GS Yuasa Corporation

Additional copies of this annual report and
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2012 Annual Report

For the year ended March 31, 2012

GS Yuasa Corporation

GS YUASA

From the deep sea to outer space.

The GS Yuasa Group consists of 69 subsidiaries and 34 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 through the merger of two companies that 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, 2012

¥285,434 million in net sales (up 4.7% year on year)

¥16,031 million in operating income (down 8.9% 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

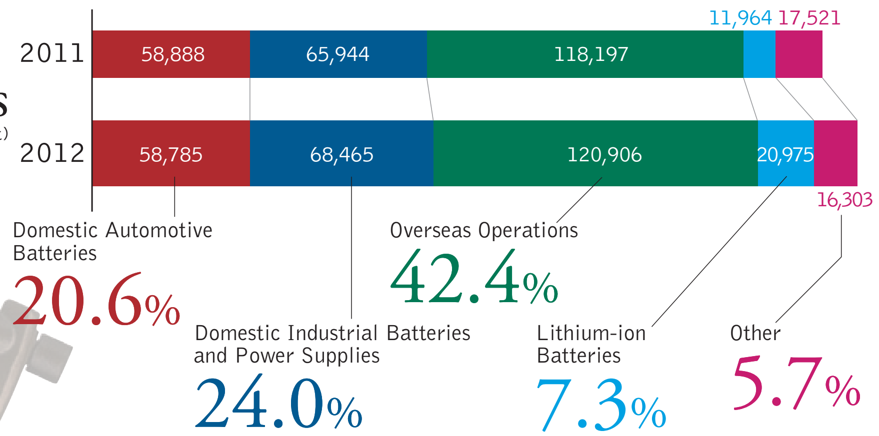
1st place with an 18%* share of the Asian automotive battery market

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

*Estimated value by GYC

Well-balanced sales

(% of net sales by segment)



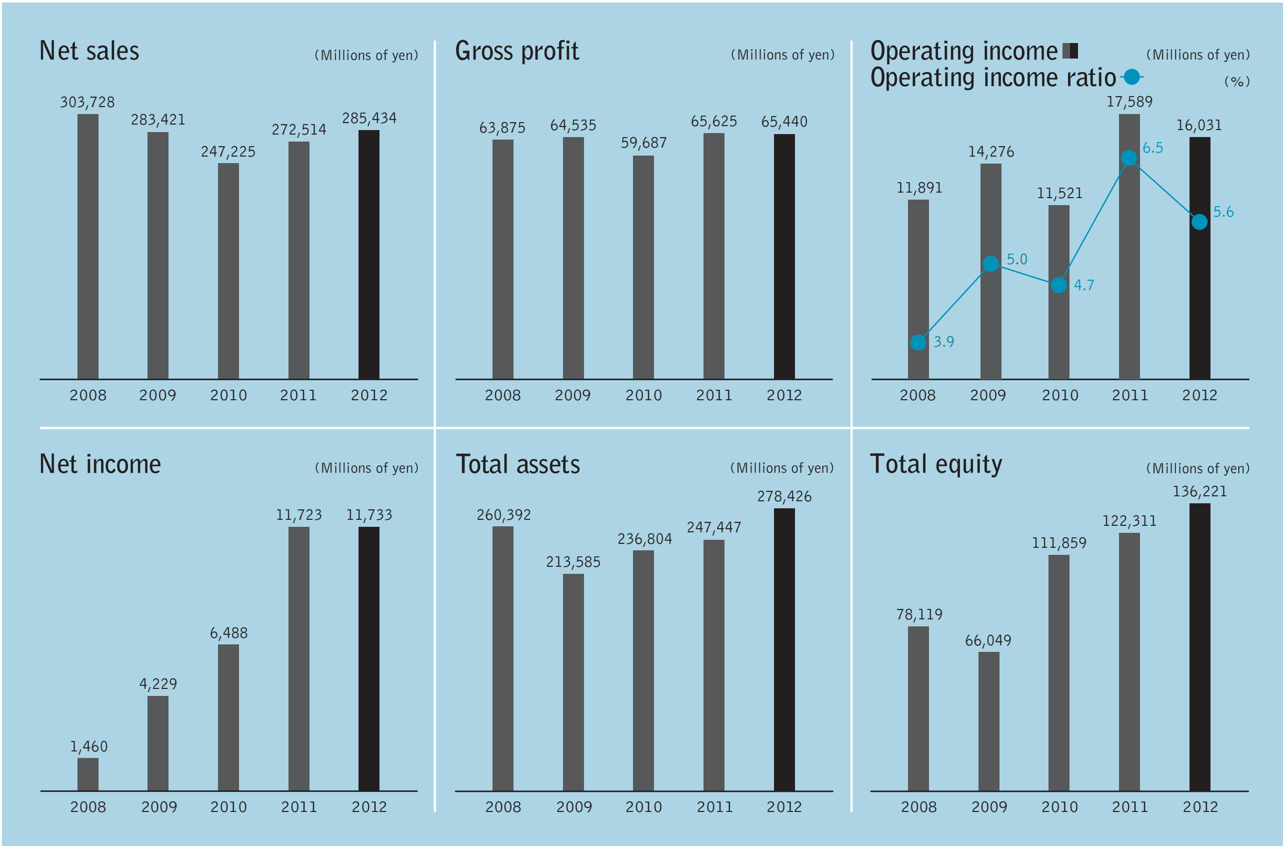
Consolidated Financial Highlights

GS Yuasa Corporation and Consolidated Subsidiaries

Years Ended March 31

	Millions of yen					Thousands of U.S. dollars (Note 2)
	2012	2011	2010	2009	2008	2012
Net sales	¥285,434	¥272,514	¥247,225	¥283,421	¥303,728	$3,480,902
Costs and operating expenses	269,404	254,925	235,704	269,145	291,837	3,285,415
Other income (expenses), net	291	(3,286)	(1,210)	(7,098)	(8,611)	3,549
Operating income	16,031	17,589	11,521	14,276	11,891	195,500
Income before income taxes and minority interests	16,322	14,303	10,311	7,178	3,280	199,049
Net income	11,733	11,723	6,488	4,229	1,460	143,085
Per share of common stock (yen)						
Net income (Note 1)	28.42	28.39	16.32	11.52	3.97	0.35
Total assets	278,426	247,447	236,804	213,585	260,392	3,395,439
Total equity	136,221	122,311	111,859	66,049	78,119	1,661,232

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, 2012 of ¥82 to $1.



Message from the President

In response to rapid growth in market demand, the GS Yuasa Group is actively investing management resources to enhance production capacity and further improve the performance of lithium-ion batteries.

In the year ended March 31, 2012, which was the second year of the second Mid-Term Management Plan, the GS Yuasa Group worked to improve the earning performance of its existing business activities in Japan by expanding sales of high-added-value products including batteries for idle-stop vehicles. We also focused on responding in a timely manner to reconstruction demand resulting from the Great East Japan Earthquake, and on further expanding our overseas operations, especially in Asia. In addition, we took steps to ensure our ability to supply quality products reliably to the rapidly growing market for lithium-ion batteries by boosting our production capacity and undertaking research and development projects targeting further improvements in performance.

These efforts were reflected in our financial results for the year under review. We achieved growth in both revenue and income and set new records for ordinary income as well as net income, despite a business environment that remained very challenging because of the impact of the earthquake, the European debt crisis and the rising value of the yen.

The GS Yuasa Group is developing the infrastructure needed to support the growth of the lithium-ion battery business as a future core business segment. In December 2011, we commenced phase II of construction of Lithium Energy Japan's (LEJ's) Ritto Plant. When this facility is completed, we will have the largest production capacity in the world. We are also working to raise awareness of our brand and inform potential users about the value of our lithium-ion batteries through a range of strategies. For example, we are the official supplier of battery technology to the F1 Powerhouse Racing Team Vodafone McLaren Mercedes.

Today the GS Yuasa Group enjoys a competitive advantage backed by advanced technology cultivated over its long history. We will continue to pioneer new possibilities in the field of electrical energy, leveraging this advantage as a source of our foundation.

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

Makoto Yoda
President

Q1: How would you sum up the business environment and your business performance in the year ended March 31, 2012?

A1: We achieved year-on-year growth in both revenues and income.

We faced significant challenges in the business environment. The world economy slowed under the impact of the European debt crisis, and many of our major customers in the motor vehicle and machinery manufacturing industries suffered major damage from a series of natural disasters, notably the Great East Japan Earthquake and the flooding in Thailand.

Despite these challenges in the business environment, we recorded excellent results for the year ended March 31, 2012, including consolidated net sales of ¥285,434 million, consolidated operating income of ¥16,031 million, and consolidated net income of ¥11,733 million. These results reflected the fact that our core products, automotive and motorcycle batteries, were relatively unaffected by economic fluctuations, as well as the fact that our customers in manufacturing industries made a swift recovery from the damage caused by the natural disasters.

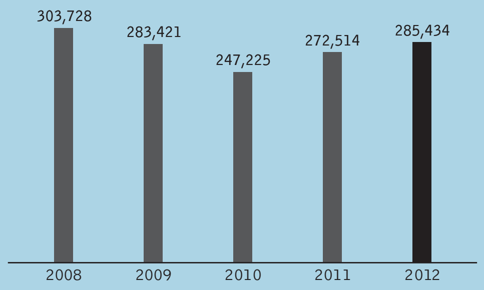
Q2: What progress did you make under the second Mid-Term Management Plan?

A2: We completed the second year of the plan, seeing progress in line with the schedule set down in it.

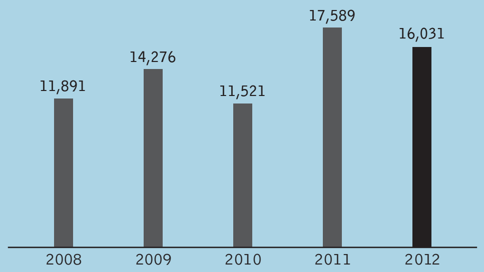
The GS Yuasa Group is currently implementing its second Mid-Term Management Plan, which covers three years (the years ended March 31, 2011 and 2012, and the year ending March 31, 2013). Our basic policy under the plan is to expand earnings from our existing business activities and overseas operations, and to build our next-generation core business by reinvesting these earnings in the lithium-ion battery business. Our numerical targets for the final year of the plan are net sales of ¥310,000 million, operating income of ¥18,000 million, ordinary income of ¥20,000 million, and net income of ¥13,000 million.

Our progress during the year ended March 31, 2012 was in line with the schedule set down in the plan. We focused on expanding orders for batteries designed for idle-stop vehicles, and developing our overseas operations. We also expanded our production capacity in anticipation of rapid growth in the market for lithium-ion batteries.

Net sales
Years ended March 31
(Millions of yen)



Operating income
Years ended March 31
(Millions of yen)



Management policy and main strategic tasks

Management policy

- Form a high-profit global business group
- Promote lithium-ion battery business as core business

Main strategic tasks

- **Reinforcement of profitability from existing business**
  Solid profitability from domestic automotive batteries, and domestic industrial batteries and power supplies
- **Expansion of overseas operations**
  Expansion of overseas automotive battery business mainly in Asia
- **Promotion of lithium-ion battery business**
  Vehicle and industrial application

Message from the President

Q3: How have the business activities of the GS Yuasa Group been affected by the Great East Japan Earthquake?

A3: As a result of the earthquake, a new market for renewable energy storage systems is emerging.

We need to focus on two aspects in particular when considering the consequences of the earthquake. The first is reconstruction demand. The disaster destroyed numerous buildings and facilities across a wide area. The GS Yuasa Group has been responding to this reconstruction and restoration demand by reliably supplying backup power supply systems.

The second aspect is the emergence of a new market for renewable energy storage systems. Following the earthquake, nuclear reactors were shut down one after another, leading to a rapid rise in interest in renewable energy technologies, such as solar and wind power generation. To be available on demand, renewable energy must be stored. Batteries manufactured by the GS Yuasa Group could play a key role in meeting this need. We intend to step up our efforts to develop new technologies that will achieve higher energy density.

