ANNUAL REPORT 2010

GS Yuasa Corporation

PROFILE & CONTENTS

GS Yuasa Group is comprised of the Company and 77 subsidiaries and 39 affiliates. In December 2007, our group incorporated Lithium Energy Japan, a joint venture company with Mitsubishi Corporation and Mitsubishi Motors Corporation. In April 2009, our group incorporated Blue Energy Co., Ltd., a joint venture company with Honda Motor Co., Ltd. GS Yuasa group companies participate in the businesses of storage batteries, power supply systems, lighting equipment, specialty and other electric equipment. With the corporate vision of "Innovation and Growth", they endeavor to provide the best products and services from customers' standpoint by establishing global and highly efficient R&D, production and distribution systems. The latest sales of our group during the period ended March 31, 2010 totaled US$2,658 million.

As technological innovation in the energy and environmental fields accelerates, new values are required to find for the storage battery industry. We're advancing further ahead into a new world. Meeting the needs of the age in our various business fields, we will make incessant efforts to help enrich your lives through the development of high performance batteries and other products with next-generation technologies.

Corporate Policy

1. **Corporate Vision**
   "Innovation and Growth"
   We are committed to the people, society and global environment through innovation and growth of our employees and business entities.
2. **Management Vision**
   We are committed to delivering security and comfort to our customers around the globe through advanced technologies developed in the field of stored energy solutions.

GS Yuasa Corporation and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2010 and 2009, and Independent Auditors' Report

We report on an overview of our business for the 6th term (from April 1, 2009 to March 31, 2010).

For the Japanese economy in the current consolidated period, some segments showed signs of recovery mainly due to external demand from Asia, etc. However, the business environment remained in a severe state, as such negative factors as advancing deflationary pressures and a stronger yen, weak capital investment, and a high unemployment rate still linger. Therefore, a full economic recovery is not yet in sight. Under such a business environment, based on the single year plan (Bridge Plan 2009), developed as a bridge to the Second Mid-Term Management Plan, which started in April 2010, we have promoted various efforts to strengthen our profit earning foundation.

Net sales in the current consolidated period experienced severe conditions from the first quarter due to a sharp decline in new orders received as a result of cuts in capital investment in the domestic industrial battery and power supply system markets and the rapid decrease in demand for new automotive batteries and lower sales prices both in Japan and overseas in connection with volatility in the price of lead. Although recovery trends were observed in each segment after the second quarter, no segment recovered to the level of the previous consolidated period and from the impact of a stronger yen, net sales were ¥247,225 million, a significant decrease of ¥36,196 million (-12.8%) from the previous consolidated period.

On the other hand, profits in the current consolidated period improved, as a result of a steady progression in overseas sales mainly in China and Southeast Asia, and orders received for domestic automotive batteries, domestic industrial batteries and power supply systems recovered from the third quarter. However, these figures could not cover the decrease in demand in connection with the deterioration in the Japanese economy for the first quarter and operating profit was ¥11,521 million, a decrease of ¥2,755 million (-19.3%) from the previous consolidated period. Ordinary profit was ¥10,171 million, a slight decrease of ¥807 million (-7.4%) from the previous consolidated period due to a decrease in interest paid in connection with a constriction in interest bearing liabilities, although investment profit by the equity method decreased. Net profit was ¥6,488 million, an increase of ¥2,258 million (53.4%) from the previous consolidated period due to the dissolution of extraordinary loss factors.

We hereby report that the year-end dividend for the current period will be ¥6 per share.

For the Japanese economy in the future, we expect the business environment surrounding the GS Yuasa Group will continue to be very severe as the movement toward recovery in capital investment and the unemployment rate continues to remain weak, and the economy will not achieve a full recovery. There are also concerns about prolonged deflationary pressures and the impact from an unstable Euro, triggered by the financial crisis in Greece.

Under such circumstances, the GS Yuasa Group will promote further efforts as a global company that contributes to the coming environment-responsive society. We would like to ask for your continued support and guidance.

June 2010
Makoto Yoda
President

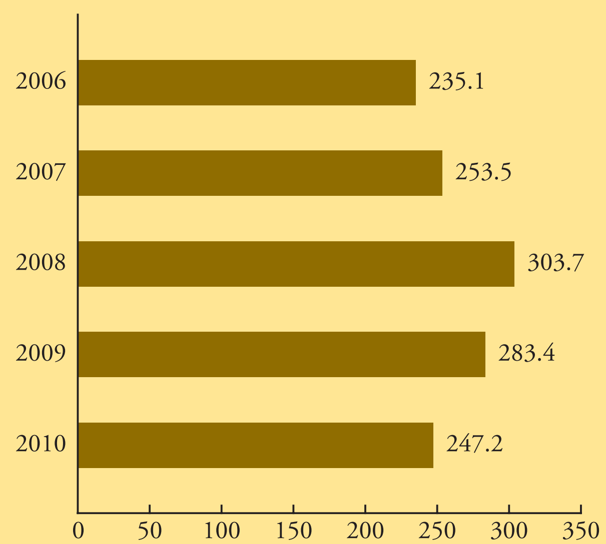
FINANCIAL HIGHLIGHTS

	Millions of Yen (Except for Per Share Amounts)					Thousands of U.S. Dollars (Note 2) (Except for Per Share Amounts)
	2010	2009	2008	2007	2006	2010
Net sales	¥247,225	¥283,421	¥303,728	¥253,598	¥235,137	$2,658,333
Costs and operating expenses	235,704	269,145	291,837	247,255	229,957	2,534,452
Other expenses, net	1,210	7,098	8,611	4,281	4,295	13,010
Income (loss) before income taxes and minority interests	10,311	7,178	3,280	2,062	885	110,871
Net income (loss)	6,488	4,229	1,460	3,131	125	69,763
Per share of common stock (in yen, in U.S. dollars) - Net income (loss)	16.32	11.52	3.97	8.66	0.35	0.18
Property, plant and equipment						
Total assets	236,804	213,585	260,392	249,963	251,163	2,546,280
Total equity	111,859	66,049	78,119	81,688	69,342	1,202,785

