DAIFUKU

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2014
[Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan

Translated from the original Japanese-language document

May 14, 2014

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date of general meeting of shareholders: June 26, 2014

Scheduled date of commencing dividend payment: June 27, 2014

Scheduled date for filing financial statements: June 27, 2014

Earnings supplementary materials: Yes

Earnings presentation: Yes (for institutional investors and securities analysts)

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated financial results for the fiscal year ended March 31, 2014

(April 1, 2013 - March 31, 2014)

(1) Operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2013	**241,811**	**19.5**	**12,556**	**56.8**	**13,191**	**64.9**	**7,740**	**74.4**
Fiscal 2012	202,337	2.2	8,010	89.9	7,999	98.9	4,439	262.9

Note: Comprehensive income

Fiscal 2013: 17,752 million yen (60.7 %)

Fiscal 2012: 11,045 million yen (– %)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2013	**69.96**	**66.67**	**8.6**	**5.8**	**5.2**
Fiscal 2012	40.12	–	5.6	4.1	4.0

Reference: Equity in earnings of non-consolidated subsidiaries and affiliates during period

Fiscal 2013: 69 million yen

Fiscal 2012: -70 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2013	**249,531**	**99,690**	**38.8**	**875.14**
Fiscal 2012	206,875	85,685	40.4	754.98

Reference: Shareholders' equity

Fiscal 2013: 96,842 million yen

Fiscal 2012: 83,538 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal 2013	**20,447**	**-7,372**	**1,045**	**51,852**
Fiscal 2012	15,666	-13,649	88	33,722

2. Dividends

	Dividend per share					Total cash dividends (annual)	Dividends payout (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2012	–	5.00	–	10.00	15.00	1,659	37.4	2.1
Fiscal 2013	–	5.00	–	13.00	18.00	1,997	25.7	2.2
Fiscal 2014 (forecast)	–	**7.00**	–	**13.00**	**20.00**		**25.1**	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2015
(April 1, 2014- March 31, 2015)

(Figures in percentage denote the year-on-year change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	130,000	16.2	6,000	30.7	6,100	20.8	4,000	23.0	36.15
Full-year	270,000	11.7	14,000	11.5	14, 300	8.4	8,800	13.7	79.53

Notes:

(1) Changes in significant subsidiaries that affected the scope of consolidation during the fiscal year: None

(2) Changes in accounting policies, accounting estimates, and restatement

1) Changes in accounting standards associated with the revisions of accounting standards: Yes

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of shares issued (Common stock)

1) Number of shares issued including treasury stock at the end of the period

Fiscal 2013: 113,671,494 shares

Fiscal 2012: 113,671,494 shares

2) Number of treasury stock at the end of the period

Fiscal 2013: 3,012,390 shares

Fiscal 2012: 3,022,663 shares

3) Average number of shares during the period

Fiscal 2013: 110,645,879 shares

Fiscal 2012: 110,651,729 shares

Note: For the number of shares, which is the basis for the calculation of net income per share, please see "Per Share Information" on page 32. In addition, the Company introduces the Employee Shareholding Incentive Plan (E-Ship). Common stock in the consolidated financial statements includes the shares owned by Daifuku employees' shareholding association through E-Ship, stated as treasury stock. Accordingly, with respect to the Company's shares owned by the Daifuku employees' shareholding association, 423,000 shares are included in above "2) Number of treasury stock at the end of the period" and 430,000 shares are deducted from above "3) Average number of shares during the period."

Audit status

These consolidated financial statements are exempted from audit requirements as provided in Japan's Financial Instruments and Exchange Act. At the time of disclosure of these statements, the audit for the financial statements under this Act has not been completed.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(1) “Analysis of operating results, Outlook for the fiscal year ending March 31, 2015.”

Earnings supplementary materials are available at our website: www.daifuku.com.

Contents

1. Operating and Financial Review

(1) Analysis of operating results

During the fiscal year under review, the global economy faced concerns stemming from a slowdown in economic growth in China and other emerging countries; however, the U.S. economy maintained moderate growth and the European economy began to bottom out. The Japanese economy has also staged a moderate recovery, reflecting the depreciation of the yen and a rise in stock prices.

