

February 2, 2016

GS Yuasa Corporation
Consolidated Earnings Report for the
Nine Months ended December 31, 2015
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange Securities code: 6674
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Scheduled dates

Filing of statutory quarterly financial report (*Shihanki hokokusho*): February 3, 2016

Dividend payout: -

Supplementary materials to quarterly earnings report available: No

Quarterly earnings presentation held: No

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months ended December 31, 2015 (April 1 to December 31, 2015)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months ended December 31, 2015	265,308	(0.4)	14,153	5.9	14,269	(6.3)	6,627	(22.3)
Nine Months ended December 31, 2014	266,462	10.8	13,365	36.9	15,233	34.0	8,530	73.7

Note: Comprehensive income: Nine Months ended December 31, 2015: ¥705 million, - 95.4%
 Nine Months ended December 31, 2014: ¥15,215 million, + 189.5%

	Profit per share	Diluted profit per share
	yen	yen
Nine Months ended December 31, 2015	16.06	14.96
Nine Months ended December 31, 2014	20.67	19.26

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
December 31, 2015	355,153	180,794	44.7
March 31, 2015	359,522	182,187	44.9

Reference: Total equity: As of December 31, 2015: ¥158,787 million
 As of March 31, 2015: ¥161,386 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2015	-	3.00	-	7.00	10.00
Year ending March 31, 2016	-	3.00	-		
Year ending March 31, 2016 (forecast)				7.00	10.00

Note: No revision has been made to the latest dividends forecast.

3. Earnings Forecast for the Year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2016	375,000	1.4	21,000	0.4	21,000	(6.1)	11,000	9.5	26.65

Note: No revision has been made to the latest earnings forecast.

*Notes

- (1) Changes affecting the status of material subsidiaries (scope of consolidation): None
- (2) Use of accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accordance with revisions to accounting and other standards: Yes
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

Note: These changes come under Article 10-5 of the *Regulations on the Terminology, Format and Preparation of Quarterly Consolidated Financial Statements*. For details, see "(4) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement" on page 4 in section of "5. Other Information."

(4) Number of shares issued (common stock)

	December 31, 2015	March 31, 2015
1) Number of shares issued (including treasury stock)	413,574,714	413,574,714
2) Number of shares held in treasury	814,349	798,946
	Nine Months ended December 31, 2015	Nine Months ended December 31, 2014
3) Average number of shares outstanding during the period	412,769,309	412,793,717

*Quarterly Review Status

This report is not subject to the quarterly review requirements of Japan's Financial Instruments and Exchange Act. As of the release date of this report, a review of the quarterly consolidated financial statements in accordance with the Act had been completed.

*Appropriate Use of Earnings Forecast and Other Important Information

The above forecasts are based on the assumptions of management in the light of information available as of the release date of this report. Actual results may differ from forecasts due to various factors such as changes in the business environment. For information related to the earnings forecast, see section "(3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements" on page 4.

4. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

1) Overview

In the first nine months of the fiscal year ending March 31, 2016, Japan's economy was at a standstill. Although the reactionary decline in consumption following a spending surge before the April 2014 consumption tax hike ran its course, personal consumption was sluggish due to an increase in the light vehicle tax in April 2015 and bad summer weather, as well as weaker exports owing to China's slowing growth.

Reviewing the global economy, China's economic growth slowed further due to restraints on investment in the manufacturing sector, which has driven the nation's economy, as well as development investment in the real estate sector, along with a plunge in stock prices stemming from tightened restrictions on credit transactions. Southeast Asian nations also felt the brunt of China's slowdown, as growth rates slowed across the region due to lower exports to China and slumping domestic economies. In the United States, a rise in personal consumption fueled economic recovery. The European economy demonstrated a moderate recovery driven by firm personal consumption.

