplies segment in anticipation of progress toward the creation of a low-carbon society. We aim to achieve consolidated net sales of ¥350,000 million, operating income of ¥16,000 million, and net income of ¥10,000 million.

In April 2014 we will mark the 10th anniversary of the founding of GS Yuasa Corporation. Our path in the decade since the corporate merger has not always been smooth. However, the entire GS Yuasa Group remains firmly committed to the realization of the vision expressed in the words "Innovation and Growth," and we will continue to take up new challenges. In this era of rapid transformation and continual change in the business environment, we will move forward resolutely toward a new future for the GS Yuasa Group by enhancing our capacity to adapt quickly to change, and by firmly seizing every opportunity to develop our business activities.

We look forward to the continuing support of our stakeholders, including shareholders and investors.

Special Feature

Excellent Quality and Dependable Service

GS Yuasa Industrial Batteries and Power Supply Systems

GS Yuasa Helps Society to Achieve Safety and Security by Supplying Industrial Batteries and Power Supply Systems

Growing public interest in disaster preparedness and advances in risk management systems are reflected in renewed awareness of the importance of backup power supply systems. This is to ensure that facilities and equipment can continue to be used when normal supplies are interrupted. There is also intense interest in the effectiveness of electricity storage systems based on lithium-ion batteries, both for leveling electricity supply and demand and from the viewpoint of facilitating the use of renewable energy. GS Yuasa helps people to enjoy safer, more secure and comfortable lives by supplying a range of industrial batteries and power supply systems, using its unique advanced technology for public infrastructure and a number of other applications.

Yoshinori Ishimoto

General Manager
Technical Department
Power Supply System Production Division
Industrial Batteries &
Power Sources Business Unit

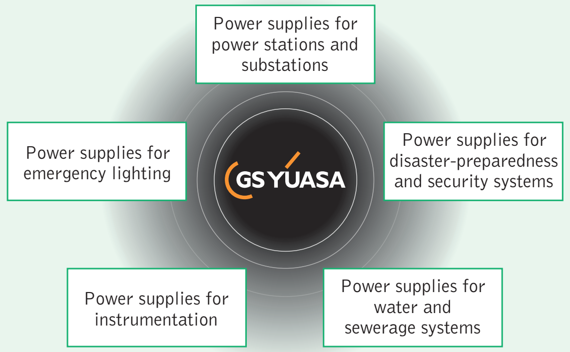
GS Yuasa's Uninterruptible Power Supplies Protect Society from the Risk of Power Outages

Electric power is a lifeline for modern society. Reliable supplies of electric power are essential not only for ordinary households, shops and offices but also for all of the social facilities and functions on which we rely for the amenities of life. These include railroad power reception and transformer equipment, traffic signals, production facilities and instrumentation in factories, mobile phone base stations, broadcasting facilities for television and other media, and data centers.

It also means that damage to electric power networks due to disasters, accidents or malfunctions results in serious disruption of the efficient operation of social infrastructure and the normal activities of businesses. The failure of railroad and traffic signals would throw transportation networks into turmoil, and surveillance cameras used to monitor rivers, ports and airports would cease to function. Customers would become unable to withdraw or transfer funds through the ATMs of financial institutions, and mobile telephones would become inoperable. With POS terminals in convenience stores shut down, we would no longer be able to even buy groceries.

Uninterruptible power supply (UPS) systems and DC power supply systems minimize the risks associated with power outages and prevent the resulting paralysis of social infrastructure. GS Yuasa supplies UPS systems and equipment for an extremely wide range of applications, including public infrastructure, such as roads, tunnels, dams and airports, water treatment facilities including water and sewage treatment plants, hydro, thermal and nuclear power stations throughout Japan, and power substations and signal boxes on Japan Railways and private railroad networks, as well as civilian facilities such as office buildings, hospitals and universities.

Applications for uninterruptible power supply systems



Growing Interest in Industrial Lithium-ion Batteries for Power Storage and Smart Grid Applications

In addition to uninterruptible power supply (UPS) systems, GS Yuasa has developed a wide range of industrial battery and power supply systems by combining advanced battery technology cultivated over many years with leading-edge expertise in various other fields, including power devices, power conversion systems, control and communications systems and device mounting technology. Today we offer an extensive and diverse lineup of products to meet a wide range of needs, including industrial lead acid storage batteries, alkaline storage batteries, industrial lithium-ion batteries for use in automated guided vehicles (AGVs) in clean rooms and in hybrid trains, power conditioners for photovoltaic power generation systems, and rapid chargers for electric vehicles.

A special focus of GS Yuasa at present is industrial lithium-ion batteries. Lithium-ion batteries are compact and light and can be repeatedly charged and discharged. They can reliably supply power continuously for several days during power outages. These characteristics are leading to the development of a variety of new power storage and smart grid applications, in addition to the existing role of lithium-ion batteries in vehicle drive systems and hybrid vehicles.

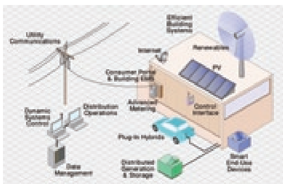
As Japan's leading manufacturer of lithium-ion batteries, GS Yuasa has played a pioneering role in the development of industrial applications. Over the past year alone, we supplied a 240kWh lithium-ion battery storage system for Hiraizumi Station on East Japan Railway Company's Tohoku Main Line in June 2012, and an E3 Solution System—a regenerative power storage system based on lithium-ion batteries—for Tobu Railway Co., Ltd. in July 2012. In the year ending March 31, 2014, we will deliver a large-scale lithium-ion storage battery system to Chile. The system supplied for Hiraizumi Station will store surplus power generated by photovoltaic power generation for use at night or during bad weather. As a pioneer in the field of industrial lithium-ion batteries, GS Yuasa remains firmly committed to the continuing introduction of new technology.


Automated guided vehicles

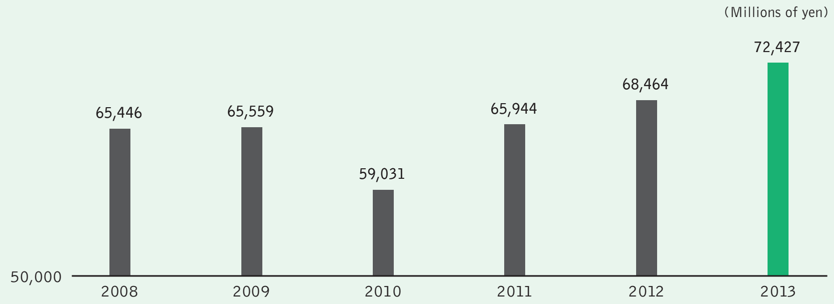

Hybrid transfer cranes


Self-charging, battery-powered train


Hybrid locomotive


Smart grid

Net Sales of the Domestic Industrial Batteries and Power Supplies Business
(Last Six Years)
(Years ended March 31)



Advanced Technology and Dependable Maintenance and Service Systems Are the Keys to a Competitive Advantage

GS Yuasa's competitive advantage in the field of industrial batteries and power supply systems is based first of all on the excellent technical capabilities and system building capabilities. These reflect the in-depth skills of its engineers with their exhaustive knowledge of storage battery characteristics. We offer the best-possible solutions to technical challenges by optimizing product designs and responding to the customization requirements of users. We also contribute to the dissemination of next-generation technologies through our active participation in the activities of numerous organizations, including the Battery Association of Japan and the Japan Electrical Manufacturers' Association.

The second source of our competitive advantage is our extremely high quality standards. For example, GS Yuasa has its own production facilities for printed circuit boards and can apply its in-depth commitment to quality to every detail of every product. The third foundation stone of our competitive strength is our marketing and maintenance service organization. Power supply systems generally have a service life of 15–20 years, but some customers continue to use them for almost 30 years. With its nationwide service network, GS Yuasa can provide timely maintenance services while working to develop new demand.

These strengths have made a major contribution to the sustained expansion of the industrial battery and power supply business and the GS Yuasa Group's earnings since the establishment of the holding company, GS Yuasa Corporation in April 2004. In the year ended March 31, 2013, net sales in the domestic industrial batteries and power supplies segment amounted to ¥72,427 million, while segment income reached ¥10,813 million. In the year under review, this segment accounted for approximately 26% of GS Yuasa's net sales. The addition of overseas sales of industrial batteries and power supply systems raises the contribution to around 40%.

World Storage Battery Market Expanding Rapidly

Since the Great East Japan Earthquake of March 2011, efforts have continued to inform the Japanese public about the importance of electric power management. Effective use of industrial batteries and power supply systems is vital to the development of advanced power management technology. Photovoltaic power and wind power generation cannot produce consistent flows of electric power, but using storage batteries as buffers makes it possible to supply power reliably and reduce the burden on electric power grids. Moreover, by storing cheap night-time power in storage batteries, manufacturers can not only reduce the cost of power used in factory operations but also ensure sufficient supplies of power at peak demand times, such as summer day-time periods.

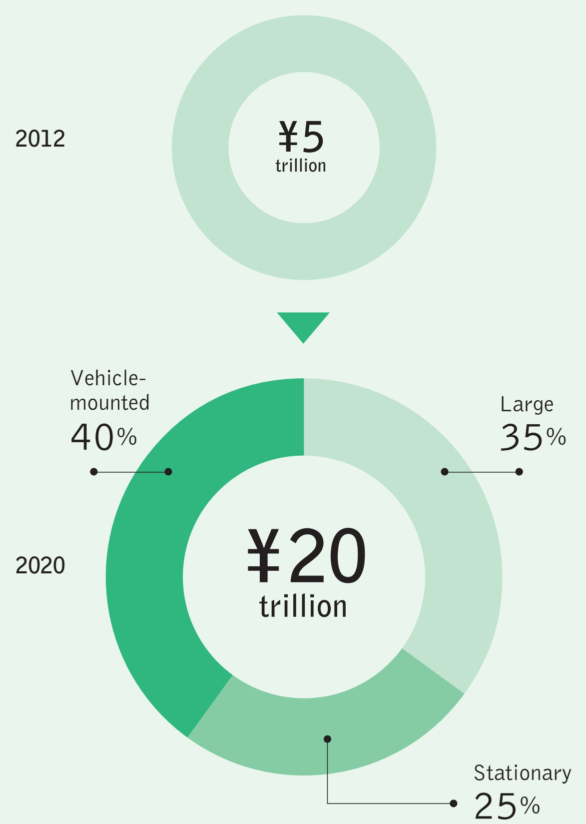
Furthermore, both the government and private sector businesses have strengthened their disaster preparedness in the wake of the Great East Japan Earthquake. This is reflected in the expanding use of emergency battery power systems. Central and regional governments use storage batteries to provide backup power for river monitoring cameras and emergency radio systems. There is also a growing demand for batteries as core components in the business continuity plans (BCPs) of private-sector businesses. In addition, storage batteries are expected to play a vital role in next-generation smart grid systems, both as storage media for renewable energy and as key devices for electric power leveling systems.

The Japanese government is supporting the development of the storage battery business. In January 2012, the Ministry of Economy, Trade and Industry established the Storage Battery Strategy Project Team and announced that the government would provide strong leadership with policies focusing on the use of storage batteries in electric power supply-demand load leveling and disaster preparedness, the creation of new storage battery markets, Special Feature

and the reinforcement of competitiveness of the Japanese storage battery industry.

The Storage Battery Strategy announced by the Project Team in July 2012 identified storage batteries as a growth industry with considerable potential for market expansion. The target under this strategy aims for Japanese storage battery-related companies to capture 50% of the world storage battery market, which the Project Team predicts will reach ¥20 trillion by 2020. The image of society that the storage battery strategy foresees is one based on distributed energy systems, in which individual citizens function not only as energy consumers but also as energy producers using renewable energy generation and storage systems.

