GS Yuasa Corporation

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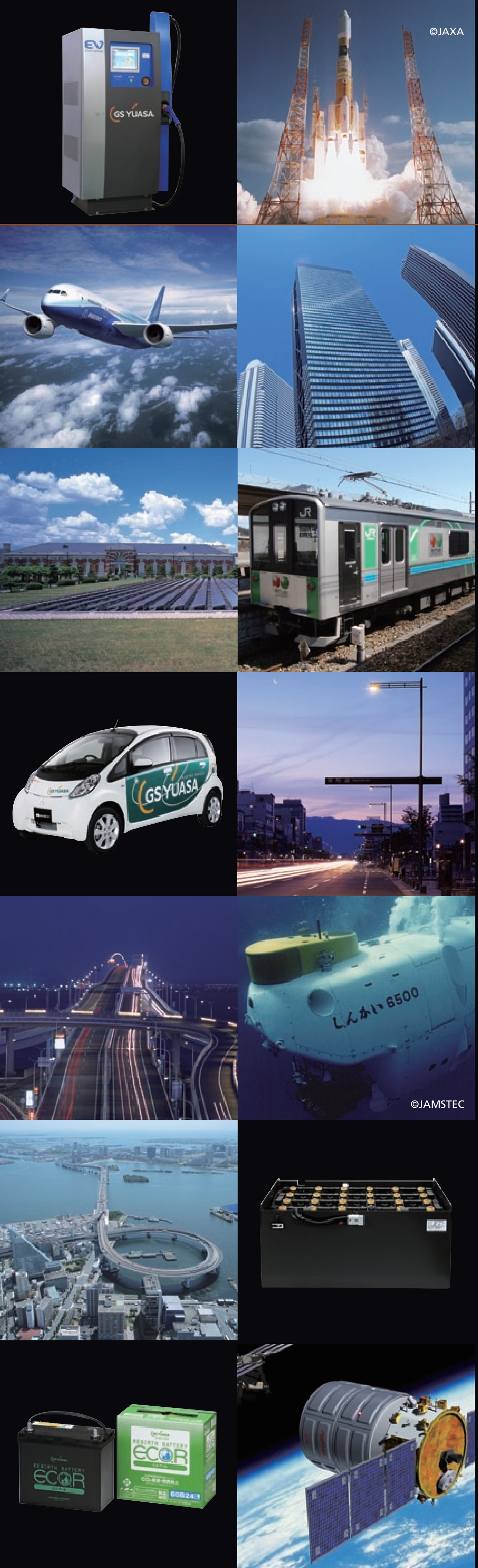
GS Yuasa Corporation 2011 Annual Report

2011 Annual Report

For the year ended March 31, 2011

GS Yuasa Corporation



Profile of the GS Yuasa Group

The GS Yuasa Group consists of 73 subsidiaries and 37 affiliates in countries throughout the world. At its core is a holding company, GS Yuasa Corporation (GYC), which coordinates the 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.

For over a century, the GS Yuasa Group has contributed to world economic development and helped people to achieve prosperity through the development and manufacture of batteries, power supply systems, lighting equipment and other products. Today, we continue to use advanced technology developed during this long history to strengthen our foundations as a manufacturer of next-generation batteries, including lithium-ion batteries. Guided by a corporate vision expressed in the words “Innovation and Growth,” the GS Yuasa Group is determined to maintain its leadership in the century of the environment by creating new possibilities for electrical energy.

GS YUASA

Results for the Year Ended March 31, 2011

¥272,514 million
in net sales (up 10.2% year on year)

¥17,589 million
in operating income (up 52.7% year on year)

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

1st place
with 26%* share of
the global motorcycle battery market

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

1st place
with 26%* share of
the Asian motorcycle battery market

*Estimated value by GYC

Well balanced sales
(% of net sales by segment)

Domestic Automotive Battery Business	22.1%
Domestic Industrial Battery Business	25.0%
Overseas Business	44.0%
Other Businesses	8.9%

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.

July 2010

Quick EV Charger Launched

The distance that electric vehicles (EV) can travel on a single charge is short compared with the range of gasoline vehicles, and the development of quick-charging infrastructure for EV is therefore essential to the spread of this technology. GS Yuasa has used its long experience in the lithium-ion battery field and its technology and expertise relating to chargers to develop a new quick EV charger, the EVC-50KA. A 50-kilowatt output type, after charging of only 30 minutes, enables an EV to drive as much as 80% of the distance as under full charging (based on an i-MiEV manufactured by Mitsubishi Motors Corporation).

September 2010

Performance of Lithium Vanadium Phosphate Positive Electrode Material for Lithium-ion Batteries Improved

GS Yuasa has successfully developed a lithium vanadium phosphate positive electrode material for lithium-ion batteries. The new material offers excellent safety and charging characteristics, and its output characteristics are 20% better than those of conventional positive electrode material (lithium-iron phosphate). Because lithium vanadium phosphate can also be manufactured using a relatively cheap synthesizing method, the new technology will help to reduce the cost of battery systems. It is already attracting keen interest as the next-generation positive electrode material for lithium-ion batteries used in hybrid electric vehicles (HEV).

November 2010

Promising Results from Trials of LIM30H-8A in a Hybrid Locomotive

The LIM30H-8A, an industrial lithium-ion battery module manufactured and sold by GS Yuasa, has been installed in a prototype hybrid switching locomotive that is currently being developed by Japan Freight Railway Company. The performance and reliability of the battery module were confirmed in field demonstrations that began in April 2010. Based on these results, GS Yuasa plans to commence full-scale development of lithium-ion battery systems for hybrid locomotives.

January 2011

Trials Initiated for Development of EV Lithium-ion Battery Secondary Utilization Business

GS Yuasa, Mitsubishi Corporation, Mitsubishi Motors Corporation and LEJ commenced the first field demonstrations in Japan for the secondary utilization of lithium-ion batteries. The demonstrations are being carried out at a Lawson convenience store in Kyoto. Power collected via rooftop solar panels is stored in recycled lithium-ion batteries from Mitsubishi i-MiEV vehicles. It is then used to provide quick charging of EV. This project is expected to lead to the expansion of uses for EV batteries.

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

2010 2011

August 2010

Newly Developed Storage Battery System Selected for Drive Unit of Next-Generation LRV Prototype to Be Operated

A storage battery system jointly developed by GS Yuasa and The Kinki Sharyo Co., Ltd. has been selected for the drive unit of a next-generation light rail vehicle (LRV) that is being developed by Kinki Sharyo for the U.S. market. The unit utilizes the LIM30H-8A, a compact, lightweight, high-output industrial lithium-ion battery module manufactured by GS Yuasa. GS Yuasa will use this selection as an opportunity to expand the range of industrial applications for lithium-ion batteries.

October 2010

Lithium Energy Japan Commences Construction of the Ritto Plant

Established jointly by GS Yuasa, Mitsubishi Corporation and Mitsubishi Motors Corporation in 2007, Lithium Energy Japan (LEJ) manufactures and sells large lithium-ion batteries. It has commenced construction of the Ritto Plant, its third manufacturing facility. Production at the new plant is scheduled to start in April 2012. When it is completed, LEJ's production capacity for EV lithium-ion batteries at its three plants will increase to six million cells per year, which is equivalent to 67,800 Mitsubishi i-MiEV.

January 2011

Lithium-ion Batteries Manufactured by GS Yuasa Technology Used on the Second H-IIB Rocket

High-performance lithium-ion batteries manufactured by GS Yuasa Technology Ltd. were used on the second H-IIB rocket, and on the Kounotori 2 transfer vehicle carried by the rocket, which was launched from the Tanegashima Space Center on January 22, 2011. GS Yuasa Technology manufactures batteries and power supplies for operation in unusual environments, such as deep-sea vessels and spacecraft. It has built an excellent reputation for expertise and reliability.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Consolidated Financial Highlights

GS Yuasa Corporation and Consolidated Subsidiaries

Years Ended March 31, 2011, 2010, 2009, 2008 and 2007

	(Millions of yen)					(Thousands of U.S. dollars) (Note 2)
	2011	2010	2009	2008	2007	2011
Net sales	¥272,514	¥247,225	¥283,421	¥303,728	¥253,598	$3,283,301
Costs and operating expenses	254,925	235,704	269,145	291,837	247,255	3,071,386
Other expenses, net	3,286	1,210	7,098	8,611	4,281	39,590
Operating income	17,589	11,521	14,276	11,891	6,343	211,915
Income before income taxes and minority interests	14,303	10,311	7,178	3,280	2,062	172,325
Net income	11,723	6,488	4,229	1,460	3,131	141,241
Per share of common stock (yen)						
Net income	28.39	16.32	11.52	3.97	8.66	0.34
Total assets	247,447	236,804	213,585	260,392	249,963	2,981,289
Total equity	122,311	111,859	66,049	78,119	81,688	1,473,627

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, 2011 of ¥83 to $1.

President

Makoto Yoda

Using advanced energy technology based on our battery manufacturing activities, we will be a driving force for the environmentally responsible society of the 21st century.

Message from the President

Many lives were lost as a result of the devastating earthquake and tsunami that struck the Tohoku and Kanto regions on March 11, 2011. Furthermore, eastern Japan now faces an unprecedented economic and social crisis resulting from damage to Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant. I should like to begin this report by expressing my sorrow for the loss of life, and my heartfelt prayers, on behalf of everyone affected by the disaster, that the reconstruction process will proceed as quickly as possible.

The year ended March 31, 2011 was the first year of the GS Yuasa Group's second Mid-Term Management Plan. While working to strengthen the profitability of our existing business activities in Japan and expand our overseas activities, we also intensively applied our management resources to the development of infrastructure for the lithium-ion battery business as a next-generation core segment. As a result of these efforts, our consolidated net sales and income results for the year under review were substantially higher than in the previous year. Of particular significance is the fact that operating income and net income both reached their highest levels since the founding of the holding company in 2004.

As a global enterprise with business operations in 20 countries, the GS Yuasa Group will continue to work toward sustained improvement in its corporate value by using its cutting-edge technology to provide society with a wide range of batteries and power supply products. We will also contribute to recovery efforts in the wake of the Great East Japan Earthquake through the timely supply of back-up power supply equipment.

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

Q1

To what extent have you been affected by the Great East Japan Earthquake?

A: We have suffered only limited damage, and we believe that the effect on our business performance will be minimal.

Most of our major plants and business sites are located to the west of Tokyo, so the damage caused by the earthquake was limited. GS Ibaraki Works Ltd. in Kita-Ibaraki City, Ibaraki Prefecture, which manufactures small lead-acid batteries for industrial use, and Iwaki Yuasa Ltd. in Iwaki City, Fukushima Prefecture, which manufactures power supply systems, were both forced to suspend operations after water supplies were interrupted. However, both were able to resume operations before the end of March. Some shipments of government-related orders were suspended or postponed, but the impact on our performance in the years to March 2011 and March 2012 was and will be minimal.

Q2

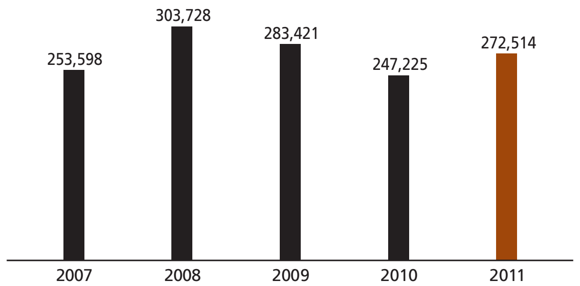
How would you sum up the business environment and your business performance in the year ended March 31, 2011?

A: We reached our targets for operating income and net income for the first year of the second Mid-Term Management Plan.

In the year ended March 31, 2011, the world economy steadily recovered from the recession triggered by the Lehman shock. Emerging economies, notably China and the ASEAN members, continued to achieve high growth, and there was also improvement in underlying economic trends in the United States, Europe and Japan. For example, the year under review brought a recovery in demand for replacement motor vehicle batteries, a market that is vulnerable to economic fluctuations and had remained slow during the global recession.

Although recovery in our markets occurred faster than expected, consolidated net sales totaled ¥272,514 million, somewhat lower than our initial plan, mainly due to the reduction in revenue from overseas operations caused by the strong yen. Consolidated operating income and consolidated net income reached ¥17,589 million and ¥11,723 million, respectively, each of which exceeded the initial targets in our second Mid-Term Management Plan.

Net sales (Millions of yen)



Q3

What was the background to the formulation of the second Mid-Term Management Plan, and what are its aims?

A: Our goal during the period covered by the first Mid-Term Management Plan was to realize synergy benefits made possible by the merger. Under the second Mid-Term Management Plan, we are moving forward under a full-scale growth strategy.

GS Yuasa, the core company in our group, was created in 2004 through a merger between Japan Storage Battery Co., Ltd. and Yuasa Corporation. The merger initially doubled our work force, expenses and business facilities. However, by streamlining our work force and assets, we created a structure under which we were quickly able to realize the benefits of the merger. It was at this stage that we launched the first Mid-Term Management Plan, which covered the years ended March 31, 2007, 2008 and 2009. During that period, we succeeded in laying foundations for rapid growth. In the year ended March 31, 2010 we worked under a single-year plan because of the need to ascertain the impact of the global recession triggered by the Lehman shock. We then formulated the second Mid-Term Management Plan with the aim of taking the GS Yuasa Group into a new growth phase. The plan will cover the years ended March 31, 2011 and the years ending March 31, 2012 and 2013.

