



GS Yuasa Corporation  
1, Inobanba-cho, Nishinosho,  
Kisshoin, Minami-ku,  
Kyoto 601-8520, Japan  
<http://www.gs-yuasa.com/us/index.asp>

February 3<sup>rd</sup>, 2012

**GS Yuasa Corporation**  
**Consolidated Earnings Report for the Nine Months ended December 31, 2011**  
**(Japanese GAAP)**

**1. Qualitative Information on Quarterly Financial Results**

**(1) Results of Operations**

**1). Overview**

In the first nine months of fiscal 2011 (April to December), from summer the Japanese economy began to show recovery from the slump in economic activity and personal consumption following the Great East Japan Earthquake. While the economy continued to show moderate improvement during the period, overall conditions remained weak. On a global level, economic conditions remained severe, highlighted by flooding in Thailand, the European sovereign debt crisis, environmental regulations and soaring labor costs in China, and yen appreciation stemming from uncertainty over the course of European and U.S. economies.

In this environment, the GS Yuasa Group's net sales in the nine-month period were lifted by strong demand for industrial batteries amid earthquake reconstruction efforts, robust sales in the Asia and Oceania regions, and full-fledged shipments of lithium-ion automotive batteries. As a result, net sales in the period increased ¥7,813 million, or 4.0% over the same period of the previous year, to ¥205,253 million.

In terms of profitability, the rise in sales was unable to fully offset various cost increases, including depreciation on capital investments in the entire lithium-ion battery business, price increases for lead, a key material, and soaring commodities prices, mainly in China. Consequently, operating income for the first nine months of fiscal 2011 declined ¥3,027 million year on year, or 25.3%, to ¥8,927 million. Though equity-method investment income increased, ordinary income decreased by ¥2,193 million, or 18.0%, to ¥10,002 million. Net income declined by ¥2,313 million year on year, or 28.8%, to ¥5,727 million due to income tax expenses and capacity losses resulting from the earthquake booked as an extraordinary loss.

**2). Business Segment Results**

**(Domestic Automotive Batteries)**

Net sales in the domestic automotive batteries segment totaled ¥44,663 million for the nine months ended December 31, 2011, a decline of ¥372 million, or 0.8%, from the same period of the previous year as a result of lower demand for replacement batteries. Segment operating income totaled ¥3,041 million, a year-on-year decline of ¥866 million, or 22.2%.

**(Domestic Industrial Batteries and Power Supplies)**

Net sales in the domestic industrial batteries and power supplies segment for the nine-month period totaled ¥47,428 million, an increase of ¥683 million, or 1.5%, from the same period of the previous year. Sales of stationary batteries and power supply systems grew on earthquake-related reconstruction demand and datacenter orders. Forklift batteries also enjoyed robust demand. The segment's operating income totaled ¥4,385 million, a year-on-year increase of ¥68 million, or 1.6%, as the higher sales volumes offset the impact of lead price increases.

(Overseas Operations)

Net sales in the overseas operations segment for the nine-month period totaled ¥92,162 million, an increase of ¥2,550 million, or 2.8%, from the same period of the previous year as a result of robust demand, mainly in China, ASEAN, and Australia. Operating income totaled ¥3,980 million, a year-on-year decline of ¥2,267 million, or 36.3%, as higher commodities prices increased costs in Southeast Asia and China.

(Lithium-ion Batteries)

Net sales in the lithium-ion batteries segment for the nine-month period totaled ¥13,418 million, an increase of ¥5,834 million, or 76.9%, from the same period of the previous year as production of batteries was stepped up. The segment's operating loss totaled ¥2,244 million, a deterioration of ¥1,200 million from the same period of the previous year as a result of higher depreciation expenses associated with capital investments made to increase production capacity.

(Other)

Net sales in the others segment for the nine-month period totaled ¥7,581 million, a decline of ¥882 million, or 10.4%, from the same period of the previous year due mainly to weak sales of deep ultraviolet (DUV) equipment in the lighting operations business. The segment posted an operating loss of ¥235 million, an improvement of ¥1,238 million compared with the same period of the previous year, as lithium-ion battery R&D expenses were included in cost of sales for the lithium-ion automotive batteries segment as the business stepped up production, and corporate and elimination expenses were reduced.

(2) Financial Condition

Total assets at the end of the third quarter (December 31, 2011) totaled ¥270,248 million, an increase of ¥22,801 million from the end of the previous fiscal year (March 31, 2011). Though receivables declined, property, plant and equipment rose as a result of new capital investments, primarily at the Ritto plant in Shiga Prefecture, to increase production capacity of lithium-ion automotive batteries.

Liabilities at the end of the third quarter totaled ¥142,087 million, an increase of ¥16,951 million from the end of the previous fiscal year, mainly due to additional long-term debt to finance part of the capital investments for lithium-ion automotive battery production.

Net assets at the end of the third quarter totaled ¥128,160 million, an increase of ¥5,850 million from the end of the previous fiscal year. Dividend payments were outweighed by the positive effects of the period's net income along with higher minority interests resulting from an infusion of capital in a consolidated subsidiary to finance capital investments for lithium-ion automotive battery production.

