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August 9<sup>th</sup>, 2011

**GS Yuasa Corporation**  
**Consolidated Earnings Report for the Three Months ended June 30, 2011**  
**(Japanese GAAP)**

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

**(1) Results of Operations**

1). Overview

In the first quarter of the fiscal year, the Japanese economy suffered from a temporary slump in manufacturing activity and personal consumption due to the Great East Japan Earthquake. In the wake of the disaster, the economy showed signs of an upswing as the nation's supply chain recovered faster than expected. Overall, however, economic sentiment remained severe due to concerns over electric power supplies, the appreciation of the yen, and other factors.

The GS Yuasa Group's consolidated net sales in the first quarter totaled ¥60,348 million, an increase of ¥1,119 million, or 1.9%, over the same period of the previous year. While demand for automotive batteries for new vehicles declined due to the effects of the earthquake, the start of full-fledged shipments of automotive lithium-ion batteries from the Kyoto plant helped boost sales.

Operating income in the first quarter totaled ¥812 million, a decrease of ¥1,429 million, or 63.8%, from the same period of the previous year. Price increases for lead, a key material, along with upfront depreciation costs associated with capital investments in the lithium-ion battery business were the main factors behind the decline. Ordinary income totaled ¥1,186 million, a year-on-year decline of ¥893 million, or 43.0%, despite expanded earnings of overseas subsidiaries providing increased equity in earnings of equity method affiliates. Net income for the quarter totaled ¥131 million, a year-on-year decline of ¥683 million, or 83.9%, after consideration of tax expenses and on account of earthquake-related capacity losses booked as an extraordinary loss.

2). Business Segment Results

(Domestic Automotive Batteries)

Net sales in the domestic automotive batteries segment totaled ¥12,716 million, a decline of ¥481 million, or 3.6%, from the same period of the previous year due to a decrease in orders for new vehicle batteries after the Great East Japan Earthquake. Operating income totaled ¥237 million, a year-on-year decline of ¥394 million, or 62.4%.

(Domestic Industrial Batteries and Power Supplies)

Net sales in the domestic industrial batteries and power supplies segment totaled ¥12,531 million, a decline of ¥57 million, or 0.5%, from the same period of the previous year.

Reconstruction efforts following the earthquake sparked demand for stationary batteries and power supply systems, but demand for photovoltaic power generation equipment declined.

The business posted an operating income of ¥338 million, a year-on-year decline of ¥21 million, or 5.9%.

**(Overseas Operations)**

Net sales in the overseas operations segment totaled ¥30,023 million, an increase of ¥433 million, or 1.5%, from the same period of the previous year as a result of higher volume sales of automotive batteries, mainly in North America and Southeast Asia. Operating income for the segment totaled ¥1,085 million, a year-on-year decline of ¥991 million, or 47.7%, as product price revisions failed to keep pace with rising lead prices.

**(Lithium-ion Batteries)**

Net sales in the lithium-ion batteries segment totaled ¥2,982 million, an increase of ¥1,367 million, or 84.7%, from the same period of the previous year as a result of higher sales volumes. The segment's operating loss totaled ¥834 million, a deterioration of ¥552 million from the same period of the previous year (loss of ¥282 million), as a result of higher depreciation and other fixed costs associated with capital investments made to increase production capacity.

**(Other)**

Net sales in the other segment totaled ¥2,094 million, a decline of ¥142 million, or 6.4%, from the same period of the previous year. While sales of public area lighting equipment were strong, demand for special batteries declined. The segment posted an operating loss of ¥14 million, an improvement of ¥531 million compared with the same period of the previous year (loss of ¥546 million). The loss includes elimination and unallocated corporate costs.