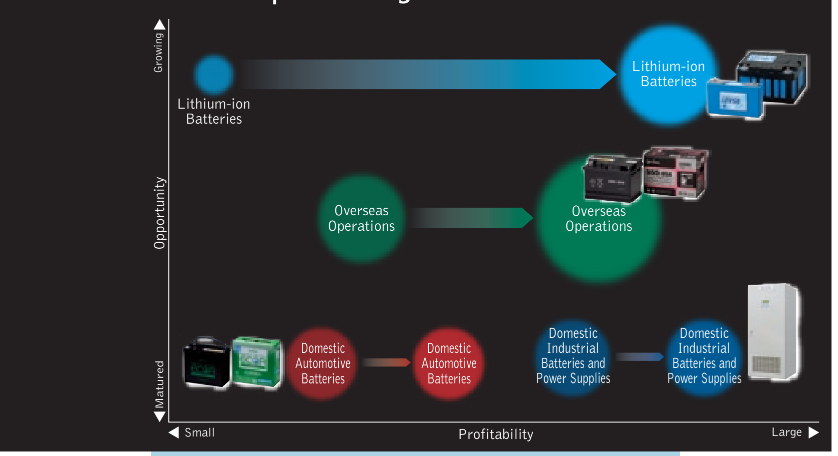
Q4: Which products made particularly significant contributions to earnings during the year under review?

A4: We saw a rapid increase in demand for batteries for idle-stop vehicles.

Population decline in Japan caused by the falling birthrate and the diminishing popularity of cars among younger consumers are reflected in a gradual downward trend in total demand in the nation's automotive market. To improve our business, we must therefore focus on quality rather than quantity, which means that we need to enhance the earning power of our products. Based on this perception, our priority will be to expand sales of batteries for idle-stop vehicles, which are highly sophisticated products with substantial added value.

Idle-stop systems help to improve the fuel performance of vehicles and reduce CO_2 emissions. This technology reflects the needs of contemporary society, and the number of idle-stop vehicles is likely to increase in the future. As of April 30, 2012, GS Yuasa batteries designed for idle-stop vehicles were being used in 12 models produced by five Japanese automotive manufacturers. This is an extremely attractive market for the GS Yuasa Group.

Business positioning



Q5: What progress have you made with your lithium-ion battery business?

A5: We brought forward the schedule for phase II construction of the Ritto Plant, and construction has already started.

Lithium Energy Japan (LEJ), which GS Yuasa Corporation established with Mitsubishi Corporation and Mitsubishi Motors Corporation, initially commenced production of automotive lithium-ion batteries at the Kusatsu Plant in 2009, but we have since expanded its production facilities by building the Kyoto Plant and the Ritto Plant (phase I). When the second Mid-Term Management Plan was drafted, we assumed that the plan would only encompass phase I of the Ritto Plant.

However, demand for automotive lithium-ion batteries has expanded faster than expected, and most Japanese and foreign manufacturers have declared their intention to produce electric vehicles (EVs) and hybrid vehicles. We responded to these market trends by bringing forward our capital investment plans, resulting in a decision to commence phase II construction of the Ritto Plant. This construction began in December 2011, and production is scheduled to start in the spring of 2013. When the new facility is completed and operates alongside the three existing plants, our capacity will be among the largest in the world.

Q6: How far advanced is your R&D related to automotive lithium-ion batteries?

A6: Our horizon for the development of new technologies and products extends to fourth-generation products.

Because the specifications for lithium-ion batteries vary according to the model of vehicles, we develop batteries in partnership with automotive manufacturers. We are currently developing batteries for new models that will reach the market in 2014 and 2015. If we define products that are already on the market as the first generation, these products under development represent the second and third generations. The research activities of the GS Yuasa Group go one step further, encompassing the fourth generation of products. To succeed against increasingly intense competition, our products will need to meet four requirements: better performance, better safety, longer life spans, and lower prices.

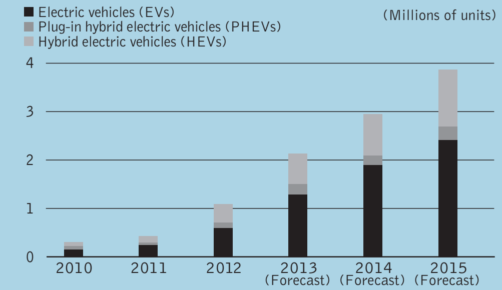
We face fierce competition in the race to develop lithium-ion batteries. However, I am confident that technology and expertise cultivated through our history will give us a key advantage. Since commencing research activities in this area in the early 1990s, the GS Yuasa Group has created a wide range of technologies. It is because our technology is backed by this track record that we are able to create a wide variety of products.

Artist's impression of the Ritto Plant after completion of Phase II of construction

Note: The new factory to be built during Phase II is shown on the left.

Lithium-ion batteries

Forecast of world market for vehicles with lithium-ion batteries



Source: ITQ

Q7: What are your views on the future for environment-friendly vehicles?

A7: I believe that we are entering the era of electric vehicles, hybrids and plug-in hybrid vehicles.

Because there is a limit to the range that an EV can travel on a single charge, families are likely to use these vehicles primarily for short-range travel, such as shopping trips and school runs, while commercial uses will probably be limited to travel within specific areas. Hybrid vehicles (HVs) and plug-in hybrid vehicles (PHVs) will have the advantage for medium- to long-range travel. We therefore expect to the future of the market for environment-friendly vehicles to be characterized by parallel growth of EVs, HVs and PHVs. Through its R&D activities, the GS Yuasa Group is working to create lithium-ion batteries optimized for each of these vehicle types.

I assume that some investors are concerned that the growing popularity of environment-friendly vehicles will result in the commoditization of lithium-ion batteries. However, an extremely wide range of factors must be taken into account when developing automotive lithium-ion batteries, and while there may be a certain degree of standardization, it is highly unlikely that commoditization will occur. The most important factor for success against escalating competition is the ability to develop technology so that we can always offer new products.

Q8: What are your priority fields other than automotive lithium-ion batteries?

A8: We are also focusing on the development of the railroad market.

The GS Yuasa Group supplies lithium-ion batteries for use in fields ranging from deep-sea exploration to aerospace. One of our priority categories is batteries for railway vehicles. Many Japanese railway companies are currently conducting verification tests with hybrid railway vehicles, and we supply lithium-ion batteries for use in these vehicles. In February 2012, Japan Freight Railway Company put its first mass-produced hybrid locomotive into commercial operation. The vehicle is equipped with batteries manufactured by GS Yuasa.

We also supply lithium-ion batteries for use in electric trains that are capable of traveling over non-electrified sections, and for next-generation single-carriage and two-carriage streetcars. Battery-powered streetcars can travel anywhere that tracks have been laid, and are the ideal means of public transport for small and medium-sized cities. The main target market will be the United States, which does not have an extensive network of conventional rail lines.

Q9: What are your growth strategies for overseas markets?

A9: We regard Asia as our most important market.

We have identified the expansion of our overseas business activities as a major strategic issue in the second Mid-Term Management Plan. We are focusing primarily on the rapidly growing Asian economies as we strive to expand our business activities in the areas of automotive and motorcycle batteries and industrial batteries. Of particular significance to us are four countries with huge populations (China, Indonesia, Vietnam and India), as well as Thailand, where car manufacturers from around the world have established facilities and which has become an important center for motor vehicle exporting. Africa and Latin America are also likely to become promising markets in the future.

A feature of Asian markets is the coexistence of old technologies alongside new ones. If we look at the history of motorization, for example, we find that in Japan evolution took place from bicycles to small motorcycles and compact trucks. The situation differs elsewhere in Asia, however. In China, for example, road traffic will include both small motorcycles and ultra-luxurious German-made cars. In the past, the products that we supplied for automobiles and motorcycles were mainly simple, low-priced devices. However, we are now actively introducing high-added-value products in step with the growth of the luxury automotive market.

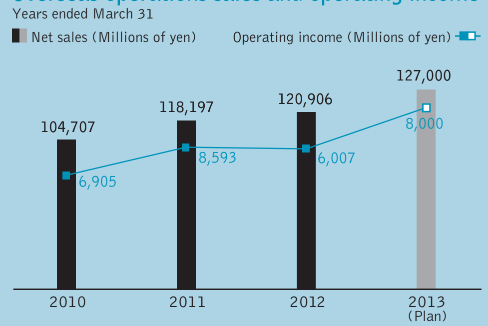
Q10: Lastly, would you outline your business policies for the year ending March 31, 2013?

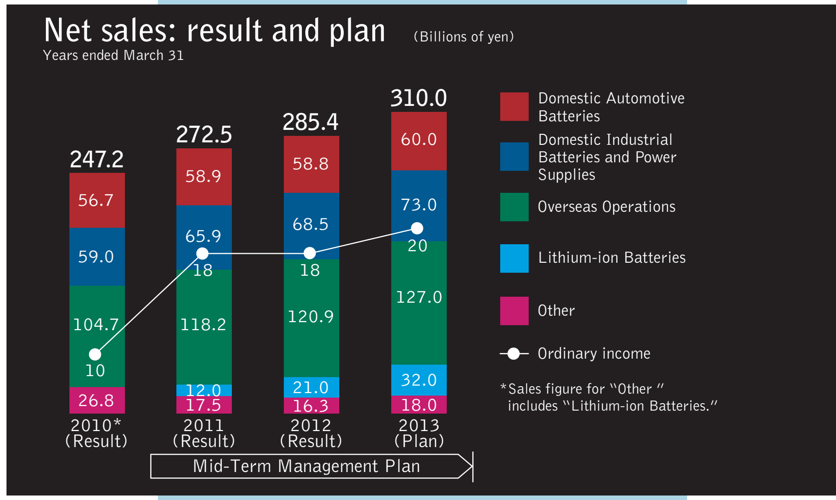
A10: We will focus completely on achieving our targets under the second Mid-Term Management Plan.

We expect business conditions in the year ending March 31, 2013 to be better than in the fiscal year just ended. The price of lead, which is our main raw material, has stabilized at a relatively low level. In addition, we anticipate reconstruction demand relating to the Great East Japan Earthquake. From a global perspective, uncertainty about the economic outlook will remain, but firm trends are predicted, led by the growing Chinese economy.

The year ending March 31, 2013 will be the final year of the second Mid-Term Management Plan. We are determined to achieve our quantitative targets by taking advantage of a positive business environment to expand our business activities and strengthen our earnings performance.

Overseas operations sales and operating income

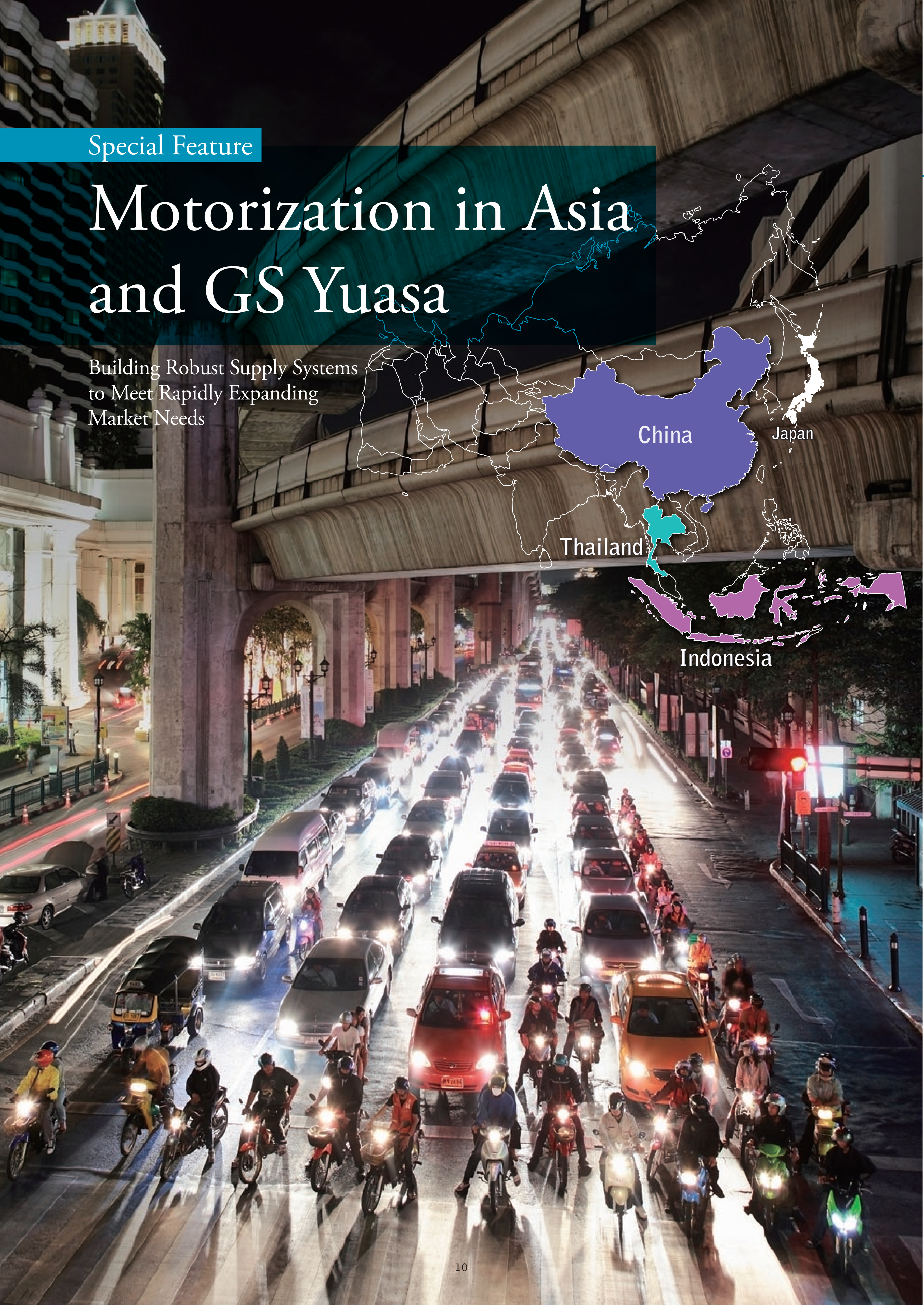




Special Feature

Motorization in Asia and GS Yuasa

Building Robust Supply Systems to Meet Rapidly Expanding Market Needs



The GS Yuasa Group has made the expansion of its overseas business activities a key priority strategy under the second Mid-Term Management Plan. We are determined to expand our automotive and motorcycle battery business, especially in the rapidly growing Asian economies. This special feature focuses on China, Indonesia and Thailand. We will look at the rapid progress of motorization in these three Asian economies and introduce some of the sales expansion initiatives undertaken by the GS Yuasa Group.