The material handling and logistics industry continued to confront a difficult business environment with competitive conditions. Nonetheless, capital investment in every customer sector has been rebounding.

Amid these conditions, operating results of the Daifuku Group made smooth progress, that is, orders, sales and income surpassed the results of the previous fiscal year. Accordingly, the Group confirmed a solid start for the inaugural year of the four-year business plan, *Value Innovation 2017* (from April 2013 to March 2017), which targets sales of 280 billion yen and an operating income ratio of 7% for the fiscal year ending March 31, 2017.

Orders were favorable, mainly due to robust construction plans for distribution centers for manufacturers and distributors in Japan and increased demand in China and other Asian regions. In addition, a resumption of capital spending in systems for semiconductor factories, in addition to projects for new factory construction and existing factory upgrades in the automotive sector in North America, China and other Asian countries led to the favorable results.

Sales remained strong, underpinned by extensive orders for each sector. The non-Japanese sales ratio to total sales reached 61%, exceeding the final numerical target of 60% for the four-year business plan. The servicing sales ratio also extended to 31%, exceeding the final numerical target of over 25% for the plan.

Specifically, the Group received orders of 276,831 million yen, increasing 31.2% from a year earlier, and recorded net sales of 241,811 million yen, a rise of 19.5%. These results included orders of about 15,900 million yen and sales of about 3,800 million yen recorded by the U.S. company Wynright Corporation, which joined the Group in October 2013. Wynright has been developing its framework to expand the business of storage, transport, sorting, and picking systems for manufacturers and distributors in North America.

In terms of profits, the existing Group companies contributed to profitability. An increase in sales and enhanced profitability through the Company's commitment to in-house structural innovation improved operating income. Efforts in cost cutting at factories, exacting and comprehensive project management at installation sites, favorable results in service business and improved results in the Contec Group and non-Japanese subsidiaries also benefited earnings. Ordinary income was influenced by the increased foreign exchange gains resulting from the depreciation of the yen. Net income easily surpassed the results of the previous fiscal year, despite losses on the sale of shares to enhance liquidity in shares of Contec Co., Ltd. and the sale of a factory in the

Kyushu region of Japan.

Consequently, the Group recorded operating income of 12,556 million yen, improving 56.8% from a year earlier, ordinary income of 13,191 million yen, increasing 64.9%, and net income of 7,740 million yen, up 74.4%.

Results by segment are as described below. Orders from and sales to outside customers are described as segment orders and sales, and the net income is written as segment income. For more details about segments, please see “Segment Information” below.

Daifuku Co., Ltd.

<Orders>

Orders for our mainstay factory and logistics systems for large projects remained solid in the distribution, agriculture, pharmaceutical manufacturing, and food sectors. Most of Daifuku’s operations for these systems are in Japan; however, orders for systems to be used in East and Southeast Asia, including China and Thailand, increased during the fiscal year under review. In particular, orders from the commerce and retail sectors rose, backed by increasing demand from non-store retailers, such as e-commerce operations. Orders for not only large systems but also for small and midsize systems remained strong, with a focus on automated warehouse systems.

In systems for semiconductor factories, a resumption of capital spending in systems for semiconductor factories during the latter half of the fiscal year under review, mainly in the United States, contributed to earnings. In China, meanwhile, orders for systems for flat-panel display (FPD) factories were buoyed from the latter half of the fiscal year under review by the government’s investment plans for improving self-sufficiency in TV panels.

Orders for automobile production line systems remained firm mainly in North America and emerging countries including Thailand and China. Orders for services and small upgrade projects in Japan were strong as well.

<Sales>

In systems for manufacturers and distributors, sales of large projects in Japan, as well as small and midsize systems, were firm.

Sales of systems for semiconductor factories in North America, South Korea and Taiwan remained strong. Sales of systems for FPD factories were influenced by delays in factory construction plans in China.

Sales of automobile production line systems were favorable, backed by projects outside Japan, mainly in North America and emerging countries, as well as services and small upgrade projects in Japan.

Sales of car wash machines increased, reflecting last-minute demand before the Japanese consumption tax increase, in addition to demand for machine replacements in the service station sector and strong sales in the car aftermarket sector.