Our basic policy under this plan is to increase our earnings from existing business operations and overseas activities, and to build a next-generation core segment by reinvesting those earnings in the lithium-ion battery business. Our quantitative targets for the year ending March 31, 2013, which will be the final year of the plan, are net sales of ¥330,000 million, income before income taxes and minority interests of ¥25,000 million, return on equity (ROE) of 12% or higher, and net cash provided by operating activities of ¥25,000 million or higher.

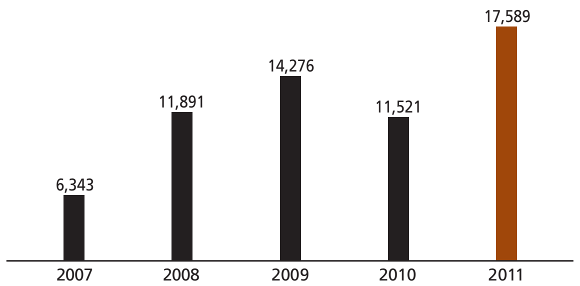
Q4

What is your growth strategy for your existing automotive lead-acid battery business in Japan?

A: We aim to improve our earning potential by actively introducing high-added-value products.

Neither the number of new vehicles sold nor the number of vehicles owned in Japan is expected to increase. This means that we cannot expand our earnings simply by expanding volumes. For this reason, we are focusing our efforts on the replacement of existing products with high-added-value products. While there is growing interest in hybrid vehicles and electric vehicles (EV), the environmental impact of conventional gasoline-powered vehicles can also be reduced through improvements in fuel efficiency. We are helping to achieve the goal of improved fuel efficiency by actively introducing high-added-value products, such as batteries specifically designed for vehicles with idling stop (start-stop) systems.

Operating income (Millions of yen)



ECO.R Series NEO environment-friendly batteries

Message from the President

Q5

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

A: At present we are focusing on individual customers and individual projects.

The development of the lithium-ion battery business is one of the key strategic priorities identified in the second Mid-Term Management Plan, but we have only just started to build the infrastructure for that business. Mitsubishi Motors and Nissan are the leading companies in the EV market, but their output is still not large. Similarly, production of hybrid vehicles by Toyota and Honda, which are the leaders in that market, is still small compared with the total world market. By around 2020, electrically powered vehicles are expected to account for between 10% and 20% of new vehicles sold worldwide, but we believe that the outlook is still uncertain. For this reason, our policy is not to make dramatic increases in production capacity based on forecasts of future trends, but rather to focus for the time being on individual customers and individual projects. A macro-level marketing strategy and approach are likely to be more effective after three to five years, when market trends should be a little clearer.

Q6

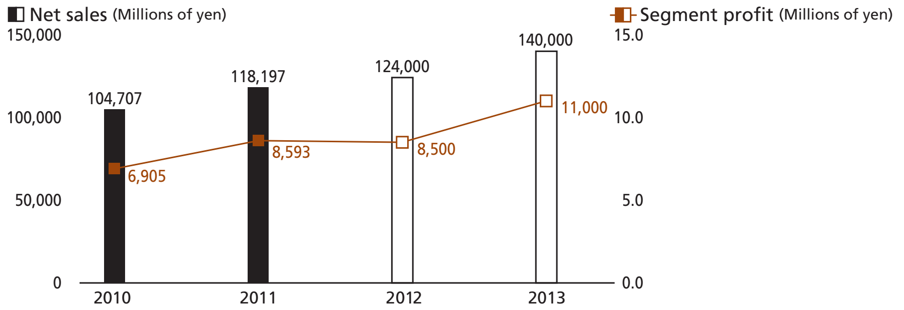
What advantages does the GS Yuasa Group have in the lithium-ion battery field?

A: Our competitiveness is backed by knowledge, technology and expertise accumulated through long years of research and development, and through our experience in the market.

The GS Yuasa Group develops and manufactures many types of lithium-ion batteries for use in all industrial fields. Our batteries have been used in motor vehicles, the H-IIA and H-IIB rockets, satellites, space shuttles, hybrid transfer cranes, submarines, and robots. There are many lithium-ion battery manufacturers in the world, but none can match our line-up of products.

Furthermore, differences in the production methods and materials used by different manufacturers are reflected in variation in battery performance and characteristics. Eventually products will be standardized, but until then market share will be directly influenced by each manufacturer's technological expertise. Our competitiveness in this area is built on knowledge, technology and expertise resulting from decades of research and development and market experience relating to lead-acid batteries and next-generation batteries. By leveraging that competitiveness, we aim to become the world's leading manufacturer of lithium-ion batteries for various applications.

Overseas business sales and segment profit



Q7

What is the international strategy of the GS Yuasa Group?

A: We regard Southeast Asia and China as the most important regions.

The expansion of our overseas business operations is one of our most significant strategic issues under the second Mid-Term Management Plan. While expanding sales of automotive and motorcycle batteries, we also plan to expand our business activities in the world market for industrial batteries and power supply systems, a field that is highly profitable but offers little scope for demand growth in Japan.

Forecasts for Southeast Asia and China point to sustained high growth and increasing motorization, and we will continue to position both of these regions as our most important markets. In some countries, such as Thailand and Indonesia, we have already secured significant market shares and expect to maintain steady growth in the future. In others, including China and India, our market shares are not especially high at present, but we expect the total market to expand rapidly in the future. These two blocs are at the heart of our global strategy.

Q8

What are your policies and forecasts for the year ending March 31, 2012?

A: We will continue to provide new energy value to customers in Japan and throughout the world.

The situation in Japan is likely to remain confused for the time being in the wake of the Great East Japan Earthquake. However, we do not anticipate any change in the current trend toward a recovery from the global recession. There was concern about the economic situation in China, but the Chinese economy has not slowed significantly and continues to grow steadily. The year ending March 31, 2012 will be our second year under the second Mid-Term Management Plan. We are determined to use the impetus provided by economic development in China and ASEAN to drive the expansion of our business activities, and to make further progress toward the improvement of our earning power and business performance.

Because of our involvement in the socially important field of power supplies and energy, the GS Yuasa Group obviously has a mission to support victims of the Great East Japan Earthquake and to contribute to recovery efforts. As the recovery and reconstruction process advances, there will be a growing need for back-up power supply systems and other products, and I have issued a group-wide directive that such needs should be given the highest priority.

We will continue to use our core competence as an organization with advanced technology development capabilities to provide new value to our customers in Japan and worldwide.

"We will continue to provide new energy value to customers in Japan and throughout the world."

Mid-Term Management Plan

Our Future as a Global High-Income Group

The GS Yuasa Group is currently implementing its second Mid-Term Management Plan, which covers the three-year period from the year ended March 31, 2011 (fiscal 2010) to the year ending March 31, 2013 (fiscal 2012). Our management policies for this plan are to earn the strong support of our stakeholders by contributing to society and the environment, to build a corporate group capable of earning high income on a global scale, and to evolve the lithium-ion battery business into a core segment. Our strategies under these policies are to strengthen the profitability of our existing business activities, to expand our overseas business operations, and to develop the lithium-ion battery business.

The targets for management indicators in fiscal 2012 are net sales of ¥330,000 million, income before income taxes and minority interests of ¥25,000 million, return on equity (ROE) of 12% or higher, and net cash from operating activities of ¥25,000 million or higher. We will mobilize the entire resources of the GS Yuasa Group toward the achievement of our goals under the second Mid-Term Management Plan, while carefully monitoring changes in our business environment, including growth in the demand for lithium-ion batteries and the expansion of the market for automotive and motorcycle batteries.

Management Policy and Main Strategic Tasks

Management policy

- **Form 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 business of automotive battery, industrial battery and power supply system

Expansion of overseas business

Expansion of overseas automotive battery business mainly in Asia

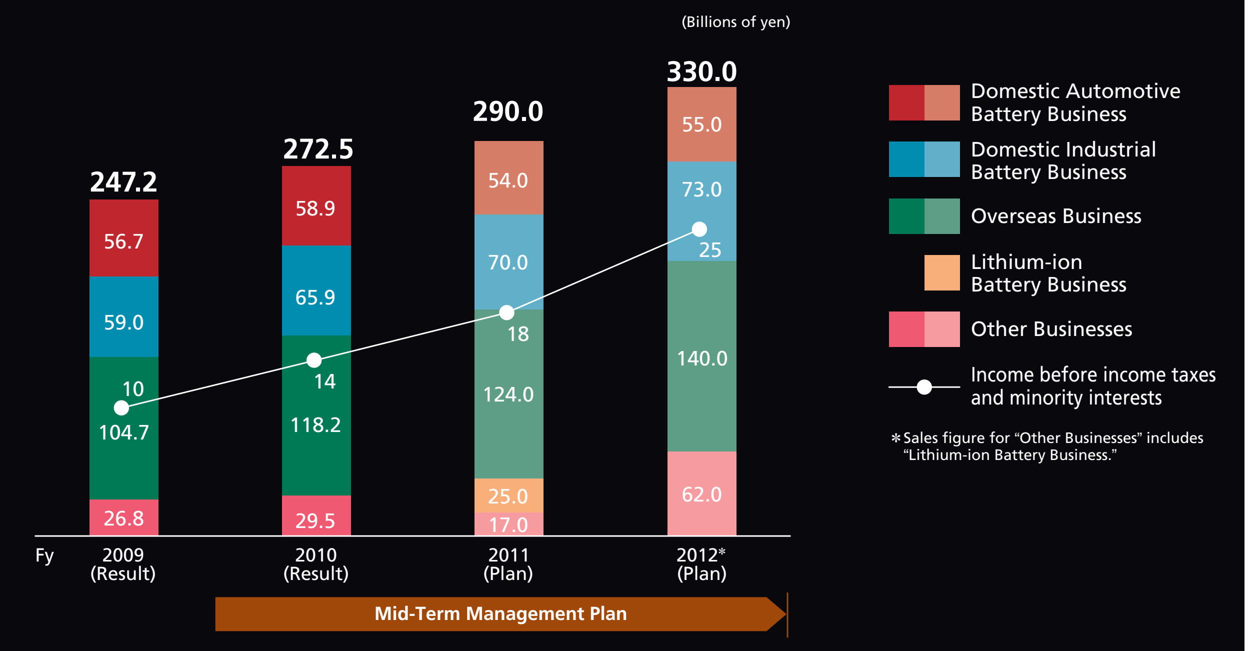
Promotion of lithium-ion battery business

Vehicle and industrial application

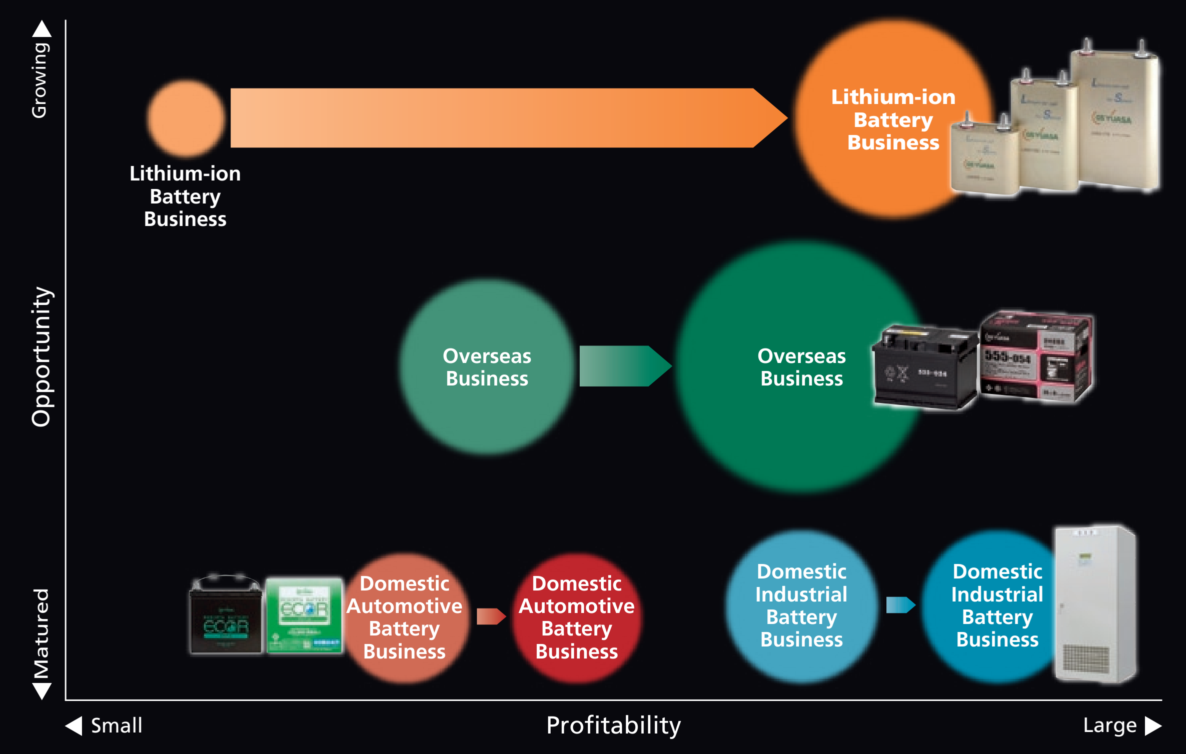
Target as of FY2012 (Term: Fiscal 2010—Fiscal 2012)