Toru Bomoto

Director
GS YUASA Corporation

Director
Business Unit Manager of International Business Unit
GS Yuasa International Ltd.

Early 1960s: First Moves to Build a Significant Presence in Asia.

Since the early 1960s, the GS Yuasa Group has recognized the potential of Asian markets for automotive and motorcycle batteries and taken significant steps to develop a presence in the region. Yuasa Corporation, which was one of the predecessors of GS Yuasa Corporation, began the process by establishing Yuasa Battery (Thailand) Pub. Co., Ltd. in 1963. The other predecessor, Japan Storage Battery Co., Ltd., established Siam GS Battery Co., Ltd. in Thailand in 1966, followed in 1972 by P.T. GS Battery in Indonesia. Yuasa Battery (Indonesia) was established by Yuasa Corporation in 1975. Production of automotive and motorcycle batteries in China began in 1991 with the establishment of Tianjin Tong Yee Industrial Co., Ltd. (now Tianjin GS Battery Co., Ltd.) by Japan Storage Battery. This was followed in 1994 by the establishment of Tianjin Yuasa Batteries Co., Ltd. by Yuasa Corporation to manufacture and distribute motorcycle batteries.

Both companies continued to expand their networks of business operations in Asia. GS Yuasa Corporation has maintained this commitment to the investment of management resources since its establishment in April 2004.

As a result, these Asian businesses have grown into an important source of earnings for the GS Yuasa Group. In the year ended March 31, 2012, overseas sales, including sales of industrial batteries, accounted for ¥123,960 million out of GS Yuasa Corporation's total consolidated net sales of ¥285,434 million. Sales in Asia amounted to ¥62,786 million, or 22% of net sales.

We are steadily developing infrastructure in Asia, and we currently have 22 production and distribution sites and seven distribution sites in 10 countries in the region. In the year ended March 31, 2012, total demand for automotive batteries in these 10 countries is estimated to have reached 94.3 million units. The GS Yuasa Group sold approximately 17.5 million units and maintained its industry leadership with a market share of around 18%. Total demand for motorcycle batteries in the 10 Asian countries is estimated to have reached 144.9 million units, of which the GS Yuasa Group supplied approximately 39.6 million units, achieving a market share of about 27%.

The Asian markets of particular importance to the GS Yuasa Group are China and Indonesia, both of which have huge populations and strong market growth potential, and Thailand, which is evolving as an export base for automobiles. We believe that the best way to create a powerful engine capable of accelerating the growth of our overseas business activities is to respond to rapidly growing demand and further raise our brand profile in these three countries.

Major Growth Potential in Chinese Market for Automotive and Motorcycle Batteries

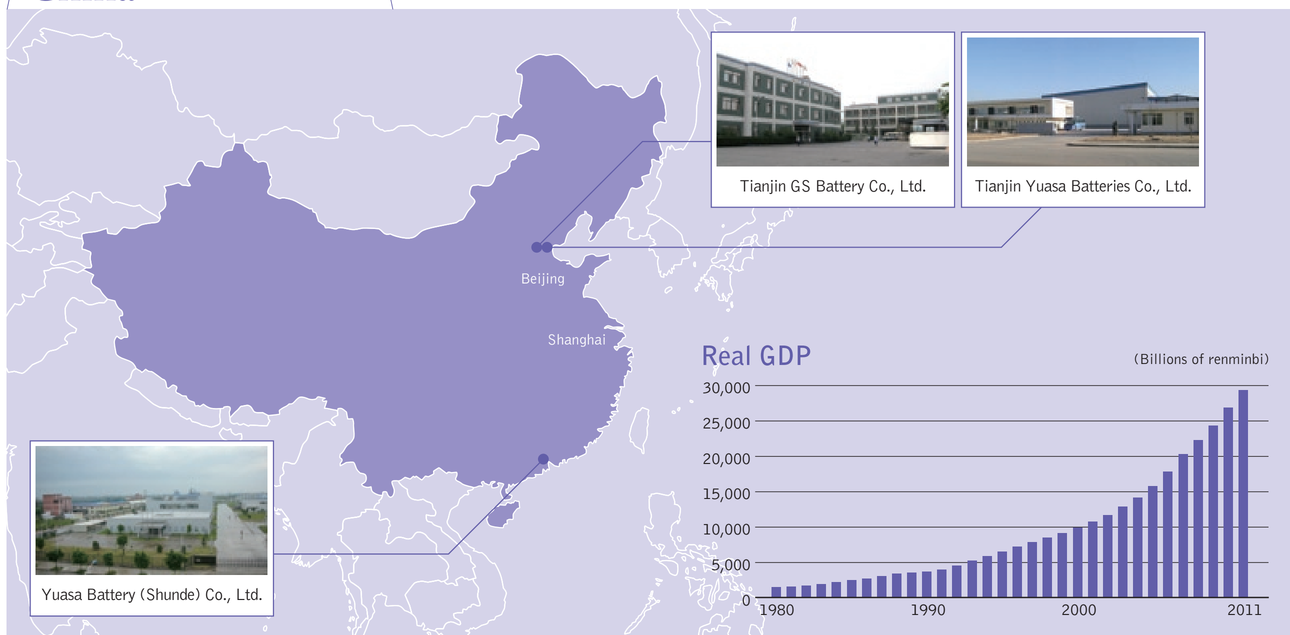
In 2010, China overtook Japan in terms of nominal GDP and became the world's second largest economy after the United States. Automobile production has soared in step with economic development, and in 2009 China moved ahead of the United States to become the world's leading producer with a total output of 18.4 million units. The ownership ratio of automobiles has also risen steadily. As of December 31, 2011, the number of automobiles owned in China was the second highest in the world at 106 million units. China's motorcycle market is also vast and has remained by far the largest in the world in terms of both motorcycles produced, which totaled 26.7 million units in 2010, and the number of motorcycles owned, which reached 119 million units as of December 31, 2011.

China's market is attractive because of its huge growth potential. Per capita nominal GDP in excess of $3,000 is generally regarded as the threshold for the start of rapid motorization. China's per capita nominal GDP passed this level in 2008. Given a population of around 1.3 billion, the low diffusion rate for automobiles at present, and the emergence of a middle-income class, the level of automobile ownership in China seems certain to surpass the U.S. level of 285 million units.

The GS Yuasa Group operates three production sites for automotive and motorcycle batteries in China. Total demand for automotive batteries in China is estimated to have reached 53.4 million units in 2011. The GS Yuasa Group sold approximately 4.6 million units, which is equivalent to a market share of about 9%. Total demand for motorcycle batteries was estimated to be 64.0 million units. With sales of approximately 6.2 million units, the GS Yuasa Group had a market share of around 10%.

Our priorities going forward will be to reinforce our distribution networks in China, and expand our market share. We will also further develop our production capacity in readiness for future market growth.

China



Thailand's Evolution as a Major Automobile Exporting Base

A core member of ASEAN, Thailand has been achieving rapid economic growth since the 1980s. The development of the automotive industry has been especially phenomenal. Many automotive manufacturers, including Toyota, Nissan, Honda and General Motors, have built manufacturing facilities in Thailand, turning it into a major center for production and exporting.

The devastating flooding experienced by Thailand between October and December 2011 had a major impact on the operations of a number of plants of automotive manufacturers. According to data released by the Federation of Thai Industries (FTI), domestic automotive production fell by 11.4% year on year in 2011 to 1.5 million units. However, Thailand is still the largest automotive producer in ASEAN, and it still offers an excellent environment for the automotive business, including highly developed infrastructure, high-quality labor, and progress toward the establishment of free trade agreements within Asia.

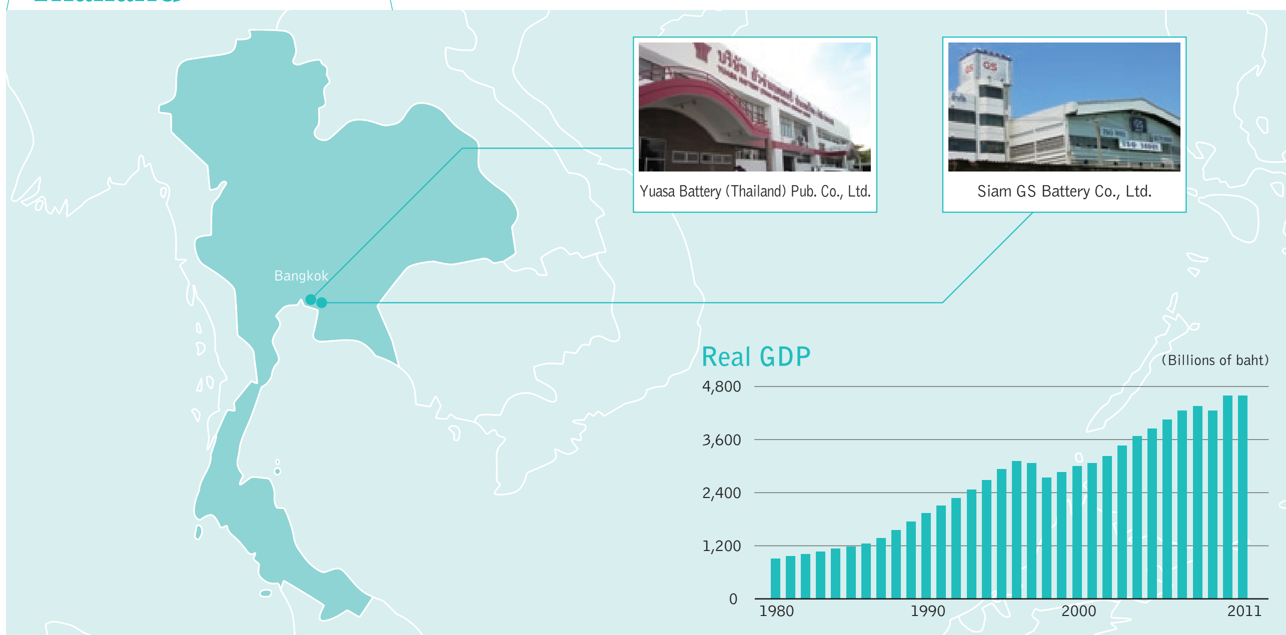
Thailand has attracted intense interest as a base for exporting to other ASEAN markets and to Europe and North America, but in recent years there has also been a conspicuous rise in the level of activity in domestic markets. The automobile ownership ratio, which remains low compared with Singapore and Malaysia, is likely to rise steadily in the future. Thailand is the world's fifth largest producer of motorcycles with an output of 2 million units in 2010.

Because of its large cluster of automobile and automotive parts manufacturers, Thailand has become known as the "Detroit of Asia." In 2011, total demand for automotive batteries is estimated to have reached 5.6 million units. The GS Yuasa Group supplied approximately 3.0 million units to this market, resulting in an extremely high market share of around 54%. Total demand for motorcycle batteries was estimated at 7.4 million units, of which the GS Yuasa Group sold approximately 3.2 million units for a market share of around 42%. Thailand's motor vehicle industry will have fully overcome the impact of the flooding within 2012 and is certain to shift to a recovery trend thereafter. The GS Yuasa Group will be ready to meet the resulting expansion of demand.