In other lifestyle products, sales of wheelchair lifts for care-provider vehicles were firm, reflecting demographic aging, although the performance fell short of the level of the previous fiscal year, when remodeling demand for the vehicles remained high.

<Income>
Continued progress in cost-cutting efforts in systems for manufacturers and distributors and the robust sales of services in automobile production line systems contributed to increased segment income.

As a result, the segment recorded orders of 117,357 million yen, up 10.1% from the previous fiscal year, sales of 110,253 million yen, up 0.1%, and segment income of 5,761 million yen, up 2.8%.

Contec Group (Contec Co., Ltd. and its subsidiaries)
- Electric devices
In extension boards, sales of measuring and control boards were strong, backed by a recovery in investment plans for improving corporate earnings.

In industrial-use personal computers, sales to manufacturers remained healthy. In addition, sales to non-manufacturers were favorable, mainly for panel computers for kitchens within eateries and restaurants and box computers to be embedded in guide display systems in hospitals.

Moreover, Contec DTx Inc. (former DTx Inc.), a U.S. company that develops and sells controllers used in medical devices, joined the Contec Group, resulting in significantly increased sales. In networking products, Contec collaborated with a Taiwan-based wireless LAN manufacturer to expand sales, through complementing their specialized products and promoting joint development.

- Solution products, system products
Continuing from the previous fiscal year, sales of photovoltaic data measuring systems remained firm. In addition, sales of solution products for hospitals benefited earnings. In system products, Contec took steps to expand sales of security systems and systems for the distribution and logistics sectors.

As a result, Contec posted orders of 14,821 million yen, up 59.0% from the previous fiscal year, sales of 13,370 million yen, up 49.6%, and segment income of 727 million yen, up 327.0%.

Daifuku Webb Group (Daifuku Webb Holding Company and its subsidiaries and affiliates)

Daifuku Webb Holding Company oversees Daifuku's North American business, with Daifuku America Corporation, Jervis B. Webb Company, and ELS Holding Company, the parent company of Elite Line Services, LLC, under its control. In addition, Wynright Corporation, which excels in conveyor and other material handling systems for manufacturers and distributors, was included in the scope of consolidation in the fourth quarter of the fiscal year under review. Through revamping these diverse management resources, Daifuku Webb is focusing on making effective use of the Group's operating frameworks in North America.

In systems for manufacturers and distributors, Daifuku Webb operated mainly for small projects and services. In these systems, Daifuku Webb will expand its operations in collaboration with Wynright, which has jointly undertaken large projects in the past, by winning more large orders.

In systems for the semiconductor sector, the recovery in demand for nitrogen purge stockers contributed to increased earnings.

In automobile production line systems, orders and sales remained strong, thanks to brisk capital investment by automakers in North America, including the Detroit Three and Japanese automakers. Before the establishment of the Daifuku Webb Group, Daifuku Webb's subsidiaries Jervis B. Webb Company had sold the systems to the Detroit Three automakers and another subsidiary, Daifuku America Corporation, had engaged in providing systems for Japanese automakers separately. After establishing the Group, the two entities began to amalgamate their operations and undertake technical and project management collaboration.

In airport baggage handling systems, results were influenced by a scaling back of investment plans following cuts in U.S. government spending, but operation & service businesses for existing airport facilities were added when the segment acquired Elite Line Services, LLC in 2012.

Profits increased significantly compared with the previous fiscal year, mainly driven by automobile production line systems.

As a result, Daifuku Webb achieved orders of 75,174 million yen, up 67.6% from the previous fiscal year, sales of 52,743 million yen, up 38.3%, and segment income of 1,680 million yen, up 199.0%.

Other

The Other segment includes Daifuku Group companies excluding the aforementioned three companies. The Group has 52 consolidated affiliates located in Japan and overseas. Major Japanese subsidiaries in this segment include Daifuku Plusmore Co., Ltd., which sells car wash machines and bowling-related products.

Outside Japan, major subsidiaries include Daifuku (China) Co., Ltd. in China; Daifuku Korea Co., Ltd. and Clean Factomation, Inc. in South Korea; Taiwan Daifuku Co., Ltd. in Taiwan; and Daifuku (Thailand) Ltd. in

Thailand, which primarily sell and manufacture material handling systems and equipment. These companies have been boosting their exports to overseas markets, playing a global role in the optimal local production and procurement framework of the Group.