Size of the Storage Battery Market in 2012 and 2020



Source: Storage Battery Strategy Project Team, Ministry of Economy, Trade and Industry, *Storage Battery Strategy*, July 2012

Capturing New Demand through Customer Relationships Based on Solid Foundations of Trust

Going forward, GS Yuasa will aim for sustainable expansion in its industrial batteries and power supplies business, making it a reliable source of income with minimal impact from economic trends. In the area of emergency backup power supply systems, we have built solid relationships of trust with our customers over many years. Those relationships will be vital to our ability to capture both new and replacement demand in this area. In the new energy area, we will work to expand sales of power conditioners for photovoltaic power generation systems, industrial lithium-ion batteries and rapid chargers. We will also further enhance our competitiveness in the market by proposing systems that combine advanced battery and power supply technologies. One of the keys to the improvement of customer satisfaction is after-sales service. In addition to providing in-depth maintenance services based on a thorough knowledge of existing systems, we aim to establish new sources of income by exploring other concepts, such as the packaging of paid maintenance agreements.

For more than a century, GS Yuasa has contributed to industrial development and the improvement of living standards and convenience by developing and supplying high-quality batteries and power supply systems. We will continue to work toward safer and more secure lifestyles through our role as a manufacturer of infrastructure to support key social systems.

Business Review

The business activities of GS Yuasa Corporation consist of four segments: domestic automotive batteries, domestic industrial batteries and power supplies, overseas operations, and lithium-ion batteries, together with other businesses.

The domestic automotive batteries business maintains a high share of the market by supplying the Japanese market with high-quality automotive and motorcycle lead-acid batteries and other automotive equipment. The past few years have seen an upward trend in sales of lead-acid batteries designed for hybrids and other types of eco-cars, and also for idle-stop vehicles.

Products supplied by the domestic industrial batteries and power supplies business include industrial storage batteries used to supply backup power to telecommunications facilities and power receiving and transforming equipment for disaster response, as well as lead-acid batteries for motive power. We also supply uninterruptible power supply systems used to ensure the safe operation of social infrastructure, and power conditioners for photovoltaic power generation systems, which have become a key part of the infrastructure in today's environment-conscious world. Our extensive product line-up also includes rapid chargers for electric vehicles, compact chargers for digital cameras, power tools and compact power supplies.

Overseas business contributes 44% of consolidated net sales. We supply automotive lead-acid storage batteries for automobiles and motorcycles and industrial lead-acid storage batteries from 36 production and sales bases in 16 countries.

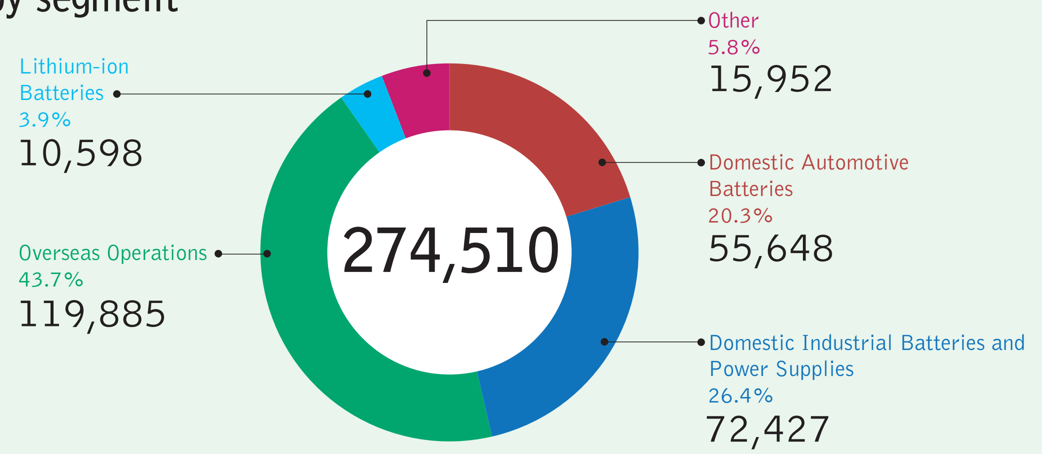
The lithium-ion batteries business will be a key source of sales and income for GS Yuasa. Vehicle-mounted lithium-ion batteries are manufactured by two consolidated subsidiaries, Lithium Energy Japan and Blue Energy Co., Ltd.

Other businesses in which GS Yuasa is involved include lighting equipment for roads, tunnels, factories and other facilities, ultraviolet equipment, precision filters and other environmental equipment, and large lithium-ion batteries for use in fields ranging from satellites and rockets to undersea exploration vessels.

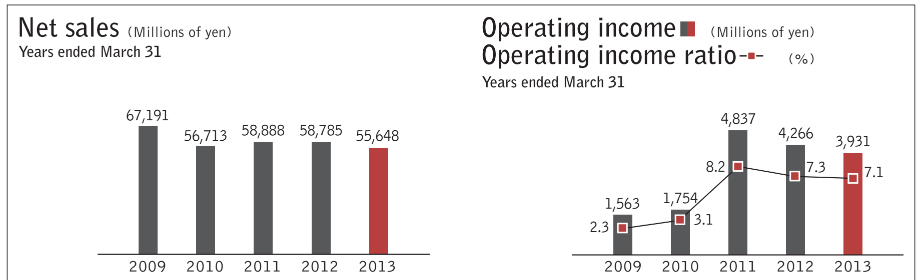
GS YUASA
- Domestic Automotive Batteries
- Domestic Industrial Batteries and Power Supplies
- Overseas Operations
- Lithium-ion Batteries
- Other

Net sales by segment

(Millions of yen)



Domestic Automotive Batteries



Sustained growth was recorded in sales of lead-acid batteries for new vehicles, especially hybrids and idle-stop vehicles. However, slower sales of replacement lead-acid batteries and other automotive equipment were reflected in net sales, which were ¥3,137 million, or 5.3%, below the previous year's level at ¥55,648 million. Segment profit declined by ¥335 million, or 7.9%, in part because of reduced sales and fluctuations in the prices of key raw materials.

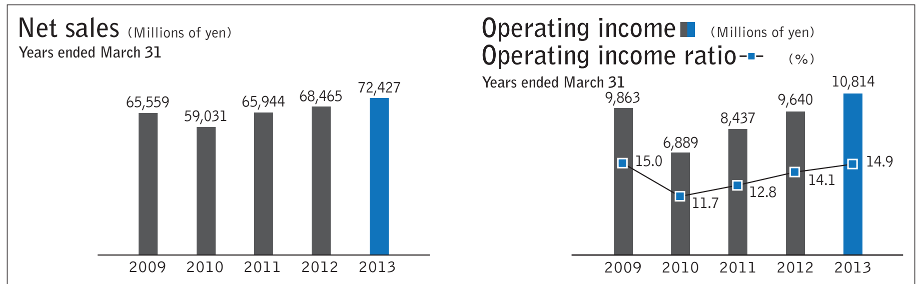
Main Products

Automotive and motorcycle lead-acid batteries, automotive equipment

"ECO.R Series NEO" automotive batteries

Auxiliary batteries

Domestic Industrial Batteries and Power Supplies



Segment net sales increased by ¥3,962 million, or 5.8%, over the previous year's level to ¥72,427 million. Contributing factors included greater demand for photovoltaic power generation systems and strong sales of railroad-related products. In addition, there was a recovery in sales of compact chargers, which had been lower in the previous year because of the effects of the earthquake in Japan and flooding in Thailand. These trends helped to lift segment income, which at ¥10,814 million was ¥1,174 million, or 12.2%, above the previous year's level.

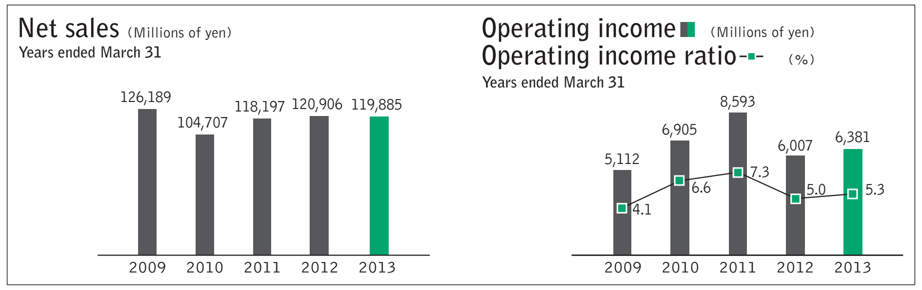
Main Products

Lead-acid batteries for backup, forklifts, automated guided vehicles (AGVs), small lead-acid batteries, alkaline storage batteries, DC power supplies, AC uninterruptible power supplies, other power supply systems

Power conditioner LINE BACK αⅢ

"BACSTAR Series" AC Uninterruptible Power Supply

Overseas Operations



Sales expanded in North America but fell in other markets, especially Europe, with the result that consolidated net sales declined by ¥1,021 million, or 0.8%, year on year to ¥119,885 million. Segment profit was ¥374 million, or 6.2%, higher at ¥6,381 million, in part because of a fall in the market price of lead, a key raw material.

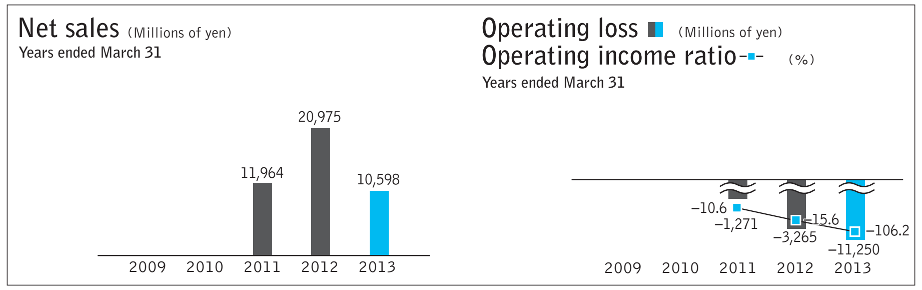
Main Products

Automotive and motorcycle lead-acid batteries, valve regulated lead-acid batteries for backup, lead-acid batteries for forklifts

Automotive batteries manufactured exclusively for European vehicles (manufactured by Yuasa Battery (Shunde) Co., Ltd.)

Motorcycle batteries

Lithium-ion Batteries



Net sales were ¥10,377 million, or 49.5%, below the previous year's level at ¥10,598 million. This resulted primarily from a sharp decline in the volume of batteries sold for use in electric vehicles. In addition to the lower sales figure, profitability was affected by increases in costs, including depreciation, and declined by ¥7,985 million year on year, resulting in a segment loss of ¥11,250 million.

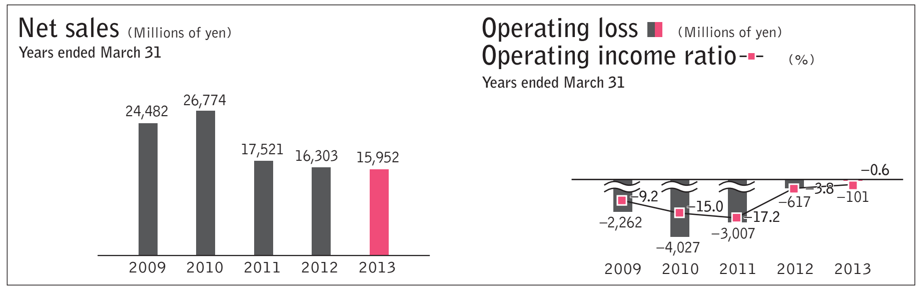
Main Products

Automotive lithium-ion batteries

Lithium-ion batteries for hybrid vehicles (manufactured by Blue Energy Co., Ltd.)

