

**GS Yuasa Corporation**  
**Consolidated Earnings Report for the**  
**Three Months ended June 30, 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*): July 31, 2015

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, 2015 (April 1 to June 30, 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	%
Three Months ended June 30, 2015	81,642	(0.8)	3,109	(0.0)	3,044	(19.1)	951	(59.4)
Three Months ended June 30, 2014	82,321	25.4	3,109	93.2	3,763	41.6	2,342	-

Note: Comprehensive income: Three Months ended June 30, 2015: ¥879 million, -60.9%  
 Three Months ended June 30, 2014: ¥2,247 million, -15.4%

	Profit per share	Diluted profit per share
	yen	yen
Three Months ended June 30, 2015	2.30	2.14
Three Months ended June 30, 2014	5.67	5.29

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
June 30, 2015	349,762	182,851	45.6
March 31, 2015	359,522	182,187	44.9

Reference: Total equity: As of June 30, 2015: ¥159,517 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	-				
Year ending March 31, 2016 (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, 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
Six months ending September 30, 2015	180,000	4.9	7,000	(7.9)	7,500	(14.8)	4,000	(23.1)	9.69
Year ending March 31, 2016	400,000	8.2	24,000	14.8	25,000	11.8	13,000	29.4	31.49

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: For details, see "(3) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement" on page 5 in section of "5. Other Information."

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

	June 30, 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	803,546	798,946
	Three Months ended June 30, 2015	Three Months ended June 30, 2014
3) Average number of shares outstanding during the period	412,774,362	412,800,025

### \*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, 2016, Japan's economy demonstrated a moderate recovery. The reactionary decline in consumption following a spending surge before the April 2014 consumption tax hike ran its course, while consumer sentiment improved and corporate earnings rose amid yen depreciation, mainly among exporters.

Reviewing the global economy, although Europe staged a moderate recovery driven by a rebound in personal consumption, Greece's debt problems continued to smolder. In the U.S., a slowdown in personal consumption intensified due to the stronger dollar and lower oil prices. In China, the pace of economic growth also continued to slow, mainly due to sluggish domestic demand amid restraints on over-investment and a slump in the housing market. Southeast Asian economies also slackened due to weaker exports to China and slumping domestic markets. As a result, the global economic outlook was uncertain during the period.

In this environment, the GS Yuasa Group's consolidated net sales for the first three months of the fiscal year ending March 31, 2016 totaled ¥81,642 million, a decrease of ¥679 million, or 0.8%, compared with the same period of the previous fiscal year. Despite an increase in overseas sales owing to the effects of yen depreciation, sales of lithium-ion automotive batteries declined along with sales of power supplies for mobile phone base stations in Japan.

In terms of profitability, operating income totaled ¥3,109 million year on year, about on par with the results in the same period of the previous year. Although lower sales dragged on profits, improved results in the overseas segment buoyed operating income. Ordinary income declined by ¥718 million year on year, or 19.1%, to ¥3,044 million, as foreign exchange loss increased while equity in earnings of equity method affiliates declined. After recognition of income taxes and profit attributable to non-controlling interests, profit attributable to owners of parent totaled ¥951 million, a year-on-year decline of ¥1,391 million, or 59.4%.

#### 2) Business Segment Results

##### (Domestic Automotive Batteries)

Net sales in the domestic automotive batteries segment totaled ¥10,937 million for the first three months of the fiscal year ending March 31, 2016, a decline of ¥482 million, or 4.2%, compared with the same period of the previous fiscal year. Sales were sluggish amid automakers' reduction in car production, while automotive components sales also decreased. Segment income declined ¥32 million year on year, or 13.8%, to ¥206 million, due to the impact of lower sales.

##### (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 ¥13,178 million, a decrease of ¥1,898 million, or 12.6%, 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. Segment loss totaled ¥172 million, a year-on-year decrease of ¥397 million as a result of sales decline.

##### (Overseas Operations)

Net sales in the overseas operations segment for the first three months of the fiscal year totaled ¥48,001 million, an increase of ¥5,811 million, or 13.8%, from the same period of the previous fiscal year. This was primarily the result of the conversion of Indonesian equity-method non-consolidated subsidiaries into consolidated subsidiaries from the third quarter of the previous year, as well as the effect of exchange rates. Segment income totaled ¥3,192 million, a year-on-year increase of ¥558 million, or 21.2%, as a result of the sales increase and the effect of exchange rates.