Business performance remained strong, particularly at subsidiaries in Asia.

In China, Daifuku China continued to receive robust orders and inquiries, mainly from the food, beverage, pharmaceutical, paper, and distribution sectors, backed by brisk capital investment from local and Western companies. To meet this large demand, the company expanded its factory. This factory produces belt conveyor members for airport baggage handling and supplies them to Europe and other regions. With regard to systems for the FPD and semiconductor sectors, factory construction plans remained cautious. Nonetheless, there are numerous projects and Daifuku (Suzhou) Cleanroom Automation Co., Ltd., which began production in March 2013, accommodates each order on a timely basis. In systems for the automotive sector, the results were favorable with plans for existing facility upgrades at Japanese automakers in addition to projects for Chinese and non-Chinese automakers.

In Taiwan, large orders from the paper and touch panel sectors, which Taiwan Daifuku received at the beginning of the fiscal year under review, contributed to earnings.

In South Korea, the performance of semiconductor manufacturers improved, and demand for capital investment mainly for nitrogen purge stockers contributed to earnings. In automobile production line systems, Daifuku Korea expanded its factories to meet brisk demand from local automakers for domestic factory upgrades in the summer and fall as well as demand stemming from production in China. Sales of car wash machines held steady, with a movement to charge a washing-fee in the background.

In Thailand and Indonesia, capital investment in Japanese automakers has been brisk. In particular, Daifuku Thailand responded to these conditions with continued production at full capacity. In addition, non-automotive markets are expanding. This resulted in an order for a retailer’s distribution centers.

In Europe, Africa and the Middle East, Daifuku Logan Ltd. (former Logan Teleflex (UK) Ltd.) and Logan Teleflex (France) S.A.S. have been seeking orders for airport baggage handling systems. During the fiscal year under review, however, the results were influenced by the harsh economic conditions in Europe.

Consequently, the segment received orders of 69,477 million yen, up 38.3% from the previous fiscal year, sales of 64,143 million yen, up 41.4%, and segment income of 2,973 million yen, up 39.3%.

Outlook for the fiscal year ending March 31, 2015

The next fiscal year ending March 31, 2015 will be the second year of the four-year business plan. Based on extensive order backlogs, the effects of the consolidation of Wynright, and improved profitability, Daifuku expects to continue to increase sales and profits. Meanwhile, the non-Japanese sales ratio is likely to exceed the 61% recorded in the fiscal year under review. Daifuku needs to further review the performance of each project every quarter.

Given the initiatives above, Daifuku has made the following earning forecasts for the fiscal year ending March 31, 2015.

Consolidated earnings forecast for the fiscal year ending March 31, 2015

Orders received	280 billion yen	(Up 1.1% year on year)
Net sales	270 billion yen	(Up 11.7% year on year)
Operating income	14.0 billion yen	(Up 11.5% year on year)
Ordinary Income	14.3 billion yen	(Up 8.4% year on year)
Net income	8.8 billion yen	(Up 13.7% year on year)

This guidance represents the judgment of the Company based on information presently available. Actual results may differ materially from forecasts due to various uncertainties, including economic and competitive conditions worldwide as well as various risk factors.

(2) Analysis of financial position

Assets, liabilities and net assets

Total assets at the end of the fiscal year under review were 249,531 million yen, an increase of 42,655 million yen year on year. This result principally reflected increases of 18,397 million yen in cash on hand and in banks and 5,391 million yen in notes and accounts receivable and unbilled receivables, as well as an increase of 4,371 million yen in goodwill, principally with the acquisition of Wynright.

Total liabilities at the end of the fiscal year under review were 149,840 million yen, an increase of 28,650 million yen year on year. Primary factors included increases of 4,759 million yen in interest-bearing liabilities including convertible bonds with stock acquisition rights and 10,326 million yen in payment obligations, including electronically recorded obligations, as well as an increase of 3,969 million yen in net defined benefit liabilities (the provision for retirement benefits in the previous fiscal year).

