

July 29, 2016

**GS Yuasa Corporation**  
**Consolidated Earnings Report for the**  
**Three Months ended June 30, 2016**  
**(Japanese GAAP)**

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

Filing of statutory quarterly financial report (*Shihanki hokokusho*): August 1, 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 Three Months ended June 30, 2016 (April 1 to June 30, 2016)**

(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	%
Three Months ended June 30, 2016	75,364	(7.7)	2,988	(3.9)	2,875	(5.6)	1,840	93.5
Three Months ended June 30, 2015	81,642	(0.8)	3,109	(0.0)	3,044	(19.1)	951	(59.4)

Note: Comprehensive income: Three Months ended June 30, 2016: ¥(2,923) million, -%  
 Three Months ended June 30, 2015: ¥879 million, -60.9%

	Profit per share	Diluted profit per share
	yen	yen
Three Months ended June 30, 2016	4.46	4.15
Three Months ended June 30, 2015	2.30	2.14

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
June 30, 2016	329,429	171,072	44.9
March 31, 2016	346,523	177,790	44.4

Reference: Total equity: As of June 30, 2016: ¥148,066 million  
 As of March 31, 2016: ¥153,723 million

## 2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2016	-	3.00	-	7.00	10.00
Year ending March 31, 2017	-				
Year ending March 31, 2017 (forecast)		3.00	-	7.00	10.00

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

## 3. Earnings Forecast for the Year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(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
Six months ending September 30, 2016	180,000	5.2	7,000	2.7	7,000	(0.7)	3,000	(17.0)	7.27
Year ending March 31, 2017	410,000	12.1	24,500	11.8	24,000	12.1	12,000	32.9	29.07

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

Note: The above figures are adjusted to reflect the effects of transfer of lead-acid battery business from Panasonic to GS Yuasa with the assumption that the transfer will be approved by competition authorities in relevant countries.

### \*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: None
  - 2) Changes other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

#### (4) Number of shares issued (common stock)

	June 30, 2016	March 31, 2016
1) Number of shares issued (including treasury stock)	413,574,714	413,574,714
2) Number of shares held in treasury	818,573	817,203
	Three Months ended June 30, 2016	Three Months ended June 30, 2015
3) Average number of shares outstanding during the period	412,757,204	412,774,362

### \*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 three months of the fiscal year ending March 31, 2017, the Japanese economy slowed due to a cautious corporate earnings outlook and weakening consumer sentiment amid yen appreciation and declining stock prices from the start of the year. The yen appreciated further and stock prices declined steeply following Britain's referendum in late June voting to exit the European Union (EU). As of the end of July, although exchange rates had stabilized somewhat, the economic outlook for Japan remained uncertain.

Reviewing the global economy, China's economic growth continued to slow due to lower capital investment by the private sector, which is beset by debt overhang and excess capacity, along with growing labor market adjustments which are dampening consumer spending. Southeast Asian nations have suffered economic slowdown since last year due a slump in exports to China and weaker domestic economies. In Europe, consumer spending slowed sharply due to chaotic financial markets following Britain's EU exit as well as heightened political instability, leading to concerns over the economic outlook.

In this environment, the GS Yuasa Group's consolidated net sales for the first three months of the fiscal year totaled ¥75,364 million, a decrease of ¥6,277 million, or 7.7%, compared with the same period of the previous fiscal year. Although sales of lithium-ion automotive batteries increased, sales declined overall due to lower automobile sales and slower sales of power supplies for photovoltaic power generation in Japan, as well as the impact of yen appreciation on overseas sales.

In terms of profitability, operating income totaled ¥2,988 million for the first three months, a decrease of ¥120 million, or 3.9%, compared with the same period of the previous year. Despite an improvement in the profitability of the lithium-ion automotive battery business, income declined due to the impact of yen appreciation. Concurrently, ordinary income declined by ¥169 million year on year, or 5.6%, to ¥2,875 million. Profit attributable to owners of parent totaled ¥1,840 million, a year-on-year increase of ¥889 million, or 93.5%, due to the reversal of deferred tax liabilities against retained earnings of overseas affiliates, which lowered income taxes.

#### 2) Business Segment Results

##### (Domestic Automotive Batteries)

Net sales in the domestic automotive batteries segment totaled ¥10,223 million for the first three months of the fiscal year, a year-on-year decline of ¥714 million, or 6.5%. Sales were sluggish amid a reduction in car sales of automobile new car manufacturers, while sales of automotive components also declined. Segment income increased ¥83 million year on year, or 40.2%, to ¥289 million, as price declines for main raw material lead outweighed the sales decline.

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

Net sales in the domestic industrial batteries and power supplies segment for the first three months of the fiscal year totaled ¥12,035 million, a year-on-year decrease of ¥1,142 million, or 8.7%. Demand for power supplies for photovoltaic power generation declined due to the reduction in the fixed purchase price of renewable energies, while sales of chargers for digital cameras also declined. Segment loss totaled ¥106 million, a year-on-year improvement of ¥65 million, as lower prices for main raw material lead outweighed the sales decline.