##### (Lithium-ion Batteries)

Net sales in the lithium-ion batteries segment for the first three months of the fiscal year totaled ¥7,001 million, a decrease of ¥4,325 million, or 38.2%, from the same period of the previous year. Sales of lithium-ion batteries for plug-in hybrid electric vehicles declined temporarily due to a passenger car model changeover, while lithium-ion batteries for hybrid vehicles slumped amid a downturn in vehicles sales in Japan. Although segment loss totaled ¥331 million, this marked a year-on-year improvement of ¥265 million due to the progress in rationalization measures.

(Other)

Net sales in the other segment for the first three months of the fiscal year totaled ¥2,522 million, an increase of ¥216 million, or 9.4%, 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 ¥213 million, a year-on-year decrease of ¥394 million, or 64.8%, due to an increase in R&D expenses for next-generation products.

(2) Financial Condition

Total assets declined by ¥9,760 million from the end of the previous fiscal year to ¥349,762 million at the end of the first quarter (June 30, 2015). Although inventories increased to prepare for demand periods, progress was made in the collection of notes and accounts receivable.

Liabilities decreased by ¥10,424 million from the end of the previous fiscal year to ¥166,910 million as a result of payments of trade accounts payables and a reduction in interest-bearing liabilities.

Net assets totaled ¥182,851 million, an increase of ¥663 million from the end of the previous fiscal year. Although dividends payments were made, there were increases in non-controlling interests and net unrealized gain on available-for-sale securities.

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

There is no change to the consolidated forecast announced May 8, 2015.

## 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 three months ended June 30, 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 three months ended June 30, 2015.

### (3) 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 three 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 June 30, 2015 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,841	23,424
Notes and accounts receivable	79,348	67,909
Marketable securities	1,200	-
Merchandise and finished goods	33,526	38,273
Work in process	14,051	15,210
Raw materials and supplies	12,336	12,039
Deferred tax assets	2,440	2,462
Other	9,959	9,382
Allowance for doubtful receivables	(445)	(383)
<b>Total current assets</b>	<b>177,259</b>	<b>168,318</b>
<b>Fixed assets</b>		
Property, plant, and equipment		
Buildings and structures, net	52,729	51,896
Machinery and equipment, net	40,202	38,342
Land	22,533	22,571
Lease assets, net	1,668	1,663
Construction in progress	2,553	3,156
Other, net	4,977	4,716
<b>Total property, plant, and equipment</b>	<b>124,665</b>	<b>122,346</b>
Intangible assets		
Lease assets	564	491
Other	2,073	1,975
<b>Total intangible assets</b>	<b>2,637</b>	<b>2,467</b>
Investments and other assets		
Investment securities	42,555	43,533
Net defined benefit asset	7,513	8,293
Other	5,202	5,097
Allowance for doubtful receivables	(383)	(363)
<b>Total investments and other assets</b>	<b>54,887</b>	<b>56,561</b>
<b>Total fixed assets</b>	<b>182,190</b>	<b>181,375</b>
<b>Deferred assets</b>	<b>72</b>	<b>68</b>
<b>Total assets</b>	<b>359,522</b>	<b>349,762</b>