(3) Consolidated Earnings Forecast

There is no change to the earning forecast announced November 2, 2011.

## **2. Other Information**

### **(1) Changes Affecting the Status of Material Subsidiaries (Scope of Consolidation)**

Not applicable

### **(2) 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 nine months ended December 31, 2011, has been arrived at using the tax-effect accounting method. This estimated effective tax rate has been used to calculate taxes against income before taxes and minority interests for the nine months ended December 31, 2011. The income tax adjustment is included in income taxes.

**(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement**

Not applicable

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of December 31, 2011
	Amount	Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,230	11,373
Notes and accounts receivable	54,730	54,217
Marketable securities	12,809	6,300
Merchandise and finished goods	21,461	25,357
Work in process	8,675	9,667
Raw materials and supplies	7,825	8,680
Deferred tax assets	3,019	2,820
Other	8,748	13,542
Allowance for doubtful receivables	(365)	(349)
<b>Total current assets</b>	<b>128,135</b>	<b>131,610</b>
<b>Fixed assets</b>		
Property, plant, and equipment		
Buildings and structures, net	31,968	34,373
Machinery and equipment, net	20,672	18,662
Land	18,189	18,301
Lease assets, net	4,378	9,416
Construction in progress	3,232	18,587
Other, net	1,955	1,894
<b>Total property, plant, and equipment</b>	<b>80,397</b>	<b>101,235</b>
Intangible assets		
Lease assets	402	701
Other	1,036	1,335
<b>Total intangible assets</b>	<b>1,439</b>	<b>2,036</b>
Investments and other assets		
Investment securities	27,397	25,941
Other	11,832	9,990
Allowance for doubtful receivables	(1,847)	(630)
<b>Total investments and other assets</b>	<b>37,382</b>	<b>35,300</b>
<b>Total fixed assets</b>	<b>119,219</b>	<b>138,573</b>
<b>Deferred assets</b>	<b>91</b>	<b>64</b>
<b>Total assets</b>	<b>247,446</b>	<b>270,248</b>

	As of March 31, 2011	(Millions of yen) As of December 31, 2011
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	27,540	24,497
Short-term borrowings	15,621	26,445
Payables	11,454	14,618
Income taxes payable	3,748	1,654
Notes payable-facilities	799	8,125
Other	10,852	10,257
<b>Total current liabilities</b>	<b>70,018</b>	<b>85,599</b>
<b>Long-term liabilities</b>		
Long-term debt	32,667	29,713
Lease obligations	4,225	9,436
Liability for retirement benefits	8,117	7,742
Provision for loss on liquidation of affiliated companies	1,650	1,650
Other	8,458	7,945
<b>Total long-term liabilities</b>	<b>55,118</b>	<b>56,488</b>
<b>Total liabilities</b>	<b>125,136</b>	<b>142,087</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	33,021	33,021
Capital surplus	54,880	54,880
Retained earnings	24,086	26,511
Less treasury stock, at cost	(307)	(312)
<b>Total shareholders' equity</b>	<b>111,680</b>	<b>114,100</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	4,810	3,843
Deferred gain (loss) on derivatives under hedge accounting	—	(50)
Land revaluation surplus	1,228	1,400
Foreign currency translation adjustments	(9,358)	(12,531)
<b>Total accumulated other comprehensive income</b>	<b>(3,319)</b>	<b>(7,338)</b>
<b>Minority interests</b>	<b>13,949</b>	<b>21,398</b>
<b>Total net assets</b>	<b>122,310</b>	<b>128,160</b>
<b>Total liabilities and net assets</b>	<b>247,446</b>	<b>270,248</b>

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

	(Millions of yen)	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	Amount	Amount
<b>Net sales</b>	197,440	205,253
Cost of sales	150,071	159,988
<b>Gross profit</b>	47,368	45,265
<b>Selling, general and administrative expenses</b>	35,413	36,337
<b>Operating income</b>	11,955	8,927
<b>Non-operating income</b>		
Interest income	67	83
Dividend income	383	292
Equity in earnings of equity method affiliates	2,077	1,904
Other	819	787
Total non-operating income	3,347	3,068
<b>Non-operating expenses</b>		
Interest expenses	1,142	1,174
Foreign exchange gain (loss)	1,362	107
Other	602	711
Total non-operating expenses	3,107	1,993
<b>Ordinary income</b>	12,195	10,002
<b>Extraordinary income</b>		
Gain on sales of fixed assets	35	14
Reversal of allowance for doubtful receivables	231	—
Gain on revision of retirement benefit plans	302	—
Other	66	11
Total extraordinary income	635	26
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	327	304
Loss on sales of fixed assets	38	7
Loss on liquidation of affiliated companies	3,000	—
Disaster losses	—	891
Effect of adoption of new accounting standards for asset retirement obligations	302	—
Other	171	322
Total extraordinary loss	3,840	1,526
<b>Income before income taxes and minority interests</b>	8,990	8,502
<b>Income taxes</b>	996	4,036
<b>Income (loss) before minority interests</b>	7,994	4,465
<b>Minority interests in net earnings (loss)</b>	(46)	(1,261)
<b>Net income</b>	8,041	5,727