##### (Overseas Operations)

Net sales in the overseas operations segment for the first three months of the fiscal year totaled ¥42,485 million, a year-on-year decrease of ¥5,515 million, or 11.5%, due to lower demand in Europe amid a warm winter at the start of the year, lower sales in China and Southeast Asia amid domestic economic slumps, and the impact of exchange rates. Segment income totaled ¥2,788 million, a year-on-year decrease of ¥404 million, or 12.7%, as a result of the sales decline.

##### (Automotive Lithium-ion Batteries)

Net sales in the automotive lithium-ion batteries segment for the first three months of the fiscal year totaled ¥8,374 million, a year-on-year increase of ¥1,373 million, or 19.6%. Although sales of lithium-ion batteries for hybrid vehicles slumped due to the decline in car sales in Japan, sales of lithium-ion

batteries for plug-in hybrid vehicles increased. Segment loss totaled ¥111 million, a year-on-year improvement of ¥220 million due to steady progress in raising manufacturing efficiency.

(Other)

Net sales in the other segment for the first three months of the fiscal year totaled ¥2,244 million, a year-on-year decline of ¥278 million, or 11.0%, due to a decline in sales of batteries, mainly specialty batteries. Segment income after adjustments of corporate expenses, etc. totaled ¥128 million, a year-on-year decrease of ¥85 million, or 39.9%.

(2) Financial Condition

Total assets decreased by ¥17,094 million from the end of the previous fiscal year to ¥329,429 million, as progress was made in the collection of notes and accounts receivable and capital expenditure fell below depreciation and amortization expenses.

Liabilities decreased by ¥10,376 million from the end of the previous fiscal year to ¥158,357 million, mainly as a result of the payment of trade accounts payable and payables along with a reduction in interest-bearing liabilities.

Net assets totaled ¥171,072 million, a decrease of ¥6,717 million from the end of the previous fiscal year. Despite an increase in profit attributable to owners of parent, net assets declined due to dividends paid, a decrease in non-controlling interests, and a decrease in foreign currency translation adjustments due to yen appreciation compared with the end of the previous fiscal year.

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

There is no change to the consolidated forecast announced May 10, 2016.

## 5. Other Information

(1) Changes Affecting the Status of Material Subsidiaries

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 three months ended June 30, 2016 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 three months ended June 30, 2016.

(3) Additional Information

(Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective the first three months of the fiscal year ending March 31, 2017, the Company adopted *Revised Implementation Guidance on Recoverability of Deferred Tax Assets* (ASBJ Guidance No. 26, revised on March 28, 2016).

## 6. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of March 31, 2016 Amount	(Millions of yen) As of June 30, 2016 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	28,604	25,174
Notes and accounts receivable	72,858	62,199
Merchandise and finished goods	36,172	37,189
Work in process	13,125	14,682
Raw materials and supplies	11,833	11,676
Deferred tax assets	2,725	2,720
Other	10,825	9,960
Allowance for doubtful receivables	(350)	(294)
<b>Total current assets</b>	<b>175,795</b>	<b>163,308</b>
<b>Fixed assets</b>		
Property, plant, and equipment		
Buildings and structures, net	48,194	46,553
Machinery and equipment, net	35,453	33,238
Land	22,487	22,192
Lease assets, net	1,346	1,171
Construction in progress	5,148	5,783
Other, net	4,454	4,268
<b>Total property, plant, and equipment</b>	<b>117,085</b>	<b>113,208</b>
Intangible assets		
Lease assets	501	484
Other	3,572	3,419
<b>Total intangible assets</b>	<b>4,073</b>	<b>3,903</b>
Investments and other assets		
Investment securities	44,711	43,402
Net defined benefit asset	332	1,156
Other	5,250	5,158
Allowance for doubtful receivables	(778)	(759)
<b>Total investments and other assets</b>	<b>49,514</b>	<b>48,958</b>
<b>Total fixed assets</b>	<b>170,673</b>	<b>166,070</b>
<b>Deferred assets</b>	<b>54</b>	<b>49</b>
<b>Total assets</b>	<b>346,523</b>	<b>329,429</b>

	As of March 31, 2016 Amount	(Millions of yen) As of June 30, 2016 Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	38,460	32,961
Short-term borrowings	24,106	23,266
Payables	17,880	15,070
Income taxes payable	2,297	2,001
Notes payable-facilities	1,787	1,075
Other	14,741	16,560
<b>Total current liabilities</b>	<b>99,272</b>	<b>90,935</b>
<b>Long-term liabilities</b>		
Convertible Bonds	25,000	25,000
Long-term debt	24,502	23,427
Lease obligations	967	770
Net defined benefit liability	3,819	3,774
Other	15,171	14,448
<b>Total long-term liabilities</b>	<b>69,460</b>	<b>67,421</b>
<b>Total liabilities</b>	<b>168,733</b>	<b>158,357</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	33,021	33,021
Capital surplus	55,292	55,292
Retained earnings	51,399	50,349
Less treasury stock, at cost	(350)	(351)
<b>Total shareholders' equity</b>	<b>139,363</b>	<b>138,312</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	8,491	8,308
Deferred gain (loss) on derivatives under hedge accounting	(9)	(76)
Land revaluation surplus	2,397	2,397
Foreign currency translation adjustments	6,942	2,563
Remeasurements of defined benefit plans	(3,461)	(3,438)
<b>Total accumulated other comprehensive income</b>	<b>14,360</b>	<b>9,754</b>
<b>Non-controlling interests</b>	<b>24,066</b>	<b>23,005</b>
<b>Total net assets</b>	<b>177,790</b>	<b>171,072</b>
<b>Total liabilities and net assets</b>	<b>346,523</b>	<b>329,429</b>