Net sales	Income before income taxes and minority interests	ROE	Cash flow from operating activities
¥330,000 million	¥25,000 million	12% or more	¥25,000 million or more

Net sales: result and plan



Business positioning



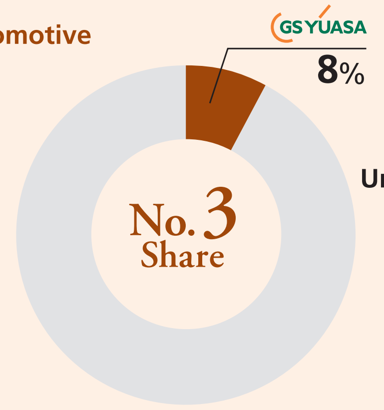
I Overseas affiliates and market share

Total demand and market share as of the year ended December 31, 2010*

*Estimated by GS Yuasa

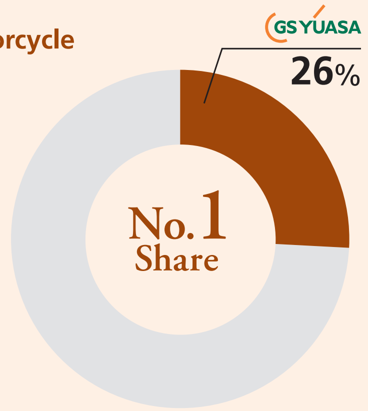
Global (Million units)

Automotive

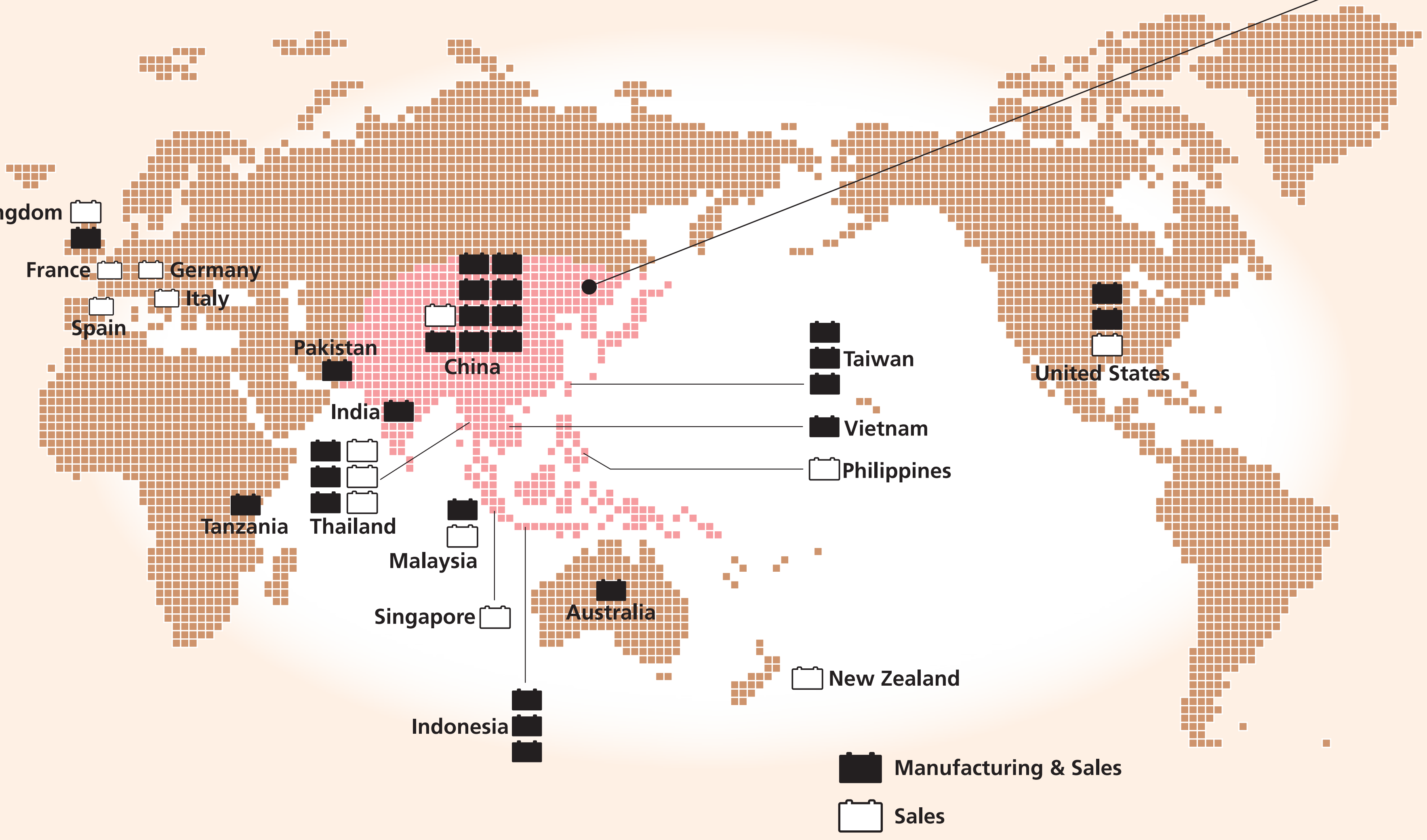


Total demand: 386

Motorcycle



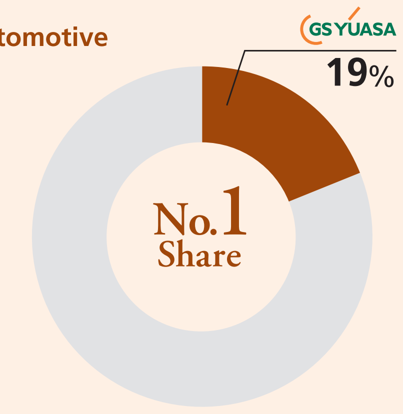
Total demand: 174



(As of February 2011)

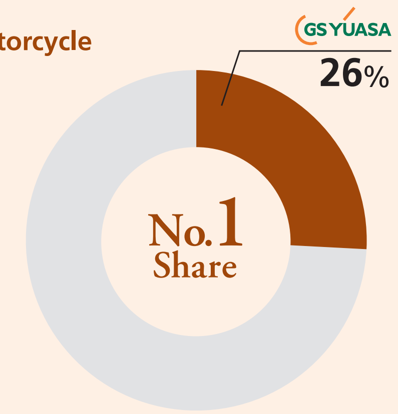
10 countries in Asia (Million units)

Automotive



Total demand: 87

Motorcycle



Total demand: 139

There is little prospect of significant growth in the number of vehicles produced or owned in Japan. However, the automotive industry continues to achieve high growth in overseas markets, including China, which is now the world's leading producer of motor vehicles, and Southeast Asia, where the motorization trend is accelerating rapidly. The GS Yuasa Group is responding to buoyant demand for automotive and motorcycle batteries through its 27 manufacturing/sales sites and 14 sales sites in 19 countries. In the year ended December 31, 2010, total demand for automotive batteries in 10 Asian countries reached 87 million units, of which we supplied 17 million.

With a market share of 19%, we are the industry leader. We have identified China, Thailand, Vietnam, Indonesia and India as priority strategic markets, in which rapid growth in demand is predicted, and we will accelerate our efforts to expand our production capacity and build sales networks.

Profile of Overseas GS Yuasa Business Site

Company name	Tata AutoComp GY Batteries Ltd.
Shareholders	Tata AutoComp Systems Ltd. (50%) GS Yuasa International Ltd. (50%)
Location	Pune, India

Tata AutoComp GY Batteries Ltd. (TGY) was established in 2005 to manufacture and sell automotive batteries. It is based in India, where rapid economic growth has been paralleled by the increased use of motor vehicles. Since commencing production in 2007, TGY has achieved growth in both output and sales. It aims to boost its share of sales in India from 5% in 2010 to 10% in 2012.

Ⅱ Lithium-ion battery business

Lithium-ion battery technology offers a number of advantages, including the capacity to produce smaller and lighter-weight batteries with high voltages. The GS Yuasa Group was a pioneer in the creation of practical lithium-ion batteries, including the development of a prismatic lithium-ion battery in 1993. We continue to drive the market forward as a leading company in this field. Our wide-ranging product line-up includes batteries for numerous applications, including electric vehicles (EV) and hybrid vehicles, automatic guided vehicles (AGV), railroad rolling stock, hybrid port cranes, aircraft, satellites, space rockets and manned research submersibles. We are rapidly expanding our production capacity to keep pace with dramatic demand growth. In October 2010, work began on the construction of Lithium Energy Japan's third manufacturing facility at the Ritto Plant, while in February 2011 mass production of lithium-ion batteries for hybrid vehicles began at Blue Energy's Osadano Plant.

Superiority of GS Yuasa

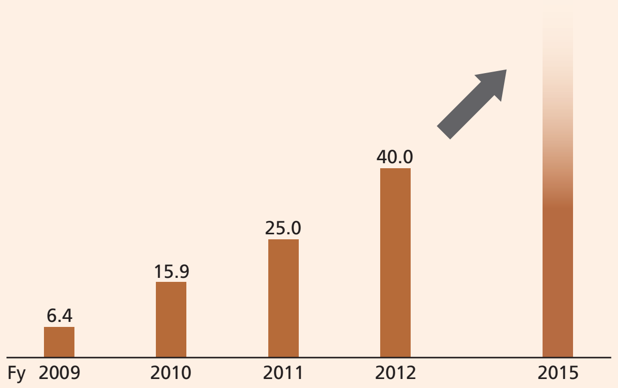
- **Know-how for high capacity and high voltage**
  Vast experience in R&D, manufacturing and sales of large lithium-ion batteries for approximately 20 years
- **Production engineering for large lithium-ion batteries**
  World's first mass production of lithium-ion battery for vehicles
- **R&D center**
  Development of high performance materials
  Development of optimum batteries for various applications

→

Business expansion of industrial lithium-ion batteries

Business expansion of lithium-ion batteries for vehicles

Sales of lithium-ion batteries (Billions of yen)



CAPEX

Period	FY2010–FY2012	FY2013–FY2015
CAPEX	¥50 billion	¥50 billion

Total ¥100 billion

1. Industrial application

The GS Yuasa Group has built an excellent market track record in the aerospace field, which demands the ultimate in durability and safety. We supply the highest-quality products for a variety of industrial applications.

Space and aviation

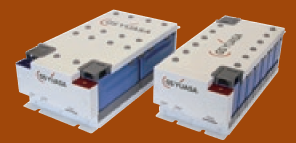
Ultra high reliability and ultra long life

Development of products based on abundant know-how

Industrial field

Development batteries well adapted for applications

Development of new applications

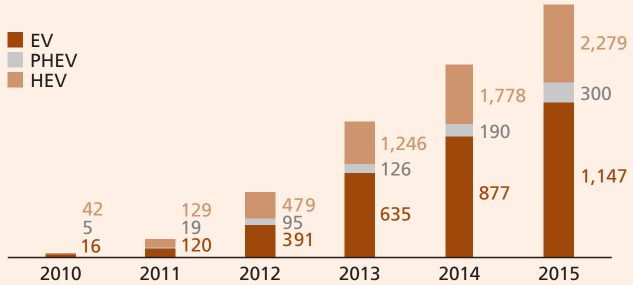


LIM50E module

2. Vehicles application

High-performance lithium-ion batteries are vital to the expanded use of EV and hybrid vehicles. By supplying lithium-ion batteries, the GS Yuasa Group is helping to build the low-carbon society of the future.

Global market forecast of vehicles with lithium-ion batteries (Thousand units)



Source: Institute of Information Technology, Ltd.

Increase in production capacity

2009 → **2015**

0.2 million cells → **30** million cells

Development of high-performance materials

《Positive electrode material》	《Feature》
Vanadium phosphate	High power
Manganese phosphate	High energy High power
Li-rich NMC	High energy

Battery cell with vanadium phosphate in positive electrode material

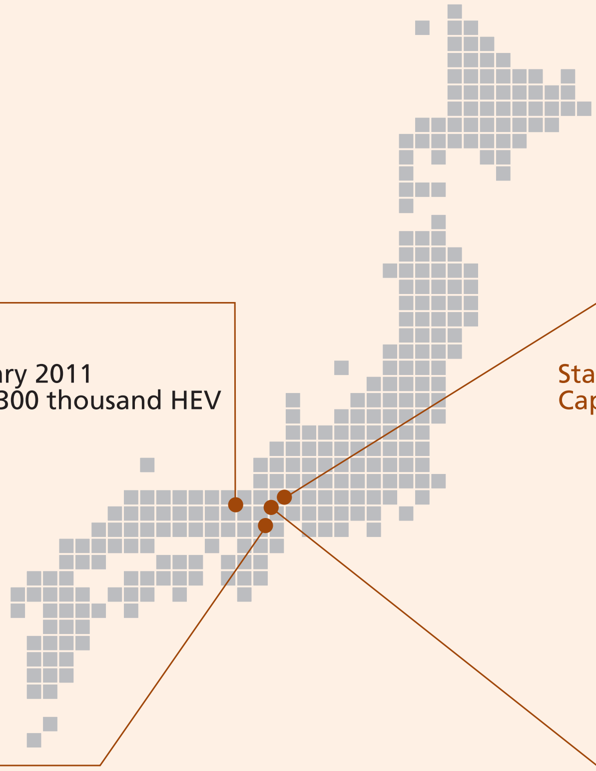
Ⅲ Plant for lithium-ion batteries (Capacity: vehicle conversion number per annum)

Osadano Plant

Start of production February 2011
Capacity 200 thousand to 300 thousand HEV

Kyoto Plant

Start of production December 2010
Capacity 11 thousand EV



Ritto Plant

Start of production April 2012
Capacity 50 thousand EV

Kusatsu Plant

Start of production June 2009
Capacity 6.8 thousand EV

For EV

Lithium Energy Japan

Business
Development, manufacturing and sales of large lithium-ion batteries
Location of Headquarters
Kyoto, Japan
Investment
¥17.0 billion (Capital: ¥8.5 billion)
Established
December 12, 2007
Shareholders

GS Yuasa International Ltd.	51.0%
Mitsubishi Corporation	41.9%
Mitsubishi Motors Corporation	7.1%

Target
Vehicle manufacturers and industrial applications

(i-MiEV) Mitsubishi Motors

Lithium-ion battery for EV

For HEV

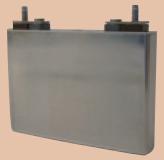
Blue Energy Co., Ltd.