Market Dominance in Indonesia: Growth Driven by Sustained Economic Development

Indonesia was seriously affected by the 1997 Asian currency crisis. However, it has since achieved sustained economic development and was able to weather the

Thailand



financial crisis triggered by the Lehman shock without suffering any loss of pace. Automotive production has also grown year after year, reaching 0.8 million units in 2011.

In 2010, Indonesia's per capita nominal GDP passed the $3,000 mark, which is regarded as the tipping point for the start of motorization on a significant scale. Given Indonesia's sustained economic growth, a population of 239 million and an automobile ownership ratio of just 3.6%, there is much potential for market expansion in the future.

Regarding motorcycle production, Indonesia has become the world's third largest producer after China and India.

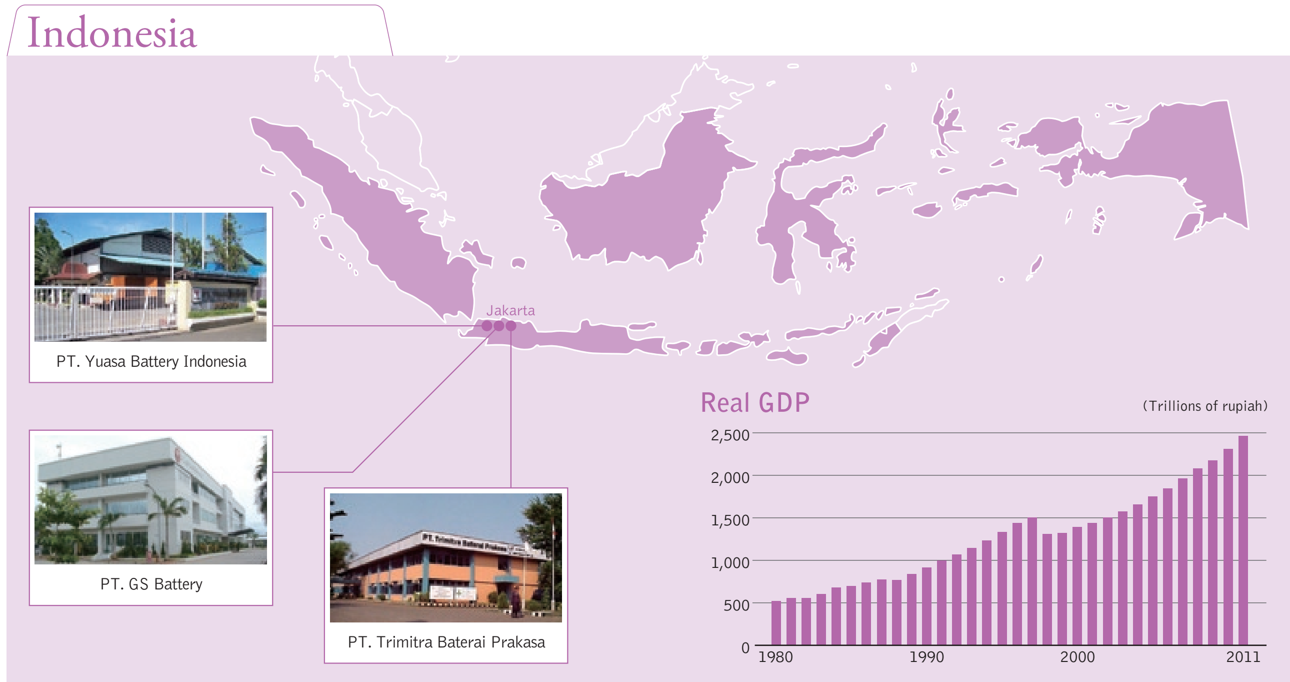
Total demand for automotive batteries in Indonesia is estimated to have reached 5.9 million units in 2011. The GS Yuasa Group sold approximately 4.7 million units from its three sites in Indonesia and achieved an overwhelmingly dominant market share of about 79%. Total demand for motorcycle batteries reached an estimated 19.1 million units. With sales of approximately 17.6 million units, the GS Yuasa Group achieved an overwhelming market share of around 92%.

Japanese automotive manufacturers have built a strong position in Indonesia over many years. The GS Yuasa Group is determined to use its robust customer base to maintain its market share by further increasing production.

The Growth Strategy of the GS Yuasa Group

Under the second Mid-Term Management Plan launched in the year ended March 31, 2011, GS Yuasa Corporation identified the expansion of overseas business activities as a vital management priority for the achievement of sustainable growth and the improvement of corporate value by the GS Yuasa Group. Automotive production in Japan is stagnating because of population decline and slow economic performance, while elsewhere in Asia economic growth has become a driving force for motorization. In addition, motorcycles have become part of the Asian way of life and remain a vital means of transport. The top five motorcycle producers in 2010 were China, India, Indonesia, Vietnam and Thailand, which together accounted for more than 80% of total world production.

In China, Thailand and Indonesia, which have become dominant forces in automotive and motorcycle production and sales, the GS Yuasa Group will promote highly effective marketing activities utilizing its excellent product supply systems. At the same time, we will use our robust business infrastructure and strong brand presence in these countries to drive our expansion into other markets, including Vietnam and India, as part of the continuing evolution of our global business strategy.

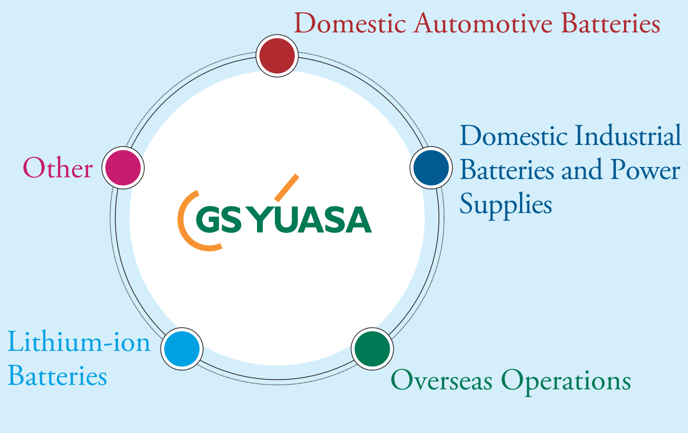


Business Review

In the year ended March 31, 2012, Japan faced a challenging economic environment because of factors that included the impact of the Great East Japan Earthquake, and the continuing rise in the value of the yen triggered by economic instability in Europe and North America. The economy began to rally after the summer of 2011 in response to earthquake recovery and reconstruction demand. However, despite expanding domestic demand in Asian emerging economies, the world economic situation remained clouded in uncertainty throughout the year under review because of the failure to bring the European debt crisis under control.

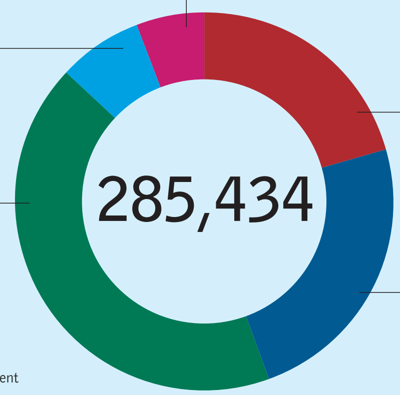
The GS Yuasa Group continued to work toward the realization of the goals set down in the second Mid-Term Management Plan by expanding its overseas business activities and strengthening the earning potential of its existing business operations in Japan. We also intensively invested management resources in the expansion of the lithium-ion battery business.

These efforts were reflected in our financial results for the year ended March 31, 2012. Consolidated net sales increased by ¥12,920 million, or 4.7%, year on year to ¥285,434 million. Particularly significant was the start of mass production and sales of automotive lithium-ion batteries, sales of which increased by ¥9,011 million, or 75.3%, year on year to ¥20,975 million. Sales from overseas operations were ¥2,709 million, or 2.3%, higher year on year at ¥120,906 million, thanks to strong sales of motor vehicle batteries, especially in Asia.



Net sales by segment

(Millions of yen)



Lithium-ion Batteries
7.3%
20,975

Overseas Operations
42.4%
120,906

Other
5.7%
16,303

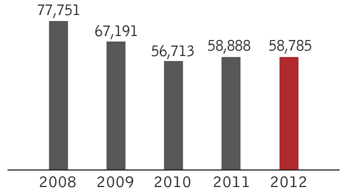
Domestic Automotive Batteries
20.6%
58,785

Domestic Industrial Batteries and Power Supplies
24.0%
68,465

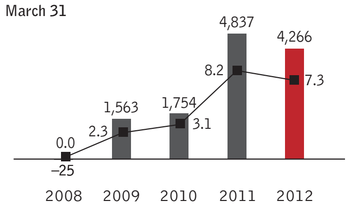
Note: As of the year ended March 31, 2012, the former Other segment has been divided into the Lithium-ion Batteries segment and the Other segment. The segment data and year-on-year comparisons presented herein reflect the new segment structure.

Domestic Automotive Batteries

Net sales (Millions of yen)
Years ended March 31



Operating income ■ (Millions of yen)
Operating income ratio -■- (%)
Years ended March 31



Net sales declined by ¥103 million year on year, or 0.2%, to ¥58,785 million. This result reflected strong sales of batteries for new vehicles, including batteries for idle-stop vehicles, and valve regulated lead-acid batteries for hybrid vehicles. Despite the contribution from higher sales of batteries for new vehicles, operating income fell by ¥571 million, or 11.8%, to ¥4,266 million, in part because of slow sales for replacement batteries.

Main Products

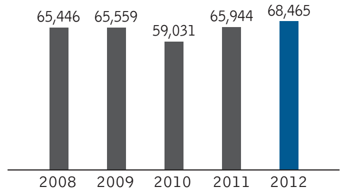
Automotive and motorcycle lead-acid batteries, automotive equipment

"ECO.R Series NEO" automotive batteries

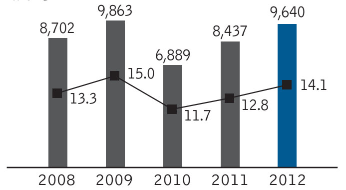
"Unistar" automotive batteries

Domestic Industrial Batteries and Power Supplies

Net sales (Millions of yen)
Years ended March 31



Operating income ■ (Millions of yen)
Operating income ratio -■- (%)
Years ended March 31



Net sales amounted to ¥68,465 million, a year-on-year increase of ¥2,521 million, or 3.8%. Factors behind this growth included post-earthquake reconstruction demand for industrial batteries, and a healthy trend in sales of industrial batteries for use in data centers. Operating income rose by ¥1,203 million, or 14.3%, to ¥9,640 million, mainly because of sales growth.

Main Products

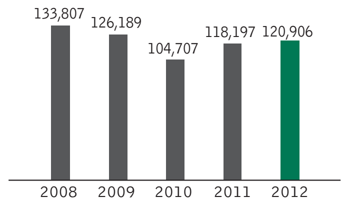
Lead-acid batteries for backup, forklifts, automated guided vehicles (AGVs), small lead-acid batteries, alkaline storage batteries, DC power supplies, AC uninterruptible power supplies, other power supply systems

CAVSTAR
1kVA AC uninterruptible power supplies (outdoor use)

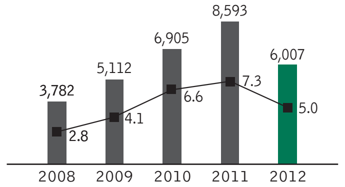
BACSTAR LPSi5180
5kVA AC uninterruptible power supplies (indoor use)

Overseas Operations

Net sales (Millions of yen)
Years ended March 31



Operating income ■ (Millions of yen)
Operating income ratio -■- (%)
Years ended March 31



Growth in the number of automotive batteries sold, especially in Asia, helped to boost net sales by ¥2,709 million year on year, or 2.3%, to ¥120,906 million. Operating income fell by ¥2,586 million, or 30.1%, to ¥6,007 million, mainly because of the rising price of lead, which is a key raw material, and increased expenses.

Main Products

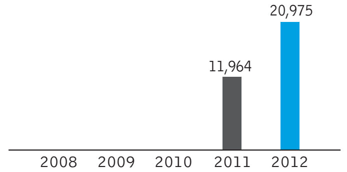
Automotive and motorcycle lead-acid batteries, valve regulated lead-acid batteries for backup, lead-acid batteries for forklifts

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

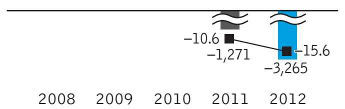
Motorcycle batteries

Lithium-ion Batteries

Net sales (Millions of yen)
Years ended March 31



Operating loss ■ (Millions of yen)
Operating income ratio -■- (%)
Years ended March 31



Net sales grew by ¥9,011 million year on year, or 75.3%, to ¥20,975 million, reflecting the start of full-scale mass-production and sales. The segment profit and loss position declined by ¥1,994 million, resulting in an operating loss of ¥3,265 million. This was mainly due to increased depreciation resulting from capital investment in the expansion of production capacity.