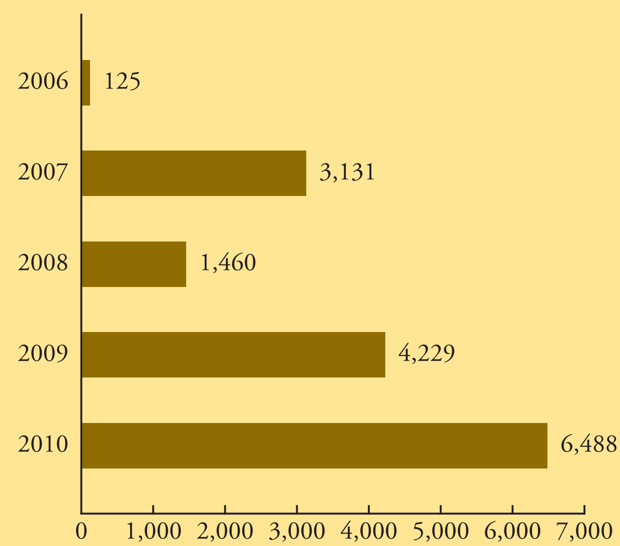
Notes : 1.Computation of net income per share is based on the weighted average number of common shares outstanding.

2.The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2010, of ¥93 to U.S.$1.

Net Sales (¥ Billions)



Net Income (¥ Millions)



	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 24,723	¥ 14,006	$ 265,839
Time deposits (Note 13)	25	24	269
Receivables (Note 13):			
Trade notes	5,040	6,096	54,194
Trade accounts	46,507	43,884	500,075
Unconsolidated subsidiaries and affiliated companies	5,096	4,345	54,796
Other	7,149	6,024	76,871
Allowance for doubtful receivables	(349)	(364)	(3,753)
Inventories (Note 3)	35,730	38,248	384,194
Deferred tax assets (Note 10)	2,134	2,533	22,946
Prepaid expenses and other current assets	2,855	2,524	30,698
Total current assets	128,910	117,320	1,386,129
PROPERTY, PLANT AND EQUIPMENT (Notes 6 and 7):			
Land (Note 2.i)	15,463	15,507	166,269
Buildings and structures	60,233	54,305	647,667
Machinery and equipment	85,024	81,063	914,237
Furniture and fixtures	17,044	18,172	183,269
Lease assets (Note 2.k)	78	55	839
Construction in progress	6,385	1,490	68,655
Total	184,227	170,592	1,980,936
Accumulated depreciation	(112,039)	(107,106)	(1,204,720)
Net property, plant and equipment	72,188	63,486	776,216
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 7 and 13)	15,557	12,523	167,280
Investments in unconsolidated subsidiaries and affiliated companies (Notes 5 and 13)	10,905	10,097	117,258
Long-term assets for employees' retirement benefits (Note 8)	1,998	2,221	21,484
Deferred tax assets (Note 10)	2,339	2,691	25,151
Other assets	4,907	5,247	52,762
Total investments and other assets	35,706	32,779	383,935
TOTAL	¥ 236,804	¥ 213,585	$ 2,546,280

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 7 and 13)	¥ 20,932	¥ 53,359	$ 225,075
Current portion of long-term debt (Notes 7 and 13)	1,685	5,131	18,118
Payables (Note 13):			
Trade notes	5,498	5,370	59,118
Trade accounts	16,157	13,202	173,731
Unconsolidated subsidiaries and affiliated companies	2,306	1,192	24,796
Other	17,660	12,295	189,893
Income taxes payable (Note 13)	2,140	1,955	23,011
Accrued expenses	7,231	7,373	77,753
Deferred tax liabilities (Note 10)	1	2	11
Other current liabilities	2,430	2,636	26,129
Total current liabilities	76,040	102,515	817,635
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 13)	32,884	29,439	353,592
Liability for retirement benefits (Notes 2.j and 8)	7,156	7,035	76,946
Long-term deposits received	3,962	3,808	42,602
Deferred tax liabilities (Note 10)	3,021	2,241	32,484
Deferred tax liabilities on land revaluation	1,395	1,088	15,000
Negative goodwill	64	94	688
Other	423	1,316	4,548
Total long-term liabilities	48,905	45,021	525,860
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 9 and 16):			
Common stock, authorized, 1,400,000,000 shares; issued, 413,574,714 shares in 2010 and 367,574,714 shares in 2009	33,021	16,505	355,064
Capital surplus	54,880	38,344	590,108
Retained earnings	14,634	10,335	157.355
Land revaluation surplus (Note 2.i)	1,236	1,597	13,290
Unrealized gain on available-for-sale securities	4,830	3,122	51,935
Deferred gain (loss) on derivatives under hedge accounting	5	(164)	54
Foreign currency translation adjustments	(6,672)	(8,837)	(71,742)
Treasury stock - at cost: 697,052 shares in 2010 and 530,452 shares in 2009	(287)	(171)	(3,086)
Total	101,647	60,731	1,092,978
Minority interests	10,212	5,318	109,807
Total equity	111,859	66,049	1,202,785
TOTAL	¥236,804	¥213,585	$2,546,280