Business
Manufacturing, sales and research & development of lithium-ion batteries
Location of Headquarters
Kyoto, Japan
Investment
¥15.0 billion (Capital: ¥7.5 billion)
Established
April 1, 2009
Shareholders

GS Yuasa International Ltd.	51.0%
Honda Motor Co., Ltd.	49.0%

Target
Vehicle manufacturers

Civic Hybrid



Lithium-ion battery for HEV

Business Review

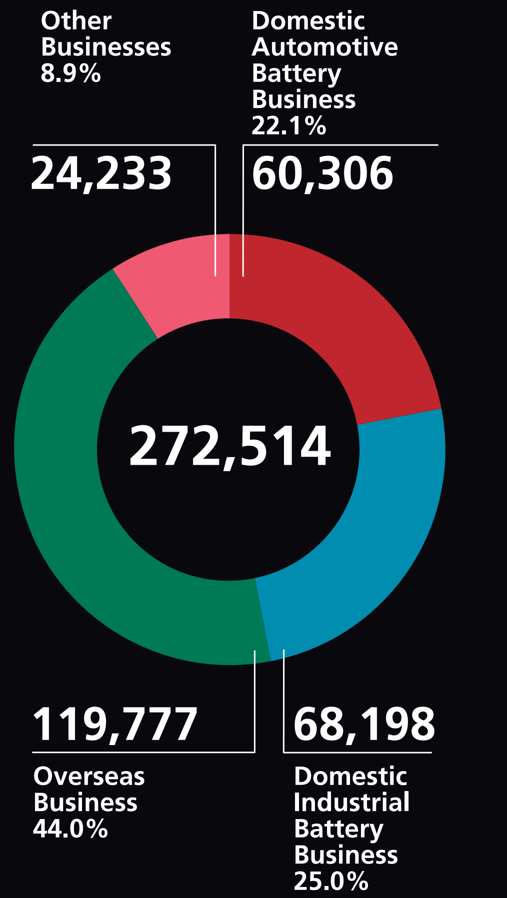
In the year ended March 31, 2011, the Japanese economy showed signs of a gradual recovery trend resulting from a resurgence of exports under the impetus of high growth in emerging economies, especially China and ASEAN. However, business confidence was low and the outlook remained clouded because of the persistently high value of the yen and the curtailment of economic stimulatory measures since the fall of 2010, combined with the impact of the Great East Japan Earthquake on March 11. In this business environment, the GS Yuasa Group worked under the second Mid-Term Management Plan to expand its overseas business activities, enhance the earning performance of its existing domestic business operations, and develop infrastructure for the lithium-ion battery business.

Net sales increased by ¥25,289 million, or 10.2%, year on year to ¥272,514 million. This growth resulted from strong overseas sales, especially in Asia, the recovery of demand for original equipment manufacturing (OEM) of batteries for new motor vehicles and forklifts in Japan, and the full-scale start-up of production of lithium-ion batteries for vehicles.

Income performance benefited from the recovery of demand for OEM of batteries for new motor vehicles and forklifts, and from the robust growth of our overseas business activities, especially in Asia. Operating income was ¥6,068 million, or 52.7%, above the level of the previous year at ¥17,589 million. Despite a foreign exchange loss resulting from exchange rate movements, income before income taxes and minority interests increased by ¥3,992 million, or 38.7%, to ¥14,303 million. Contributing factors included higher returns on equity investment resulting from an improvement in the earnings of overseas affiliated companies. After adjustment for the application of asset retirement obligation accounting, the loss on liguidation of an affiliated company and provision for taxes, net income amounted to ¥11,723 million, an increase of ¥5,235 million, or 80.7%, compared with the previous year's result.

Sales by segment

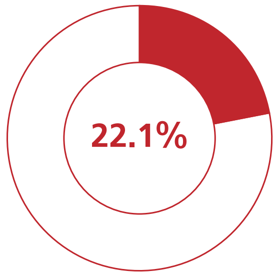
(Millions of yen)

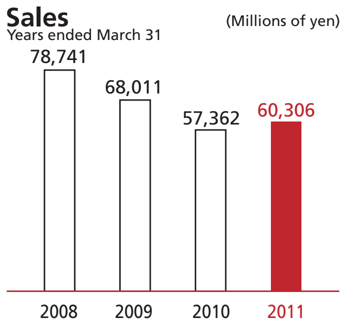


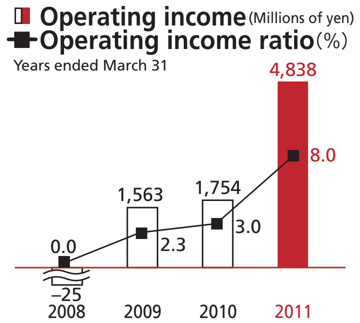
Note: Sales figures in the pie chart above include intersegment sales.

Domestic Automotive Battery Business

Percentage of net sales







In addition to increased demand for batteries for new vehicles under the eco-car subsidy system, sales in this category also benefited from higher demand for replacement batteries. Contributing factors included record summer temperatures and a surge of demand during the winter. Net sales amounted to ¥60,306 million. This growth in sales helped to lift operating income to ¥4,838 million.

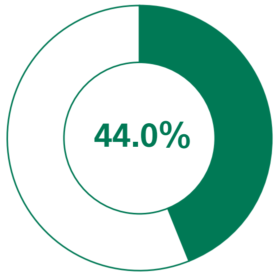
Main Products
Automotive and motorcycle lead-acid batteries, automotive equipment

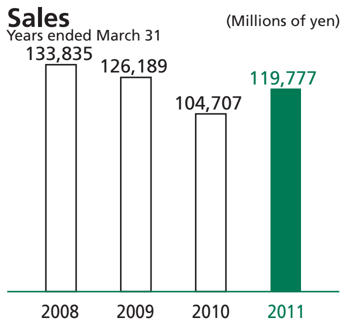
Automotive Batteries
ECO.R Series NEO

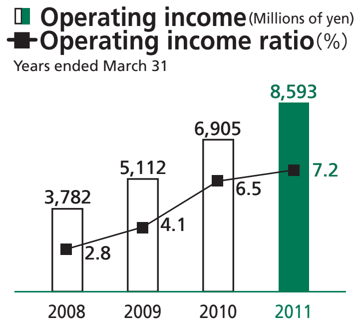
Motorcycle Batteries
XT/YTZ/YTX/GT Series

Overseas Business

Percentage of net sales







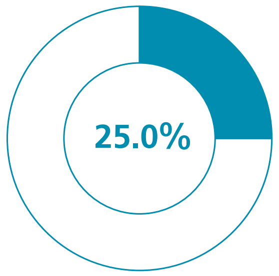
Volume growth in sales of automotive batteries, especially in China and Southeast Asia, and the adjustment of selling prices to reflect higher lead prices helped to take net sales to ¥119,777 million. Operating income reached ¥8,593 million, mainly because of this growth in sales volumes and the resulting increase in sales.

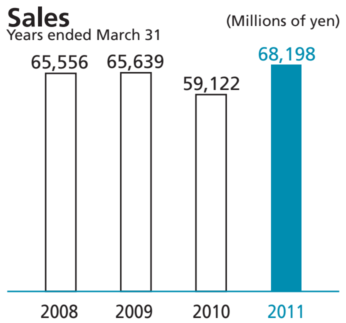
Main Products
Automotive and motorcycle lead-acid batteries, batteries for use in stationary installations, lead-acid batteries for electric vehicles, small lead-acid batteries

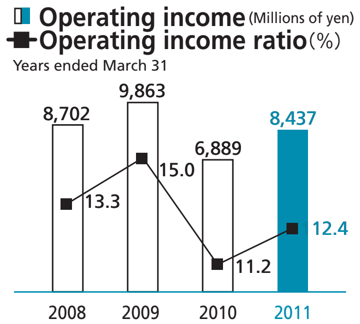
Automotive Batteries Manufactured Exclusively for European Vehicles (Manufactured by Yuasa Battery (Shunde) Co., Ltd.)

Domestic Industrial Battery Business

Percentage of net sales







A recovery in demand for forklift batteries was reflected in higher sales volumes. There was also growth in demand for photovoltaic power generation systems. These factors were reflected in net sales of ¥68,198 million. Operating income reached ¥8,437 million, mainly because of the increase in net sales.

Main Products
Lead-acid batteries for use in stationary installations, forklifts, delivery vehicles, automated guided vehicles (AGV), small lead-acid batteries, alkaline storage batteries, DC power supplies, AC uninterruptable power supplies, other power supply systems

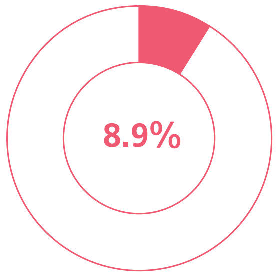
"TRUSTAR Series"
DC Power Supply

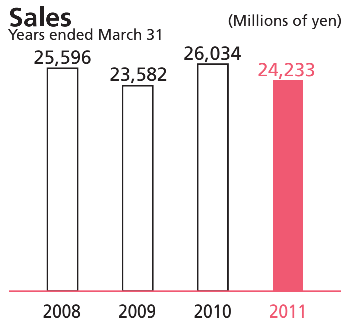
"MSE Series" Stationary Valve regulated Lead-Acid Battery

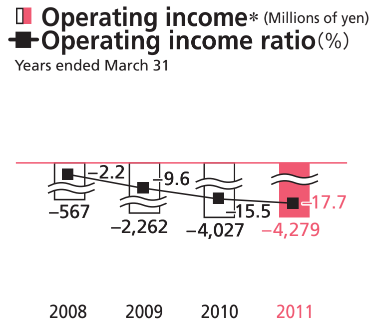
Other Businesses

Historical Figures for "Other" Segment in This Report
Starting in the current fiscal year, the GS Yuasa Group has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and the Guidance on Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008). As a result, items that were previously included under "Lighting" and "Elimination and/or Corporate" are now included under "Other." Aggregated historical figures have been included in this report to allow readers to analyze trends in the "Other" segment.

Percentage of net sales

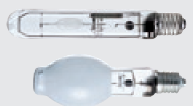






Net sales reached ¥24,233 million. Contributing factors included volume growth in sales of automotive lithium-ion batteries, and steady growth in public sector demand, especially for lighting-related products. There was an operating loss of ¥4,279 million. In addition to eliminations and corporate expenses, this resulted from increased depreciation associated with capital expenditure on higher production capacity for automotive lithium-ion batteries, as well as R&D expenses.

Main Products
Lithium-ion batteries, HID light sources, lighting equipment, ultraviolet irradiation systems, special batteries



Ceramic Metal Halide Lamp Ecocera II

Lithium-ion Batteries for Electric Vehicles (Manufactured by Lithium Energy Japan)

* The adjustment of segment income included under "Other Business" amounts to ¥2,514 million. This figure includes the elimination of inter-segment transactions (¥1,480 million), and corporate expenses not allocated to reportable segments in the report (¥1,033 million). Corporate expenses consist mainly of general and administrative expenses that cannot be allocated to reportable segments.

Products That Contribute to Efficient Energy Utilization

The GS Yuasa Group is strongly committed to the development of energy-efficient products and technologies.

Development and Sale of LED Street Lighting for Community Roads

One example of GS Yuasa's efforts to create a low-carbon society through energy conservation initiatives is the expansion of the RENO+mini Series of street lighting for community roads, which are routes used by community residents to access major roads. GS Yuasa has developed eight models of two types of street lighting. All provide major energy conservation thanks to the use of highly efficient light-emitting diodes (LEDs) and the best optical designs. We are now selling this lighting to local governments, which are responsible for lighting on community roads up to seven meters wide.

Mercury lamps and high-pressure sodium lamps have traditionally been used in street lighting on community roads. LED street lighting provides the same level of brightness while consuming far less energy, and also lasts longer than traditional products. In addition to energy conservation and reduced CO_2 emissions, the benefits include lower running costs, especially electricity and maintenance expenditure. Moreover, colors appear more natural under LED street lighting than under traditional mercury and sodium lamps. The lighting supplied by GS Yuasa is also fitted with hardened prismatic glass to diffuse the lighting and reduce the glare associated with LEDs, ensuring excellent nighttime visibility for pedestrians, cyclists and motorists.