Main Products

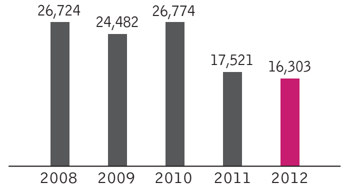
Automotive lithium-ion batteries

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

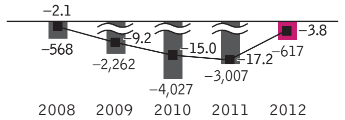
Lithium-ion batteries for electric vehicles (manufactured by Lithium Energy Japan)

Other

Net sales (Millions of yen)
Years ended March 31



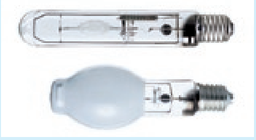
Operating loss ■ (Millions of yen)
Operating income ratio -■- (%)
Years ended March 31



In the lighting equipment category, sales of deep ultraviolet (DUV) products were slower, in part because of a drop in capital investment by LCD and semiconductor manufacturers. Net sales fell by ¥1,218 million year on year, or 6.9%, to ¥16,303 million. The segment profit and loss position improved by ¥2,390 million to an operating loss of ¥617 million. This reflected the inclusion of development costs relating to the transition to mass production of automotive lithium-ion batteries in the figures for the Lithium-ion Batteries segment, as well as adjustments for eliminations and corporate and inter-segment expenses.

Main Products

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



Ceramic metal halide lamp Ecocera II

RENO+mini Series: JRB-148TSA

The Year in Review

April 2011

Power Supply Systems Based on Lithium-Ion Batteries Helping to Overcome Effects of Chronic Power Outages in Japan

GS Yuasa Corporation and GS Yuasa Power Electronics Ltd. have started to accept orders for three types of backup uninterruptible power supply systems developed in response to repeated and prolonged power outages. Unlike conventional systems based on lead-acid batteries, which have a maximum back-up time of around 30 minutes, these lithium-ion systems can provide reliable backup even when outages lasting around three hours occur on successive days. They are also ideal for use during major outages caused by natural disasters.

August 2011

Storage Batteries Manufactured by GS Yuasa Selected by Sekisui House for Use in Environment-Friendly Houses

The "Green First Hybrid" range of houses announced by Sekisui House, Ltd. in August 2011 is equipped with solar panels, fuel cells and storage batteries. These houses are designed to use cheap night-time power to reduce energy costs under normal daily life conditions, and to use electricity stored in the batteries during power outages caused by natural disasters and other events. The storage battery systems used in these houses are manufactured by GS Yuasa. They combine large-capacity storage batteries capable of providing backup power for about 23 hours for equipment requiring 350 W of power, with a power conditioner for solar panels.

"SLC70-4V" valve-regulated storage battery with granule powder cladding

October 2011

Joint Development of Energy-Saving LED Street Lighting Equipment

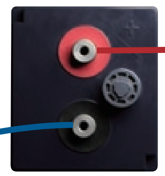
The after-effects of the Great East Japan Earthquake have increased the need for improved energy-efficiency in street lighting. A joint initiative by GS Yuasa, which possesses advanced expertise relating to optimized light distribution designs and the design of outdoor lighting equipment, and Sharp Corporation, which has an extensive track record in the field of LED lighting, resulted in the successful commercialization of the "LEGA" range of LED street lighting equipment. This product set a new industry standard for energy-saving performance. The wattage required for the new lights has been reduced by about 70% compared with conventional mercury lamps, while the innovative lens design has contributed to the improvement of streetscapes by reducing the thickness of the lamps.

"LEGA" LED street lighting equipment

November 2011

Launch of PV-EV Emergency Rapid Charging System for Electric Vehicles

In November 2011, GS Yuasa commenced sales of a rapid charging system for electrical vehicles. The new system can also be used to supply electricity in emergencies, such as power outages caused by disasters. It is a totally clean system with zero CO_2 emissions from generation to driving, since electricity generated by solar panels is stored in lithium-ion batteries and used for the rapid charging of electric vehicles. Because it can be linked into the power grids of electric power companies, surplus electricity can be sold, and high-speed charging for electric vehicles is possible even at night or on days with little sunlight.



2011

April May June July August September October November December

2012

January February March

May 2011 to January 2012

Specially Designed Lead-Acid Storage Batteries Selected by Japanese Automotive Manufacturers for Idle-Stop Vehicle Use

Idle-stop vehicles have attracted increasing interest because of their effectiveness in improving fuel efficiency and reducing CO_2 emissions. The lead-acid storage batteries used in these vehicles must be able to withstand frequent discharging and provide high input and output performance, including the ability to supply power to electrical equipment while the engine is stopped and produce a large current whenever the engine is restarted. They are recharged by regenerative electric power.

GS Yuasa has a long track record in the development of thin plate technology, carbon technology and battery long-life technology. Using this expertise, we have commercialized lead-acid storage batteries that provide the excellent durability and high output and input characteristics required by idle-stop vehicles. We have been shipping these batteries to Japanese automotive manufacturers since 2009, while continuing to develop products with even better performance. Between December 2010 and January 2012, GS Yuasa batteries were selected for use in a string of new models, including the Toyota Vitz, the Daihatsu Move and Tanto, the Honda N Box and the Suzuki MR Wagon, Wagon R and Alto Eco. These orders reflect the excellent quality and unequaled reliability of the batteries.

Honda N Box

Suzuki Alto Eco

Daihatsu Move

Daihatsu Tanto

December 2011

Start of Phase II of Construction at LEJ's Ritto Plant

Lithium Energy Japan (LEJ) manufactures and sells lithium-ion batteries. It was established jointly with Mitsubishi Corporation and Mitsubishi Motors Corporation in 2007. In 2009, it commenced production of the world's first automotive lithium-ion batteries at the Kusatsu Plant. LEJ has since built other production facilities and expanded its production capacity. In December 2011, it commenced phase II of construction at the Ritto Plant in anticipation of rapid growth in the market for lithium-ion batteries.
During phase II of construction, LEJ plans to construct a factory building with a total floor area of 50,000 square meters. Completion is scheduled for August 2012, and production will start in the spring of 2013. The maximum yearly production capacity will be 1.2 GWh, which is equivalent to approximately 6.5 million LEV50 lithium-ion battery cells for electric vehicles. This is sufficient for about 75,000 Mitsubishi i-MiEVs. The addition of this new plant to LEJ's existing facilities at Kusatsu and Kyoto and the phase I facilities at the Ritto Plant will create the world's largest production network for lithium-ion batteries with a maximum annual production capacity for approximately 12.5 million cells.

Artist's impression of the Ritto Plant after completion of Phase II of construction
Note: The new factory to be built during Phase II is shown on the left.

Engagement with Customers

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

Commitment to Customer Satisfaction

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.

Quality Management Organization

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.

GS Yuasa Corporation

GS Yuasa international Ltd.(including business companies)

Business segments | Business segments | Business segments

Quality Management Committee, Product Safety Management Committee

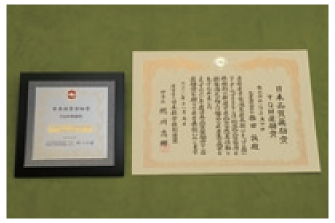
- Three-Year Quality Improvement Plan
- Management of key quality items
- Quality information
- Quality management activities
- Management of product safety items
- Quality education

GS Yuasa Quality Management System (ISO 9001)

Improvement of front-line capabilities, *kaizen* team activities

GS Yuasa Group Wins Recognition of TQM Achievement Award

In 2011, the GS Yuasa Group's Industrial Battery Production Division won the Recognition of TQM Achievement Award, which is part of the Japan Quality Recognition Award program sponsored by the Union of Japanese Scientists and Engineers. The Recognition of TQM Achievement Award is given to organizations that achieve real benefits by creating effective quality management systems based on the ISO 9001 standard, enabling them to supply products of sufficient quality to ensure customer satisfaction.



Award certificate and shield

Ensuring Customer Safety

Lead-acid storage batteries use lead in electrodes (a potential 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 use 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

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 2011, 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 Ikkyo 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 in the school grounds

Eco Art Contest for Elementary School Children

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 third contest in fiscal 2011 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 sixth-year elementary school pupil in Fukushima Prefecture for an entry entitled "In the Paradise of Light and Life."

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.

"In the Paradise of Light and Life"

A special website created for the GS Yuasa Eco Art Contest for Elementary School Children

http://gyb.gs-yuasa.com/concours/pc/index.html

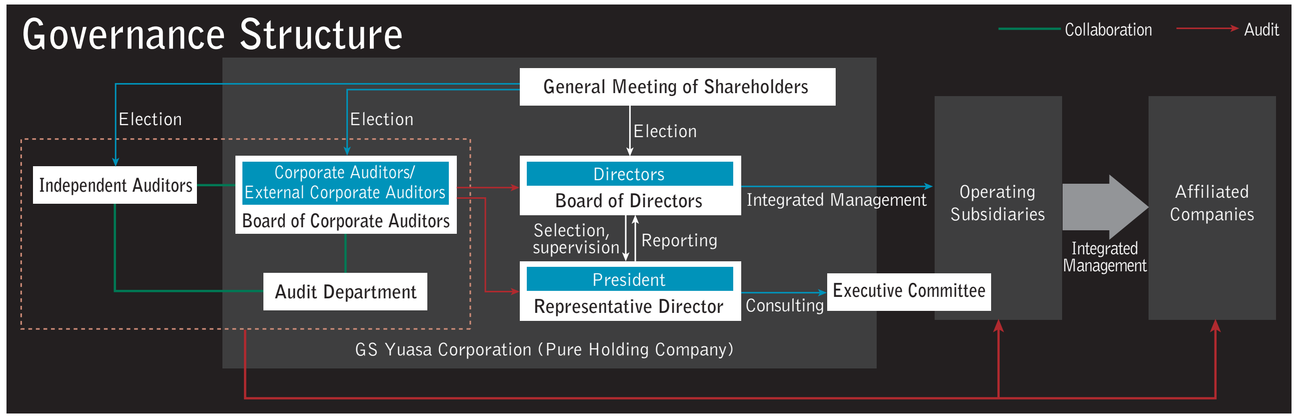
Corporate Governance

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

To implement our philosophy of contributing to "people, society, and 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.



Focused on Internal Controls

In order to strengthen its management foundation, the GS Yuasa Group has established a system 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 through the imposition of relevant rules. In order to comply with the internal control reporting system required under the Financial Instruments and Exchange Law, we are creating an internal control system and establishing 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.

Risk Management

Implementing thorough compliance management and risk management

Thorough Risk Management and Crisis Management

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 a 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

In pursuit of our philosophy of "Growth and Innovation," we recognize the importance of all employees guiding their behavior in compliance with laws, company regulations, and ethical standards. In this spirit, we have adopted the GS Yuasa Corporate Ethical Standards, which comprise 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 addition, we provided all employees with a copy of the GS Yuasa Group Compliance Manual, which explains compliance in an understandable way and is used effectively in compliance training. In fiscal 2011, we provided compliance training in the form of e-learning as a means of inculcating thorough compliance and a strong sense of ethics in our management personnel.

The Compliance Manual

For employees who become aware of behavior that is inappropriate in terms of compliance, we have developed the GS Yuasa Group Corporate Ethics Hotline, which employees can use to convey information. This point of contact is accessible both internally and externally and can be reached on an as-needed basis. When conducting investigations and taking appropriate action, our investigation team remains committed to protecting whistleblowers.

In addition, every six months our president carries out a compliance survey among all employees by an in-house e-mail questionnaire. The survey contains questions on compliance practices in day-to-day operations.

Our Group remains committed to proactively implementing compliance activities now and in the future.

Board of Directors and Auditors

(As of June 28, 2012)

President

Makoto Yoda

Senior Managing Director

Koichi Shiina

Managing Directors

Nobuyuki Ueoka

Hideaki Yoshimura

Kei Nishida

Directors

Masahide Kuragaki

Shinji Tatsumi

Masaru Sawada

Toshiyuki Nakagawa

Toru Bomoto

Hirosuke Konishi

Osamu Murao

Full-Time Corporate Auditors

Jiro Kawanishi

Hideyuki Maeno

Kiyoshi Ogawa

Corporate Auditor

Seiji Abe

Financial Section

Contents

Operating Results

In the year ended March 31, 2012, consolidated net sales increased by 4.7% year on year to ¥285,434 million. This growth reflected higher sales in overseas markets, especially in Asia, as well as strong sales of industrial batteries as a result of post-earthquake reconstruction demand, a healthy trend in sales to data centers, and the sales expansion of automotive lithium-ion batteries. Consolidated operating income decreased by 8.9% year on year to ¥16,031 million. This was attributable to increased depreciation, resulting in part from investment in the lithium-ion battery business, as well as to the rising LME price of lead, which is a key raw material. After adjustment for taxes, consolidated net income amounted to ¥11,733 million, a year-on-year increase of 0.1%. Net income per share was ¥28.42.