In this environment, the GS Yuasa Group's consolidated net sales for the first nine months of the fiscal year ending March 31, 2016 totaled ¥265,308 million, a decrease of ¥1,153 million, or 0.4%, compared with the same period of the previous fiscal year. Although the Group's overseas sales increased owing to the effects of yen depreciation, in Japan sales of power supplies for mobile phone base stations and photovoltaic power generation declined along with sales of lithium-ion automotive batteries.

In terms of profitability, operating income totaled ¥14,153 million for the first nine months of the fiscal year, an increase of ¥787 million, or 5.9%, compared with the same period of the previous year due mainly to the effects of yen depreciation and the improved profitability of the lithium-ion batteries business. Ordinary income declined by ¥963 million year on year, or 6.3%, to ¥14,269 million, as the company booked a foreign exchange loss due to the depreciation of local currencies at overseas subsidiaries. After recognition of an extraordinary loss for loss on liquidation of ¥1,600 million to liquidate business at consolidated subsidiaries, profit attributable to owners of parent totaled ¥6,627 million, a year-on-year decline of ¥1,903 million, or 22.3%.

2) Business Segment Results

(Domestic Automotive Batteries)

Net sales in the domestic automotive batteries segment totaled ¥37,479 million for the first nine months of the fiscal year, a decline of ¥1,044 million, or 2.7%, compared with the same period of the previous fiscal year. Sales to automobile new car manufacturers were sluggish amid a reduction in domestic car production, while sales of replacement batteries declined owing to a warm winter. Segment income increased ¥358 million year on year, or 18.9%, to ¥2,257 million, as price revisions for replacement batteries outweighed the decline in sales.

(Domestic Industrial Batteries and Power Supplies)

Net sales in the domestic industrial batteries and power supplies segment for the first nine months of the fiscal year totaled ¥49,564 million, a decrease of ¥4,284 million, or 8.0%, from the same period of the previous fiscal year. A cycle of demand for power supplies for mobile phone base stations ran its course during the period, while sales of power supplies for photovoltaic power generation continued to slump due to restrictions by electric power companies on connections to their power grids. Sales of chargers for digital cameras also declined. Segment income totaled ¥3,085 million, a year-on-year decrease of ¥734 million, or 19.2%, as a result of the sales decline.

(Overseas Operations)

Net sales in the overseas operations segment for the first nine months of the fiscal year totaled ¥142,045 million, an increase of ¥9,926 million, or 7.5%, from the same period of the previous fiscal year, due mainly to the effect of exchange rates. Segment income totaled ¥8,857 million, a year-on-year increase of ¥1,292 million, or 17.1%, as a result of the effect of exchange rates and a decline in prices for main raw material lead.

(Lithium-ion Batteries)

Net sales in the lithium-ion batteries segment for the first nine months of the fiscal year totaled ¥28,792 million, a decrease of ¥6,017 million, or 17.3%, from the same period of the previous year. Sales of

lithium-ion batteries for hybrid vehicles slumped due to the decline in car sales in Japan. Segment loss totaled ¥460 million, a year-on-year improvement of ¥1,133 million due to the progress in raising manufacturing efficiency.

(Other)

Net sales in the other segment for the first nine months of the fiscal year totaled ¥7,426 million, an increase of ¥266 million, or 3.7%, from the same period of the previous year as a result of strong sales of specialty batteries. Segment income after adjustments of corporate expenses, etc. totaled ¥413 million, a year-on-year decrease of ¥1,262 million, or 75.3%, due to an increase in R&D expenses for next-generation products.

(2) Financial Condition

Total assets at the end of the third quarter (December 31, 2015) totaled ¥355,153 million, a decline of ¥4,369 million from the end of the previous fiscal year. Although inventories increased to prepare for demand periods, progress was made in the collection of notes and accounts receivable.

Liabilities totaled ¥174,358 million, a decrease of ¥2,976 million from the end of the previous fiscal year as a result of payment of notes payable-facilities and a decline in consumption taxes payable, which is included in other current liabilities.