**(2) Financial Condition**

Total assets at the end of the first quarter totaled ¥259,396 million, an increase of ¥11,949 million from the end of the previous fiscal year. 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 first quarter totaled ¥135,688 million, an increase of ¥10,552 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 first quarter totaled ¥123,707 million, an increase of ¥1,396 million from the end of the previous fiscal year. Dividend payments made in the quarter 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 revision to the consolidated earnings forecast announced on May 12, 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 first quarter, has been arrived at using the tax-effect accounting method. This estimated effective tax rate has been used to calculate taxes against the first quarter's income before taxes and minority interests. 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**

	As of March 31, 2011	(Millions of yen) As of June 30, 2011
	Amount	Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,230	11,592
Notes and accounts receivable	54,730	47,653
Marketable securities	12,809	19,015
Merchandise and finished goods	21,461	25,541
Work in process	8,675	9,600
Raw materials and supplies	7,825	8,854
Deferred tax assets	3,019	2,965
Other	8,748	10,654
Allowance for doubtful receivables	(365)	(376)
<b>Total current assets</b>	<b>128,135</b>	<b>135,502</b>
<b>Fixed assets</b>		
Property, plant, and equipment		
Buildings and structures, net	31,968	31,585
Machinery and equipment, net	20,672	20,205
Land	18,189	18,262
Lease assets, net	4,378	4,276
Construction in progress	3,232	8,278
Other, net	1,955	1,871
<b>Total property, plant, and equipment</b>	<b>80,397</b>	<b>84,481</b>
Intangible assets		
Lease assets	402	535
Other	1,036	1,381
<b>Total intangible assets</b>	<b>1,439</b>	<b>1,916</b>
Investments and other assets		
Investment securities	27,397	28,099
Other	11,832	11,155
Allowance for doubtful receivables	(1,847)	(1,863)
<b>Total investments and other assets</b>	<b>37,382</b>	<b>37,392</b>
<b>Total fixed assets</b>	<b>119,219</b>	<b>123,789</b>
<b>Deferred assets</b>	<b>91</b>	<b>103</b>
<b>Total assets</b>	<b>247,446</b>	<b>259,396</b>

	As of March 31, 2011	(Millions of yen) As of June 30, 2011
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	27,540	26,037
Short-term borrowings	15,621	15,620
Payables	11,454	13,835
Income taxes payable	3,748	1,056
Notes payable-facilities	799	2,494
Other	10,852	11,765
<b>Total current liabilities</b>	<b>70,018</b>	<b>70,810</b>
<b>Long-term liabilities</b>		
Long-term debt	32,667	42,732
Lease obligations	4,225	4,212
Liability for retirement benefits	8,117	8,067
Provision for loss on liquidation of associated company	1,650	1,650
Other	8,458	8,217
<b>Total long-term liabilities</b>	<b>55,118</b>	<b>64,878</b>
<b>Total liabilities</b>	<b>125,136</b>	<b>135,688</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	20,914
Less treasury stock, at cost	(307)	(308)
<b>Total shareholders' equity</b>	<b>111,680</b>	<b>108,507</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	4,810	4,628
Deferred gain (loss) on derivatives under hedge accounting	-	(3)
Land revaluation surplus	1,228	1,228
Foreign currency translation adjustments	(9,358)	(8,486)
<b>Total accumulated other comprehensive income</b>	<b>(3,319)</b>	<b>(2,632)</b>
<b>Minority interests</b>	<b>13,949</b>	<b>17,832</b>
<b>Total net assets</b>	<b>122,310</b>	<b>123,707</b>
<b>Total liabilities and net assets</b>	<b>247,446</b>	<b>259,396</b>