CONSOLIDATED STATEMENTS OF INCOME

	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars 2010
NET SALES (Note 5)	¥247,225	¥283,421	$2,658,333
COST OF SALES (Note 5)	187,538	218,886	2,016,538
Gross profit	59,687	64,535	641,795
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	48,166	50,259	517,914
Operating income	11,521	14,276	123,881
OTHER INCOME (EXPENSES):			
Interest and dividend income	337	515	3,624
Interest expense	(1,803)	(3,062)	(19,387)
Gain (loss) on sales of property, plant and equipment	(70)	1,485	(753)
Loss on disposal of property, plant and equipment	(380)	(567)	(4,086)
Loss on impairment of long-lived assets (Note 6)	(221)	(17)	(2,376)
Loss on valuation of inventories		(712)	
Gain on sales of investment securities	10	18	108
Write-down of investment securities	(2)	(214)	(22)
Foreign exchange loss	(7)	(1,583)	(75)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	102	1,559	1,097
Expenses for redevelopment of the Takatsuki Plant site		(1,340)	
Gain on disposal of unused raw materials	75	65	806
Loss on fictitious transactions		(1,401)	
Other - net	749	(1,844)	8,054
Other expenses - net	(1,210)	(7,098)	(13,010)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	10,311	7,178	110,871
INCOME TAXES (Note 10):			
Current	3,321	3,154	35,710
Refundable	(708)	(87)	(7,613)
Deferred	230	582	2,473
Total income taxes	2,843	3,649	30,570
MINORITY INTERESTS IN NET LOSS (INCOME)	(980)	700	(10,538)
NET INCOME	¥ 6,488	¥ 4,229	$ 69,763

PER SHARE OF COMMON STOCK (Note 2.r):	Yen 2010	Yen 2009	U.S. Dollars 2010
Net income	¥16.32	¥11.52	$0.18
Cash dividends applicable to the year	6.00	6.00	0.06

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings
BALANCE, APRIL 1, 2008	367,187,486	¥16,505	¥38,339	¥ 8,396
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)				(468)
Net income				4,229
Cash dividends, ¥5.00 per share				(1,836)
Purchase of treasury stock	(172,724)			
Disposal of treasury stock	29,500		5	
Change in scope of consolidation				(10)
Transfer due to sales of lands and other				24
Net change in the year				
BALANCE, MARCH 31, 2009	367,044,262	16,505	38,344	10,335
Issuance of common stock	46,000,000	16,516	16,516	
Net income				6,488
Cash dividends, ¥6.00 per share				(2,202)
Purchase of treasury stock	(213,077)			
Disposal of treasury stock	46,477		20	
Change in scope of consolidation				(32)
Transfer due to sales of lands and other				45
Net change in the year				
BALANCE, MARCH 31, 2010	412,877,662	¥33,021	¥54,880	¥14,634

	Common Stock	Capital Surplus	Retained Earnings
BALANCE, MARCH 31, 2009	$177,473	$412,301	$111,129
Issuance of common stock	177,591	177,591	
Net income			69,763
Cash dividends, $0.06 per share			(23,677)
Purchase of treasury stock			
Disposal of treasury stock		216	
Change in scope of consolidation			(344)
Transfer due to sales of lands and other			484
Net change in the year			
BALANCE, MARCH 31, 2010	$355,064	$590,108	$157,355

See notes to consolidated financial statements.

Million of Yen							
Land Revaluation Surplus	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
¥1,621	¥ 7,292	¥(141)	¥ 605	¥(100)	¥ 72,517	¥ 5,602	¥ 78,119
					(468)		(468)
					4,229		4,229
					(1,836)		(1,836)
				(77)	(77)		(77)
				6	11		11
					(10)		(10)
					24		24
(24)	(4,170)	(23)	(9,442)		(13,659)	(284)	(13,943)
1,597	3,122	(164)	(8,837)	(171)	60,731	5,318	66,049
					33,032		33,032
					6,488		6,488
					(2,202)		(2,202)
				(126)	(126)		(126)
				10	30		30
					(32)		(32)
					45		45
(361)	1,708	169	2,165		3,681	4,894	8,575
¥1,236	¥ 4,830	¥ 5	¥(6,672)	¥(287)	¥ 101,647	¥10,212	¥111,859

Thousands of U.S. Dollars (Note 1)							
Land Revaluation Surplus	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
$17,172	$33,570	$(1,763)	$(95,022)	$(1,839)	$ 653,021	$ 57,183	$ 710,204
					355,182		355,182
					69,763		69,763
					(23,677)		(23,677)
				(1,355)	(1,355)		(1,355)
				108	324		324
					(344)		(344)
					484		484
(3,882)	18,365	1,817	23,280		39,580	52,624	92,204
$13,290	$51,935	$ 54	$(71,742)	$(3,086)	$1,092,978	$109,807	$1,202,785

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 10,311	¥ 7,178	$ 110,871
Adjustments for:			
Income taxes - paid	(3,237)	(2,881)	(34,806)
Depreciation	9,358	9,326	100,624
Loss on impairment of long-lived assets	221	17	2,376
Loss (gain) on sales of property, plant and equipment	70	(1,485)	753
Loss on disposal of property, plant and equipment	380	567	4,086
Gain on sales of investment securities	(10)	(18)	(108)
Write-down of investment securities	2	214	22
Expenses for redevelopment of the Takatsuki Plant site		1,340	
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(102)	(1,559)	(1,097)
Proceeds from refund of trading guarantee deposit	1	179	11
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Decrease (increase) in trade accounts receivable	(1,393)	8,798	(14,978)
Decrease (increase) in inventories	4,357	10,593	46,849
Decrease in interest and dividend receivable	503	448	5,409
Increase (decrease) in trade accounts payable	2,599	(9,513)	27,946
Increase (decrease) in interest payable	(75)	30	(806)
Increase in liability for retirement benefits	132	468	1,419
Other - net	(289)	1,627	(3,109)
Net cash provided by operating activities	22,828	25,329	245,462
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	360	3,227	3,871
Purchases of property, plant and equipment	(11,103)	(9,118)	(119,387)
Proceeds from sales of investment securities	49	33	527
Purchases of investment securities	(323)	(15)	(3,473)
Payments for purchases of shares of the newly consolidated subsidiaries	(1,268)		(13,634)
Proceeds from purchases of shares of the newly consolidated subsidiaries	162		1,742
Increase in other assets	(944)	(656)	(10,151)
Net cash used in investing activities	¥(13,067)	¥ (6,529)	$(140,505)