Lithium-ion batteries for electric vehicles (manufactured by Lithium Energy Japan)

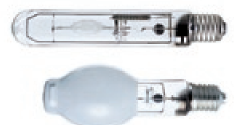
Other



Sales were higher in some categories, especially satellite batteries and special-purpose batteries, but decreased in other areas, including facility lighting products. As a result, net sales were ¥351 million, or 2.2%, lower year on year at ¥15,952 million. There was a segment loss of ¥101 million, which represented an improvement of ¥516 million compared with the previous year's result. Contributing factors included improved profits on special-purpose batteries.

Main Products

HID light sources, lighting equipment, ultraviolet irradiation systems, special batteries



Ceramic metal halide lamp Ecocera II

LEGA LED street light fixture

June 2012

Decision Made to Construct a 1-MW Mega Solar System

Following a decision by GS Yuasa to build a 1-MW mega solar system in Iwaki City, Fukushima Prefecture, photovoltaic panels, together with power conditioners manufactured by GS Yuasa, were installed at the head office of Iwaki Yuasa Ltd.,[*1] a subsidiary of GS Yuasa. Electricity generated by the solar system will be supplied to the Tohoku Electric Power network utilizing the feed-in tariff system promoted by the Japanese Ministry of Economy, Trade and Industry. This project will help to alleviate power shortages while contributing to the environment. In addition, GS Yuasa will collect operational data about the power conditioners for use in the development of new products.

*1: The facility became operational in June 2013.

Power conditioner LINE BACK Gamma

Bird's-eye view of the mega solar system

2012 April May June July August September October November December 2013 January February March

Three new models of ECO. R IS batteries for idle-stop vehicles

August 2012

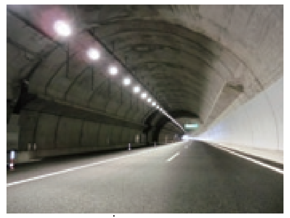
Range of Batteries Expanded for Idle-Stop Vehicles

GS Yuasa increased its lineup of batteries for idle-stop vehicles (ISS vehicles) to seven with the addition of three new products in the ECO.R IS (EIS) Series. The new products are replacement batteries for ISS vehicles used in difficult operating environments, and are distributed through auto dealers, auto parts stores, gasoline stations and other outlets. The addition of the new products means that GS Yuasa can now supply batteries for virtually every ISS model sold in Japan.

July 2012

Energy-Efficient Tunnel Lighting Equipment Installed in the Shin-Tomei Expressway

Recent years have seen growing use of efficient, environment-friendly lighting systems, especially on expressways. GS Yuasa supplied ECO-CERA SR ceramic-metal-halide lamps for use in lighting systems in 28 tunnels on the Shin-Tomei Expressway, which opened in April 2012. White light emitted by the lamps improves visibility for drivers, while the products' high efficiency helps to save energy and reduce CO_2 emissions.



ECO-CERA SR lighting equipment installed in the Fujikawa Tunnel

Mitsubishi Motors' Mirage

August 2012

GS Yuasa's Thai Subsidiary Starts Production and Sale of Lead-Acid Storage Batteries for Idle-Stop Vehicles

Siam GS Battery Co., Ltd., a GS Yuasa subsidiary based in Thailand, began production of Q-85 model lead-acid storage batteries for use in idle-stop vehicles. The batteries are being installed in a new global compact car, the Mirage, which is manufactured in Thailand by Mitsubishi Motors Corporation. The batteries contribute significantly to the fuel efficiency of the Mirage,[*1] which has a JC08 drive-mode fuel economy rating of 27.2 km per liter, making it the most fuel-efficient registered vehicle with a gasoline engine.[*2] This marks the first time that the GS Yuasa Group has produced batteries for idle-stop vehicles overseas for supply to a manufacturer of new vehicles.

*1: Grade M and G, which are equipped with an "Auto-Stop and Go" idle-stop feature
*2: According to studies conducted by Mitsubishi Motors, as of August 1, 2012

November 2012

GS Yuasa Receives an Order for Lithium-Ion Batteries for Use on the International Space Station

GS Yuasa Lithium Power, Inc., a wholly owned subsidiary of GS Yuasa in the United States, received an order from Pratt & Whitney Rocketdyne (PWR) for lithium-ion batteries for use on the International Space Station. Developed by GS Yuasa specifically for the space station, the LSE134 model lithium-ion battery achieved excellent performance results in tests conducted by the U.S. National Aeronautics and Space Administration (NASA) and PWR. With mass and volumetric energy densities approximately three times higher than those of the nickel-metal hydride batteries currently used, LSE134 lithium-ion batteries are expected to remain in service for 10 years or more.

International Space Station (courtesy of NASA)

LSE134 Lithium-ion battery International Space Station

LIM30H-8A Lithium-ion Battery Module

Lithium-ion battery module for industrial applications "LIM50E-12G series"

Battery energy storage system at the existing site of AES Gener

December 2012

6.3-MWh Lithium-ion Battery System to Be Supplied for a Thermal Power Plant in Chile

GS Yuasa and Mitsubishi Corporation will supply a 6.3-MWh lithium-ion battery for a battery energy storage system with a maximum output of 20 MW for the Cochrane thermal power plant, which is being built in Chile. The batteries are being manufactured by Lithium Energy Japan, a joint venture between GS Yuasa and Mitsubishi Corporation, and the battery energy storage system will be installed by Parker-Hannifin Corporation. This marks the first time that Japanese-made lithium-ion batteries have been selected for use overseas in what will be one of the world's largest battery energy storage systems.

December 2012

Lithium-ion Batteries Manufactured by GS Yuasa Selected for Use in Kinki Sharyo's Self-Charging Battery-Powered Railway Vehicles

Many railway operators are conducting trials with environment-friendly trains equipped with storage batteries. This technology is expected to be used widely in mass-produced trains in the future. A storage battery railway vehicle drive system using the industrial lithium-ion battery module LIM30H-8A was selected for use in the "Smart BEST" self-charging battery-powered trains, which are being developed by Kinki Sharyo Co., Ltd.

Developed jointly by GS Yuasa and Kinki Sharyo, the system consists of a small diesel generator and high-current lithium-ion batteries with excellent recharging and discharge characteristics. Drive power is provided by large-capacity storage batteries, which are replenished as they discharge by means of efficient recharging by the small engine generator. Engine output can be reduced to between one quarter and one third compared with conventional diesel-powered railway vehicles. The "Smart BEST" railway vehicles are undergoing field tests on West Japan Railway's San'in Main Line in preparation for use of this technology in mass-produced vehicles.

Engagement with Customers

As a trusted manufacturer, GS Yuasa is constantly working to improve customer satisfaction and ensure safety.

Commitment to Customer Satisfaction

We aim to achieve a quality improvement in both processes and outcomes.

The GS Yuasa Group has built an excellent reputation for dependability as a manufacturer. We are determined to maintain that reputation by consistently supplying products that meet customer expectations in terms of both performance and quality. We achieve this by approaching our manufacturing activities from the customer's perspective, and working relentlessly to maintain the highest standards of quality in our products and services. To realize the above, we have established the GS Yuasa Quality Management System based on the ISO 9001 standard, and we are developing our activities aiming for quality improvement in both processes and outcomes under the leadership of senior management. Individual employees also help to create new value through continual *kaizen* (improvement) activities. The GS Yuasa Group is confident that users will be satisfied with the safety and reliability of the products and services that result from these activities, which we see as the basis for our ongoing contribution to society.

Action Agenda for Customer Satisfaction

- We will work every day to maintain high standards of quality in our products and services.
- We will work as a team to maintain good communications with users.
- We will provide quality and service that exceed customer expectations.

Ensuring Customer Safety

Pictograms are used to inform users clearly about precautions and warnings.

Lead-acid storage batteries use lead in electrodes (a potentially harmful substance for human health) and sulfuric acid (a corrosive substance) as electrolytes. In addition, the batteries emit highly flammable hydrogen gas while they are being charged. Incorrect usage could result in injuries to users or damage to vehicles and other assets.

The GS Yuasa Group uses a range of methods to ensure that customers utilize lead-acid batteries correctly and safely, including pictograms and other forms of information on the products themselves. We also include warnings in catalogs, service manuals and instruction booklets. In addition, the GS Yuasa Group encourages users to recycle lead-acid batteries by means of pictograms and other forms of information on products.

Engagement with Local Communities

Corporate initiatives for people and their communities include environmental awareness programs for children.

Environmental Education Programs for Elementary School Children

Children learn about clean energy by using solar power systems.

Since the year ended March 31, 2004 (fiscal 2003), the GS Yuasa Group has continually worked with the Kyoto Chamber of Commerce and Industry to run environmentally themed education programs for children. This initiative aims to foster children's interest in environmental problems by teaching them about the GS Yuasa Group's environmental technologies.

In fiscal 2012, a photovoltaic power generation system was used in a program focusing on clean energy utilization. The GS Yuasa Group will continue these efforts to boost awareness of the importance of environmental protection among school children, who will become the young citizens of tomorrow.

Kyoto Municipal Shichiku Elementary School

The children carried out experiments using solar panels and learned about efficient ways to generate power in the daytime for use during the night.


A classroom lesson about photovoltaic power generation


A photovoltaic power generation experiment

Eco Art Contest for Elementary School Children

This initiative helps to expand children's awareness of the global environment.

GS Yuasa Battery Ltd. is one of the first automotive battery manufacturers to sell environment-friendly batteries. Since fiscal 2009, it has sponsored the GS Yuasa Eco Art Contest for Elementary School Children to give the pupils, who will become the young citizen of the future, an opportunity to express their thoughts on the global environment.

The theme for the fourth contest in fiscal 2012 was "The Great Discovery—An Eco-Kingdom on Planet Earth." Children throughout Japan sent in a total of 727 highly imaginative entries. After a fair and scrupulous judging process, the gold medal was presented to a fifth-year elementary school pupil in Fukushima Prefecture for an entry entitled "We Live on the Earth"

Many of the entries reflected the creativity, environmental awareness and hope for the future of the young artists. All inspired a renewed awareness of the need for companies to take a responsible stance toward the global environment. We will continue to sponsor this contest in the future.


The gold medal winner: "We Live on the Earth."

A special website created for the GS Yuasa Eco Art Contest for Elementary School Children http://gyb.gs-yuasa.com/concours/pc/index.html

We are engaging in an ongoing effort to improve our corporate governance to ensure the transparency, soundness, and legal compliance of our management.

Approach to Corporate Governance and Our Governance System

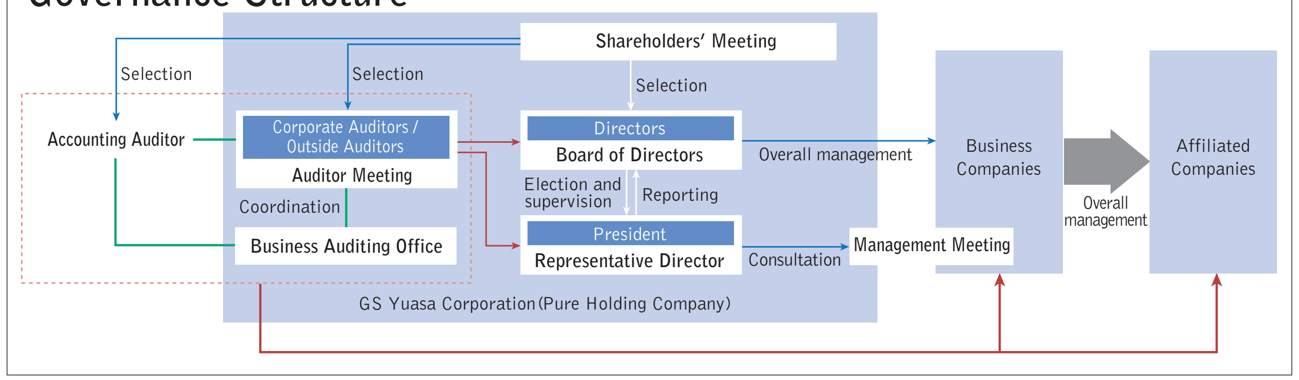
Maximizing Corporate Value

To implement our philosophy of contributing to "people, society, and the global environment through Innovation and Growth," our Group is working to manifest its vision of "delivering security and comfort to our customers around the world through advanced technologies developed in the field of stored energy solutions" and to unite all Group employees in this common commitment.