LED lighting supplied by the GS Yuasa Group for use on community roads helps to create a safer and more pleasant environment for all road users. The energy efficiency, long product lives, and other features of these products also contribute to reducing the environmental burden.

RENO+mini Series JRB-148TSA

Trial of a System to Reuse Lithium-Ion Batteries from EV

GS Yuasa Corporation, Mitsubishi Corporation, Mitsubishi Motors Corporation and Lithium Energy Japan (LEJ) are conducting trials of a system to support the efficient utilization of lithium-ion batteries in electric vehicles (EV). The project aims to test a business model based on the secondary utilization of used batteries from i-MiEV EV manufactured by Mitsubishi Motors. Starting in November 2011, batteries that are no longer suitable for use in the EV will be employed in the Kisshoin Satominami Branch of the Lawson convenience store chain in Kyoto.

Because the system developed by the GS Yuasa Group for the trial employs photovoltaic (PV) cells to generate electricity, it is known as the "PV-EV System." The equipment includes PV cells, LEV50 lithium-ion batteries manufactured by LEJ for use in the i-MiEV, and EVC-20KD quick EV chargers manufactured by GS Yuasa. Power generated by PV cells is stored in the lithium-ion batteries and used to provide quick charging for EV. A key advantage of this system is its ability to reduce CO_2 emissions at both the power generation and driving stages to zero, since it allows EV to operate on natural energy.

Results from the trial will be analyzed after one year. The project seeks to verify the effectiveness of this approach as a way to reduce costs by reusing lithium-ion batteries, while reducing the environmental burden through effective use of battery resources. GS Yuasa aims to enhance drivers' confidence in EV by developing environmentally responsible social infrastructure.

The PV-EV System installed at the Lawson convenience store in Kisshoin Satominami, Kyoto

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 worked with the Kyoto Chamber of Commerce and Industry to run environmentally themed educational 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 2010, a solar power generation system and fuel cell batteries were 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 the school children, who will become the young citizens of tomorrow.

Environmental class at an elementary school in Kyoto City (1)

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

Environmental class at an elementary school in Kyoto City (1)

Environmental class at an elementary school in Kyoto City (2)

The children learned about the principle of generating electricity in a fuel cell, using hydrogen and oxygen obtained by breaking down water.

Environmental class at an elementary school in Kyoto City (2)

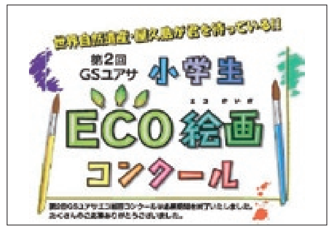
Eco Art Contest for Elementary School Children

GS Yuasa Battery Ltd. is one of the first automotive battery manufacturers to promote sales of 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 citizens of the future, an opportunity to express their thoughts on the global environment.

The theme for the second contest in fiscal 2010 was "The Beautiful Earth—A Planet We Can Show to Aliens with Pride." Children throughout Japan sent in a total of 679 highly imaginative entries, an increase of 177 over the previous year's total. After a fair and scrupulous judging process, the gold medal was presented to a first-year elementary school pupil in Aichi Prefecture for an entry entitled "The Alien Insects and My Jungle Farm."

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

"The Alien Insects and My Jungle Farm"



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

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

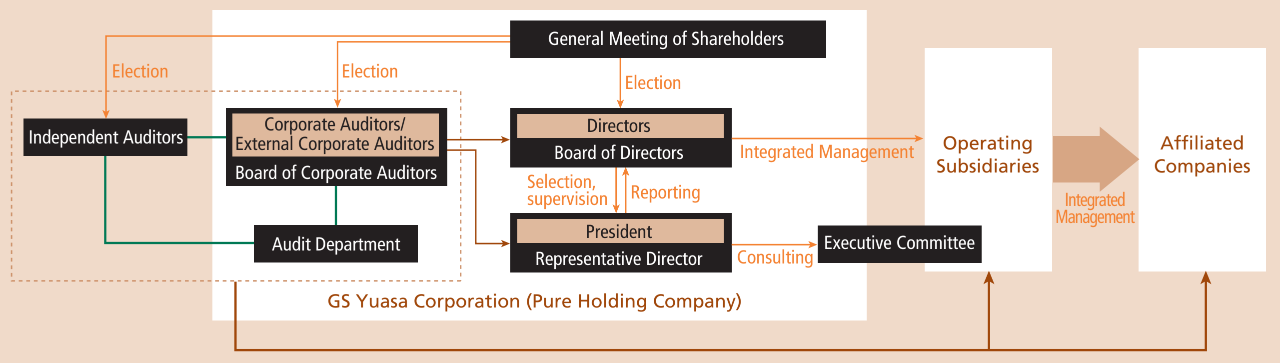
The GS Yuasa Group is continually strengthening its corporate governance to ensure management transparency and soundness and compliance with laws and regulations.

Corporate Governance Philosophy and Structure

The corporate vision of the GS Yuasa Group calls for contribution to people, society and the global environment through innovation and growth. All GS Yuasa Group employees share our common commitment to the realization of this corporate vision under our management vision, which expresses our commitment to the delivery of security and comfort to our customers around the world through advanced technologies developed in the field of energy storage. We believe that our continuing efforts to strengthen corporate governance contribute to the maximization of corporate value through benefits that include management transparency and soundness and improved corporate earning potential made possible by timely decision-making and the efficient performance of business operations.

To ensure operational efficiency and appropriate decision-making throughout the GS Yuasa Group, we have built a governance structure with systems that strengthen the functions of the Board of Directors. For example, the Board of Directors receives regular reports on important matters concerning operating subsidiaries, including the performance of professional duties by corporate officers. In addition, internal and external corporate auditors present their opinions at meetings of the Board of Directors and important group-level meetings. To ensure effective audits, the Corporate Auditors share information at meetings of the Board of Corporate Auditors and work closely with the Audit Department and the independent auditors.

Governance Structure



Initiatives Relating to Internal Control Systems

To strengthen its management structure, the GS Yuasa Group has established structures and formulated regulations as required to ensure the proper conduct of its business operations in accordance with the Companies Act, including the appropriate control of management information, as well as risk management and group audits. The GS Yuasa Group also maintains and administers internal control systems relating to financial reporting to comply with internal control reporting systems under the Financial Instruments and Exchange Act. Consolidated group companies, including overseas subsidiaries, disclose internal control system reports after undergoing internal assessments and external audits concerning the development and administration of their internal control systems.

We are committed to consistent compliance management and risk management.

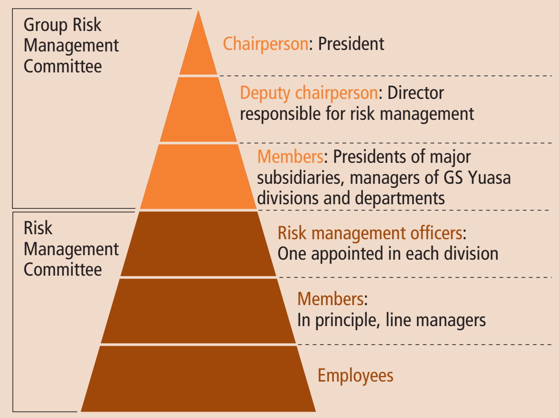
Ensuring Effective Risk Management and Crisis Management

The GS Yuasa Group has established Risk Management Regulations designed to avoid or reduce management risk and minimize corporate losses. Individual divisions manage their risk exposure by means of Risk Management Sheets, which are used to assess the severity and probability of risks identified within each division. The results of risk assessments are reviewed at monthly meetings of the Risk Management Committee.

The purpose of the Group Risk Management Committee, which meets every six months under the chairmanship of the President, is to promote group-level risk management and share risk information. It consists of chairpersons of divisional risk management committees, who present reports on the state of risk management in their areas. The Committee uses this process to check that risk is being managed appropriately.

There are also structures, including an emergency contact network, to ensure the timely identification of threats to business activities in the event that risks are actualized. When a serious contingency occurs, a Crisis Management Task Force made up of members selected from the Group Risk Management Committee is formed under the chairmanship of the President. Its task is to minimize any losses incurred by the Company by taking appropriate steps to bring the situation under control.

Risk Management Organization



The compliance organization of the GS Yuasa Group consists of the Group Risk Management Committee and risk management committees established within major subsidiaries and corporate business divisions.

Compliance Activities

All employees of the GS Yuasa Group recognize the importance of compliance with laws, corporate regulations and ethics to the achievement of our ideals of innovation and growth, as set down in our corporate vision. To ensure compliance, we have created the “GS Yuasa Group Standards of Business Ethics,” a 10-point code of conduct for all group employees. We have also produced the “Business Ethics Conduct Guidelines” with the aim of ensuring compliance by providing specific guidance about acceptable and unacceptable behavior by employees. All group employees also receive copies of the “GS Yuasa Group Compliance Manual,” which provides information about compliance in plain language. Produced for use in compliance education, the manual is updated to reflect changes in the compliance environment, such as the amendment of existing laws and regulations or the introduction of new legislation. In addition, the President conducts half-yearly compliance surveys covering all employees. The purpose of these surveys is to gather information, including questions about compliance in the context of day-to-day operations, via the internal mail system.

Any employee who becomes aware of dishonest or inappropriate behavior in violation of the compliance rules can report this information at any time through the GS Yuasa Group Business Ethics Hot Line system, for which contact points have been established both within and beyond the corporate organization. When information is received under this system, an investigating team will carry out a detailed investigation and take appropriate action, while protecting the person who submitted the report.

The Compliance Manual

Board of Directors and Auditors

As of June 29, 2011

President

Makoto Yoda

Senior Managing Directors

Katsuyuki Ono

Koichi Shiina

Managing Directors

Hideyuki Maeno

Noboru Kitamura

Nobuyuki Ueoka

Hideaki Yoshimura

Directors

Kei Nishida

Masahide Kuragaki

Shinji Tatsumi

Masaru Sawada

Toshiyuki Nakagawa

Full-Time Corporate Auditors

Tadashi Shimizu

Jiro Kawanishi

Kiyoshi Ogawa

Corporate Auditor

Seiji Abe

Financial Section

Contents

Operating Results

In the year ended March 31, 2011, consolidated net sales increased by 10.2% year on year to ¥272,514 million. This growth was attributable to the recovery in domestic demand for batteries for new vehicles and forklift batteries, steady progression of our overseas business activities, especially in Asia, and the start of full-scale sales of lithium-ion batteries for vehicles. Selling, general and administrative expenses were ¥130 million below the previous year's level, with the result that consolidated operating income expanded by 52.7% year on year to ¥17,589 million. After allowing for the effects of asset retirement obligation accounting, extraordinary losses resulting from the loss on liquidation of an affiliated company, and taxes, consolidated net income amounted to ¥11,723 million, a year on year increase of 80.7%. Net income per share was ¥28.39.

Financial Position

Total assets as of March 31, 2011 amounted to ¥247,447 million, a rise of ¥10,643 million from the position at the end of the previous fiscal year. The main reasons for the higher figure were an increase in inventories resulting from the start of full-scale production of automotive lithium-ion batteries, and the growth of tangible fixed assets in step with capital investment. Despite a substantial reduction in short-term borrowings, liabilities expanded by ¥191 million year on year to ¥125,136 million because of higher lease obligations. Dividend payments and a rise in foreign currency translation adjustments due to the high value of the yen were offset by retained earnings and an increase in minority interests resulting from expanded investment in a consolidated subsidiary in the automotive lithium-ion battery field. As a result, net assets were ¥10,452 million higher year on year at ¥122,311 million. The shareholders' equity ratio as of March 31, 2011 was 43.8%, up 0.9 percentage point from the position at the end of previous fiscal year.

Cash Flows

Net cash provided by operating activities in the year ended March 31, 2011 amounted to ¥25,478 million, compared with an inflow of ¥22,828 million in the previous fiscal year. This reflected an increase in income before income taxes and minority interests, and a rise in accounts payable.

Net cash used in investing activities amounted to ¥25,445 million, compared with an outflow of ¥13,067 million in the previous fiscal year. The main item was expenditure for purchases of property, plant and equipment for the automotive lithium-ion battery business.

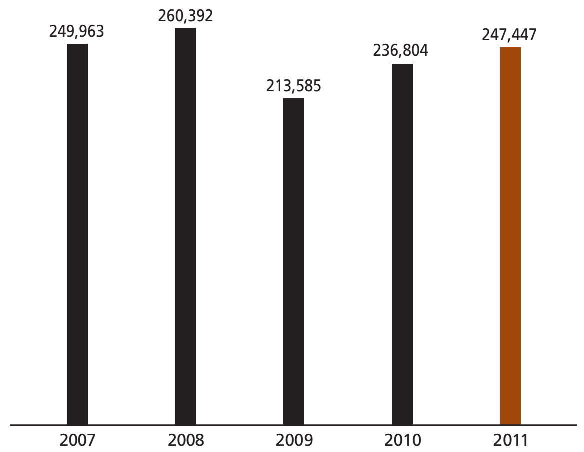
Net cash provided by financing activities amounted to ¥8 million, compared with ¥285 million in the previous fiscal year. While debt was reduced, and there were cash inflows from proceeds from minority interests from leasing of new manufacturing facilities and proceeds from stock issuance to minority shareholders.

As a result of these changes, cash and cash equivalents were reduced by ¥693 million year on year to ¥24,030 million as of March 31, 2011. The ratio of cash flows to interest bearing debt declined by 0.5 to 1.9, while the interest coverage ratio rose by 5.15 times to 17.30 times.