Net assets totaled ¥180,794 million, a decrease of ¥1,393 million from the end of the previous fiscal year. Although there were increases in profit attributable to owners of parent and profit attributable to non-controlling interests, net assets declined due to dividend payments and a decline in foreign currency translation adjustment caused by yen appreciation at the end of the third quarter when compared with the currency rate at the end of the previous fiscal year.

(3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements

Regarding the consolidated earnings forecast, there is no change to the forecast for the full fiscal year announced on October 29, 2015 with the first-half financial results.

5. Other Information

(1) Changes Affecting the Status of Material Subsidiaries

Not applicable

(2) Changes in scope of consolidation or application of equity method

1) Material changes in scope of consolidation

Effective the three months ended December 31, 2015, Yuasa Battery (Malaysia) Sdn. Bhd. and Yuasa Power Systems (Malaysia) Sdn. Bhd., which were affiliates and not applied with equity method, are included in scope of consolidation because the Company acquired their additional shares.

2) Material changes in scope of application of equity method

Effective the three months ended December 31, 2015, İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi is included in scope of consolidation because the Company newly acquired its shares.

(3) Use of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements

Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the third quarter ended December 31, 2015, has been arrived at using the tax-effect accounting method. This estimated effective tax rate has been used to calculate taxes against profit before income taxes for the nine months ended December 31, 2015.

(4) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement

(Accounting Standards for Business Combinations)

Effective the first three months of the fiscal year ending March 31, 2016, the Company adopted *Accounting Standard for Business Combinations* (ASBJ Statement No.21, September 13, 2013),

Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013), and *Accounting Standard for Business Divestitures* (ASBJ Statement No.7, September 13, 2013). In line with this, when the Company still holds control over the subsidiary even after the change in equity interests, gains or losses resulting from the change in equity interests are recorded in capital surplus; and the acquisition cost is expensed in the fiscal year when it is incurred. In addition, for business combination implemented on or after the beginning of the first three months of the fiscal year ending March 31, 2016 (April 1, 2015), the Company switched to a new method under which adjustments to provisional values of allocated acquisition costs are reflected in the quarterly financial statements for the period which encompasses the effective date of business combination. Furthermore, some changes were made to presentation of quarterly profit and loss, and accounting title of minority interests was changed to non-controlling interests. Financial statements for the first nine months of the fiscal year ended March 31, 2015 and for the fiscal year ended March 31, 2015 have been recast to reflect these presentation changes.

These accounting standards were adopted at the beginning of the first three months of the fiscal year ending March 31, 2016 (April 1, 2015), and are applied to the transactions took place on and after the adoption date with transitional treatments stipulated in paragraph 58-2(4) of the ASBJ Statement No.21, paragraph 44-5, (4) of the ASBJ Statement No.22, and paragraph 57-4(4) of the ASBJ Statement No.7.

These changes have no impact on income and loss.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2015 Amount	(Millions of yen) As of December 31, 2015 Amount
Assets		
Current assets		
Cash and deposits	24,841	24,285
Notes and accounts receivable	79,348	70,427
Marketable securities	1,200	-
Merchandise and finished goods	33,526	39,811
Work in process	14,051	14,611
Raw materials and supplies	12,336	12,317
Deferred tax assets	2,440	2,382
Other	9,959	10,499
Allowance for doubtful receivables	(445)	(315)
Total current assets	177,259	174,020
Fixed assets		
Property, plant, and equipment		
Buildings and structures, net	52,729	49,534
Machinery and equipment, net	40,202	35,646
Land	22,533	22,368
Lease assets, net	1,668	1,477
Construction in progress	2,553	4,210
Other, net	4,977	4,189
Total property, plant, and equipment	124,665	117,427
Intangible assets		
Lease assets	564	443
Other	2,073	3,496
Total intangible assets	2,637	3,940
Investments and other assets		
Investment securities	42,555	45,191
Net defined benefit asset	7,513	9,941
Other	5,202	5,266
Allowance for doubtful receivables	(383)	(693)
Total investments and other assets	54,887	59,706
Total fixed assets	182,190	181,074
Deferred assets	72	59
Total assets	359,522	355,153