Moreover, we believe that a continued focus on corporate governance will maximize our corporate value to ensure management transparency and soundness while strengthening corporate profitability through timely decision-making and operational efficiency.

To ensure the effectiveness of management and processes along with appropriate decision-making throughout our Group, we have established a governance system intended to strengthen our Board of Directors. This initiative includes periodic reporting to the Board on the work status of each business subsidiary and important related issues. In addition, corporate and outside auditors present their opinions to the Board and to important meetings of the Group. As well, we are establishing a framework for conducting effective audits by facilitating the exchange of information at Auditor Meetings and ensuring coordination with the GS Yuasa Corporation Business Auditing Office and accounting auditors.

Governance Structure



Focused on Internal Controls

Building Systems and Structures Based on Law

In order to strengthen its management foundation, the GS Yuasa Group has improved its system and relevant rules to ensure the maintenance of ethical business practices based on the Companies Act. This system includes mechanisms to ensure proper auditing, information management, and risk management throughout the Group.

In order to comply with the internal control reporting system required under the Financial Instruments and Exchange Law, we are maintaining an internal control system and financial reporting mechanisms to meet all requirements. Our international subsidiaries and other consolidated Group companies evaluate the status of the improvement and implementation of their internal controls. Following external audits, reports on these internal controls are publicly disclosed.

Implementing thorough compliance management and risk management

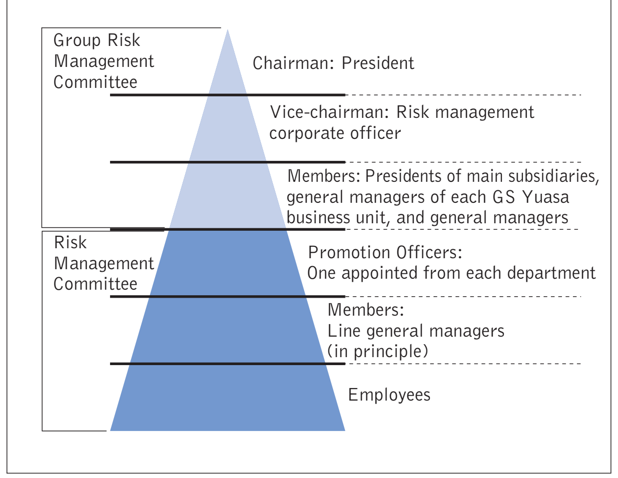
Thorough Risk Management and Crisis Management

Evaluating the Scope of Risk in Detail and Appropriately Managing the Risk

The GS Yuasa Group has adopted Risk Management Rules intended to avoid or reduce exposure to business risk and minimize potential corporate losses.

Each department uses a Risk Management Sheet to evaluate the extent of risk and the potential impact of risks identified within the department. These departments hold monthly meetings to review the results of risk evaluations performed by their respective risk management committees. In addition, the Group Risk Management Committee—headed by our president with members comprising chairs of various departmental Risk Management Committees—holds semiannual meetings to promote Group-wide risk management and to encourage the sharing of key information related to risk management. The Risk Management Committee confirms that appropriate risk management measures have been implemented, and the committee chairs report on progress in this area.

Moreover, in preparation for the possibility that a new risk is identified, the system maintains an emergency contact network to swiftly implement crisis management.



When a serious crisis occurs, members of the Group Risk Management Committee are appointed to organize a crisis management headquarters under the president in order to minimize corporate losses. We have also established a system to implement an appropriate response to moderate the situation.

Compliance Activities

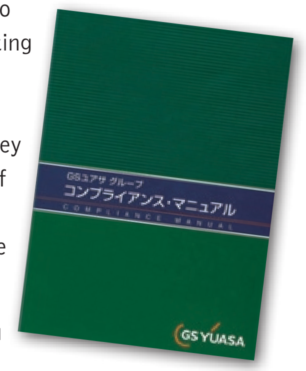
Publishing Guidelines and Manuals and Conducting Compliance Training

By training our personnel according to our philosophy of "Growth and Innovation" while manifesting our commitment to society and preserving the global environment, we are ensuring that all Group employees are guided in their behavior in compliance with laws, company regulations, and ethical standards.

In this spirit, we have adopted the GS Yuasa Corporate Ethical Standards comprising 10 items that all employees must uphold. To better implement these standards, we have established Corporate Ethical Behavior Guidelines that stipulate what is either required or prohibited of all employees in specific situations.

In fiscal 2012, we revised our Antimonopoly Act Compliance Manual, which clearly addresses the Antimonopoly Act, and distributed it to all employees. We implemented an initiative intended to improve compliance awareness throughout the Group and to inculcate knowledge through workplace meetings and knowledge confirmation testing for this compliance manual and the previous version of the manual.

As a point of contact for employees who become aware of behavior that is unjust or inappropriate, we have established GS Yuasa Group Corporate Ethics Hotline. It is accessible both internally and externally and enables employees to convey information anonymously. Our investigation team remains committed to protecting whistleblowers when conducting investigations and taking appropriate action. In addition, our president periodically conducts a compliance survey among all Group employees by means of an in-house email questionnaire. The survey contains questions on compliance practices in day-to-day operations.



The Compliance Manual

(As of June 27, 2013)

President


Makoto Yoda

Senior Managing Director


Koichi Shiina

Managing Directors


Hideaki Yoshimura


Kei Nishida

Directors


Masahide Kuragaki


Shinji Tatsumi


Masaru Sawada


Toshiyuki Nakagawa


Toru Bomoto


Hirosuke Konishi


Osamu Murao

Full-Time Corporate Auditors


Hideyuki Maeno

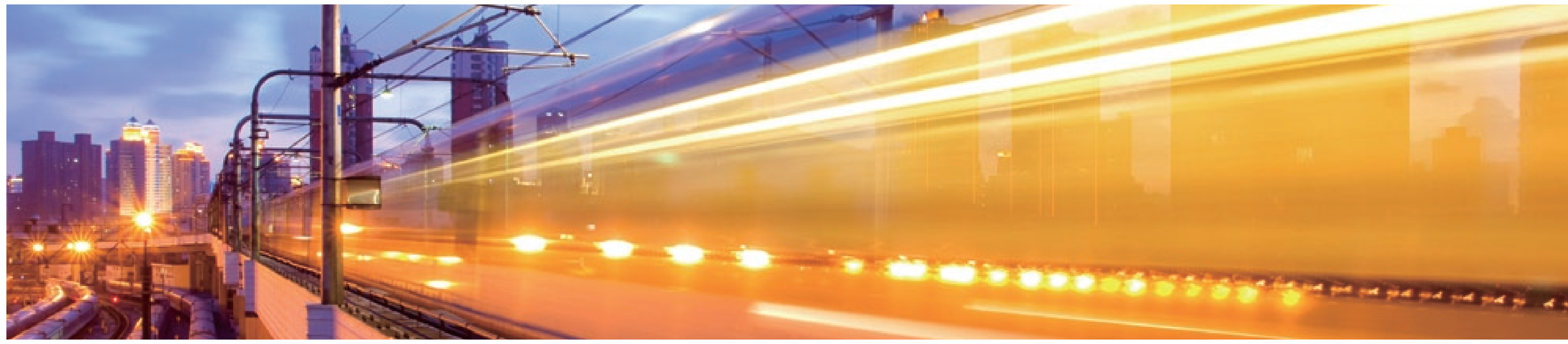

Shinji Ochiai


Kiyoshi Ogawa

Corporate Auditor


Seiji Abe

Financial Section



Contents

Management's Discussion and Analysis

Operating Results

In the year ended March 31, 2013, consolidated net sales decreased by 3.8% year on year to ¥274,510 million. Sales of batteries for new vehicles and power supplies in Japan were higher because of strong demand for eco-cars and the expanding use of a feed-in tariff scheme. However, there was a significant decline in sales of lithium-ion batteries for electric vehicles. Sales were also lower in Europe because of a recession triggered mainly by the prolonged debt crisis.

Selling, general and administrative expenses in the year ended March 31, 2013 were 2.4% higher year on year at ¥50,575 million. As a result, consolidated operating income was 39.0% lower at ¥9,775 million. Consolidated net income declined by 50.8% to ¥5,768 million, due to a ¥2,662 million impairment loss on vehicle lithium-ion battery facilities as well as the effects of taxation expenses and minority interests. Net income per share was ¥13.97.

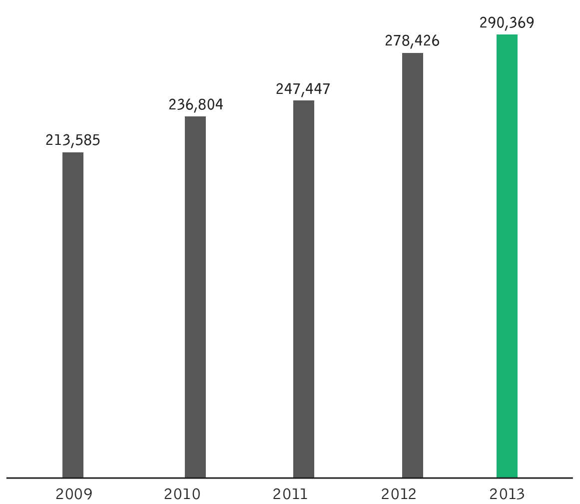
Concerning the incidents involving the detection of smoke in Boeing 787 aircraft, regulators in Japan and the United States have now given their approval for the resumption of commercial flights. The cause of battery problems in electric vehicles and plug-in hybrids manufactured by Mitsubishi Motors has been identified and resolved.

Financial Position

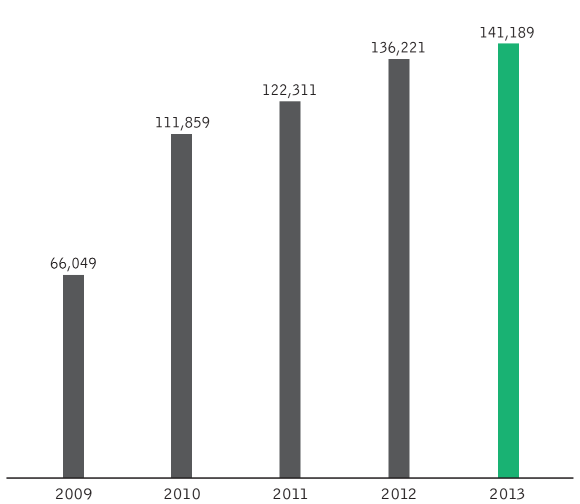
Total assets as of March 31, 2013 increased by ¥11,943 million compared with the prior year to ¥290,369 million. Marketable securities decreased to finance capital expenditures, but tangible fixed assets increased reflecting investment in new facilities for automotive lithium-ion batteries. Liabilities expanded by ¥6,975 million to ¥149,180 million. This resulted from an increase in borrowings to finance capital investment, despite a decline in notes payable related to plant and facilities. Notwithstanding dividend payments and reductions in minority interests, net assets were ¥4,968 million higher year on year at ¥141,189 million, reflecting the contribution of net income and an improvement in foreign currency translation adjustments. Net assets per share as of March 31, 2013 amounted to ¥303.65.