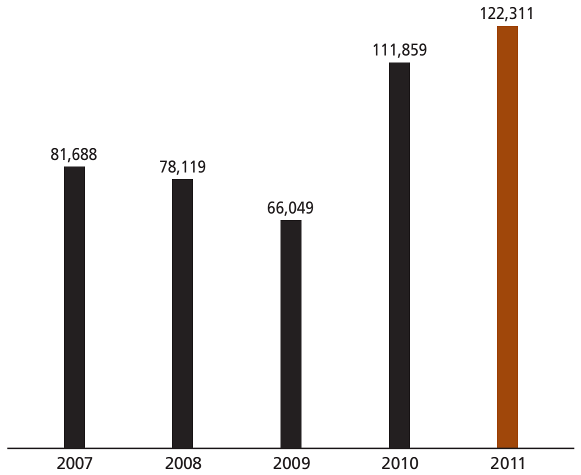
Outlook

We anticipate continuing uncertainty surrounding the business environment in the year ending March 31, 2012. Businesses are likely to reduce their production activities because of supply chain problems and electric power shortages in the aftermath of the Great East Japan Earthquake. The GS Yuasa Group will continue to expand its overseas business activities while also working to strengthen its earnings from existing business operations in Japan. We will also target further growth in our lithium-ion battery business, which has begun to make major progress along the path to long-term growth. Our forecasts for the year ending March 31, 2012 are net sales of ¥290,000 million, operating income of ¥18,000 million, and net income of ¥12,000 million.

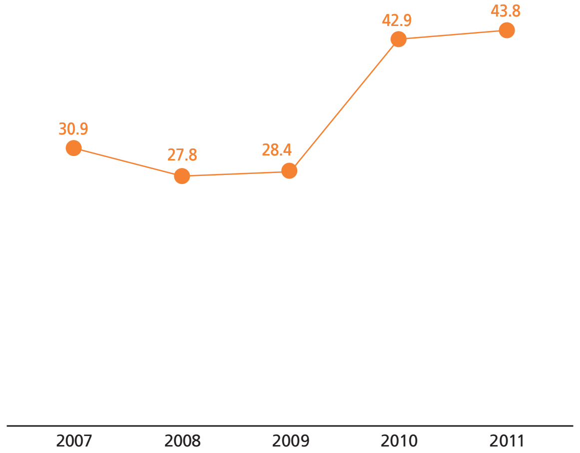
Total assets (Millions of yen)

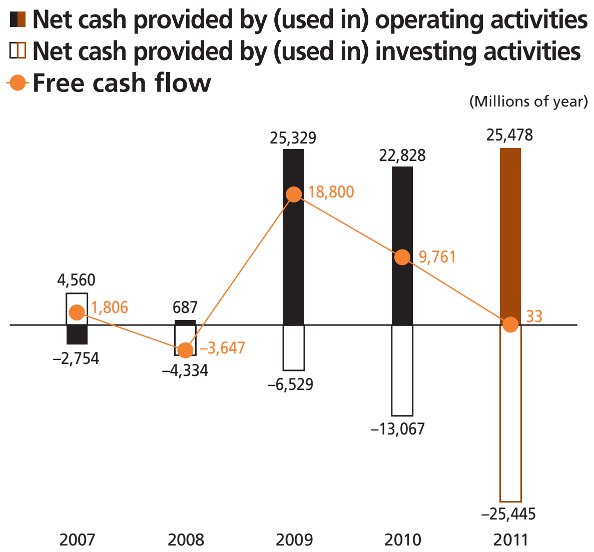


Total equity (Millions of yen)



Shareholders' equity ratio (%)





Consolidated Balance Sheets

March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	¥ 24,030	¥ 24,723	$ 289,518
Time deposits (Note 14)	10	25	120
Receivables (Note 14):			
Trade notes	4,786	5,040	57,663
Trade accounts	47,204	46,507	568,723
Unconsolidated subsidiaries and affiliated companies	2,989	5,096	36,012
Other	5,572	7,149	67,132
Allowance for doubtful receivables	(366)	(349)	(4,410)
Inventories (Note 4)	37,963	35,730	457,386
Deferred tax assets (Note 11)	3,020	2,134	36,386
Prepaid expenses and other current assets	2,928	2,855	35,277
Total current assets	128,136	128,910	1,543,807
PROPERTY, PLANT AND EQUIPMENT (Notes 7 and 8):			
Land (Note 2.j)	18,190	15,463	219,157
Buildings and structures	61,714	60,233	743,542
Machinery and equipment	87,967	85,024	1,059,843
Furniture and fixtures	16,737	17,044	201,651
Lease assets (Note 2.n)	4,951	78	59,651
Construction in progress	3,231	6,385	38,928
Total	192,790	184,227	2,322,772
Accumulated depreciation	(112,393)	(112,039)	(1,354,133)
Net property, plant and equipment	80,397	72,188	968,639
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 14)	15,622	15,557	188,217
Investments in unconsolidated subsidiaries and affiliated companies (Notes 6 and 14)	12,894	10,905	155,349
Long-term assets for employees' retirement benefits (Note 9)	4,031	1,998	48,566
Deferred tax assets (Note 11)	2,580	2,339	31,084
Other assets (Note 8)	3,787	4,907	45,627
Total investments and other assets	38,914	35,706	468,843
TOTAL	¥ 247,447	¥ 236,804	$ 2,981,289

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8 and 14)	¥ 14,653	¥ 20,932	$ 176,542
Current portion of long-term debt (Notes 8 and 14)	969	1,685	11,675
Payables (Note 14):			
Trade notes	6,337	5,498	76,349
Trade accounts	19,845	16,157	239,096
Unconsolidated subsidiaries and affiliated companies	1,761	2,306	21,217
Other	11,852	17,660	142,795
Income taxes payable (Note 14)	3,749	2,140	45,169
Accrued expenses	7,057	7,231	85,024
Other current liabilities	3,795	2,431	45,723
Total current liabilities	70,018	76,040	843,590
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8 and 14)	36,893	32,884	444,494
Liability for retirement benefits (Notes 2.k and 9)	8,595	7,156	103,554
Long-term deposits received	4,195	3,962	50,542
Deferred tax liabilities (Note 11)	1,559	3,021	18,783
Deferred tax liabilities on land revaluation	1,390	1,395	16,747
Negative goodwill	32	64	386
Other	2,454	423	29,566
Total long-term liabilities	55,118	48,905	664,072
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15 and 16)			
EQUITY (Notes 10 and 18):			
Common stock, authorized, 1,400,000,000 shares; issued 413,574,714 shares in 2011 and 2010	33,021	33,021	397,843
Capital surplus	54,880	54,880	661,205
Retained earnings	24,087	14,634	290,205
Treasury stock—at cost: 732,043 shares in 2011 and 697,052 shares in 2010	(307)	(287)	(3,699)
Accumulated other comprehensive income:			
Land revaluation surplus (Note 2.j)	1,228	1,236	14,796
Unrealized gain on available-for-sale securities	4,810	4,830	57,952
Deferred gain on derivatives under hedge accounting		5	
Foreign currency translation adjustments	(9,358)	(6,672)	(112,747)
Total	108,361	101,647	1,305,555
Minority interests	13,950	10,212	168,072
Total equity	122,311	111,859	1,473,627
TOTAL	¥ 247,447	¥ 236,804	$ 2,981,289

Consolidated Statements of Income

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES (Note 6)	¥ 272,514	¥ 247,225	$ 3,283,301
COST OF SALES (Note 6)	206,889	187,538	2,492,639
Gross profit	65,625	59,687	790,662
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	48,036	48,166	578,747
Operating income	17,589	11,521	211,915
OTHER INCOME (EXPENSES):			
Interest and dividend income	459	337	5,530
Interest expense	(1,530)	(1,803)	(18,434)
Gain (loss) on sales of property, plant and equipment	411	(70)	4,952
Loss on disposal of property, plant and equipment	(516)	(380)	(6,217)
Loss on impairment of long-lived assets (Note 7)	(29)	(221)	(349)
Gain (loss) on sales of investment securities	(3)	10	(36)
Write-down of investment securities (Note 5)	(11)	(2)	(133)
Foreign exchange loss	(1,655)	(7)	(19,940)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	2,439	102	29,386
Loss on liquidation of affiliated company	(3,000)		(36,145)
Other—net	149	824	1,796
Other expenses—net	(3,286)	(1,210)	(39,590)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	14,303	10,311	172,325
INCOME TAXES (Note 11):			
Current	5,671	2,613	68,325
Deferred	(2,669)	230	(32,157)
Total income taxes	3,002	2,843	36,168
NET INCOME BEFORE MINORITY INTERESTS	11,301	7,468	136,157
MINORITY INTERESTS IN NET LOSS (INCOME)	422	(980)	5,084
NET INCOME	¥ 11,723	¥ 6,488	$ 141,241

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.u):			
Net income	¥ 28.39	¥ 16.32	$ 0.34
Cash dividends applicable to the year	8.00	6.00	0.10

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
NET INCOME BEFORE MINORITY INTERESTS	¥ 11,301	$ 136,157
OTHER COMPREHENSIVE INCOME (Note 17):		
Unrealized loss on available-for-sale securities	(23)	(277)
Deferred loss on derivatives under hedge accounting	(5)	(60)
Foreign currency translation adjustments	(2,171)	(26,157)
Share of other comprehensive income in associates	(707)	(8,518)
Total other comprehensive income	(2,906)	(35,012)
COMPREHENSIVE INCOME (Note 17)	¥ 8,395	$ 101,145
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 17):		
Owners of the parent	¥ 9,010	$ 108,554
Minority interests	(615)	(7,409)

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Years Ended March 31, 2011 and 2010

					Millions of Yen							
						Accumulated Other Comprehensive Income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Land Revaluation Surplus	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	367,044,262	¥ 16,505	¥ 38,344	¥ 10,335	¥ (171)	¥ 1,597	¥ 3,122	¥ (164)	¥ (8,837)	¥ 60,731	¥ 5,318	¥ 66,049
Issuance of common stock	46,000,000	16,516	16,516							33,032		33,032
Net income				6,488						6,488		6,488
Cash dividends, ¥6.00 per share				(2,202)						(2,202)		(2,202)
Purchase of treasury stock	(213,077)				(126)					(126)		(126)
Disposal of treasury stock	46,477		20		10					30		30
Change in scope of consolidation				(32)						(32)		(32)
Transfer due to sales of land and other				45						45		45
Net change in the year						(361)	1,708	169	2,165	3,681	4,894	8,575
BALANCE, MARCH 31, 2010	412,877,662	33,021	54,880	14,634	(287)	1,236	4,830	5	(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						(8)	(20)	(5)	(2,686)	(2,719)	3,738	1,019
BALANCE, MARCH 31, 2011	412,842,671	¥ 33,021	¥ 54,880	¥ 24,087	¥ (307)	¥ 1,228	¥ 4,810		¥ (9,358)	¥ 108,361	¥ 13,950	¥ 122,311

				Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Land Revaluation Surplus	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 397,843	$ 661,205	$ 176,313	$ (3,458)	$ 14,892	$ 58,193	$ 60	$ (80,386)	$ 1,224,662	$ 123,036	$ 1,347,698
Net income			141,241						141,241		141,241
Cash dividends, $0.07 per share			(29,843)						(29,843)		(29,843)
Purchase of treasury stock				(241)					(241)		(241)
Change in scope of equity method			2,398						2,398		2,398
Transfer due to sales of land and other			96						96		96
Net change in the year					(96)	(241)	(60)	(32,361)	(32,758)	45,036	12,278
BALANCE, MARCH 31, 2011	$ 397,843	$ 661,205	$ 290,205	$ (3,699)	$ 14,796	$ 57,952		$ (112,747)	$ 1,305,555	$ 168,072	$ 1,473,627

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 14,303	¥ 10,311	$ 172,325
Adjustments for:			
Income taxes—paid	(3,203)	(3,237)	(38,590)
Depreciation	10,658	9,358	128,410
Loss on impairment of long-lived assets	29	221	349
Loss (gain) on sales of property, plant and equipment	(411)	70	(4,952)
Loss on disposal of property, plant and equipment	516	380	6,217
Loss (gain) on sales of investment securities	3	(10)	36
Write-down of investment securities	11	2	133
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(2,439)	(102)	(29,386)
Loss on liquidation of affiliated company	3,000		36,145
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Increase in trade accounts receivable	(1,252)	(1,393)	(15,084)
Decrease (increase) in inventories	(4,008)	4,357	(48,289)
Decrease in interest and dividend receivable	777	503	9,361
Increase in trade accounts payable	5,232	2,599	63,036
Increase (decrease) in interest payable	58	(75)	699
Increase (decrease) in liability for retirement benefits	(496)	132	(5,976)
Other—net	2,700	(288)	32,530
Net cash provided by operating activities	25,478	22,828	306,964
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	532	360	6,410
Purchases of property, plant and equipment	(24,735)	(11,103)	(298,012)
Proceeds from sales of investment securities	55	49	663
Purchases of investment securities	(628)	(323)	(7,566)
Payments for purchases of shares of the consolidated subsidiaries	(85)	(1,268)	(1,024)
Proceeds from purchases of shares of the newly consolidated subsidiaries		162	
Increase in other assets	(584)	(944)	(7,037)
Net cash used in investing activities	¥ (25,445)	¥ (13,067)	$ (306,566)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
FINANCING ACTIVITIES:			
Decrease in short-term borrowings—net	¥ (5,030)	¥ (32,029)	$ (60,602)
Proceeds from long-term bank loans	586	2,573	7,060
Repayments of long-term bank loans	(990)	(5,356)	(11,928)
Proceeds from minority interests by leasing new facilities	4,414		53,181
Proceeds from issuance of common stock		32,845	
Proceeds from minority interests in establishment of consolidated subsidiaries		2,940	
Proceeds from stock issuance to minority shareholders	4,410	1,960	53,133
Purchase of treasury stock	(20)	(116)	(241)
Dividends paid	(2,603)	(2,219)	(31,361)
Other—net	(759)	(313)	(9,146)
Net cash provided by financing activities	8	285	96
NET INCREASE IN CASH AND CASH EQUIVALENTS	41	10,046	494
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(734)	671	(8,843)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,723	14,006	297,867
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 24,030	¥ 24,723	$ 289,518

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of GS Yuasa Corporation (the "Company") and consolidated subsidiaries (collectively, the "Group") 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 application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in equity for the years ended March 31, 2011 and 2010. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 17. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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 2010 financial statements to conform to the classifications used in 2011.