(Continued)

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
FINANCING ACTIVITIES:			
Decrease in short-term borrowings - net	¥(32,029)	¥ (5,685)	$(344,398)
Proceeds from long-term bank loans	2,573	12,800	27,667
Repayments of long-term bank loans	(5,356)	(18,014)	(57,591)
Proceeds from issuance of common stock	32,845		353,172
Proceeds from minority interests in establishment of consolidated subsidiaries	2,940	196	31,613
Proceeds from stock issuance to minority shareholders	1,960	1,715	21,075
Purchase of treasury stock	(116)	(77)	(1,247)
Dividends paid	(2,219)	(1,876)	(23,860)
Other - net	(313)	(305)	(3,366)
Net cash provided by (used in) financing activities	285	(11,246)	3,065
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,046	7,554	108,022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	671	(2,978)	7,215
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,006	9,430	150,602
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 24,723	¥ 14,006	$ 265,839

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

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 ¥93 to $1, the approximate exchange rate at March 31, 2010. 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, 2010 and 2009 include the accounts of the Company and its 67 (71 in 2009) 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 24 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 had 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 2009, GS Yuasa Power Supply Ltd. (consolidated subsidiary) merged with GS Yuasa Lighting Ltd. (consolidated subsidiary).

In 2009, GS Yuasa Siam Industry Ltd. was established and consolidated.

In 2009, Yuasa Assessoria e Consultoria Ltda. was established and consolidated.

In 2009, Yuasa Personnel Co., Ltd. (consolidated subsidiary) was liquidated and excluded from the consolidated financial statements for the year ended March 31, 2009.

In 2009, GS Yuasa Siam Sales Ltd. was established and accounted for using the equity method.

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.

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. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was immaterial for the year ended March 31, 2009.

c. 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.

d. 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.

e. Inventories - Inventories are principally stated at the lower of cost, determined by the average method or net selling value. Prior to April 1, 2008, inventories were stated at cost, determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income by ¥273 million and income before income taxes and minority interests by ¥985 million.

f. 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.

g. 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.

In accordance with the revised corporate tax law of 2008, the Company and its certain domestic subsidiaries changed the estimated useful lives. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2009 by ¥1,285 million.

h. 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.

i. 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, 2010, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥241 million ($2,591 thousand).

j. Retirement Benefits - Certain domestic subsidiaries of the Company have non-contributory pension plans and unfunded retirement benefit plans for employees. In addition, certain domestic subsidiaries of the Company have contributory funded defined benefit pension plans.

Effective April 1, 2000, the Group (formerly, the groups of Japan Storage Battery Co., Ltd. and Yuasa Corporation) adopted a new 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.

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.

k. 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 is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should 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 be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and did not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was immaterial for the year ended March 31, 2009.

l. Research and Development Costs - Research and development costs are charged to income as incurred.

m. 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 the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new 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 effective for fiscal years beginning on or after April 1, 2009. The Company applied the new accounting standard effective April 1, 2009. There was no effect of this change for the year ended March 31, 2010.

n. 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.

o. 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 actual exchange rates. Exchange gains or losses are credited or charged to income as incurred.

p. 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 shareholders' equity, which is translated at the historical exchange rates.

Differences arising from such translation are shown as "Foreign currency translation adjustments" 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.

q. 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.

r. 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 397,643,778 shares and 367,118,227 shares for 2010 and 2009, respectively.

Diluted net income per common share is not disclosed because it is anti-dilutive for 2010 and 2009.

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.

s. New Accounting Pronouncements

Business Combinations - 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 current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when

certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and 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, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is 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.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method - The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

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 is applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations - In March 2008, the ASBJ published a new 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 is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

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.

Segment Information Disclosures - 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.

3. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished products	¥21,529	¥23,361	$231,495
Work-in-process	7,602	7,615	81,742
Raw materials and supplies	6,599	7,272	70,957
Total	¥35,730	¥38,248	$384,194

4. INVESTMENT SECURITIES

Investment securities at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Non-current:			
Marketable equity securities	¥15,424	¥12,390	$165,850
Debt securities	29	29	312
Other	104	104	1,118
Total	¥15,557	¥12,523	$167,280

The costs and aggregate fair values of investment securities at March 31, 2010 and 2009 were as follows:

	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

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥6,190	¥5,253	¥(412)	¥11,031
Other	14		(3)	11

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$70,150	$84,054	$(2,516)	$151,688
Other	140		(32)	108

Available-for-sale securities whose fair value is not readily determinable at March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 13.

		Carrying Amount
		Millions of Yen
		2009
Available-for-sale:	Equity securities	¥1,359
	Debt securities	29
	Other	93
	Total	¥1,481

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 were ¥33 million. Gross realized gains on these sales, computed on the moving average cost basis, was ¥18 million for the year ended March 31, 2009.

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

	Millions of Yen			Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Loss	Proceeds	Realized Gains	Realized Loss
Available-for-sale:						
Equity securities	¥26	¥10		$279	$108	

The impairment losses on available-for-sale equity securities for the year ended March 31, 2010 were ¥2 million ($22 thousand).

5. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in unconsolidated subsidiaries and affiliated companies at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Investments at cost	¥ 9,763	¥ 9,038	$104,978
Equity in undistributed earnings	1,142	1,059	12,280
Total	¥10,905	¥10,097	$117,258

Sales to and purchases from unconsolidated subsidiaries and affiliated companies for the years ended March 31, 2010 and 2009, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Sales	¥12,484	¥14,453	$134,237
Purchases	9,640	11,203	103,656

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2010 and 2009. As a result, the Group recognized an impairment loss of ¥221 million ($2,376 thousand) and ¥17 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.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Bank loans	¥20,932	¥50,296	$225,075
Repurchase transactions		3,063	
Total	¥20,932	¥53,359	$225,075

At March 31, 2010, short-term bank loans of ¥1,258 million ($13,527 thousand) were collateralized.

As is customary in Japan, the Group obtains financing by discounting trade notes receivable with banks. Such discounted notes and the related contingent liabilities are not included in the balance sheets but are disclosed as contingent liabilities (see Note 15). The weighted average interest rates for the Group's short-term bank loans and repurchase transactions were 2.25% and 2.44% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Collateralized bank loan, 1.4% maturing serially through December 2010	¥ 134	¥ 1,398	$ 1,441
Unsecured bank loans, 1.0% to 7.1% maturing serially through December 2020	34,240	33,028	368,172
Obligations under finance leases	195	144	2,097
Total	34,569	34,570	371,710
Less current portion	1,685	5,131	18,118
Long-term debt	¥32,884	¥29.439	$353,592

The aggregate annual maturities of long-term debt, excluding finance leases (see Note 12), for the years following March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 1,685	$ 18,118
2012	898	9,656
2013	14,353	154,334
2014	13,084	140,688
2015 and thereafter	4,354	46,817
Total	¥34,374	$369,613

Repayments of certain bank loans in an aggregate amount outstanding of ¥24,000 million ($258,065 thousand) as of March 31, 2010 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) The total amount of equity of the Group falls below ¥644 million ($6,925 thousand) (as for the bank loans in an amount outstanding of ¥12,000 million ($129,032 thousand), the total amount of equity of Group falls below ¥626 million ($6,731 thousand)) and 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, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 148	$ 1,591
Buildings and structures	904	9,721
Investment securities	4.372	47,011
Total	¥5,424	$58,323

As is customary in Japan, security must be provided if requested by the lending banks. Such banks have the right to offset cash deposited with them against any debt or obligation that becomes due, and in case of default, insolvency or imminence thereof, against all other debts payable to the banks. Such rights have never been exercised by any bank against the Group.

8. RETIREMENT BENEFITS

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 payments 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, 2010 and 2009 were ¥408 million ($4,387 thousand) and ¥472 million, respectively.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥ 45.389	¥ 47,013	$ 488,054
Fair value of plan assets	(24,743)	(22,063)	(266,054)
Unrecognized prior service benefit	1,563	1,770	16,806
Unrecognized actuarial loss	(12,253)	(16,101)	(131,753)
Unrecognized transitional obligation	(5,206)	(6,277)	(55,978)
Net liability	4.750	4,342	51,075
Prepaid pension cost	1,998	2,221	21,484
Liability for retirement benefits	¥ 6,748	¥ 6,563	$ 72,559

The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥1,413	¥1,581	$15,194
Interest cost	887	894	9,538
Expected return on plan assets	(288)	(334)	(3,097)
Amortization of prior service benefit	(207)	(207)	(2,226)
Recognized actuarial loss	1,866	1,295	20,065
Amortization of transitional obligation	1,047	1,012	11,258
Net periodic benefit costs	¥4,718	¥4,241	$50,732

Assumptions used for the years ended March 31, 2010 and 2009 were set forth as follows:

	2010	2009
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 years to 14 years	10 years to 14 years
Amortization period of transitional obligation	15 years	15 years

9. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having 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 ($7.72) per share. The amount of the issuance was ¥28,724 million ($308,860 thousand) in total, ¥14,362 million ($154,430 thousand) of which was recorded in common stock and the remaining ¥14,362 million ($154,430 thousand) 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 ($7.72) per share. The amount of the issuance was ¥4,308 million ($46,322 thousand) in total, ¥2,154 million ($23,161 thousand) of which was recorded in common stock and the remaining ¥2,154 million ($23,161 thousand) was recorded in capital surplus.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Accrued bonuses	¥ 1,506	¥ 1,582	$ 16,194
Retirement benefits	3,982	3,852	42,817
Write-down of investment securities	2,849	1,500	30,634
Unrealized profit	81	87	871
Tax loss carryforwards	1,771	1,106	19,043
Other	3,160	2,930	33,978
Less valuation allowance	(5,818)	(3,705)	(62,559)
Deferred tax assets	¥ 7,531	¥ 7,352	$ 80,978

Deferred tax liabilities:			
Valuation excess of property	¥ 250	¥ 252	$ 2,688
Unrealized gain on available-for-sale securities	2,733	1,678	29,387
Undistributed earnings of foreign subsidiaries	1,440	792	15,484
Other	1,657	1,649	17,817
Deferred tax liabilities	¥ 6,080	¥ 4,371	$ 65,376
Net deferred tax assets	¥ 1,451	¥ 2,981	$ 15,602

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 was as follows:

	2010	2009
Normal effective statutory tax rate	40.5%	40.5%
Expenses not deductible for income tax purposes	1.9	2.4
Per capita levy	1.0	1.3
Net change in valuation allowance	18.4	12.0
Tax benefit not recognized on operating losses of foreign subsidiaries	(11.3)	(1.1)
Dividends of unconsolidated subsidiaries and affiliated companies	6.2	(9.8)
Amortization of goodwill	(0.5)	0.3
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(0.4)	(8.8)
Non-taxable dividend income	(6.2)	(12.0)
Elimination of intercompany dividends		19.1
Unrecognized tax effects on the eliminated intercompany unrealized profit	1.6	(6.0)
Approval tax loss carryforwards	(15.6)	
Loss on fictitious transactions		11.4
Refund of income taxes	(6.8)	
Other - net	(1.2)	1.5
Actual effective tax rate	27.6%	50.8%

At March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥4,650 million ($50,000 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	¥ 260	$2,796
2014	305	3,280
2015	278	2,989
2016	2,096	22,538
2017	1,711	18,397
Total	¥4,650	$50,000

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,442 million ($47,765 thousand) and ¥5,396 million for the years ended March 31, 2010 and 2009, respectively.