Financial Position

Total assets as of March 31, 2012 amounted to ¥278,426 million, an increase of ¥30,979 million from the position at the end of the previous year. Current assets were affected by an increase in trade notes and accounts receivables due to sales growth near the end of the fiscal year, and by the inclusion of government subsidies in other current assets. Tangible fixed assets were also higher because of capital expenditures in new facilities, especially the Ritto Plant. Liabilities increased by ¥17,069 million to ¥142,205 million. This resulted from long-term debt to finance the aforementioned capital expenditures, and an increase in trade notes payable relating to plant and facilities. Net assets were ¥13,910 million higher year on year at ¥136,221 million. In addition to net income, this was also attributable to an increase in minority interests resulting from a capital increase in a consolidated subsidiary involved in the automotive lithium-ion battery business. The shareholders' equity ratio as of March 31, 2012 was 41.3%, down 2.5 percentage points from the position at the end of previous fiscal year.

Cash Flows

An increase in trade accounts receivable and the payment of income taxes and other items were offset by income before income taxes and minority interests and depreciation, with the result that net cash provided by operating activities in the year ended March 31, 2012 amounted to ¥8,287 million, compared with ¥25,478 million in the previous fiscal year.

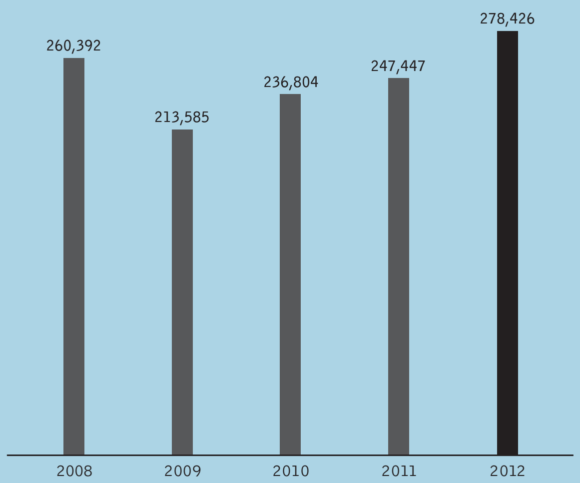
Net cash used in investing activities amounted to ¥28,660 million, compared with ¥25,445 million in the previous fiscal year. This figure reflected expenditure on the acquisition of tangible fixed assets, especially the Ritto Plant of Lithium Energy Japan, which will be used to manufacture automotive lithium-ion batteries.

Net cash provided by financing activities amounted to ¥13,153 million, compared with ¥8 million in the previous fiscal year. This is attributable to the procurement of long-term loans to finance part of the cost of capital investment, and investment received from a joint venture partner in connection with a capital increase by a consolidated subsidiary. As a result of these changes, cash and cash equivalents were reduced by ¥7,553 million year on year to ¥16,477 million as of March 31, 2012. The ratio of cash flows to interest bearing debt rose by 6.1 to 8.0, while the interest coverage ratio declined by 11.95 times to 5.35 times.

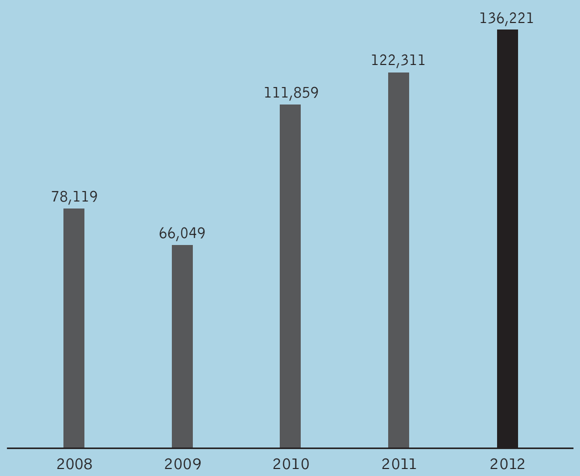
Outlook

The year ending March 31, 2013 will be the final year under the second Mid-Term Management Plan. Economic growth is receiving additional impetus from various sources, including full-scale post-earthquake reconstruction activity. However, there are also many sources of concern, notably power shortages, the prolonged debt problem in Europe, and slower economic growth in China. We therefore expect the business environment to remain uncertain. The GS Yuasa Group plans to expand its overseas business activities, especially in China and Asia, to strengthen the earning potential of its existing business operations in Japan, and to reinforce its infrastructure for the lithium-ion battery business. Our forecasts for the year ending March 31, 2013 are net sales of ¥310,000 million, operating income of ¥18,000 million, ordinary income of ¥20,000 million, and net income of ¥13,000 million.

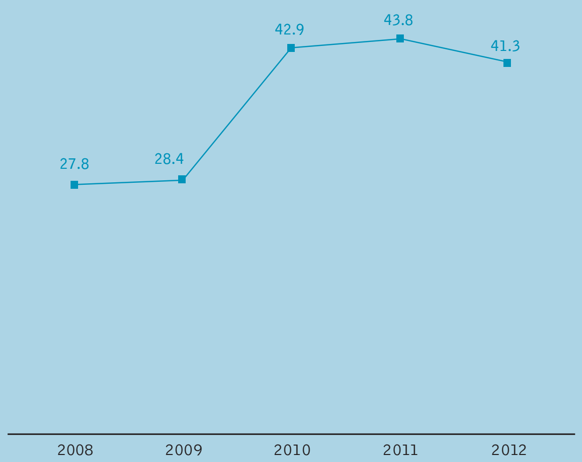
Total assets (Millions of yen)
March 31

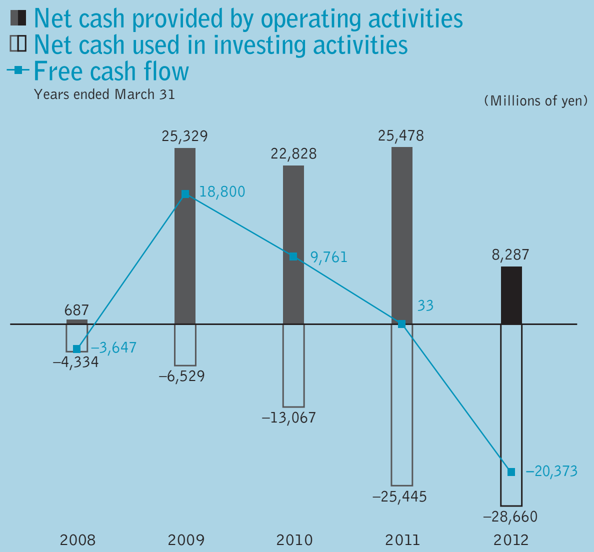


Total equity (Millions of yen)
March 31



Shareholders' equity ratio (%)
March 31





Consolidated Balance Sheet

March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 16,477	¥ 24,030	$ 200,939
Time deposits (Note 13)	17	10	207
Receivables (Note 13):			
Trade notes	4,620	4,786	56,341
Trade accounts	52,527	47,204	640,573
Unconsolidated subsidiaries and affiliated companies	2,896	2,989	35,317
Other	12,652	5,572	154,293
Allowance for doubtful receivables	(309)	(366)	(3,768)
Inventories (Note 4)	40,445	37,963	493,232
Deferred tax assets (Note 10)	2,428	3,020	29,610
Prepaid expenses and other current assets	4,933	2,928	60,158
Total current assets	136,686	128,136	1,666,902
PROPERTY, PLANT AND EQUIPMENT (Notes 3 and 7):			
Land (Note 2.j)	18,392	18,190	224,293
Buildings and structures	65,108	61,714	794,000
Machinery and equipment	93,897	87,967	1,145,085
Furniture and fixtures	16,993	16,737	207,232
Lease assets (Note 2.n)	10,680	4,951	130,244
Construction in progress	11,835	3,231	144,329
Total	216,905	192,790	2,645,183
Accumulated depreciation	(115,402)	(112,393)	(1,407,341)
Net property, plant and equipment	101,503	80,397	1,237,842
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 13)	15,940	15,622	194,390
Investments in unconsolidated subsidiaries and affiliated companies (Notes 6 and 13)	14,342	12,894	174,902
Prepaid pension cost (Note 8)	3,548	4,031	43,268
Deferred tax assets (Note 10)	1,876	2,580	22,878
Other assets (Note 7)	4,531	3,787	55,257
Total investments and other assets	40,237	38,914	490,695
TOTAL	¥ 278,426	¥ 247,447	$ 3,395,439

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 7 and 13)	¥ 13,291	¥ 14,653	$ 162,085
Current portion of long-term debt (Notes 7 and 13)	12,791	969	155,988
Payables (Note 13):			
Trade notes	6,088	6,337	74,244
Trade accounts	20,343	19,845	248,085
Unconsolidated subsidiaries and affiliated companies	2,236	1,761	27,268
Other	18,875	11,852	230,183
Income taxes payable (Note 13)	2,245	3,749	27,378
Accrued expenses	7,504	7,057	91,512
Other current liabilities	3,979	3,795	48,525
Total current liabilities	87,352	70,018	1,065,268
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 13)	39,239	36,893	478,524
Liability for retirement benefits (Notes 2.k and 8)	7,629	8,595	93,037
Long-term deposits received	4,415	4,195	53,841
Deferred tax liabilities (Note 10)	1,221	1,559	14,890
Deferred tax liabilities on land revaluation	1,219	1,390	14,866
Other	1,130	2,486	13,781
Total long-term liabilities	54,853	55,118	668,939
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 9 and 17):			
Common stock, authorized, 1,400,000,000 shares; issued 413,574,714 shares in 2012 and 2011	33,021	33,021	402,695
Capital surplus	54,880	54,880	669,268
Retained earnings	32,517	24,087	396,549
Treasury stock - at cost: 743,983 shares in 2012 and 732,043 shares in 2011	(313)	(307)	(3,817)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	5,366	4,810	65,439
Deferred gain on derivatives under hedge accounting	68		829
Land revaluation surplus (Note 2.j)	1,400	1,228	17,073
Foreign currency translation adjustments	(11,812)	(9,358)	(144,048)
Total	115,127	108,361	1,403,988
Minority interests	21,094	13,950	257,244
Total equity	136,221	122,311	1,661,232
TOTAL	¥ 278,426	¥ 247,447	$ 3,395,439

Consolidated Statement of Income

Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET SALES (Note 6)	¥ 285,434	¥ 272,514	$ 3,480,902
COST OF SALES (Note 6)	219,994	206,889	2,682,853
Gross profit	65,440	65,625	798,049
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	49,409	48,036	602,549
Operating income	16,031	17,589	195,500
OTHER INCOME (EXPENSES):			
Interest and dividend income	404	459	4,927
Interest expense	(1,599)	(1,530)	(19,500)
Gain on sales of property, plant and equipment	11	411	134
Loss on disposal of property, plant and equipment	(464)	(516)	(5,659)
Gain on government grants (Note 3)	4,873		59,427
Loss on reduction of cost of property, plant and equipment (Note 3)	(4,873)		(59,427)
Gain on reversal of provision for loss on liquidation of affiliated companies	1,117		13,622
Write-down of investment securities (Note 5)	(34)	(11)	(415)
Foreign exchange loss	(115)	(1,655)	(1,402)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	3,027	2,439	36,915
Losses from a natural disaster	(892)	(342)	(10,878)
Other—net	(1,164)	(2,541)	(14,195)
Other income (expenses)—net	291	(3,286)	3,549
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	16,322	14,303	199,049
INCOME TAXES (Note 10):			
Current	5,239	5,671	63,890
Deferred	967	(2,669)	11,793
Total income taxes	6,206	3,002	75,683
NET INCOME BEFORE MINORITY INTERESTS	10,116	11,301	123,366
MINORITY INTERESTS IN NET LOSS	1,617	422	19,719
NET INCOME	¥ 11,733	¥ 11,723	$ 143,085
PER SHARE OF COMMON STOCK (Note 2.u):	Yen		U.S. Dollars
Net income	¥ 28.42	¥ 28.39	$ 0.35
Cash dividends applicable to the year	8.00	8.00	0.10