The accompanying 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 ¥83 to $1, the approximate exchange rate at March 31, 2011. 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, 2011 and 2010 include the accounts of the Company and its 62 (67 in 2010) 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 25 (24 in 2010) 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 2010, Nihon Axe Co., Ltd. (consolidated subsidiary) merged with Autopal Co., Ltd. and Shikoku TBA Co., Ltd. (consolidated subsidiaries).

In 2010, Blue Energy Co., Ltd. was established and consolidated.

In 2010, GS Yuasa Koshin Sales Co., Ltd. was consolidated in line with additional acquisition of shares.

In 2010, Yuasa Electric Works Co., Ltd., GS Yuasa Elder Development Co., Ltd., GS Battery Finance UK Ltd. and Yuasa Empreendimentos e Participacoes Ltda. (consolidated subsidiaries) were liquidated and excluded from the consolidated financial statements for the year ended March 31, 2010.

In 2011, GS Yuasa Power Supply Ltd. (consolidated subsidiary) merged with GS Yuasa International Ltd. (consolidated subsidiary) and GS Yuasa Business Support Ltd. (consolidated subsidiary), and changed its company name to GS Yuasa International Ltd.

In 2011, Century Yuasa Batteries (NZ) Ltd. (consolidated subsidiary) merged with Battery World NZ Ltd. (consolidated subsidiary).

In 2011, Yuasa Battery, Inc. (consolidated subsidiary) merged with Yuromgt, Inc. (consolidated subsidiary).

In 2011, GS Manufacturing Co., Ltd. (consolidated subsidiary) was liquidated and excluded from the consolidated financial statements for the year ended March 31, 2011.

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: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the 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; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

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 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 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 the 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; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. This standard was applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010. The Company applied this accounting standard effective April 1, 2010.

d. ***Business Combination*** - In October 2003, the Business Accounting Council (the "BAC") 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 current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is 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. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

e. ***Cash and Cash Equivalents*** - Cash and cash equivalents are cash on hand, deposits in banks (including time deposits) and short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

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 is computed by the declining-balance method. The range of useful lives is from 7 to 50 years for buildings and structures and from 4 to 17 years for machinery.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

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, 2011, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥618 million ($7,446 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 statements of income.

In September 2010, a certain domestic subsidiary implemented new non-contributory pension plan, defined contribution pension plan and unfunded retirement benefit plan by which the former retirement benefit plans were terminated. The subsidiary applied accounting treatments specified in the guidance issued by the ASBJ. The effect of this transfer was to increase income before income taxes and minority interests by ¥302 million ($3,639 thousand).

Retirement benefits to directors, corporate auditors and executive officers 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 the accounting standard for asset retirement obligations, 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 the 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. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥28 million ($337 thousand) and income before income taxes and minority interests by ¥330 million ($3,975 thousand).

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 to recognize 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. ***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. This standard is applicable to construction contracts and software development contracts and was effective for fiscal years beginning on or after April 1, 2009. The Company applied the accounting standard effective April 1, 2009.

p. ***Bonuses to Directors*** - Bonuses to directors are accrued at the year end to which such bonuses are attributable.

q. ***Income Taxes*** - The provision for income taxes is computed based on the pretax income included in the consolidated statements 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 statements 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 are 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 412,864,036 shares and 397,643,778 shares for 2011 and 2010, respectively.

Diluted net income per common share is not disclosed because it is anti-dilutive for 2011 and2010.

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

v. New Accounting Pronouncements

Accounting Changes and Error Corrections - In December 2009, 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, a 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.

3. BUSINESS COMBINATION

On April 1, 2010, GS Yuasa Power Supply Ltd. (consolidated subsidiary) merged with GS Yuasa International Ltd. (consolidated subsidiary) and GS Yuasa Business Support Ltd. (consolidated subsidiary), and changed its company name to GS Yuasa International Ltd.

The Group accounted for this business combination as a combination of entities under common control.

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Finished products	¥ 21,462	¥ 21,529	$ 258,579
Work-in-process	8,676	7,602	104,530
Raw materials and supplies	7,825	6,599	94,277
Total	¥ 37,963	¥ 35,730	$ 457,386

5. INVESTMENT SECURITIES

Investment securities at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Marketable equity securities	¥ 15,593	¥ 15,424	$ 187,867
Debt securities	29	29	350
Other		104	
Total	¥ 15,622	¥ 15,557	$ 188,217

The costs and aggregate fair values of investment securities at March 31, 2011 and 2010 were as follows:

	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

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,524	¥ 7,817	¥ (234)	¥14,107
Other	13		(3)	10

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 80,445	$ 95,434	$ (3,771)	$ 172,108

The information of available-for-sale securities which were sold during the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		2011	
	Proceeds	Realized Loss	Proceeds	Realized Gains	Proceeds	Realized Loss
Available-for-sale:						
Equity securities	¥ 10	¥ 3	¥ 26	¥ 10	$ 120	$ 36

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥11 million ($133 thousand) and ¥2 million, respectively.

6. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in unconsolidated subsidiaries and affiliated companies at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments at cost	¥ 10,699	¥ 9,763	$ 128,904
Equity in undistributed earnings	2,195	1,142	26,445
Total	¥ 12,894	¥ 10,905	$ 155,349

Sales to and purchases from unconsolidated subsidiaries and affiliated companies for the years ended March 31, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Sales	¥ 14,202	¥ 12,484	$ 171,108
Purchases	13,014	9,640	156,795

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2011 and 2010. As a result, the Group recognized impairment losses of ¥29 million ($349 thousand) and ¥221 million, respectively, for certain assets used for business due to a downturn in profitability of that business and the carrying amount of the assets were written down to the recoverable amount. Impairment loss was recorded as other expense in the consolidated statements of income.

The recoverable amount of certain assets was measured at its value in use and the discount rate used for computation of present value of future cash flows was 5%, or at its net selling price based on the taxable amount of inherited properties and required adjustment.

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2011 and 2010 consisted of bank loans.

At March 31, 2011, short-term bank loans of ¥433 million ($5,217 thousand) were collateralized.

As is customary in Japan, the Group obtains financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the balance sheets, but are disclosed as contingent liabilities (see Note 16). The weighted average interest rates for the Group's short-term bank loans and repurchase transactions were 2.58% and 2.25% at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Collateralized bank loans, 1.4% to 7.1% maturing serially through December 2014	¥ 239	¥ 134	$ 2,879
Unsecured bank loans, 1.0% to 6.9% maturing serially through December 2020	33,398	34,240	402,386
Obligations under finance leases	4,225	195	50,904
Total	37,862	34,569	456,169
Less current portion	969	1,685	11,675
Long-term debt	¥ 36,893	¥ 32,884	$ 444,494

Annual maturities of long-term debt, excluding finance leases (see Note 13), at March 31, 2011 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 969	$ 11,675
2013	12,880	155,181
2014	14,146	170,434
2015	633	7,626
2016 and thereafter	5,009	60,349
Total	¥ 33,637	$ 405,265

Repayments of certain bank loans in an aggregate amount outstanding of ¥24,000 million ($289,157 thousand) as of March 31, 2011 may be accelerated if one or more of the following events occur:

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 ($144,578 thousand), the total amount of equity of the Group falls below ¥64,400 million ($775,904 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 ($754,217 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, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 341	$ 4,108
Buildings and structures	1,599	19,265
Other assets	190	2,289
Total	¥ 2,130	$ 25,662

9. 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, 2011 and 2010 were ¥479 million ($5,771 thousand) and ¥408 million, respectively.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ 42,299	¥ 45,389	$ 509,627
Fair value of plan assets	(24,056)	(24,743)	(289,831)
Unrecognized prior service benefit	2,706	1,563	32,602
Unrecognized actuarial loss	(12,776)	(12,253)	(153,928)
Unrecognized transitional obligation	(4,088)	(5,206)	(49,253)
Net liability	4,085	4,750	49,217
Prepaid pension cost	4,031	1,998	48,566
Liability for retirement benefits	¥ 8,116	¥ 6,748	$ 97,783

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 1,126	¥ 1,413	$ 13,566
Interest cost	834	887	10,048
Expected return on plan assets	(318)	(288)	(3,831)
Amortization of prior service benefit	(266)	(207)	(3,205)
Recognized actuarial loss	1,784	1,866	21,494
Amortization of transitional obligation	1,045	1,047	12,590
Net periodic benefit costs	¥ 4,205	¥ 4,718	$ 50,662

Assumptions used for the years ended March 31, 2011 and 2010 were set forth as follows:

	2011	2010
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

10. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the 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 dividends 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 total of 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.

On July 28, 2009, the Company issued and publicly offered the 40,000 thousand shares at ¥718.08 per share. The amount of the issuance was ¥28,724 million in total, of which ¥14,362 million was recorded in common stock and the remaining ¥14,362 million was recorded in capital surplus.

On August 25, 2009, the Company issued and allocated the 6,000 thousand shares to a third party at ¥718.08 per share. The amount of the issuance was ¥4,308 million in total, of which ¥2,154 million was recorded in common stock and the remaining ¥2,154 million was recorded in capital surplus.

11. 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, 2011 and 2010.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Accrued bonuses	¥ 1,637	¥ 1,506	$ 19,723
Retirement benefits	3,760	3,982	45,301
Write-down of investment securities	3,171	2,849	38,205
Unrealized profit	463	81	5,578
Tax loss carryforwards	2,581	1,771	31,096
Other	4,048	3,160	48,772
Less valuation allowance	(5,316)	(5,818)	(64,048)
Deferred tax assets	¥10,344	¥ 7,531	$124,627
Deferred tax liabilities:			
Valuation excess of property	¥ 250	¥ 250	$ 3,012
Unrealized gain on available-for-sale securities	2,782	2,733	33,518
Undistributed earnings of foreign subsidiaries	1,640	1,440	19,759
Other	1,631	1,657	19,651
Deferred tax liabilities	¥ 6,303	¥ 6,080	$ 75,940
Net deferred tax assets	¥ 4,041	¥ 1,451	$ 48,687

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, 2011 and 2010 was as follows:

	2011	2010
Normal effective statutory tax rate	40.5%	40.5%
Expenses not deductible for income tax purposes	1.0	1.9
Per capita levy	0.6	1.0
Net change in valuation allowance	(4.2)	18.4
Tax benefit not recognized on operating losses of foreign subsidiaries	(5.5)	(11.3)
Dividends of unconsolidated subsidiaries and affiliated companies	1.4	6.2
Amortization of goodwill	(0.2)	(0.5)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(7.5)	(0.4)
Non-taxable dividend income	(19.6)	(6.2)
Unrecognized tax effects on the eliminated intercompany unrealized profit	(2.9)	1.6
Approval tax loss carryforwards		(15.6)
Refund of income taxes		(6.8)
Elimination of intercompany dividends	18.9	
Other - net	(1.5)	(1.2)
Actual effective tax rates	21.0%	27.6%

At March 31, 2011, certain subsidiaries have tax loss carryforwards aggregating approximately ¥4,473 million ($53,891 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
2013	¥ 254	$ 3,060
2014	221	2,663
2015	171	2,060
2016	796	9,590
2017 and thereafter	3,031	36,518
Total	¥ 4,473	$ 53,891

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,855 million ($70,542 thousand) and ¥4,442 million for the years ended March 31, 2011 and 2010, respectively.

13. LEASES

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

Total lease payments for the years ended March 31, 2011 and 2010 were ¥1,764 million ($21,253 thousand) and ¥787 million, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 912	$ 10,988
Due after one year	2,116	25,494
Total	¥ 3,028	$ 36,482

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					
	2011			2010		
	Machinery and Equipment	Other	Total	Machinery and Equipment	Other	Total
Acquisition cost	¥ 241	¥ 779	¥ 1,020	¥ 272	¥ 1,200	¥ 1,472
Accumulated depreciation	194	600	794	183	823	1,006
Net leased property	¥ 47	¥ 179	¥ 226	¥ 89	¥ 377	¥ 466

	Thousands of U.S. Dollars		
	2011		
	Machinery and Equipment	Other	Total
Acquisition cost	$ 2,904	$ 9,386	$ 12,290
Accumulated depreciation	2,337	7,229	9,566
Net leased property	$ 567	$ 2,157	$ 2,724

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 150	¥ 244	$ 1,807
Due after one year	76	222	916
Total	¥ 226	¥ 466	$ 2,723

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
	2011	2010	2011
Depreciation expense	¥ 240	¥ 343	$ 2,892

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

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(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 15 for more detail about derivatives.