Shareholders' equity as of March 31, 2013 increased by ¥10,225 million year on year to ¥125,352 million. As a result, the shareholders' equity ratio rose by 1.9 percentage points to 43.2%.

Total assets
March 31



Total equity
March 31



Cash Flows

Net cash provided by operating activities in the year ended March 31, 2013 amounted to ¥19,070 million, compared with net cash provided of ¥8,287 million during the previous year. This reflected payments of income taxes and other items and a decrease in trade accounts payable, which were offset by income before income taxes and minority interests and depreciation.

Net cash used in investing activities amounted to ¥29,249 million, compared with net cash used of ¥28,660 million in the previous year. The main factor was expenditure for the acquisition of tangible fixed assets for use in the production of automotive lithium-ion batteries, which was somewhat offset by cash inflows from subsidies.

Net cash provided by financing activities amounted to ¥3,839 million, compared with net cash provided of ¥13,153 million in the previous year. This resulted from an increase in borrowings because net cash used in investing activities exceeded net cash provided by operating activities. However, cash outflows were also recorded for the repayment of long-term debt and the acquisition of lease assets.

As a result of these changes, cash and cash equivalents were reduced by ¥5,266 million, or 32.0%, year on year to ¥11,210 million as of March 31, 2013. The ratio of cash flows to interest bearing debt declined by 4.0 to 4.0 year, while the interest coverage ratio rose by 7.30 times to 12.65 times.

Outlook

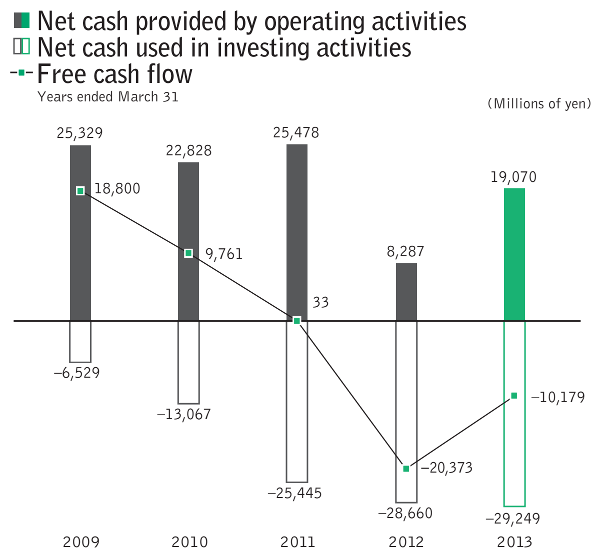
In the year ending March 31, 2014, the Japanese economy is expected to follow a recovery trend driven by large-scale earthquake reconstruction activity, growing demand for solar power facilities and other factors. Uncertainties still remain, however, including higher electricity prices and increased procurement costs due to the reduced value of the yen. Despite the negative factors, such as slower economic growth in China and the prolonged debt crisis in Europe, we expect that the U.S. economy, which leads the world economy, will continue its recovery trend reflecting the expansion of consumer spending and growth in the number of housing starts.

In this environment, the GS Yuasa Group will work under its newly launched third Mid-Term Management Plan to strengthen the income structures of its existing businesses in Japan, while expanding its overseas business activities particularly in China and other parts of Asia. Another priority will be to rebuild sales and strengthen the earning performance of the lithium-ion battery business, which was affected by declining sales in the year ended March 31, 2013.

Our consolidated forecasts for the year ending March 31, 2014 are net sales of ¥350,000 million, operating income of ¥16,000 million and net income of ¥10,000 million.

These figures are based on the assumption that several overseas group companies will become consolidated subsidiaries.

Shareholders' equity ratio
March 31



Consolidated Balance Sheet

March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	¥ 11,210	¥ 16,477	$ 119,255
Time deposits (Note 14)	13	17	138
Receivables (Notes 8 and 14):			
Trade notes	5,230	4,620	55,638
Trade accounts	53,889	52,527	573,287
Unconsolidated subsidiaries and affiliated companies	3,617	2,896	38,479
Other	6,960	12,652	74,043
Allowance for doubtful receivables	(324)	(309)	(3,447)
Inventories (Note 4)	42,950	40,445	456,915
Deferred tax assets (Note 11)	2,963	2,428	31,521
Prepaid expenses and other current assets	2,196	4,933	23,362
Total current assets	128,704	136,686	1,369,191
PROPERTY, PLANT AND EQUIPMENT (Notes 7 and 8):			
Land (Note 2.j)	20,762	18,392	220,872
Buildings and structures	78,181	65,108	831,713
Machinery and equipment	107,316	93,897	1,141,660
Furniture and fixtures	18,259	16,993	194,245
Lease assets (Note 2.n)	5,231	10,680	55,649
Construction in progress	11,672	11,835	124,170
Total	241,421	216,905	2,568,309
Accumulated depreciation	(126,384)	(115,402)	(1,344,511)
Net property, plant and equipment	115,037	101,503	1,223,798
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 14)	18,364	15,940	195,362
Investments in unconsolidated subsidiaries and affiliated companies (Notes 6 and 14)	19,603	14,342	208,543
Prepaid pension cost (Note 9)	3,121	3,548	33,202
Deferred tax assets (Note 11)	1,258	1,876	13,383
Other assets	4,282	4,531	45,553
Total investments and other assets	46,628	40,237	496,043
TOTAL	¥ 290,369	¥ 278,426	$ 3,089,032

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8 and 14)	¥ 27,654	¥ 13,291	$ 294,191
Current portion of long-term debt (Notes 8 and 14)	14,031	12,791	149,266
Payables (Note 14):			
Trade notes	5,274	6,088	56,106
Trade accounts	19,773	20,343	210,351
Unconsolidated subsidiaries and affiliated companies	2,500	2,236	26,596
Other	14,531	18,875	154,585
Income taxes payable (Note 14)	2,496	2,245	26,553
Accrued expenses	8,063	7,504	85,777
Other current liabilities	4,183	3,979	44,501
Total current liabilities	98,505	87,352	1,047,926
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8 and 14)	32,977	39,239	350,820
Liability for retirement benefits (Notes 2.k and 9)	6,839	7,629	72,755
Long-term deposits received	4,618	4,415	49,128
Deferred tax liabilities (Note 11)	4,049	1,221	43,074
Deferred tax liabilities on land revaluation	1,219	1,219	12,968
Other	973	1,130	10,350
Total long-term liabilities	50,675	54,853	539,095
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15 and 16)			
EQUITY (Notes 10 and 18):			
Common stock, authorized, 1,400,000,000 shares; issued 413,574,714 shares in 2013 and 2012	33,021	33,021	351,287
Capital surplus	54,880	54,880	583,830
Retained earnings	34,974	32,517	372,064
Treasury stock - at cost: 753,540 shares in 2013 and 743,983 shares in 2012	(316)	(313)	(3,362)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	6,987	5,366	74,330
Deferred gain (loss) on derivatives under hedge accounting	(63)	68	(670)
Land revaluation surplus (Note 2.j)	1,428	1,400	15,191
Foreign currency translation adjustments	(5,559)	(11,812)	(59,138)
Total	125,352	115,127	1,333,532
Minority interests	15,837	21,094	168,479
Total equity	141,189	136,221	1,502,011
TOTAL	¥ 290,369	¥ 278,426	$ 3,089,032

Consolidated Statement of Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET SALES (Note 6)	¥ 274,510	¥ 285,434	$ 2,920,319
COST OF SALES (Note 6)	214,160	219,994	2,278,298
Gross profit	60,350	65,440	642,021
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 12)	50,575	49,409	538,032
Operating income	9,775	16,031	103,989
OTHER INCOME (EXPENSES):			
Interest and dividend income	405	404	4,309
Interest expense	(1,431)	(1,599)	(15,223)
Gain on sales of property, plant and equipment	334	11	3,553
Loss on disposal of property, plant and equipment	(385)	(464)	(4,096)
Gain on government grants	5,770	4,873	61,383
Loss on reduction of cost of property, plant and equipment (Note 2.h)	(5,770)	(4,873)	(61,383)
Loss on impairment of long-lived assets (Note 7)	(2,662)		(28,319)
Gain on reversal of provision for loss on liquidation of affiliated companies		1,117	
Write-down of investment securities (Note 5)	(28)	(34)	(298)
Foreign exchange gain (loss)	304	(115)	3,234
Equity in earnings of unconsolidated subsidiaries and affiliated companies	2,843	3,027	30,245
Losses from a natural disaster		(892)	
Other—net	(864)	(1,164)	(9,192)
Other income (expenses)—net	(1,484)	291	(15,787)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	8,291	16,322	88,202
INCOME TAXES (Note 11):			
Current	5,560	5,239	59,149
Deferred	2,579	967	27,436
Total income taxes	8,139	6,206	86,585
NET INCOME BEFORE MINORITY INTERESTS	152	10,116	1,617
MINORITY INTERESTS IN NET LOSS	(5,616)	(1,617)	(59,745)
NET INCOME	¥ 5,768	¥ 11,733	$ 61,362
PER SHARE OF COMMON STOCK (Note 2.u):	Yen		U.S. Dollars
Net income	¥ 13.97	¥ 28.42	$ 0.15
Cash dividends applicable to the year	6.00	8.00	0.06

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 152	¥ 10,116	$ 1,617
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized gain on available-for-sale securities	1,605	565	17,074
Deferred gain (loss) on derivatives under hedge accounting	(131)	68	(1,394)
Land revaluation surplus		172	
Foreign currency translation adjustments	4,562	(1,679)	48,532
Share of other comprehensive income in associates	2,260	(1,048)	24,043
Total other comprehensive income	8,296	(1,922)	88,255
COMPREHENSIVE INCOME (Note 17)	¥ 8,448	¥ 8,194	$ 89,872
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 17):			
Owners of the parent	¥ 13,511	¥ 10,074	$ 143,734
Minority interests	(5,063)	(1,880)	(53,862)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2013

					Millions of Yen							
						Accumulated Other Comprehensive Income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	412,842,671	¥ 33,021	¥ 54,880	¥ 24,087	¥ (307)	¥ 4,810		¥ 1,228	¥ (9,358)	¥ 108,361	¥ 13,950	¥ 122,311
Net income				11,733						11,733		11,733
Cash dividends,¥8.00 per share				(3,303)						(3,303)		(3,303)
Purchase of treasury stock	(11,940)				(6)					(6)		(6)
Net change in the year						556	¥ 68	172	(2,454)	(1,658)	7,144	5,486
BALANCE, MARCH 31, 2012	412,830,731	33,021	54,880	32,517	(313)	5,366	68	1,400	(11,812)	115,127	21,094	136,221
Net income				5,768						5,768		5,768
Cash dividends, ¥8.00 per share				(3,303)						(3,303)		(3,303)
Purchase of treasury stock	(9,557)				(3)					(3)		(3)
Take-over of retained earnings for merger of unconsolidated subsidiary				20						20		20
Transfer due to sales of land and other				(28)						(28)		(28)
Net change in the year						1,621	(131)	28	6,253	7,771	(5,257)	2,514
BALANCE, MARCH 31, 2013	412,821,174	¥ 33,021	¥ 54,880	¥ 34,974	¥ (316)	¥ 6,987	¥ (63)	¥ 1,428	¥ (5,559)	¥ 125,352	¥ 15,837	¥ 141,189

				Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$ 351,287	$ 583,830	$ 345,926	$ (3,330)	$ 57,085	$ 723	$ 14,894	$ (125,660)	$ 1,224,755	$ 224,404	$ 1,449,159
Net income			61,362						61,362		61,362
Cash dividends, $0.09 per share			(35,139)						(35,139)		(35,139)
Purchase of treasury stock				(32)					(32)		(32)
Take-over of retained earnings for merger of unconsolidated subsidiary			212						212		212
Transfer due to sales of land and other			(297)						(297)		(297)
Net change in the year					17,245	(1,393)	297	66,522	82,671	(55,925)	26,746
BALANCE, MARCH 31, 2013	$ 351,287	$ 583,830	$ 372,064	$ (3,362)	$ 74,330	$ (670)	$ 15,191	$ (59,138)	$ 1,333,532	$ 168,479	$ 1,502,011