## Consolidated Statements of Comprehensive Income

	Nine months ended December 31, 2010	(Millions of yen) Nine months ended December 31, 2011
	Amount	Amount
<b>Income (loss) before minority interests</b>	7,994	4,465
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	(312)	(948)
Deferred gain (loss) on derivatives under hedge accounting	(5)	(50)
Land revaluation surplus	—	171
Foreign currency translation adjustments	(1,984)	(2,189)
Share of other comprehensive income of equity method affiliates	(509)	(1,316)
Total other comprehensive income	(2,812)	(4,333)
<b>Comprehensive income</b>	5,182	132
Components:		
Comprehensive income attributable to owners of the parent	5,396	1,709
Comprehensive income attributable to minority interests	(214)	(1,576)

### (3) Note on the Going-concern Assumption

Not applicable

### (4) Segment Information

#### I. Nine months ended December 31, 2010 (April 1 to December 31, 2010)

Sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (note)	Total
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Total		
Net sales						
Sales to outside customers	44,010	45,130	88,431	177,573	19,867	197,440
Inter-segment sales and transfers	1,026	1,613	1,179	3,819	(3,819)	—
Total	45,036	46,744	89,611	181,392	16,047	197,440
Segment income (loss)	3,908	4,317	6,247	14,473	(2,518)	11,955

Note: "Other" comprises a) businesses that are not included in reportable segment such as lithium-ion batteries operation and lighting operation and b) segment income adjustment. Segment income adjustment was minus 1,898 million yen, which includes minus 1,126 million yen elimination of inter-segment transactions and minus 771 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, 2011 (April 1 to December 31, 2011)

1. Sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment				Total	Other (note)	Total
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries			
Net sales							
Sales to outside customers	43,462	45,799	90,799	13,217	193,279	11,974	205,253
Inter-segment sales and transfers	1,200	1,628	1,362	201	4,392	(4,392)	—
Total	44,663	47,428	92,162	13,418	197,672	7,581	205,253
Segment income (loss)	3,041	4,385	3,980	(2,244)	9,163	(235)	8,927

Note: "Other" comprises a) businesses that are not included in reportable segment such as lighting operation and b) segment income adjustment. Segment income adjustment was minus 1,569 million yen, which includes minus 820 million yen elimination of inter-segment transactions and minus 748 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. Changes in reportable segment

The Company's operations were previously classified into three reportable segments, namely, Domestic Automotive Batteries, Domestic Industrial Batteries and Power Supplies, and Overseas Operations. Effective the first quarter of the fiscal year ending March 31, 2012, though, the Company started to separately disclose information of Lithium-ion Batteries Operations as one of its reportable segment because of its increased importance in monetary terms. Segment information for the Nine months ended December 31, 2010, is presented below rearranged under the new segmentation that was adopted for the Nine months ended December 31, 2011.

(Millions of yen)

	Reportable segment					Total	Other (note)	Total
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies	Overseas Operations	Lithium-ion Batteries				
Net sales								
Sales to outside customers	44,010	45,130	88,431	7,521	185,094	12,345	197,440	
Inter-segment sales and transfers	1,026	1,613	1,179	62	3,881	(3,881)	—	
Total	45,036	46,744	89,611	7,583	188,976	8,464	197,440	
Segment income (loss)	3,908	4,317	6,247	(1,044)	13,429	(1,474)	11,955	

Note: "Other" comprises a) businesses that are not included in reportable segment such as lighting operation and b) segment income adjustment. Segment income adjustment was minus 1,898 million yen, which includes minus 1,126 million yen elimination of inter-segment transactions and minus 771 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.

## (6) Note on Significant Changes in the Amount of Shareholders' Equity

Not applicable

## 4. Supplementary Information

### (1) Quarterly income/loss

Fiscal year ending 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	—	131,895	205,253	—
Operating income	812	3,985	4,129	—	4,797	8,927	—
Ordinary income	1,186	3,881	4,934	—	5,067	10,002	—
Net income	131	2,344	3,251	—	2,476	5,727	—

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	(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	59,229	68,793	69,417	75,073	128,022	197,440	272,514
Operating income	2,241	3,872	5,841	5,633	6,114	11,955	17,589
Ordinary income	2,079	3,750	6,365	5,318	5,829	12,195	17,513
Net income	815	1,798	5,427	3,681	2,613	8,041	11,722

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

	(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	48,917	60,442	63,595	74,269	109,360	172,955	247,224
Operating income	(2,243)	2,156	4,235	7,373	(87)	4,148	11,521
Ordinary income	(2,293)	2,340	4,032	6,092	47	4,079	10,171
Net income	(2,412)	740	2,096	6,064	(1,672)	423	6,487

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

	(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	69,582	74,857	72,410	66,570	144,439	216,850	283,421
Operating income	2,301	4,228	3,526	4,219	6,530	10,057	14,276
Ordinary income	3,149	3,660	1,476	2,692	6,810	8,286	10,979
Net income	1,161	1,352	165	1,549	2,513	2,679	4,228