(3) Risk management for financial instruments

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

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

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

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

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

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

(4) Fair values of financial instruments

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

(a) Fair value of financial instruments

March 31, 2011	Millions of Yen 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	32,668	32,984	¥ 316
Total	¥ 91,834	¥ 92,150	¥ 316

March 31, 2010	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 24,723	¥ 24,723	
Time deposits	25	25	
Receivables	54,483	54,483	
Investment securities	14,117	14,117	
Investments in unconsolidated subsidiaries and affiliated companies	3,313	4,977	¥ 1,664
Total	¥ 96,661	¥ 98,325	¥ 1,664
Short-term bank loans	¥ 22,617	¥ 22,617	
Payables	41,621	41,621	
Income taxes payable	2,140	2,140	
Long-term debt	32,689	33,111	¥ 422
Total	¥ 99,067	¥ 99,489	¥ 422

March 31, 2011	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 289,518	$ 289,518	
Time deposits	120	120	
Receivables	659,412	659,412	
Investment securities	172,110	172,110	
Investments in unconsolidated subsidiaries and affiliated companies	45,445	83,759	$ 38,314
Total	$ 1,166,605	$ 1,204,919	$ 38,314
Short-term bank loans	$ 188,217	$ 188,217	
Payables	479,457	479,457	
Income taxes payable	45,169	45,169	
Long-term debt	393,590	397,393	$ 3,803
Total	$ 1,106,433	$ 1,110,236	$ 3,803

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
The information of the fair value for derivatives is included in Note 15.

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

	Millions of Yen 2011	2010	Thousands of U.S. Dollars 2011
Investments in equity instruments that do not have a quoted market price in an active market	¥ 10,459	¥ 9,032	$ 126,011

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen 2011 Due in One Year or Less	2011 Due after Ten Years	2010 Due in One Year or Less	2010 Due after Ten Years
Cash and cash equivalents	¥ 24,030		¥ 24,723	
Time deposits	10		25	
Receivables	54,731		54,483	
Investment securities:				
Available-for-sale securities with contractual maturities		¥ 29		¥ 29
Total	¥ 78,771	¥ 29	¥ 79,231	¥ 29

	Thousands of U.S. Dollars 2011 Due in One Year or Less	Due after Ten Years
Cash and cash equivalents	$ 289,518	
Time deposits	120	
Receivables	659,412	
Investment securities:		
Available-for-sale securities with contractual maturities		$ 349
Total	$ 949,050	$ 349

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

15. DERIVATIVES

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

All derivative transactions are entered into to hedge interest foreign currency and commodity price exposures incorporated within the Group 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, 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, 2010	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(fixed currency payment, floating currency receipt)	¥ 504		¥ (10)	¥ (10)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	¥ 2,000		¥ (7)	¥ (7)

At March 31, 2011	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)	$ 5,759		$ (108)	$(108)

Derivative transactions to which hedge accounting is applied

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, 2010	Millions of Yen Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payables	¥ 3		
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	¥ 13,262	¥ 13,062	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	¥ 23		¥ 8

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 are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of the hedged items (i.e. long-term debt).

At March 31, 2011	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	$ 19,639		$(313)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt interest	$ 157,000	$144,952	

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

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

16. CONTINGENT LIABILITIES

At March 31, 2011, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥ 169	$ 2,036
Endorsed note	45	542
Guarantees of bank loans of certain affiliated companies and items of a similar nature	1,200	14,458

17. COMPREHENSIVE INCOME

For the year ended March 31, 2010
Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 10,531
Minority interests	1,471
Total comprehensive income	¥ 12,002

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
Other comprehensive income:	
Unrealized gain (loss) on available-for-sale securities	¥ 1,687
Deferred gain (loss) on derivatives under hedge accounting	177
Foreign currency translation adjustments	1,779
Share of other comprehensive income in associates	891
Total other comprehensive income	¥ 4,534

18. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's shareholders meeting held on June 29, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥8.00 ($0.10) per share	¥ 3,303	$ 39,795

19. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, 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. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

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.

   Therefore, the Group consists of the industries of Domestic Automotive Batteries, Domestic Industrial Batteries and Power Supplies and Overseas Operations.

   "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.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

   The accounting policies of each reportable segment are consistent to 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, liabilities and other items was as follows:

	Millions of Yen					
	2011					
	Reportable Segment					
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Total	Other	Consolidated
Sales:						
Sales to external customers	¥ 58,888	¥ 65,944	¥ 118,197	¥ 243,029	¥ 29,485	¥ 272,514
Intersegment sales of transfers	1,418	2,254	1,580	5,252	(5,252)	
Total	60,306	68,198	119,777	248,281	24,233	272,514
Segment profit (loss)	¥ 4,838	¥ 8,437	¥ 8,593	¥ 21,868	¥ (4,279)	¥ 17,589
Segment assets	¥ 24,436	¥ 50,793	¥ 85,260	¥ 160,489	¥ 86,958	¥ 247,447
Other:						
Depreciation	1,119	1,174	2,574	4,867	5,791	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	5,132	15,658	20,790
Impairment losses of assets			16	16	13	29

	Millions of Yen					
	2010					
	Reportable Segment					
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Total	Other	Consolidated
Sales:						
Sales to external customers	¥ 56,713	¥ 59,031	¥ 104,707	¥ 220,451	¥ 26,774	¥ 247,225
Intersegment sales of transfers	1,594	2,287	1,756	5,637	(5,637)	
Total	58,307	61,318	106,463	226,088	21,137	247,225
Segment profit (loss)	¥ 1,753	¥ 6,890	¥ 6,905	¥ 15,548	¥ (4,027)	¥ 11,521
Segment assets	¥ 27,371	¥ 46,786	¥ 84,333	¥ 158,490	¥ 78,314	¥ 236,804
Other:						
Depreciation	1,388	1,636	2,655	5,679	3,679	9,358
Investment in equity method	565	45	10,963	11,573	112	11,685
Increase in property, plant and equipment and intangible assets	309	605	1,776	2,690	14,344	17,034
Impairment losses of assets	3		9	12	209	221

	Thousands of U.S. Dollars					
	2011					
	Reportable Segment					
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Total	Other	Consolidated
Sales:						
Sales to external customers	$ 709,494	$ 794,506	$ 1,424,060	$ 2,928,060	$ 355,241	$ 3,283,301
Intersegment sales of transfers	17,084	27,157	19,036	63,277	(63,277)	
Total	726,578	821,663	1,443,096	2,991,337	291,964	3,283,301
Segment profit (loss)	$ 58,289	$ 101,651	$ 103,530	$ 263,470	$ (51,555)	$ 211,915
Segment assets	$ 294,409	$ 611,964	$ 1,027,229	$ 1,933,602	$ 1,047,687	$ 2,981,289
Other:						
Depreciation	13,482	14,145	31,012	58,639	69,771	128,410
Investment in equity method	7,687	542	155,072	163,301	1,482	164,783
Increase in property, plant and equipment and intangible assets	6,277	10,277	45,277	61,831	188,651	250,482
Impairment losses of assets			193	193	156	349

Notes:

1. "Other" consists of business activities, such as lithium-ion batteries and 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, 2011 and 2010 were ¥2,514 million ($30,289 thousand) and ¥2,082 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Elimination of intersegment transactions	¥ 1,480	¥ 70	$ 17,831
Company-wide expenses	1,034	2,012	12,458
Total	¥ 2,514	¥ 2,082	$ 30,289

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, 2011 and 2010 were ¥45,713 million ($557,759 thousand) and ¥45,204 million, respectively. The details of the adjustments were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Elimination of intersegment transactions	¥ (93,664)	¥ (81,197)	$ (1,128,482)
Company-wide assets	139,377	126,401	1,679,241
Total	¥ 45,713	¥ 45,204	$ 557,759

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, 2011 and 2010 were ¥2,399 million ($28,904 thousand) and ¥2,374 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, 2011 and 2010 were ¥123 million ($1,482 thousand) and ¥112 million, respectively. The amounts of adjustments consisted of investments in equity classified as company-wide assets.

   (5) The amounts of adjustments of "Increase in property, plant and equipment and intangible assets" for the years ended March 31, 2011 and 2010 were ¥3,394 million ($40,892 thousand) and ¥7,488 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				
2011				
Japan	Asia	Europe and America	Other	Total
¥ 152,639	¥ 58,918	¥ 41,083	¥ 19,874	¥ 272,514

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

Thousands of U.S. Dollars				
2011				
Japan	Asia	Europe and America	Other	Total
$ 1,839,024	$ 709,855	$ 494,976	$ 239,446	$ 3,283,301

(2) Property, plant and equipment

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				
2011				
Japan	Asia	Europe and America	Other	Total
$ 724,205	$ 186,687	$ 26,928	$ 30,819	$ 968,639

For the year ended March 31, 2010

The Group operates in the following industries:

Batteries and Power Supplies consisting of lead-acid batteries, alkaline batteries, power supply systems with batteries and automobile-related products.

Lighting consisting of lighting for facilities and ultraviolet light systems.

Unallocated operating expenses which were included in "Eliminations and/or Corporate" consisted principally of general corporate expenses incurred by the Administration Headquarters of the Company.

Information about operations in different industry segments, foreign operations and sales to foreign customers of the Group for the year ended March 31, 2010 was as follows:

(1) Operations in Different Industries

a. Sales and Operating Income

	Millions of Yen						
	Batteries and Power Supplies						
	Domestic Operations						
	Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations	Lighting	Other	Eliminations and/or Corporate	Consolidated
Sales to customers	¥ 56,713	¥ 59,031	¥ 104,707	¥ 7,037	¥ 19,737		¥ 247,225
Intersegment transfer	649	91		67	3,208	¥ (4,015)	
Total sales	57,362	59,122	104,707	7,104	22,945	(4,015)	247,225
Operating expenses	55,608	52,233	97,802	8,105	24,240	(2,284)	235,704
Operating income (loss)	¥ 1,754	¥ 6,889	¥ 6,905	¥ (1,001)	¥ (1,295)	¥ (1,731)	¥ 11,521

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen						
	Batteries and Power Supplies						
	Domestic Operations						
	Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations	Lighting	Other	Eliminations and/or Corporate	Consolidated
Assets	¥ 51,126	¥ 48,748	¥ 85,262	¥ 7,861	¥ 39,309	¥ 4,498	¥ 236,804
Depreciation	1,613	2,016	2,782	236	2,707	4	9,358
Impairment loss	3		9		209		221
Capital expenditures	522	935	1,918	55	13,604		17,034

Corporate assets which were included in "Eliminations and/or Corporate" consisted principally of investment securities and assets of the administration.

(2) Foreign Operations

The foreign operations of the Group for the year ended March 31, 2010 was summarized as follows:

	Millions of Yen					
	Japan	Asia	Europe and America	Other	Eliminations and/or Corporate	Consolidated
Sales to customers	¥ 153,314	¥ 49,140	¥ 30,486	¥ 14,285		¥ 247,225
Interarea transfer	18,633	11,739	15		¥ (30,387)	
Total sales	171,947	60,879	30,501	14,285	(30,387)	247,225
Operating expenses	164,355	56,831	29,263	13,185	(27,930)	235,704
Operating income	¥ 7,592	¥ 4,048	¥ 1,238	¥ 1,100	¥ (2,457)	¥ 11,521
Assets	¥ 171,144	¥ 43,183	¥ 20,241	¥ 9,653	¥ (7,417)	¥ 236,804

Unallocated operating expenses which were included in "Eliminations and/or Corporate" consisted principally of general corporate expenses incurred by the Administration Headquarters of the Company.

Corporate assets which were included in "Eliminations and/or Corporate" consisted principally of investment securities and assets of the administration.

(3) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 was summarized as follows:

	Net Sales to Customers Outside Japan	Percentage of Consolidated Net Sales
	Millions of Yen	
Asia	¥ 49,608	20.1 %
Europe and America	37,823	15.3
Other	19,054	7.7
Total	¥ 106,485	43.1 %

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To the Board of Directors of GS Yuasa Corporation:

We have audited the accompanying consolidated balance sheets of GS Yuasa Corporation (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits 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 29, 2011

Deloitte Touche Tohmatsu LLC

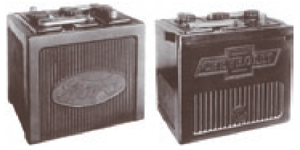
Member of
Deloitte Touche
Tohmatsu Limited

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, 2011

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 11 Consolidated 12,394
Listed Securities Exchange	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	58,904

Principal Shareholders

Name	Number of shares held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,973,000	3.62
Meiji Yasuda Life Insurance Company	14,000,000	3.38
Japan Trustee Services Bank, Ltd. (Trust Account)	13,874,500	3.35
Nippon Life Insurance Company	13,473,669	3.25
Toyota Motor Corporation	11,180,400	2.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,327,335	2.25
The Bank of Kyoto, Ltd.	7,740,348	1.87
Sumitomo Mitsui Banking Corporation	7,108,517	1.71
The Chuo Mitsui Trust and Banking Company, Limited	5,929,000	1.43
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,415,000	1.30

GS YUASA