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 8,291	¥ 16,322	$ 88,202
Adjustments for:			
Income taxes—paid	(4,162)	(7,667)	(44,277)
Depreciation	13,719	11,569	145,947
Loss on impairment of long-lived assets	2,662		28,319
Gain on sales of property, plant and equipment	(334)	(11)	(3,553)
Loss on reduction of cost of property, plant and equipment	5,770	4,873	61,383
Loss on disposal of property, plant and equipment	385	464	4,096
Gain on reversal of provision for loss on liquidation of affiliated companies		(1,117)	
Write-down of investment securities	28	34	298
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(2,843)	(3,027)	(30,245)
Changes in assets and liabilities:			
Increase in trade accounts receivable	(78)	(4,979)	(830)
Decrease (increase) in inventories	255	(4,034)	2,713
Decrease in interest and dividend receivable	706	588	7,511
Increase (decrease) in trade accounts payable	(1,585)	2,841	(16,862)
Increase (decrease) in interest payable	(77)	52	(819)
Decrease in liability for retirement benefits	(421)	(30)	(4,479)
Other—net	(3,246)	(7,591)	(34,532)
Net cash provided by operating activities	19,070	8,287	202,872
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	500	80	5,319
Purchases of property, plant and equipment	(38,931)	(26,939)	(414,160)
Proceeds from sales of investment securities	120	13	1,277
Purchases of investment securities	(1,004)	(11)	(10,681)
Payments to acquire securities of consolidated subsidiary	(200)		(2,128)
Payments for sales of investments in subsidiaries		(17)	
Proceeds from receipts of government grants	10,643		113,223
Increase in other assets	(377)	(1,786)	(4,010)
Net cash used in investing activities	(29,249)	(28,660)	(311,160)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings—net	12,829	(1,021)	136,479
Proceeds from long-term bank loans	15,700	10,413	167,021
Repayments of long-term bank loans	(14,972)	(961)	(159,277)
Payments for purchase of lease assets	(5,124)		(54,511)
Proceeds from stock issuance to minority shareholders	272	9,310	2,894
Purchase of treasury stock	(3)	(6)	(32)
Dividends paid	(3,577)	(3,569)	(38,053)
Other—net	(1,286)	(1,013)	(13,681)
Net cash provided by financing activities	3,839	13,153	40,840

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
NET DECREASE IN CASH AND CASH EQUIVALENTS	¥ (6,340)	¥ (7,220)	$ (67,448)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1,053	(333)	11,203
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	20		213
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,477	24,030	175,287
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 11,210	¥ 16,477	$ 119,255

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of GS Yuasa Corporation (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen and, solely for the convenience of readers, have been translated into U.S. dollars at the rate of ¥94 to $1, the approximate exchange rate at March 31, 2013. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2013, include the accounts of the Company and its 56 (59 in 2012) significant subsidiaries (collectively, the "Group").

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those affiliated companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in one unconsolidated subsidiary and 22 (23 in 2012) affiliated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and affiliated companies are stated at cost. Consolidating or accounting for those companies by the equity method would not have a significant effect on the consolidated financial statements.

All significant intercompany balances and transactions are eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated. The excess of cost over the net assets of subsidiaries acquired is amortized principally over a period of five years.

GS Yuasa International Ltd. (consolidated subsidiary) merged with GS Yuasa Power Electronics Ltd. (consolidated subsidiary).

GS Yuasa Socie Co., Ltd. (consolidated subsidiary) merged with GS Insurance Service Co., Ltd. (unconsolidated subsidiary).

GS-EE Co., Ltd. (consolidated subsidiary) and GS Yuasa Merchandise Center Co., Ltd. (consolidated subsidiary) were liquidated and excluded from the consolidated financial statements for the year ended March 31, 2013.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

d. Business Combinations—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

e. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

f. Inventories—Inventories are principally stated at the lower of cost, determined by the average method, or net selling value.

g. Investment Securities—All of the Group's marketable securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is from 7 to 50 years for buildings and structures and from 4 to 17 years for machinery. Property, plant and equipment of the Company and its domestic subsidiaries acquired on and after April 1, 2012, are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective on April 1, 2012. The effect of this treatment was not significant. Leased assets related to financial leases that do not transfer ownership rights are depreciated under the straight-line method based on the lease term as the useful life and assuming no residual value. Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired. As of March 31, 2013, the accumulated deducted cost of the assets acquired was ¥10,643 million ($113,223 thousand).

i. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Land Revaluation—Under the "Law of Land Revaluation," certain domestic subsidiaries of the Company elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities. As of March 31, 2013, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥989 million ($10,522 thousand).

k. *Retirement Benefits*—Certain consolidated subsidiaries of the Company have contributory and non-contributory funded defined benefit pension plans, defined contribution pension plan and unfunded retirement benefit plans for employees.

Effective April 1, 2000, the Group adopted an accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date. The transitional obligation of ¥15,193 million as of April 1, 2000, is being amortized over 15 years and the annual amortization is presented as other expense in the consolidated statement of income.

Retirement benefits to directors, Audit & Supervisory Board members and executive officers of certain domestic subsidiaries are provided at the amount which would be required if all such persons retired at the balance sheet date.

l. *Asset Retirement Obligations*—In March 2008, the ASBJ published ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset.
Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. *Research and Development Costs*—Research and development costs are charged to income as incurred.

n. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

o. *Bonuses to Directors*—Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

p. *Construction Contracts*—In December 2007, the ASBJ issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts." Under this accounting standard, construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

q. *Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

r. *Foreign Currency Amounts*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. *Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rates.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the annual average rates.

t. *Derivatives and Hedging Activities*—The Group uses foreign exchange forward contracts, foreign currency swaps, interest rate swaps and commodity price swaps to manage its exposures to fluctuations in foreign exchange rates, interest rates and material prices. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u. *Per Share Information*—Net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The weighted average number of common shares used in the computation was 412,826,181 shares and 412,836,567 shares for 2013 and 2012, respectively.

Diluted net income per common share is not disclosed because it is anti-dilutive for 2013 and 2012.

Cash dividends per share presented in the accompanying consolidated statement of income are the amounts applicable to the respective fiscal years including dividends to be paid after the end of the fiscal year.

v. *Accounting Changes and Error Corrections*—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:
(1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standards, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

w. *New Accounting Pronouncements*

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.
Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. SUPPLEMENTARY INFORMATION

On June 4, 2013, Mitsubishi Motors Corporation announced a recall of several types of defective lithium-ion batteries for vehicles manufactured by Lithium Energy Japan (consolidated subsidiary). As a result, Lithium Energy Japan will need to respond to these recalls as the supplier of the batteries. However, the Group is currently unable to provide reasonable estimates of the relevant costs to be borne and the impacts on the consolidated financial statements.

4.INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Finished products	¥ 24,666	¥ 24,512	$ 262,404
Work-in-process	10,111	7,616	107,564
Raw materials and supplies	8,173	8,317	86,947
Total	¥ 42,950	¥ 40,445	$ 456,915

5.INVESTMENT SECURITIES

Investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Non-current:			
Marketable equity securities	¥ 18,335	¥ 15,911	$ 195,053
Debt securities	29	29	309
Total	¥ 18,364	¥ 15,940	$ 195,362

The costs and aggregate fair values of investment securities at March 31, 2013 and 2012, were as follows:

	Millions of Yen			
	2013			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,655	¥ 10,508	¥ (113)	¥ 17,050

	Millions of Yen			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,657	¥ 8,313	¥ (344)	¥ 14,626

	Thousands of U.S. Dollars			
	2013			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 70,798	$ 111,787	$ (1,202)	$ 181,383

The information of available-for-sale securities which were sold during the year ended March 31, 2012, was as follows:

	Millions of Yen	
	2012	
	Proceeds	Realized Losses
Available-for-sale:		
Equity securities	¥ 11	¥ 2

The impairment losses on available-for-sale equity securities for the years ended March 31, 2013 and 2012, were ¥28 million ($298 thousand) and ¥34 million, respectively.

6. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in unconsolidated subsidiaries and affiliated companies at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments at cost	¥ 5,575	¥ 5,148	$ 59,309
Equity in undistributed earnings	14,028	9,194	149,234
Total	¥ 19,603	¥ 14,342	$ 208,543

Sales to and purchases from unconsolidated subsidiaries and affiliated companies for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Sales	¥ 13,676	¥ 12,778	$ 145,489
Purchases	17,677	21,223	188,053

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2013. As a result, the Group recognized an impairment loss of ¥2,662 million ($28,319 thousand) for idle assets. Due to a downturn in the market price of the assets, the carrying amount of the assets was written down to the recoverable amount for the year ended March 31, 2013. The recoverable amount of the assets was measured at its net selling price. No impairment loss was recognized in 2012.

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Bank loans	¥ 23,654	¥ 13,291	$ 251,638
Commercial papers	4,000		42,553
Total	¥ 27,654	¥ 13,291	$ 294,191

At March 31, 2013, short-term bank loans of ¥1,184 million ($12,596 thousand) were collateralized.

As is customary in Japan, the Group obtains financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the balance sheets, but are disclosed as contingent liabilities (see Note 16).

The weighted-average interest rates for the Group's short-term bank loans were 1.87% and 2.75% at March 31, 2013 and 2012, respectively. The weighted-average interest rate for the commercial paper was 0.13% at March 31, 2013.

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Collateralized bank loans, maturing serially through 2020 with interest rates ranging from 5.9% to 7.6%		¥ 2,341	
Unsecured bank loans, maturing serially through 2020 with interest rates ranging from 0.4% to 9.3% (2013) and from 0.5% to 5.8% (2012)	¥ 44,021	40,493	$ 468,309
Obligations under finance leases	2,987	9,196	31,777
Total	47,008	52,030	500,086
Less current portion	14,031	12,791	149,266
Long-term debt	¥ 32,977	¥ 39,239	$ 350,820

Annual maturities of long-term debt, excluding finance leases (see Note 13), at March 31, 2013, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 14,031	$ 149,266
2015	491	5,224
2016	779	8,287
2017	11,682	124,277
2018	15,084	160,468
2019 and thereafter	1,954	20,787
Total	¥ 44,021	$ 468,309

Certain bank loans in the aggregate amount outstanding of ¥12,000 million ($127,660 thousand) as of March 31, 2013, include financial covenants. If one or more of the following events occur, creditors may require repayment of all debt and interest.

1) The Company or Group records an ordinary loss ("Keijo Sonshitsu") for two consecutive fiscal years.

2) The total amount of equity of the Group falls below ¥62,600 million ($665,957 thousand) or 75% of the total amount of previous equity of the Group at each fiscal year end.

The carrying values of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2013, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Trade accounts	¥ 2,147	$ 22,840
Machinery and equipment	99	1,053
Land	148	1,575
Total	¥ 2,394	$ 25,468

9. RETIREMENT BENEFITS

Certain consolidated subsidiaries have retirement benefit plans for employees. Under most circumstances, employees terminating their employment are entitled to benefit payments determined by reference to their rate of pay at the time of termination, years of service and certain other factors. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination. Such retirement benefits are made in the form of a lump-sum severance payment from the Group and annuity payments from a trustee.

The portions of the liability for retirement benefits attributable to directors, Audit & Supervisory Board members and executive officers at March 31, 2013 and 2012, were ¥63 million ($670 thousand) and ¥71 million, respectively.