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

### Consolidated Statements of Income

	Three months ended June 30, 2010	(Millions of yen) Three months ended June 30, 2011
	Amount	Amount
<b>Net sales</b>	59,229	60,348
Cost of sales	45,291	47,771
<b>Gross profit</b>	13,938	12,577
<b>Selling, general and administrative expenses</b>	11,696	11,765
<b>Operating income</b>	2,241	812
<b>Non-operating income</b>		
Interest income	21	21
Dividend income	154	169
Equity in earnings of equity method affiliates	490	692
Other	414	173
Total non-operating income	1,081	1,056
<b>Non-operating expenses</b>		
Interest expenses	365	348
Foreign exchange gain (loss)	616	72
Other	262	261
Total non-operating expenses	1,243	682
<b>Ordinary income</b>	2,079	1,186
<b>Extraordinary income</b>		
Gain on sales of fixed assets	2	6
Reversal of allowance for doubtful receivables	145	-
Other	44	5
Total extraordinary income	193	12
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	16	56
Loss on sales of fixed assets	14	7
Disaster losses	-	639
Effect of adoption of new accounting standards for asset retirement obligations	302	-
Other	3	223
Total extraordinary loss	337	926
<b>Income before income taxes and minority interests</b>	1,934	272
<b>Income taxes</b>	1,089	732
<b>Income (loss) before minority interests</b>	845	(460)
<b>Minority interests in net earnings (loss)</b>	30	(591)
<b>Net income</b>	815	131

Consolidated Statements of Comprehensive Income

	Three months ended June 30, 2010	(Millions of yen) Three months ended June 30, 2011
	Amount	Amount
<b>Income (loss) before minority interests</b>	845	(460)
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	(1,105)	(186)
Deferred gain (loss) on derivatives under hedge accounting	(5)	(3)
Foreign currency translation adjustments	372	586
Share of other comprehensive income of equity method affiliates	382	388
Total other comprehensive income	(356)	784
<b>Comprehensive income</b>	489	324
Components:		
Comprehensive income attributable to owners of the parent	385	818
Comprehensive income attributable to minority interests	103	(493)

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

Not applicable

### (4) Segment Information

#### I. Three months ended June 30, 2010 (April 1 to June 30, 2010)

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				
Net sales							
Sales to outside customers	12,908	12,054	29,159	54,122	5,107	59,229	
Inter-segment sales and transfers	288	535	430	1,254	(1,254)	-	
Total	13,197	12,589	29,589	55,377	3,852	59,229	
Segment income (loss)	632	359	2,077	3,069	(828)	2,241	

Note: "Others" 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 651 million yen, which includes 382 million yen elimination of inter-segment transactions and 269 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. Three months ended June 30, 2011 (April 1 to June 30, 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	12,365	12,001	29,472	2,893	56,731	3,617	60,348
Inter-segment sales and transfers	351	530	551	89	1,522	(1,522)	-
Total	12,716	12,531	30,023	2,982	58,254	2,094	60,348
Segment income (loss)	237	338	1,085	(834)	826	(14)	812

Note: "Others" comprises a) businesses that are not included in reportable segment such as lighting operation and b) segment income adjustment. Segment income adjustment was minus 510 million yen, which includes 244 million yen elimination of inter-segment transactions and 265 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, automotive battery (Japan), industrial battery and power supply (Japan), and overseas. 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 segments because of its increased importance in monetary terms. Segment information for the three months ended June 30, 2010, is presented below rearranged under the new segmentation that was adopted for the three months ended June 30, 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	12,908	12,054	29,159	1,594	55,716	3,512	59,229	
Inter-segment sales and transfers	288	535	430	20	1,275	(1,275)	-	
<b>Total</b>	<b>13,197</b>	<b>12,589</b>	<b>29,589</b>	<b>1,614</b>	<b>56,991</b>	<b>2,237</b>	<b>59,229</b>	
Segment income (loss)	632	359	2,077	(282)	2,787	(546)	2,241	

Note: "Others" comprises a) businesses that are not included in reportable segment such as lighting operation and b) segment income adjustment. Segment income adjustment was minus 651 million yen, which includes 382 million yen elimination of inter-segment transactions and 269 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.

## (5) 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	-	-	-	-	-	-
Operating income	812	-	-	-	-	-	-
Ordinary income	1,186	-	-	-	-	-	-
Net income	131	-	-	-	-	-	-

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