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 10,116	¥ 11,301	$ 123,366
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain (loss) on available-for-sale securities	565	(23)	6,890
Deferred gain (loss) on derivatives under hedge accounting	68	(5)	829
Land revaluation surplus	172		2,097
Foreign currency translation adjustments	(1,679)	(2,171)	(20,476)
Share of other comprehensive income in associates	(1,048)	(707)	(12,779)
Total other comprehensive income	(1,922)	(2,906)	(23,439)
COMPREHENSIVE INCOME (Note 16)	¥ 8,194	¥ 8,395	$ 99,927
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16):			
Owners of the parent	¥ 10,074	¥ 9,010	$ 122,854
Minority interests	(1,880)	(615)	(22,927)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2012

					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 on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	412,877,662	¥ 33,021	¥ 54,880	¥ 14,634	¥ (287)	¥ 4,830	¥ 5	¥ 1,236	¥ (6,672)	¥ 101,647	¥ 10,212	¥ 111,859
Net income				11,723						11,723		11,723
Cash dividends, ¥6.00 per share				(2,477)						(2,477)		(2,477)
Purchase of treasury stock	(34,991)				(20)					(20)		(20)
Change in scope of equity method				199						199		199
Transfer due to sales of land and other				8						8		8
Net change in the year						(20)	(5)	(8)	(2,686)	(2,719)	3,738	1,019
BALANCE, MARCH 31, 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

					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 on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$ 402,695	$ 669,268	$ 293,744	$ (3,744)	$ 58,659		$ 14,976	$ (114,122)	$ 1,321,476	$ 170,122	$ 1,491,598
Net income			143,085						143,085		143,085
Cash dividends, $0.10 per share			(40,280)						(40,280)		(40,280)
Purchase of treasury stock				(73)					(73)		(73)
Net change in the year					6,780	$ 829	2,097	(29,926)	(20,220)	87,122	66,902
BALANCE, MARCH 31, 2012	$ 402,695	$ 669,268	$ 396,549	$ (3,817)	$ 65,439	$ 829	$ 17,073	$ (144,048)	$ 1,403,988	$ 257,244	$ 1,661,232

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 16,322	¥ 14,303	$ 199,049
Adjustments for:			
Income taxes—paid	(7,667)	(3,203)	(93,500)
Depreciation	11,569	10,658	141,085
Gain on sales of property, plant and equipment	(11)	(411)	(134)
Loss on reduction of cost of property, plant and equipment	4,873		59,427
Loss on disposal of property, plant and equipment	464	516	5,659
Gain on reversal of provision for loss on liquidation of affiliated companies	(1,117)		(13,622)
Write-down of investment securities	34	11	415
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(3,027)	(2,439)	(36,915)
Changes in assets and liabilities:			
Increase in trade accounts receivable	(4,979)	(1,252)	(60,720)
Increase in inventories	(4,034)	(4,008)	(49,195)
Decrease in interest and dividend receivable	588	777	7,171
Increase in trade accounts payable	2,841	5,232	34,646
Increase in interest payable	52	58	634
Decrease in liability for retirement benefits	(30)	(496)	(366)
Other—net	(7,591)	5,732	(92,573)
Net cash provided by operating activities	8,287	25,478	101,061
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	80	532	976
Purchases of property, plant and equipment	(26,939)	(24,735)	(328,525)
Proceeds from sales of investment securities	13	55	159
Purchases of investment securities	(11)	(628)	(134)
Payments for purchases of shares of the consolidated subsidiaries		(85)	
Payments for sales of investments in subsidiaries	(17)		(207)
Increase in other assets	(1,786)	(584)	(21,781)
Net cash used in investing activities	¥ (28,660)	¥ (25,445)	$ (349,512)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
FINANCING ACTIVITIES:			
Decrease in short-term borrowings—net	¥ (1,021)	¥ (5,030)	$ (12,451)
Proceeds from long-term bank loans	10,413	586	126,988
Repayments of long-term bank loans	(961)	(990)	(11,720)
Proceeds from minority interests by leasing new facilities		4,414	
Proceeds from stock issuance to minority shareholders	9,310	4,410	113,537
Purchase of treasury stock	(6)	(20)	(73)
Dividends paid	(3,569)	(2,603)	(43,524)
Other—net	(1,013)	(759)	(12,355)
Net cash provided by financing activities	13,153	8	160,402
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,220)	41	(88,049)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(333)	(734)	(4,061)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,030	24,723	293,049
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 16,477	¥ 24,030	$ 200,939

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 conformity 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 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen and, solely for the convenience of readers, have been translated into United States dollars at the rate of ¥82 to $1, the approximate exchange rate at March 31, 2012. 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 United States dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its 59 (62 in 2011) significant subsidiaries (together, 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 23 (25 in 2011) 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.

In 2012, GS Yuasa Battery Ltd. (consolidated subsidiary) merged with GS Battery Sales Co., Ltd. (consolidated subsidiary).

In 2012, the Company sold all of the securities of Nihon Axe Co., Ltd. (consolidated subsidiary) and accordingly, Nihon Axe Co., Ltd. was excluded from the consolidated financial statements for the year ended March 31, 2012.

In 2012, Yuasa Ionics Inc. (consolidated subsidiary) was liquidated and excluded from the consolidated financial statements for the year ended March 31, 2012.

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 (1) 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, (2) 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, (3) however, the following items 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: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (5) 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 allows 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 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.

Non-marketable 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 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. Leased assets related to financial leases that transfer ownership rights are depreciated by the same depreciation method that is applied to fixed assets owned by the Company. 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.

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 would be 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, 2012, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥882 million ($10,756 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 (formerly, the groups of Japan Storage Battery Co., Ltd. and Yuasa Corporation) 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, corporate auditors 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 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 increase or a decrease in 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 issued in June 1993. 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 did 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 year-end 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, the 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 can 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 assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date.

Revenue and expense items denominated in foreign currencies are translated at the exchange rates at the date of transaction. Exchange gains or losses are credited or charged to income as incurred.

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. The 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 412,836,567 shares and 412,864,036 shares for 2012 and 2011, respectively.

Diluted net income per common share is not disclosed because it is anti-dilutive for 2012 and 2011.

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 with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—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. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

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 effective date of April 1, 2000 and the other related practical guidances, being 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 the 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 (or the statement of income and comprehensive income)

The revised accounting standard would 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 yet to be 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.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 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 from the end of the annual period beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. GOVERNMENT GRANTS

Gain on government grants is the revenue from the Japanese government for the Group's investments for low-carbon industry.

Government grants are deducted from the acquisition cost of property, plant and equipment which, in the aggregate, amounted to ¥4,873 million ($59,427 thousand) as of March 31, 2012.

If a certain domestic subsidiary gets cumulative profits from the relevant business during the next seven fiscal years, the Group would have to repay the amount relevant to the cumulative profits.

4. INVENTORIES

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Finished products	¥ 24,512	¥ 21,462	$ 298,927
Work-in-process	7,616	8,676	92,878
Raw materials and supplies	8,317	7,825	101,427
Total	¥ 40,445	¥ 37,963	$ 493,232

5. INVESTMENT SECURITIES

Investment securities at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Non-current:			
Marketable equity securities	¥ 15,911	¥ 15,593	$ 194,036
Debt securities	29	29	354
Total	¥ 15,940	¥ 15,622	$ 194,690

The costs and aggregate fair values of investment securities at March 31, 2012 and 2011 were as follows:

	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

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,677	¥ 7,921	¥ (313)	¥ 14,285

	Thousands of U.S. Dollars			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 81,183	$ 101,378	$ (4,195)	$ 178,366

The information of available-for-sale securities which were sold during the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2012		2011		2012	
	Proceeds	Realized Loss	Proceeds	Realized Loss	Proceeds	Realized Loss
Available-for-sale:						
Equity securities	¥ 11	¥ 2	¥ 10	¥ 3	$ 134	$ 24

The impairment losses on available-for-sale equity securities for the years ended March 31, 2012 and 2011 were ¥34 million ($415 thousand) and ¥11 million, respectively.

6. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in unconsolidated subsidiaries and affiliated companies at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments at cost	¥ 5,148	¥ 10,699	$ 62,780
Equity in undistributed earnings	9,194	2,195	112,122
Total	¥ 14,342	¥ 12,894	$ 174,902

Sales to and purchases from unconsolidated subsidiaries and affiliated companies for the years ended March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Sales	¥ 12,778	¥ 14,202	$ 155,829
Purchases	21,223	13,014	258,817

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2012 and 2011 consisted of bank loans.

At March 31, 2012, short-term bank loans of ¥829 million ($10,110 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 15).

The weighted average interest rates for the Group's short-term bank loans were 2.75% and 2.58% at March 31, 2012 and 2011, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Collateralized bank loans, maturing serially through December 2020 with interest rates ranging from 5.9% to 7.6% (2012) and from 4.8% to 7.1% (2011)	¥ 2,341	¥ 239	$ 28,549
Unsecured bank loans, maturing serially through December 2020 with interest rates ranging from 0.5% to 5.8% (2012) and from 1.0% to 6.9% (2011)	40,493	33,398	493,817
Obligations under finance leases	9,196	4,225	112,146
Total	52,030	37,862	634,512
Less current portion	12,791	969	155,988
Long-term debt	¥ 39,239	¥ 36,893	$ 478,524

Annual maturities of long-term debt, excluding finance leases (see Note 12), at March 31, 2012 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 12,791	$ 155,988
2014	14,155	172,622
2015	621	7,573
2016	3,559	43,402
2017	10,711	130,622
2018 and thereafter	997	12,159
Total	¥ 42,834	$ 522,366

Certain bank loans in aggregate amount outstanding of ¥24,000 million ($292,683 thousand) as of March 31, 2012 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) As for the bank loans in an amount outstanding of ¥12,000 million ($146,341 thousand), the total amount of equity of the Group falls below ¥64,400 million ($785,366 thousand) or 75% of the total amount of previous equity of the Group at the previous period. As for the rest of bank loans, the total amount of equity of the Group falls below ¥62,600 million ($763,415 thousand) or 75% of the total amount of previous equity of the Group at the previous period.

The carrying values of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash and cash equivalents	¥ 619	$ 7,549
Trade accounts	2,532	30,878
Buildings and structures	2,052	25,025
Machinery and equipment	1,052	12,829
Land	1,774	21,634
Other assets	738	9,000
Total	¥ 8,767	$ 106,915

8. RETIREMENT BENEFITS

Certain consolidated subsidiaries have retirement benefit plans for employees, directors, corporate auditors and executive officers. 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, corporate auditors and executive officers at March 31, 2012 and 2011 were ¥71 million ($866 thousand) and ¥479 million, respectively.

The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥ 41,457	¥ 42,299	$ 505,573
Fair value of plan assets	(26,033)	(24,056)	(317,475)
Unrecognized prior service benefit	2,399	2,706	29,256
Unrecognized actuarial loss	(10,753)	(12,776)	(131,134)
Unrecognized transitional obligation	(3,060)	(4,088)	(37,317)
Net liability	4,010	4,085	48,903
Prepaid pension cost	3,548	4,031	43,268
Liability for retirement benefits	¥ 7,558	¥ 8,116	$ 92,171

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥ 1,245	¥ 1,159	$ 15,183
Interest cost	810	834	9,878
Expected return on plan assets	(360)	(318)	(4,390)
Amortization of prior service benefit	(308)	(266)	(3,756)
Recognized actuarial loss	1,824	1,784	22,244
Amortization of transitional obligation	1,012	1,012	12,341
Net periodic benefit costs	¥ 4,223	¥ 4,205	$ 51,500

Assumptions used for the years ended March 31, 2012 and 2011 were set forth as follows:

	2012	2011
Discount rate	2.0%	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

9. 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 a Board of Corporate Auditors, 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.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Accrued bonuses	¥ 1,409	¥ 1,637	$ 17,183
Retirement benefits	3,505	3,760	42,744
Write-down of investment securities	631	3,171	7,695
Unrealized profit	361	463	4,402
Tax loss carryforwards	4,366	2,581	53,244
Other	3,927	4,048	47,891
Less valuation allowance	(4,751)	(5,316)	(57,939)
Deferred tax assets	¥9,448	¥ 10,344	$115,220
Deferred tax liabilities:			
Valuation excess of property	¥ 211	¥ 250	$ 2,573
Unrealized gain on available-for-sale securities	2,575	2,782	31,402
Undistributed earnings of foreign subsidiaries	1,927	1,640	23,500
Other	1,652	1,631	20,147
Deferred tax liabilities	¥ 6,365	¥ 6,303	$ 77,622
Net deferred tax assets	¥ 3,083	¥ 4,041	$ 37,598

Reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 was as follows:

	2012	2011
Normal effective statutory tax rate	40.5%	40.5%
Expenses not deductible for income tax purposes	1.4	1.0
Per capita levy	0.6	0.6
Net change in valuation allowance	1.5	(4.2)
Tax benefit not recognized on operating losses of foreign subsidiaries	(4.7)	(5.5)
Dividends of unconsolidated subsidiaries and affiliated companies	2.0	1.4
Amortization of goodwill	(0.1)	(0.2)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(7.5)	(7.5)
Non-taxable dividend income	(14.8)	(19.6)
Unrecognized tax effects on the eliminated intercompany unrealized profit (loss)	0.2	(2.9)
Elimination of intercompany dividends	14.7	18.9
Effect of tax rate reduction	3.8	
Other—net	0.4	(1.5)
Actual effective tax rates	38.0%	21.0%

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. The effect of this change was not significant.