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 44,094	¥ 41,457	$ 469,085
Fair value of plan assets	(31,676)	(26,033)	(336,979)
Unrecognized prior service benefit	2,091	2,399	22,245
Unrecognized actuarial loss	(8,821)	(10,753)	(93,840)
Unrecognized transitional obligation	(2,033)	(3,060)	(21,628)
Net liability	3,655	4,010	38,883
Prepaid pension cost	3,121	3,548	33,202
Liability for retirement benefits	¥ 6,776	¥ 7,558	$ 72,085

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 1,113	¥ 1,245	$ 11,840
Interest cost	792	810	8,426
Expected return on plan assets	(401)	(360)	(4,266)
Amortization of prior service benefit	(307)	(308)	(3,266)
Recognized actuarial loss	1,796	1,824	19,106
Amortization of transitional obligation	1,012	1,012	10,766
Net periodic benefit costs	¥ 4,005	¥ 4,223	$ 42,606

Assumptions used for the years ended March 31, 2013 and 2012, were set forth as follows:

	2013	2012
Discount rate	1.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Amortization period of prior service benefit	14 years	14 years
Recognition period of actuarial gain/loss	10 to 14 years	10 to 14 years
Amortization period of transitional obligation	15 years	15 years

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividend-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0% for the year ended March 31, 2013, and 40.5% for the year ended March 31, 2012.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Accrued bonuses	¥ 1,438	¥ 1,409	$ 15,298
Retirement benefits	3,516	3,505	37,404
Write-down of investment securities	418	631	4,447
Unrealized profit	391	361	4,160
Tax loss carryforwards	7,231	4,366	76,926
Other	4,322	3,927	45,978
Less valuation allowance	(9,351)	(4,751)	(99,479)
Deferred tax assets	¥ 7,965	¥ 9,448	$ 84,734
Deferred tax liabilities:			
Valuation excess of property	¥ 211	¥ 211	$ 2,245
Unrealized gain on available-for-sale securities	3,395	2,575	36,117
Undistributed earnings of foreign subsidiaries	2,981	1,927	31,713
Other	1,206	1,652	12,829
Deferred tax liabilities	¥ 7,793	¥ 6,365	$ 82,904
Net deferred tax assets	¥ 172	¥ 3,083	$ 1,830

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012, was as follows:

	2013	2012
Normal effective statutory tax rates	38.0%	40.5%
Expenses not deductible for income tax purposes	1.8	1.4
Per capita levy	0.9	0.6
Net change in valuation allowance	60.3	1.5
Tax benefit not recognized on operating losses of foreign subsidiaries	(6.0)	(4.7)
Dividends of unconsolidated subsidiaries and affiliated companies	12.7	2.0
Amortization of goodwill	0.0	(0.1)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(13.0)	(7.5)
Non-taxable dividend income	(34.7)	(14.8)
Unrecognized tax effects on the eliminated intercompany unrealized profit	1.1	0.2
Elimination of intercompany dividends	35.5	14.7
Effect of tax rate reduction		3.8
Other—net	1.6	0.4
Actual effective tax rates	98.2%	38.0%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.5% to 38.0% effective for the fiscal years beginning on or after April 1, 2012, through March 31, 2015, and to 35.5% afterwards.

At March 31, 2013, certain subsidiaries have tax loss carryforwards aggregating approximately ¥20,336 million ($216,340 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 170	$ 1,809
2018	735	7,819
2019 and thereafter	19,431	206,712
Total	¥ 20,336	$ 216,340

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,228 million ($66,255 thousand) and ¥6,250 million for the years ended March 31, 2013 and 2012, respectively.

13. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total lease payments for the years ended March 31, 2013 and 2012, were ¥2,044 million ($21,745 thousand) and ¥2,079 million, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2013, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 818	$ 8,702
Due after one year	1,547	16,458
Total	¥ 2,365	$ 25,160

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, was as follows:

	Millions of Yen					
	2013			2012		
	Machinery and Equipment	Other	Total	Machinery and Equipment	Other	Total
Acquisition cost	¥ 134	¥ 37	¥ 171	¥ 206	¥ 464	¥ 670
Accumulated depreciation	132	32	164	194	405	599
Net leased property	¥ 2	¥ 5	¥ 7	¥ 12	¥ 59	¥ 71

	Thousands of U.S. Dollars		
	2013		
	Machinery and Equipment	Other	Total
Acquisition cost	$ 1,426	$ 393	$ 1,819
Accumulated depreciation	1,405	340	1,745
Net leased property	$ 21	$ 53	$ 74

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 4	¥ 64	$ 43
Due after one year	3	7	32
Total	¥ 7	¥ 71	$ 75

The imputed interest expense is included in the above obligations under finance leases.

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Depreciation expense	¥ 46	¥ 147	$ 489

Depreciation expense, which is not reflected in the accompanying consolidated statement of income, is computed by the straight-line method.

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly bank loans, based on its capital financing plan. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than five months.

Maturities of bank loans, principally used for purposes of funding of investments and short-term working capital, are less than five years after the balance sheet date. A part of such bank loans is exposed to market risks from changes in variable interest rates.

Purchase price of lead which is a raw material used in production is exposed to the risk of market price fluctuations. This risk is mitigated by using commodity price swaps.

Derivatives mainly include forward foreign currency contracts, interest rate swaps and commodity price swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates, interest rates and material prices. Please see Note 15 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage. With respect to investment securities, the Group manages its exposure to market risk by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by the monthly management of cash positions by the corporate finance division.

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Commodity price swaps are used to manage exposure to market risk from changes in material prices.

Derivative transactions are entered into and managed by the finance division based on internal guidelines and the Business Auditing Office monitors observance of internal guidelines. The Company monitors the derivative transactions entered into by subsidiaries on a regular basis.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If the quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 11,210	¥ 11,210	
Time deposits	13	13	
Receivables	62,240	62,240	
Investment securities	17,050	17,050	
Investments in unconsolidated subsidiaries and affiliated companies	6,884	9,270	¥ 2,386
Total	¥ 97,397	¥ 99,783	¥ 2,386
Short-term bank loans	¥ 41,685	¥ 41,685	
Payables	42,078	42,078	
Income taxes payable	2,496	2,496	
Long-term debt			
Bank loans	29,990	30,223	¥ 233
Lease obligations	2,987	3,016	29
Total	¥ 119,236	¥ 119,498	¥ 262

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 16,477	¥ 16,477	
Time deposits	17	17	
Receivables	59,748	59,748	
Investment securities	14,626	14,626	
Investments in unconsolidated subsidiaries and affiliated companies	4,652	7,146	¥ 2,494
Total	¥ 95,520	¥ 98,014	¥ 2,494
Short-term bank loans	¥ 26,082	¥ 26,082	
Payables	47,542	47,542	
Income taxes payable	2,245	2,245	
Long-term debt			
Bank loans	30,043	30,302	¥ 259
Lease obligations	9,196	9,375	179
Total	¥ 115,108	¥ 115,546	¥ 438

	Thousands of U.S. Dollars		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 119,255	$ 119,255	
Time deposits	138	138	
Receivables	662,128	662,128	
Investment securities	181,383	181,383	
Investments in unconsolidated subsidiaries and affiliated companies	73,238	98,614	$ 25,376
Total	$ 1,036,142	$ 1,061,518	$ 25,376
Short-term bank loans	$ 443,457	$ 443,457	
Payables	447,638	447,638	
Income taxes payable	26,553	26,553	
Long-term debt			
Bank loans	319,043	321,521	$ 2,478
Lease obligations	31,777	32,085	308
Total	$ 1,268,468	$ 1,271,254	$ 2,786

Cash and cash equivalents, Time deposits and Receivables

The carrying values of cash and cash equivalents, time deposits and receivables approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the investment securities by classification is included in Note 5.

Short-term bank loans, Payables and Income taxes payable

The carrying values of short-term bank loans, payables and income taxes payable approximate fair value because of their short maturities.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

Fair value information for derivatives is included in Note 15.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥ 14,141	¥ 11,004	$ 150,436

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	2013		2012	
	Due in 1 Year or Less	Due after 10 Years	Due in 1 Year or Less	Due after 10 Years
Cash and cash equivalents	¥ 11,210		¥ 16,477	
Time deposits	13		17	
Receivables	62,240		59,748	
Investment securities:				
Available-for-sale securities with contractual maturities		¥ 29		¥ 29
Total	¥ 73,463	¥ 29	¥ 76,242	¥ 29

	Thousands of U.S. Dollars	
	2013	
	Due in 1 Year or Less	Due after 10 Years
Cash and cash equivalents	$ 119,255	
Time deposits	138	
Receivables	662,128	
Investment securities:		
Available-for-sale securities with contractual maturities		$ 309
Total	$ 781,521	$ 309

Please see Note 8 for annual maturities of long-term debt and Note 13 for obligations under finance leases.

15. DERIVATIVES

The Group enters into foreign exchange forward contracts and foreign currency swaps to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage interest rate exposures on certain liabilities and it enters into commodity price swap contracts to reduce the impact of price-fluctuations of lead inventories.

All derivative transactions are entered into to hedge interest foreign currency and commodity price exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization of such transactions.

Derivative Transactions to Which Hedge Accounting Is Not Applied

At March 31, 2013	Millions of Yen			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Buying THB	¥ 218		¥ (16)	¥ (16)
Currency swaps:				
(fixed currency payment, floating currency receipt)	¥ 338		¥ (51)	¥ (51)

At March 31, 2012	Millions of Yen			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(fixed currency payment, floating currency receipt)	¥ 430		¥ 4	¥ 4

At March 31, 2013	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Buying THB	$ 2,319		$ (170)	$ (170)
Currency swaps:				
(fixed currency payment, floating currency receipt)	$ 3,596		$ (543)	$ (543)

Derivative Transactions to Which Hedge Accounting Is Applied

At March 31, 2013	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payables	¥ 2,338		¥ (29)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	¥ 4,800	¥ 2,800	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	¥ 1,010		¥ (101)

At March 31, 2012	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payables	¥ 7,025		¥ 426
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	¥ 12,006	¥ 2,006	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	¥ 540		¥ (16)

At March 31, 2013	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payables	$ 24,872		$ (309)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	$ 51,064	$ 29,787	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	$ 10,745		$(1,074)

The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of the hedged items (i.e. long-term debt).

The fair value of derivatives is measured at the quoted prices obtained from financial institutions.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

16. CONTINGENT LIABILITIES

At March 31, 2013, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Endorsed note	¥ 101	$ 1,074
Guarantees of bank loans of certain affiliated companies	1,029	10,947

17. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 2,394	¥ 328	$ 25,468
Reclassification adjustments to profit or loss	28	32	298
Amount before income tax effect	2,422	360	25,766
Income tax effect	(817)	205	(8,692)
Total	¥ 1,605	¥ 565	$ 17,074
Deferred gain (loss) on derivatives under hedge accounting:			
Losses arising during the year	¥ (26)	¥ (179)	$ (277)
Reclassification adjustments to profit or loss	(164)	271	(1,745)
Amount before income tax effect	(190)	92	(2,022)
Income tax effect	59	(24)	628
Total	¥ (131)	¥ 68	$ (1,394)
Land revaluation surplus:			
Income tax effect		¥ 172	
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 4,562	¥ (1,679)	$ 48,532
Share of other comprehensive income in associates -			
Gains (losses) arising during the year	¥ 2,260	¥ (1,048)	$ 24,043
Total other comprehensive income (loss)	¥ 8,296	¥ (1,922)	$ 88,255

18. SUBSEQUENT EVENTS

The following appropriation of retained earnings at March 31, 2013, was approved at the Company's shareholders meeting held on June 27, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥6.00 ($0.06) per share	¥ 2,477	$ 26,351

19. SEGMENT INFORMATION

Under the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the following.