12. LEASES

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

Total lease payments under finance leases not deemed to transfer ownership of the leased property to the lessee for the years ended March 31, 2010 and 2009 were ¥343 million ($3,688 thousand) and ¥455 million, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 911	$ 9,796
Due after one year	1,821	19,580
Total	¥2,732	$29,376

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 should 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 whose lease inception was before March 31, 2008 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 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen					
	2010			2009		
	Machinery and Equipment	Other	Total	Machinery and Equipment	Other	Total
Acquisition cost	¥272	¥1,200	¥1,472	¥311	¥1,812	¥2,123
Accumulated depreciation	183	823	1,006	184	1,145	1,329
Net leased property	¥89	¥ 377	¥ 466	¥127	¥ 667	¥ 794

	Thousands of U.S. Dollars		
	2010		
	Machinery and Equipment	Other	Total
Acquisition cost	$2,925	$12,903	$15,828
Accumulated depreciation	1,968	8,849	10,817
Net leased property	$ 957	$ 4,054	$ 5,011

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥244	¥344	$2,624
Due after one year	222	450	2,387
Total	¥466	¥794	$5,011

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

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Depreciation expense	¥343	¥455	$3,688

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

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 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 are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before 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 14 for more detail about derivatives.

(3) Risk management for financial instruments

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

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on 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 were 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 price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 14 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	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

	Thousands of U.S. Dollars		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 265,839	$ 265,839	
Time deposits	269	269	
Receivables	585,839	585,839	
Investment securities	151,796	151,796	
Investments in unconsolidated subsidiaries and affiliated companies	35,623	53,516	$17,893
Total	$1,039,366	$1,057,259	$17,893
Short-term bank loans	$ 243,193	$ 243,193	
Payables	447,538	447,538	
Income taxes payable	23,011	23,011	
Long-term debt	351,495	356,032	$ 4,537
Total	$1,065,237	$1,069,774	$ 4,537

Cash and cash equivalents, time deposits and receivables
The carrying values of the above 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 4.

Short-term bank loans, payables and income taxes payable
The carrying values of the above 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 14.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥9,032	$97,118

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

	Millions of Yen		Thousands of U.S. Dollars	
March 31, 2010	Due in One Year or Less	Due after Ten Years	Due in One Year or Less	Due after Ten Years
Cash and cash equivalents	¥24,723		$265,839	
Time deposits	25		269	
Receivables	54,483		585,839	
Investment securities:				
Available-for-sale securities with contractual maturities		¥29		$312
Total	¥79,231	¥29	$851,947	$312

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

14. DERIVATIVES

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

All derivative transactions are entered into to hedge interest foreign currency and commodity price exposures incorporated within the Group 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.

As noted in Note 13, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2010

	Millions of Yen			
At March 31, 2010	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)

	Thousands of U.S. Dollars			
At March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain/Loss
Currency swaps:				
(fixed currency payment, floating currency receipt)	¥ 5,419		¥(108)	¥(108)
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	¥21,505		¥ (75)	¥ (75)

Derivative transactions to which hedge accounting is applied at March 31, 2010

	Millions of Yen			
At March 31, 2010	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payable	¥ 3		
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	¥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 13 is included in that of the hedged items (i.e. long-term debt).

	Thousands of U.S. Dollars			
At March 31, 2010	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Buying EUR and GBP	Payable	$ 32		
Interest rate swaps:				
(fixed rate payment, floating rate receipt)	Long-term debt	$142,602	$140,452	
Commodity price swaps:				
(fixed material price payment, floating material price receipt)	Cost of sales	$ 247		$86

The following is the fair value information for interest rate swaps to which hedge accounting is not applied at March 31, 2009. Interest rate swaps which qualify for hedge accounting are excluded from the information below.

	Millions of Yen		
At March 31, 2010	Contact Amount	Fair Value	Unrealized Loss
Interest rate swaps:			
(fixed rate payment, floating rate receipt)	¥2,000	¥(14)	¥(14)

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

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

15. CONTINGENT LIABILITIES

At March 31, 2010, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥ 43	$ 462
Endorsed note	68	731
Guarantees of bank loans of certain affiliated companies and items of a similar nature	839	9,022

16. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 29, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥6.00 ($0.06) per share	¥2,477	$26,634

17. SEGMENT INFORMATION

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 years ended March 31, 2010 and 2009 were as follows:

(1) Operations in Different Industries

a. Sales and Operating Income

	Millions of Yen						
	2010						
	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						
	2010						
	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

a. Sales and Operating Income

	Millions of Yen						
	2009						
	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	¥67,191	¥65,559	¥126,189	¥8,941	¥15,541		¥283,421
Intersegment transfer	820	80		68	4,655	¥(5,623)	
Total sales	68,011	65,639	126,189	9,009	20,196	(5,623)	283,421
Operating expenses	66,448	55,776	121,077	8,985	20,811	(3,952)	269,145
Operating income (loss)	¥ 1,563	¥ 9,863	¥ 5,112	¥ 24	¥ (615)	¥(1,671)	¥ 14,276