	As of March 31, 2015 Amount	(Millions of yen) As of June 30, 2015 Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	36,682	34,526
Short-term borrowings	32,766	28,920
Commercial paper	-	1,000
Payables	15,521	12,050
Income taxes payable	2,265	1,767
Notes payable-facilities	1,248	1,036
Other	16,078	15,139
<b>Total current liabilities</b>	<b>104,564</b>	<b>94,440</b>
<b>Long-term liabilities</b>		
Convertible Bonds	25,000	25,000
Long-term debt	24,399	23,927
Lease obligations	1,403	1,287
Net defined benefit liability	3,644	3,553
Other	18,322	18,701
<b>Total long-term liabilities</b>	<b>72,771</b>	<b>72,469</b>
<b>Total liabilities</b>	<b>177,335</b>	<b>166,910</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	33,021	33,021
Capital surplus	54,880	54,880
Retained earnings	46,498	44,764
Less treasury stock, at cost	(341)	(344)
<b>Total shareholders' equity</b>	<b>134,058</b>	<b>132,322</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	9,618	10,177
Deferred gain (loss) on derivatives under hedge accounting	(5)	(54)
Land revaluation surplus	2,329	2,329
Foreign currency translation adjustments	11,792	11,095
Remeasurements of defined benefit plans	3,592	3,646
<b>Total accumulated other comprehensive income</b>	<b>27,328</b>	<b>27,194</b>
<b>Non-controlling interests</b>	<b>20,801</b>	<b>23,334</b>
<b>Total net assets</b>	<b>182,187</b>	<b>182,851</b>
<b>Total liabilities and net assets</b>	<b>359,522</b>	<b>349,762</b>

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

	(Millions of yen)	
	Three Months ended June 30, 2014	Three Months ended June 30, 2015
	Amount	Amount
<b>Net sales</b>	82,321	81,642
Cost of sales	65,269	63,374
<b>Gross profit</b>	17,052	18,267
<b>Selling, general and administrative expenses</b>	13,942	15,158
<b>Operating income</b>	3,109	3,109
<b>Non-operating income</b>		
Interest and dividend income	263	397
Equity in earnings of equity method affiliates	761	575
Other	200	216
Total non-operating income	1,226	1,189
<b>Non-operating expenses</b>		
Interest expenses	212	279
Foreign exchange loss	123	727
Other	236	247
Total non-operating expenses	572	1,254
<b>Ordinary income</b>	3,763	3,044
<b>Extraordinary income</b>		
Gain on sales of fixed assets	70	3
Other	8	0
Total extraordinary income	79	4
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	13	24
Loss on sales of fixed assets	0	0
Market measures cost	—	356
Other	124	8
Total extraordinary loss	138	391
<b>Profit before income taxes</b>	3,704	2,657
<b>Income taxes</b>	1,146	1,298
<b>Profit</b>	2,557	1,359
<b>Profit attributable to non-controlling interests</b>	215	408
<b>Profit attributable to owners of parent</b>	2,342	951



## Consolidated Statements of Comprehensive Income

	Three Months ended June 30, 2014	(Millions of yen) Three Months ended June 30, 2015
	Amount	Amount
<b>Profit</b>	2,557	1,359
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	458	550
Deferred gain (loss) on derivatives under hedge accounting	13	(49)
Foreign currency translation adjustments	(756)	(692)
Remeasurements of defined benefit plans	339	53
Share of other comprehensive income of equity method affiliates	(365)	(342)
Total other comprehensive income	(309)	(480)
<b>Comprehensive income</b>	2,247	879
Components:		
Comprehensive income attributable to owners of parent	1,941	750
Comprehensive income attributable to non-controlling interests	306	128

### (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, 2014 (April 1 to June 30, 2014)

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

(Millions of yen)

	Reportable segment							Total
	Domestic				Overseas Operations	Lithium-ion Batteries	Other (note)	
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies						
					Total			
Net sales								
Sales to outside customers	11,420	15,077	42,190	11,327	80,015	2,306	82,321	
Inter-segment sales and transfers	393	618	454	138	1,605	(1,605)	-	
Total	11,813	15,695	42,645	11,466	81,620	701	82,321	
Segment income (loss)	239	225	2,633	(597)	2,501	608	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 645 million yen, which includes minus 404 million yen elimination of inter-segment transactions and minus 240 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, 2015 (April 1 to June 30, 2015)

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

(Millions of yen)

	Reportable segment							Total
	Domestic				Overseas Operations	Lithium-ion Batteries	Other (note)	
	Domestic Automotive Batteries	Domestic Industrial Batteries and Power Supplies						
					Total			
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.

## 7. Supplementary Information

### (1) Quarterly income/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	-	-	-	-	-	-
Operating income	3,109	-	-	-	-	-	-
Ordinary income	3,044	-	-	-	-	-	-
Profit (loss) attributable to owners of parent	951	-	-	-	-	-	-

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