"Domestic Automotive Batteries" consists of manufacturing and marketing of lead-acid batteries for automotive.

"Domestic Industrial Batteries and Power Supplies" consists of manufacturing and marketing of industrial batteries and power supplies.

"Overseas Operations" consists of manufacturing and marketing of batteries in overseas.

"Lithium-ion Batteries" consists of manufacturing and marketing of lithium-ion batteries for vehicles.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

The profit (loss) of each reportable segment is an operating profit (loss). The prices of the goods traded among the segments are mainly determined considering market prices or manufacturing costs.

(3) Information about Sales, Profit (Loss), Assets and Other Items

	Millions of Yen						
	2013						
	Reportable Segment						
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries	Total	Other	Consolidated
Sales:							
Sales to external customers	¥ 55,648	¥ 72,427	¥ 119,885	¥ 10,598	¥ 258,558	¥ 15,952	¥ 274,510
Intersegment sales of transfers	1,346	2,420	1,398	227	5,391	(5,391)	
Total	¥ 56,994	¥ 74,847	¥ 121,283	¥ 10,825	¥ 263,949	¥ 10,561	¥ 274,510
Segment profit (loss)	¥ 3,931	¥ 10,814	¥ 6,381	¥ (11,250)	¥ 9,876	¥ (101)	¥ 9,775
Segment assets	20,445	43,694	103,069	60,333	227,541	62,828	290,369
Other:							
Depreciation	848	1,022	2,640	6,050	10,560	3,159	13,719
Investment in equity method	770	45	19,229		20,044		20,044
Increase in property, plant and equipment and intangible assets	641	1,079	4,154	25,054	30,928	2,723	33,651
Impairment losses of assets				2,662	2,662		2,662

	Millions of Yen						
	2012						
	Reportable Segment						
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries	Total	Other	Consolidated
Sales:							
Sales to external customers	¥ 58,785	¥ 68,465	¥ 120,906	¥ 20,975	¥ 269,131	¥ 16,303	¥ 285,434
Intersegment sales of transfers	1,647	2,285	1,682	233	5,847	(5,847)	
Total	¥ 60,432	¥ 70,750	¥ 122,588	¥ 21,208	¥ 274,978	¥ 10,456	¥ 285,434
Segment profit (loss)	¥ 4,266	¥ 9,640	¥ 6,007	¥ (3,265)	¥ 16,648	¥ (617)	¥ 16,031
Segment assets	24,965	39,136	89,223	67,173	220,497	57,929	278,426
Other:							
Depreciation	927	1,122	2,476	3,983	8,508	3,061	11,569
Investment in equity method	716	42	13,915		14,673	90	14,763
Increase in property, plant and equipment and intangible assets	680	924	3,688	30,530	35,822	3,817	39,639

	Thousands of U.S. Dollars						
	2013						
	Reportable Segment						
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries	Total	Other	Consolidated
Sales:							
Sales to external customers	$ 592,000	$ 770,500	$ 1,275,372	$ 112,745	$ 2,750,617	$ 169,702	$ 2,920,319
Intersegment sales of transfers	14,319	25,745	14,873	2,415	57,352	(57,352)	
Total	$ 606,319	$ 796,245	$ 1,290,245	$ 115,160	$ 2,807,969	$ 112,350	$ 2,920,319
Segment profit (loss)	$ 41,819	$ 115,043	$ 67,883	$ (119,681)	$ 105,064	$ (1,075)	$ 103,989
Segment assets	217,500	464,830	1,096,479	641,840	2,420,649	668,383	3,089,032
Other:							
Depreciation	9,021	10,872	28,085	64,362	112,340	33,607	145,947
Investment in equity method	8,191	479	204,564		213,234		213,234
Increase in property, plant and equipment and intangible assets	6,819	11,479	44,191	266,532	329,021	28,968	357,989
Impairment losses of assets				28,319	28,319		28,319

Notes:

1. "Other" consists of business activities, such as lighting for facilities that are not included as a reportable segment, or adjustments of segment profit (loss).
2. The main details of adjustments were as follows:

(1) The amounts of adjustments of segment profit for the years ended March 31, 2013 and 2012, were ¥2,201 million ($23,415 thousand) and ¥2,091 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Elimination of intersegment transactions	¥ 1,288	¥ 1,098	$ 13,702
Company-wide expenses	913	993	9,713
Total	¥ 2,201	¥ 2,091	$ 23,415

Company-wide expenses mainly consist of general administrative expenses not attributable to any reportable segments.

(2) The amounts of adjustments of segment assets for the years ended March 31, 2013 and 2012, were ¥49,465 million ($526,223 thousand) and ¥43,094 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Elimination of intersegment transactions	¥ (72,082)	¥ (79,328)	$ (766,830)
Company-wide assets	121,547	122,422	1,293,053
Total	¥ 49,465	¥ 43,094	$ 526,223

Company-wide assets mainly consist of the managing cash surplus, assets of administrative departments, and certain equipment of research institute.

(3) The amounts of adjustments of depreciation for the years ended March 31, 2013 and 2012, were ¥2,762 million ($29,383 thousand) and ¥2,613 million, respectively. The amounts of adjustments consisted of depreciation on company-wide assets.

(4) The amounts of adjustments of investments in equity method for the year ended March 31, 2012, was ¥90 million. The amounts of adjustments consisted of investments in equity classified as company-wide assets.

(5) The amounts of adjustments of "Increase in property, plant and equipment and intangible assets" for the years ended March 31, 2013 and 2012, were ¥2,407 million ($25,606 thousand) and¥3,526 million, respectively. The amounts of adjustments consisted of the purchase amount of the property, plant and equipment and intangible assets classified as company-wide assets.

Related Information

Information about geographical areas

(1) Sales

Millions of Yen				
2013				
Japan	Asia	Europe and America	Other	Total
¥ 152,699	¥ 61,917	¥ 38,574	¥ 21,320	¥ 274,510

Millions of Yen				
2012				
Japan	Asia	Europe and America	Other	Total
¥ 161,474	¥ 62,786	¥ 40,936	¥ 20,238	¥ 285,434

Thousands of U.S. Dollars				
2013				
Japan	Asia	Europe and America	Other	Total
$ 1,624,457	$ 658,691	$ 410,362	$ 226,809	$ 2,920,319

Note: Sales are classified in countries or regions based on location of customers.

(2) Property, plant and equipment

Millions of Yen				
2013				
Japan	Asia	Europe and America	Other	Total
¥ 91,080	¥ 19,212	¥ 2,568	¥ 2,177	¥ 115,037

Millions of Yen				
2012				
Japan	Asia	Europe and America	Other	Total
¥ 81,451	¥ 15,746	¥ 2,122	¥ 2,184	¥ 101,503

Thousands of U.S. Dollars				
2013				
Japan	Asia	Europe and America	Other	Total
$ 968,936	$ 204,383	$ 27,319	$ 23,160	$ 1,223,798

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shijokarasuma FT Square
20, Naginataboko-cho
Karasuma-higashiiru,
Shijo-dori
Shimogyo-ku, Kyoto
600-8008 Japan

Tel: +81752220181
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To the Board of Directors of GS Yuasa Corporation:

We have audited the accompanying consolidated balance sheet of GS Yuasa Corporation and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GS Yuasa Corporation and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 27, 2013

Deloitte Touche Tohmatsu LLC

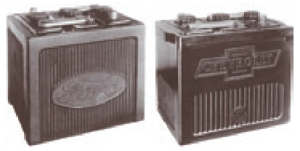
Member of
Deloitte Touche
Tohmatsu Limited

Corporate History

The History of GS (Japan Storage Battery Co., Ltd.)

1895	Genzo Shimadzu manufactures Japan's first lead-acid storage battery.
1908	The "GS" trademark is used for the first time.
1917	Japan Storage Battery Co., Ltd. is established.
1919	Production of automotive batteries commences.
1933	Production of glass mercury rectifiers begins.
1938	Production of alkaline batteries begins.
1940	Ultra-high pressure mercury lamps are developed.
1966	Siam GS Battery Co., Ltd. is established.
1993	Prismatic lithium-ion batteries are developed.

The History of Yuasa Corporation



1913	The founder, Shichizaemon Yuasa, begins research into metal electrolysis.
1915	Yuasa Battery Manufacturing is established within the Yuasa Iron Works in Senboku County (present-day Sakai City), Osaka Prefecture and commences production of storage batteries.
1918	Yuasa Storage Battery Co., Ltd. is established.
1920	Production of automotive batteries begins. Tudor plating for stationary batteries is perfected.
1924	Research into dry-cell batteries begins, leading to the start of production and sales in the following year.
1930	Battery is installed for the first domestic electric bus (model YKN).
1963	Yuasa Battery (Thailand) Co., Ltd. is established.
1966	Dry and charged batteries go on sale in Japan for the first time.
1972	High-performance YUMICRON batteries with ultra-thin YUMICRON separators are launched.

GS YUASA

2003	A basic agreement between Japan Storage Battery Co., Ltd. and Yuasa Corporation is signed providing for the establishment of a holding company through a joint stock transfer.
April 2004	GS Yuasa Corporation, the holding company, is established.
2005	Tata AutoComp GY Batteries Pvt. Ltd. is established as the first overseas battery manufacturing affiliate of GS Yuasa in India (current name: Tata AutoComp GY Batteries Ltd.).
2007	Lithium Energy Japan is established jointly with Mitsubishi Corporation and Mitsubishi Motors Corporation.
2009	Blue Energy Co., Ltd. is established jointly with Honda Motor Co., Ltd. "DETROIT" classic EV is restored and becomes operational.

Corporate/Stock Information

(As of March 31, 2013)

Corporate Name GS Yuasa Corporation

Establishment April 1, 2004

Office
KYOTO Head Office
1, Inobanba-cho, Nishinosho, Kisshoin,
Minami-ku, Kyoto 601-8520, Japan
TOKYO Head Office
1-7-13, Shiba-koen,
Minato-ku, Tokyo 105-0011, Japan

Capital Stock ¥33.0 billion

Number of Employees
Non-consolidated 11
Consolidated 12,599

Listed Securities Exchanges Tokyo Stock Exchange

Group Companies

Business Companies
GS Yuasa International Ltd.
GS Yuasa Battery Ltd.
GS Yuasa Technology Ltd.

Shared Service Company
GS Yuasa Accounting Service Ltd.

Major Overseas Consolidated Subsidiaries
GS Battery Taiwan Co.,Ltd.
Tianjin GS Battery Co., Ltd.
GS Battery (China) Co.,Ltd.
Yuasa Battery (Guangdong) Co., Ltd.
Yuasa Battery (Shunde) Co., Ltd.
Yuasa Battery Europe Ltd.
Yuasa Battery, Inc.
GS Battery (U.S.A.) Inc.
Century Yuasa Batteries Pty Ltd.
PT. Yuasa Battery Indonesia
GS Battery Vietnam Co., Ltd.
Yuasa Battery (Thailand) Pub. Co., Ltd.

Number of Shares Authorized 1,400,000,000
Number of Shares Issued 413,574,714
Number of Shareholders 54,385

Principal Shareholders

Name	Number of shares held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,684,000	4.28
Meiji Yasuda Life Insurance Company	14,000,000	3.39
Japan Trustee Services Bank, Ltd. (Trust Account)	13,118,000	3.17
Kochi Shinkin Bank	11,334,000	2.74
Nippon Life Insurance Company	11,181,669	2.70
Toyota Motor Corporation	11,180,400	2.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,327,335	2.26
The Bank of Kyoto, Ltd.	7,740,348	1.87
Sumitomo Mitsui Trust Bank	7,354,000	1.78
Sumitomo Mitsui Banking Corporation	7,108,517	1.72