	As of March 31, 2015 Amount	(Millions of yen) As of December 31, 2015 Amount
Liabilities		
Current liabilities		
Notes and accounts payable	36,682	36,982
Short-term borrowings	32,766	29,492
Commercial paper	-	4,000
Payables	15,521	15,870
Income taxes payable	2,265	1,843
Notes payable-facilities	1,248	602
Other	16,078	14,297
Total current liabilities	104,564	103,087
Long-term liabilities		
Convertible Bonds	25,000	25,000
Long-term debt	24,399	23,592
Lease obligations	1,403	1,069
Net defined benefit liability	3,644	3,414
Other	18,322	18,194
Total long-term liabilities	72,771	71,271
Total liabilities	177,335	174,358
Net assets		
Shareholders' equity		
Common stock	33,021	33,021
Capital surplus	54,880	54,880
Retained earnings	46,498	49,202
Less treasury stock, at cost	(341)	(349)
Total shareholders' equity	134,058	136,755
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	9,618	9,776
Deferred gain (loss) on derivatives under hedge accounting	(5)	6
Land revaluation surplus	2,329	2,329
Foreign currency translation adjustments	11,792	6,203
Remeasurements of defined benefit plans	3,592	3,715
Total accumulated other comprehensive income	27,328	22,031
Non-controlling interests	20,801	22,007
Total net assets	182,187	180,794
Total liabilities and net assets	359,522	355,153

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	Nine Months ended December 31, 2014	Nine Months ended December 31, 2015
	Amount	Amount
Net sales	266,462	265,308
Cost of sales	209,499	204,471
Gross profit	56,962	60,837
Selling, general and administrative expenses	43,597	46,684
Operating income	13,365	14,153
Non-operating income		
Interest and dividend income	477	592
Equity in earnings of equity method affiliates	1,559	1,604
Foreign exchange gain	317	—
Other	830	653
Total non-operating income	3,184	2,850
Non-operating expenses		
Interest expenses	681	795
Foreign exchange loss	—	1,338
Other	635	600
Total non-operating expenses	1,316	2,734
Ordinary income	15,233	14,269
Extraordinary income		
Gain on sales of fixed assets	79	22
Gain on sales of investment securities	10	84
Gain on step acquisitions	-	171
Other	10	10
Total extraordinary income	101	288
Extraordinary loss		
Loss on disposal of fixed assets	170	876
Loss on sales of fixed assets	0	2
Loss on liquidation of subsidiaries and affiliates	-	1,600
Other	367	409
Total extraordinary loss	537	2,889
Profit before income taxes	14,796	11,668
Income taxes	5,582	3,896
Profit	9,213	7,772
Profit attributable to non-controlling interests	683	1,144
Profit attributable to owners of parent	8,530	6,627

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine Months ended December 31, 2014	
	Nine Months ended December 31, 2015	
	Amount	
	Amount	
Profit	9,213	7,772
Other comprehensive income		
Net unrealized gain on available-for-sale securities	1,880	164
Deferred gain (loss) on derivatives under hedge accounting	(19)	11
Foreign currency translation adjustments	2,422	(5,284)
Remeasurements of defined benefit plans	1,019	122
Share of other comprehensive income of equity method affiliates	699	(2,081)
Total other comprehensive income	6,002	(7,066)
Comprehensive income	15,215	705
Components:		
Comprehensive income attributable to owners of parent	13,970	1,331
Comprehensive income attributable to non-controlling interests	1,245	(625)

(3) Notes on the Consolidated Financial Statements

(Note on the going-concern assumption)

Not applicable

(Note on significant change in shareholders' equity)

Not applicable

(Segment and other information)