At March 31, 2012, certain subsidiaries have tax loss carryforwards aggregating approximately ¥11,978 million ($146,073 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
2014	¥ 108	$ 1,317
2015	170	2,073
2016	749	9,134
2017	952	11,610
2018 and thereafter	9,999	121,939
Total	¥ 11,978	$ 146,073

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,250 million ($76,220 thousand) and ¥5,855 million for the years ended March 31, 2012 and 2011, respectively.

12. LEASES

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

Total lease payments for the years ended March 31, 2012 and 2011 were ¥2,079 million ($25,354 thousand) and ¥1,764 million, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 738	$ 9,000
Due after one year	1,400	17,073
Total	¥ 2,138	$ 26,073

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					
	2012			2011		
	Machinery and Equipment	Other	Total	Machinery and Equipment	Other	Total
Acquisition cost	¥ 206	¥ 464	¥ 670	¥ 241	¥ 779	¥ 1,020
Accumulated depreciation	194	405	599	194	600	794
Net leased property	¥ 12	¥ 59	¥ 71	¥ 47	¥ 179	¥ 226

	Thousands of U.S. Dollars		
	2012		
	Machinery and Equipment	Other	Total
Acquisition cost	$ 2,512	$ 5,659	$ 8,171
Accumulated depreciation	2,366	4,939	7,305
Net leased property	$ 146	$ 720	$ 866

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 64	¥ 150	$ 781
Due after one year	7	76	85
Total	¥ 71	¥ 226	$ 866

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
	2012	2011	2012
Depreciation expense	¥ 147	¥ 240	$ 1,793

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

13. 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 a short-term working capital, are less than five years after the balance sheet date. A part of such bank loans are exposed to market risks from changes in variable interest rates.

Purchase price of lead which is the raw material for production is exposed to the risk of market price fluctuations. This risk is mitigated by using derivatives of 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 14 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 14 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	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

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 24,030	¥ 24,030	
Time deposits	10	10	
Receivables	54,731	54,731	
Investment securities	14,285	14,285	
Investments in unconsolidated subsidiaries and affiliated companies	3,772	6,952	¥ 3,180
Total	¥ 96,828	¥ 100,008	¥ 3,180
Short-term bank loans	¥ 15,622	¥ 15,622	
Payables	39,795	39,795	
Income taxes payable	3,749	3,749	
Long-term debt			
Bank loans	32,668	32,984	¥ 316
Lease obligations	4,225	4,218	(7)
Total	¥ 96,059	¥ 96,368	¥ 309

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 200,939	$ 200,939	
Time deposits	207	207	
Receivables	728,634	728,634	
Investment securities	178,366	178,366	
Investments in unconsolidated subsidiaries and affiliated companies	56,732	87,147	$ 30,415
Total	$ 1,164,878	$ 1,195,293	$ 30,415
Short-term bank loans	$ 318,073	$ 318,073	
Payables	579,780	579,780	
Income taxes payable	27,378	27,378	
Long-term debt			
Bank loans	366,378	369,537	$ 3,159
Lease obligations	112,146	114,329	2,183
Total	$ 1,403,755	$ 1,409,097	$ 5,342

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 14.

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

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥ 11,004	¥ 10,459	$ 134,194

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

	Millions of Yen			
	2012		2011	
	Due in 1 Year or Less	Due after 10 Years	Due in 1 Year or Less	Due after 10 Years
Cash and cash equivalents	¥ 16,477		¥ 24,030	
Time deposits	17		10	
Receivables	59,748		54,731	
Investment securities:				
Available-for-sale securities with contractual maturities		¥ 29		¥ 29
Total	¥ 76,242	¥ 29	¥ 78,771	¥ 29

	Thousands of U.S. Dollars	
	2012	
	Due in 1 Year or Less	Due after 10 Years
Cash and cash equivalents	$ 200,939	
Time deposits	207	
Receivables	728,634	
Investment securities:		
Available-for-sale securities with contractual maturities		$ 354
Total	$ 929,780	$ 354

Please see Note 7 for annual maturities of long-term debt and Note 12 for obligations under finance leases.

14. 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, 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, 2011	Millions of Yen			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(fixed currency payment, floating currency receipt)	¥ 478		¥ (9)	¥ (9)

At March 31, 2012	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(fixed currency payment, floating currency receipt)	$ 5,244		$ 49	$ 49

Derivative Transactions to Which Hedge Accounting Is Applied

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, 2011	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payables	¥ 1,630		¥ (26)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	¥ 13,031	¥ 12,031	

At March 31, 2012	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	$85,671		$5,195
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	$146,415	$24,463	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	$6,585		$(195)

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 13 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.

15. CONTINGENT LIABILITIES

At March 31, 2012, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Endorsed note	¥ 81	$ 988
Guarantees of bank loans of certain affiliated companies and items of a similar nature	1,264	15,415

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥ 328	$ 4,000
Reclassification adjustments to profit or loss	32	390
Amount before income tax effect	360	4,390
Income tax effect	205	2,500
Total	¥ 565	$ 6,890
Deferred gain on derivatives under hedge accounting:		
(Losses) arising during the year	¥ (179)	$ (2,183)
Reclassification adjustments to profit or loss	271	3,305
Amount before income tax effect	92	1,122
Income tax effect	(24)	(293)
Total	¥ 68	$ 829
Land revaluation surplus:		
Income tax effect	¥ 172	$ 2,097
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ (1,679)	$ (20,476)
Share of other comprehensive income in associates:		
Gains arising during the year	¥ (1,048)	$ (12,779)
Total other comprehensive income	¥ (1,922)	$ (23,439)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

17. SUBSEQUENT EVENTS

The following appropriation of retained earnings at March 31, 2012 was approved at the Company's shareholders meeting held on June 28, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥8.00 ($0.10) per share	¥ 3,302	$ 40,268

18. 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 separately 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.

Effective April 1, 2011, the Group changed its reportable segments from Domestic Automotive Batteries, Domestic Industrial Batteries and Power Supplies, Overseas Operations and Lighting to Domestic Automotive Batteries, Domestic Industrial Batteries and Power Supplies, Overseas Operations and Lithium-ion Batteries because of expansion of lithium-ion battery business.

The segment information for the year ended March 31, 2011 is also disclosed using the new reportable segments.

"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						
	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

	Millions of Yen						
	2011						
	Reportable Segment						
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries	Total	Other	Consolidated
Sales:							
Sales to external customers	¥ 58,888	¥ 65,944	¥ 118,197	¥ 11,964	¥ 254,993	¥ 17,521	¥ 272,514
Intersegment sales of transfers	1,418	2,254	1,580	136	5,388	(5,388)	
Total	¥ 60,306	¥ 68,198	¥ 119,777	¥ 12,100	¥ 260,381	¥ 12,133	¥ 272,514
Segment profit (loss)	¥ 4,837	¥ 8,437	¥ 8,593	¥ (1,271)	¥ 20,596	¥ (3,007)	¥ 17,589
Segment assets	24,436	50,793	85,260	23,129	183,618	63,829	247,447
Other:							
Depreciation	1,119	1,174	2,574	2,314	7,181	3,477	10,658
Investment in equity method	638	45	12,871		13,554	123	13,677
Increase in property, plant and equipment and intangible assets	521	853	3,758	10,034	15,166	5,624	20,790

	Thousands of U.S. Dollars						
	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	$ 716,890	$ 834,939	$ 1,474,463	$ 255,793	$ 3,282,085	$ 198,817	$ 3,480,902
Intersegment sales of transfers	20,086	27,866	20,512	2,841	71,305	(71,305)	
Total	$ 736,976	$ 862,805	$ 1,494,975	$ 258,634	$ 3,353,390	$ 127,512	$ 3,480,902
Segment profit (loss)	$ 52,024	$ 117,561	$ 73,256	$ (39,817)	$ 203,024	$ (7,524)	$ 195,500
Segment assets	304,451	477,268	1,088,086	819,183	2,688,988	706,451	3,395,439
Other:							
Depreciation	11,305	13,683	30,195	48,573	103,756	37,329	141,085
Investment in equity method	8,732	512	169,695		178,939	1,098	180,037
Increase in property, plant and equipment and intangible assets	8,293	11,268	44,976	372,317	436,854	46,548	483,402

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, 2012 and 2011 were ¥2,091 million ($25,500 thousand) and ¥2,514 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Elimination of intersegment transactions	¥ 1,098	¥ 1,480	$ 13,390
Company-wide expenses	993	1,034	12,110
Total	¥ 2,091	¥ 2,514	$ 25,500

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, 2012 and 2011 were ¥43,094 million ($525,537 thousand) and ¥45,713 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Elimination of intersegment transactions	¥ (79,328)	¥ (93,664)	$ (967,414)
Company-wide assets	122,422	139,377	1,492,951
Total	¥ 43,094	¥ 45,713	$ 525,537

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, 2012 and 2011 were ¥2,613 million ($31,866 thousand) and ¥2,399 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 years ended March 31, 2012 and 2011 were ¥89 million ($1,085 thousand) and ¥123 million, respectively. The amounts of adjustments consisted of investments inequity 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, 2012 and 2011 were ¥3,526 million ($43,000 thousand) and ¥3,394 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				
2012				
Japan	Asia	Europe and America	Other	Total
¥ 161,474	¥ 62,786	¥ 40,936	¥ 20,238	¥ 285,434

Millions of Yen				
2011				
Japan	Asia	Europe and America	Other	Total
¥ 152,639	¥ 58,918	¥ 41,083	¥ 19,874	¥ 272,514

Thousands of U.S. Dollars				
2012				
Japan	Asia	Europe and America	Other	Total
$ 1,969,195	$ 765,683	$ 499,220	$ 246,804	$ 3,480,902

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

(2) Property, plant and equipment

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

Millions of Yen				
2011				
Japan	Asia	Europe and America	Other	Total
¥ 60,109	¥ 15,495	¥ 2,235	¥ 2,558	¥ 80,397

Thousands of U.S. Dollars				
2012				
Japan	Asia	Europe and America	Other	Total
$ 993,305	$ 192,024	$ 25,878	$ 26,635	$ 1,237,842

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
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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 consolidated subsidiaries as of March 31, 2012, 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 conformity 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 conformity 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 consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity 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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 28, 2012

Deloitte Touche Tohmatsu LLC

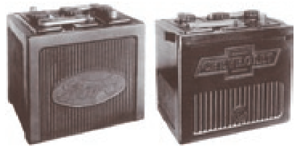
Member of
Deloitte Touche
Tohmatsu Limited

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 a merger through a joint stock transfer.
April 2004	GS Yuasa Corporation 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, 2012)

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 Shiba-koen Tower, 2-11-1, Shiba-koen, Minato-ku, Tokyo 105-0011, Japan
Capital Stock	¥33.0 billion
Number of Employees	Non-consolidated 10 Consolidated 12,265
Listed Securities Exchanges	Tokyo Stock Exchange, Osaka Securities 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
Ztong Yee Industrial Co., Ltd.
Tianjin GS Battery Co., Ltd.
GS Battery Vietnam Co., Ltd.
GS Battery (U.S.A.) Inc.
Yuasa Battery, Inc.
Yuasa Battery Europe Ltd.
Century Yuasa Batteries Pty Ltd.
Yuasa Battery (Guangdong) Co., Ltd.
Yuasa Battery (Shunde) Co., Ltd.
Yuasa Battery (Thailand) Pub. Co., Ltd.
PT. Yuasa Battery Indonesia

Number of Shares Authorized	1,400,000,000
Number of Shares Issued	413,574,714
Number of Shareholders	56,308

Principal Shareholders

Name	Number of shares held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,353,000	4.92
Japan Trustee Services Bank, Ltd. (Trust Account)	16,345,600	3.95
Meiji Yasuda Life Insurance Company	14,000,000	3.39
Nippon Life Insurance Company	13,473,669	3.26
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 Banking Corporation	7,108,517	1.72
The Chuo Mitsui Trust and Banking Company, Limited	5,929,000	1.43
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,413,000	1.31