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

	Three Months ended June 30, 2015	Three Months ended June 30, 2016
	Amount	Amount
<b>Net sales</b>	81,642	75,364
Cost of sales	63,374	57,643
<b>Gross profit</b>	18,267	17,721
<b>Selling, general and administrative expenses</b>	15,158	14,732
<b>Operating income</b>	3,109	2,988
<b>Non-operating income</b>		
Interest and dividend income	397	268
Equity in earnings of equity method affiliates	575	409
Other	216	182
Total non-operating income	1,189	859
<b>Non-operating expenses</b>		
Interest expenses	279	229
Foreign exchange loss	727	542
Other	247	201
Total non-operating expenses	1,254	973
<b>Ordinary income</b>	3,044	2,875
<b>Extraordinary income</b>		
Gain on sales of fixed assets	3	7
Other	0	24
Total extraordinary income	4	31
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	24	9
Loss on sales of fixed assets	0	0
Impairment loss	-	339
Market measures cost	356	-
Other	8	19
Total extraordinary loss	391	370
<b>Profit before income taxes</b>	2,657	2,536
<b>Income taxes</b>	1,298	164
<b>Profit</b>	1,359	2,372
<b>Profit attributable to non-controlling interests</b>	408	531
<b>Profit attributable to owners of parent</b>	951	1,840

## Consolidated Statements of Comprehensive Income

	Three Months ended June 30, 2015	(Millions of yen) Three Months ended June 30, 2016
	Amount	Amount
<b>Profit</b>	1,359	2,372
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	550	(172)
Deferred gain (loss) on derivatives under hedge accounting	(49)	(67)
Foreign currency translation adjustments	(692)	(3,805)
Remeasurements of defined benefit plans	53	23
Share of other comprehensive income of equity method affiliates	(342)	(1,272)
Total other comprehensive income	(480)	(5,295)
<b>Comprehensive income</b>	879	(2,923)
Components:		
Comprehensive income attributable to owners of parent	750	(2,765)
Comprehensive income attributable to non-controlling interests	128	(157)

### (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. Three months ended June 30, 2015 (April 1 to June 30, 2015)

##### 1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							Total
	Domestic				Automotive Lithium-ion Batteries	Total	Other (note)	
	Domestic Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations					
Net sales								
Sales to outside customers	10,937	13,178	48,001	7,001	79,119	2,522	81,642	
Inter-segment sales and transfers	331	722	302	74	1,430	(1,430)	-	
Total	11,269	13,900	48,303	7,076	80,550	1,092	81,642	
Segment income (loss)	206	(172)	3,192	(331)	2,895	213	3,109	

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 598 million yen, which includes minus 367 million yen elimination of inter-segment transactions and minus 230 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, 2016 (April 1 to June 30, 2016)

##### 1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment							Total
	Domestic				Automotive Lithium-ion Batteries	Total	Other (note)	
	Domestic Automotive Batteries	Industrial Batteries and Power Supplies	Overseas Operations					
Net sales								
Sales to outside customers	10,223	12,035	42,485	8,374	73,119	2,244	75,364	
Inter-segment sales and transfers	319	746	296	552	1,914	(1,914)	-	
Total	10,542	12,781	42,781	8,927	75,034	330	75,364	
Segment income (loss)	289	(106)	2,788	(111)	2,860	128	2,988	

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 632 million yen, which includes minus 371 million yen elimination of inter-segment transactions and minus 261 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)

In the automotive lithium-ion batteries segment, some of the assets held by consolidated subsidiaries for business purposes ceased to be used in the first three months for the fiscal year ending March 31, 2017. The book values of these fixed assets were reduced to their recoverable amounts, and the losses were recorded as “impairment loss” under extraordinary loss.

The impairment loss recorded for this reason in the first three months for the fiscal year ending March 31, 2017 was 339 million yen.

## 7. Supplementary Information

### (1) Quarterly profit/loss

Fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	(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	75,364	-	-	-	-	-	-
Operating income	2,988	-	-	-	-	-	-
Ordinary income	2,875	-	-	-	-	-	-
Profit (loss) attributable to owners of parent	1,840	-	-	-	-	-	-

Fiscal year ended 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	100,301	171,149	265,308	365,610
Operating income	3,109	3,705	7,338	7,756	6,814	14,153	21,909
Ordinary income	3,044	4,004	7,220	7,146	7,049	14,269	21,416
Profit (loss) attributable to owners of parent	951	2,665	3,010	2,402	3,616	6,627	9,030

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