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen						
	2009						
	Batteries and Power Supplies						
	Domestic Operations						
	Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations	Lighting	Other	Eliminations and/or Corporate	Consolidated
Assets	¥52,945	¥46,075	¥74,893	¥8,080	¥28,122	¥3,470	¥213,585
Depreciation	2,089	2,010	2,793	261	2,169	4	9,326
Impairment loss	17						17
Capital expenditures	1,060	1,419	2,668	185	5,667		10,999

a. Sales and Operating Income

	Thousands of U.S. Dollars						
	2010						
	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	$609,817	$634,742	$1,125,882	$ 75,667	$212,225		$2,658,333
Intersegment transfer	6,978	978		720	34,496	$(43,172)	
Total sales	616,795	635,720	1,125,882	76,387	246,721	(43,172)	2,658,333
Operating expenses	597,935	561,645	1,051,634	87,151	260,646	(24,559)	2,534,452
Operating income (loss)	$ 18,860	$ 74,075	$ 74,248	$(10,764)	$ (13,925)	$(18,613)	$ 123,881

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Thousands of U.S. Dollars						
	2010						
	Batteries and Power Supplies						
	Domestic Operations						
	Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations	Lighting	Other	Eliminations and/or Corporate	Consolidated
Assets	$549,742	$524,172	$916,796	$84,527	$422,677	$48,366	$2,546,280
Depreciation	17,344	21,677	29,914	2,538	29,108	43	100,624
Impairment loss	32		97		2,247		2,376
Capital expenditures	5,613	10,054	20,624	591	146,280		183,162

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

Notes: 1) As discussed in Note 2.e, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to decrease operating income of "Batteries and Power Supplies" by ¥20 million and operating income of "Lighting" by ¥16 million and operating income of "Other" by ¥237 million for the year ended March 31, 2009.

2) As discussed in Note 2.g, in accordance with the revised corporate tax law of 2008, the Company and its certain domestic subsidiaries changed the estimated useful lives. The effect of this change was to increase operating cost of "Batteries and Power Supplies" by ¥980 million and operating cost of "Lighting" by ¥11 million and operating cost of "Other" by ¥294 million, respectively, for the year ended March 31, 2009.

(2) Foreign Operations

The foreign operations of the Group for the years ended March 31, 2010 and 2009 were summarized as follows:

	Millions of Yen					
	2010					
	Japan	Asia	Europe and America	Other	Eliminations and/or Corporate	Consoli-dated
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

	Millions of Yen					
	2009					
	Japan	Asia	Europe and America	Other	Eliminations and/or Corporate	Consoli-dated
Sales to customers	¥169,306	¥59,846	¥38,395	¥15,874		¥283,421
Interarea transfer	19,061	16,705	131		¥(35,897)	
Total sales	188,367	76,551	38,526	15,874	(35,897)	283,421
Operating expenses	176,512	74,224	37,402	15,878	(34,871)	269,145
Operating income (loss)	¥ 11,855	¥ 2,327	¥ 1,124	¥ (4)	¥ (1,026)	¥ 14,276
Assets	¥157,148	¥42,900	¥17,188	¥ 7,292	¥(10,943)	¥213,585

	Thousands of U.S. Dollars					
	2010					
	Japan	Asia	Europe and America	Other	Eliminations and/or Corporate	Consoli-dated
Sales to customers	$1,648,538	$528,387	$327,806	$153,602		$2,658,333
Interarea transfer	200,355	126,226	161		$(326,742)	
Total sales	1,848,893	654,613	327,967	153,602	(326,742)	2,658,333
Operating expenses	1,767,258	611,086	314,656	141,774	(300,322)	2,534,452
Operating income	$ 81,635	$ 43,527	$ 13,311	$ 11,828	$ (26,420)	$ 123,881
Assets	$1,840,258	$464,333	$217,645	$103,796	$ (79,752)	$2,546,280

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.

Notes: 1) As discussed in Note 2.e, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to decrease operating income of "Japan" by ¥273 million for the year ended March 31, 2009.

2) As discussed in Note 2.g, in accordance with the revised corporate tax law of 2008, the Company and its certain domestic subsidiaries changed the estimated useful lives. The effect of this treatment was to increase operating cost of "Japan" by ¥1,285 million and for the year ended March 31, 2009.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2010 and 2009 were summarized as follows:

	Net Sales to Customers Outside Japan			Percentage of Consolidated Net Sales	
	Millions of Yen		Thousands of U.S. Dollars		
	2010	2009	2010	2010	2009
Asia	¥ 49,608	¥ 58,816	$ 533,419	20.1%	20.8%
Europe and America	37,823	47,932	406,699	15.3	16.9
Other	19,054	22,254	204,882	7.7	7.8
Total	¥106,485	¥129,002	$1,145,000	43.1%	45.5%

Deloitte.