Segment Information

I. Nine months ended December 31, 2014 (April 1 to December 31, 2014)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							Total
	Domestic		Overseas Operations	Lithium-ion Batteries	Total	Other (note)		
	Domestic Automotive Batteries	Industrial Batteries and Power Supplies						
Net sales								
Sales to outside customers	38,524	53,848	132,119	34,810	259,302	7,159	266,462	
Inter-segment sales and transfers	1,169	1,876	1,245	280	4,570	(4,570)	-	
Total	39,693	55,725	133,364	35,090	263,873	2,588	266,462	
Segment income (loss)	1,898	3,820	7,565	(1,594)	11,689	1,675	13,365	

Note: "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment income adjustment. Segment income adjustment was minus 1,731 million yen, which includes minus 1,057 million yen elimination of inter-segment transactions and minus 673 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.

II. Nine months ended December 31, 2015 (April 1 to December 31, 2015)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							Total
	Domestic		Overseas Operations	Lithium-ion Batteries	Total	Other (note)		
	Domestic Automotive Batteries	Industrial Batteries and Power Supplies						
Net sales								
Sales to outside customers	37,479	49,564	142,045	28,792	257,882	7,426	265,308	
Inter-segment sales and transfers	971	2,187	1,058	378	4,596	(4,596)	-	
Total	38,451	51,752	143,104	29,170	262,479	2,829	265,308	
Segment income (loss)	2,257	3,085	8,857	(460)	13,739	413	14,153	

Note: "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment income adjustment. Segment income adjustment was minus 1,792 million yen, which includes minus 1,077 million yen elimination of inter-segment transactions and minus 715 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.

2. Impairment loss on fixed assets or goodwill by reportable segment

(Material impairment loss on fixed assets)

With the start of liquidation process of a subsidiary in the overseas operations segment, the book value of fixed assets held by the subsidiary was reduced to their recoverable amounts. The impairment loss was recorded in the extraordinary loss as “loss on liquidation of subsidiaries and affiliates.”

The amount of impairment loss resulting from the said reduction was 793 million yen for the first nine months of the fiscal year ending March 31, 2016.

7. Supplementary Information

(1) Quarterly profit/loss

Fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	81,642	89,507	94,159	-	171,149	265,308	-
Operating income	3,109	3,705	7,338	-	6,814	14,153	-
Ordinary income	3,044	4,004	7,220	-	7,049	14,269	-
Profit (loss) attributable to owners of parent	951	2,665	3,010	-	3,616	6,627	-

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	82,321	89,199	94,940	103,298	171,521	266,462	369,760
Operating income	3,109	4,492	5,762	7,548	7,602	13,365	20,914
Ordinary income	3,763	5,039	6,430	7,124	8,802	15,233	22,357
Profit (loss) attributable to owners of parent	2,342	2,856	3,331	1,513	5,198	8,530	10,043

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	65,632	82,278	92,557	107,526	147,911	240,468	347,995
Operating income	1,609	2,130	6,022	8,435	3,739	9,762	18,197
Ordinary income	2,658	2,421	6,290	8,963	5,079	11,369	20,333
Profit (loss) attributable to owners of parent	127	2,917	1,866	5,070	3,045	4,912	9,982

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	62,900	64,581	68,396	78,631	127,481	195,878	274,509
Operating income	1,426	2,630	2,405	3,311	4,057	6,463	9,775
Ordinary income	1,927	3,025	3,207	4,099	4,952	8,159	12,258
Profit (loss) attributable to owners of parent	1,062	2,085	2,371	248	3,147	5,519	5,767

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

	(Millions of yen)						
	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	60,348	71,546	73,358	80,180	131,895	205,253	285,434
Operating income	812	3,985	4,129	7,103	4,797	8,927	16,030
Ordinary income	1,186	3,881	4,934	7,989	5,067	10,002	17,991
Profit (loss) attributable to owners of parent	131	2,344	3,251	6,005	2,476	5,727	11,733