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

Tel: +81 (75) 222 0181
Fax: +81 (75) 231 2703
www.deloitte.com/jp

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, 2010 and 2009, and the related consolidated statements of income, 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, 2010 and 2009, 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 23, 2010

Deloitte Touche Tohmatsu LLC

Member of
Deloitte Touche Tohmatsu

BOARD OF DIRECTORS

President
Makoto Yoda

Senior Managing Directors
Katsuyuki Ono
Koichi Shiina

Managing Directors
Hideyuki Maeno
Noboru Kitamura

Directors
Nobuyuki Ueoka
Hideaki Yoshimura
Kei Nishida
Masahide Kuragaki
Shinji Tatsumi
Masaru Sawada
Toshiyuki Nakagawa

Full-time Corporate Auditors
Tadashi Shimizu
Masaaki Nakamura
Jiro Kawanishi

Corporate Auditor
Seiji Abe

(as of June 29, 2010)

OUTLINE OF COMPANY (as of March 31, 2010)

Established :		April 1, 2004
Number of Employees :	***Non-consolidated***	258
	Consolidated	12,235
Paid-in Capital :		33 billion yen
Number of Shareholders :		61,374
Shares Outstanding :		413,574,714
Listed-securities exchange :	Tokyo Stock Exchange, Osaka Securities Exchange	
Stock Code :		6674

PRINCIPAL SHAREHOLDERS (as of March 31, 2010)

Meiji Yasuda Life Insurance Company
The Master Trust Bank of Japan, Ltd. (Trust Account)
Nippon Life Insurance Company
Japan Trustee Services Bank, Ltd. (Trust Account)
Toyota Motor Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Bank of Kyoto, Ltd.
Sumitomo Mitsui Banking Corporation
The Chuo Mitsui Trust and Banking Company, Limited
Morgan Stanley & Co. Incorporated

GS Yuasa Corporation

Url: http://www.gs-yuasa.com/jp

Kyoto Head Office

1, Inobanba-cho, Nishinosho, Kisshoin,
Minami-ku, Kyoto, 601-8520, Japan
Phone: 81-75-312-1211

Tokyo Head Office

(Shiba-Koen Tower) 2-11-1,
Shiba-koen, Minato-ku,
Tokyo, 105-0011, Japan
Phone: 81-3-5402-5800

Business Companies

GS Yuasa International Ltd.

1, Inobanba-cho, Nishinosho, Kisshoin,
Minami-ku, Kyoto, 601-8520, Japan
Phone: 81-75-312-1211

GS Yuasa Battery Ltd.

1-8-1, Nishishinbashi, Minato-ku,
Tokyo, 105-0003, Japan
Phone: 81-3-3597-2200

GS Yuasa Technology Ltd.

1-37, Osadano-cho, Fukuchiyama-shi,
Kyoto pref., 620-0853, Japan
Phone: 81-773-20-2630

Shared Service Companies

GS Yuasa Accounting Service Ltd.

1, Inobanba-cho, Nishinosho, Kisshoin,
Minami-ku, Kyoto, 601-8520, Japan
Phone: 81-75-312-1211

Major Overseas Consolidated Subsidiaries

Ztong Yee Industrial Co., Ltd.

999 Chung Cheng North Road, Yeong Kang,
Tainan, Taiwan ROC
Phone: 886-6-2532191
Fax: 886-6-2535188
Url: http://www.gy-zyi.com.tw

Tianjin Tong Yee Industrial Co., Ltd.

No.189, Huanghai Road, Tianjin Economic
Technological Development Area(TEDA), Tianjin,
P.R.China
Phone : 86-22-2532-5681
Fax: 86-22-2532-8527
Url: http://tongyeebattery.com.cn

GS Battery Vietnam Co., Ltd.

No.18, St No.3, Vietnam-Singapore Industrial Park,
Thuan An, Binh Duong Province, Vietnam
Phone: 84-650-3756360/61/63
Fax: 84-650-3756362

GS Battery (U.S.A.) Inc.

1150 Northmeadow Parkway, Suite 110 Roswell,
GA 30076-3886, U.S.A.
Phone : 1-678-762-4818
Fax: 1-678-739-2133
Url: http://www.gsbattery.com

Yuasa Battery, Inc.

2901 Montrose Avenue, Laureldale,
PA 19605, U.S.A.
Phone: 1-610-929-5781
Fax: 1-610-568-1123
Url: http://www.yuasabatteries.com

Yuasa Battery Europe Ltd.

Unit 22, Rassau Industrial Estate,
Ebbw Vale, Gwent NP23 5SD, United Kingdom
Phone: 44-8708-500312
Fax: 44-8708-500317
Url: http://www.yuasa-battery.co.uk

Century Yuasa Batteries Pty Ltd.

49-65, Cobalt Street, Carole Park, Qld., 4300,
Australia
Phone : 61-7-3361-6161
Fax: 61-7-3361-6166
Url: http://www.centuryyuasa.com.au

Yuasa Battery (Guangdong) Co., Ltd.

Fei E Gang, Daliang, Shunde, Foshan, Guangdong,
P.R.China
Phone : 86-757-2263-0965
Fax: 86-757-2262-4441
Url: http://www.gdyuasa.com

Yuasa Battery (Shunde) Co., Ltd.

Fu An Industrial District, LieLiu, Shunde, Foshan,
Guangdong, P.R.China
Phone: 86-757-2563-9480
Fax: 86-757-2563-9448

Yuasa Battery (Thailand) Pub. Co., Ltd.

164 Moo 5 Soi Thedsaban 55, Sukhumvit Road,
Tambol Taibanmai, Amphur Muangsamutprakan,
Samuthprakarn 10280, Thailand
Phone: 66-2-769-7300
Fax: 66-2-769-7332
Url: http://www.yuasathai.com

PT. Yuasa Battery Indonesia

JL. M. H. Thamrin, P.O. Box 493, Tangerang
15000, Indonesia
Phone: 62-21-55-757-205
Fax: 62-21-55-757-193
Url: http://yuasabattery.co.id

GS Yuasa Corporation

Additional copies of this annual report and
other information may be obtained from:

GS Yuasa Corporation
Corporate Office

1, Inobanba-cho, Nishinosho, Kisshoin,
Minami-ku, Kyoto 601-8520, Japan
Phone: 81-75-312-1214
Fax: 81-75-316-3115
Url(English Ver.): http://www.gs-yuasa.com/us

Printed in Japan