Net assets at the end of the fiscal year under review were 99,690 million yen, an increase of 14,004 million yen year on year. This was mainly attributable to an increase of 7,138 million yen in total other comprehensive income due to the fluctuations of securities owned and foreign currency translation adjustments, and the result of applying the Accounting Standard for Retirement Benefits, as well as an increase of 6,150 million yen in retained earnings.

Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased 18,129 million yen from the end of the previous fiscal year, to 51,852 million yen, compared with 33,722 million yen in the same period of the previous fiscal year.

Cash flows from operating activities

Cash provided by operating activities totaled 20,447 million yen, compared with cash provided of 15,666 million yen in the same period of the previous fiscal year. This primarily reflects an increase of 4,821 million yen in notes and accounts payable, and includes income before income taxes and minority interests of 12,137 million yen and the depreciation of 3,821 million yen.

Cash flows from investing activities

Cash used in investing activities was 7,372 million yen, compared with cash used of 13,649 million yen in the same period of the previous fiscal year. Major activities included outlays of 3,155 million yen for the purchase of non-current assets and 4,495 million yen for the acquisition of shares in affiliates.

Cash flows from financing activities

Cash provided by financing activities was 1,045 million yen, compared with cash provided of 88 million yen in the same period of the previous fiscal year. The major factors were an increase of 2,895 million yen in interest-bearing liabilities resulting from the issue of convertible bonds with stock acquisition rights, despite dividend payment of 1,656 million yen.

<Reference> Changes in cash flow indicators

	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014
Equity ratio (%)	47.9	46.3	40.3	40.4	38.8
Equity ratio based on market capitalization (%)	49.2	40.9	28.7	41.2	56.6
Ratio of interest-bearing liabilities to cash flows (Year)	2.2	3.6	–	3.4	2.8
Interest coverage ratio (Times)	21.1	14.1	–	17.6	23.9

Equity ratio: Shareholders' equity/Total assets

Equity ratio based on market capitalization: Market capitalization of shares/Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest paid

(Note 1) The above indicators are calculated based on the figures in the consolidated financial statements.

(Note 2) Market capitalization is calculated based on the number of shares issued, excluding treasury stock.

(Note 3) Operating cash flows are used for cash flows.

(Note 4) Interest-bearing liabilities are all liabilities recorded in the consolidated balance sheets that pay interest.

(3) Basic policy for dividends for the fiscal year under review and the following fiscal year

Daifuku regards the return of profits to shareholders as its most important management task and adopts a performance-based policy for cash dividends based on consolidated net income, with the aim of achieving additional profit distribution to shareholders. We appropriate the remaining surplus to internal reserves for future growth.

Under its four-year business plan, *Value Innovation 2017*, Daifuku aims to achieve sustainable growth in dividend per share and a medium- to long-term dividend payout ratio of 30%.

For the fiscal year under review (the fiscal year ended March 31, 2014), Daifuku paid an interim dividend of 5 yen per share, and the Board of Directors passed a resolution to pay a year-end dividend of 13 yen per share at a meeting held on May 14, 2014, making an annual dividend 18 yen per share.

With respect to dividends for the fiscal year ending March 31, 2015, the Company plans to pay an annual dividend of 20 yen per share (an interim dividend of 7 yen per share and a year-end dividend of 13 yen), taking into consideration the future termination of the shareholder special benefit program, in addition to the earnings forecast for the fiscal year ending March 31, 2015 and the basic policy described above.

Under the ongoing shareholder special benefit program, Daifuku offers discounts at more than 300 bowling alleys nationwide to which it has delivered its products and equipment. Taking into account requests from shareholders and in consideration of returning profits fairly to shareholders in Japan and overseas, Daifuku decided to increase cash dividends under the basic policy above, and believes that this decision will benefit its shareholders. Coupons will be sent to shareholders with 500 or more shares as recorded in the registry at the end of March 2014. Following this, the program will be terminated.

For details, please see the separate notice issued on May 14, 2014 on the increased cash dividends and the termination of the shareholders special benefit program.

(4) Other matters to report

i) The issue of convertible bonds with stock acquisition rights

In October 2013, Daifuku issued Japanese yen convertible notes with stock acquisition rights due 2017. The aggregate principal amount was 15 billion yen. Daifuku aims to reinforce its financial integrity and ensure capital adequacy for even greater progress over the course of the four-year business plan. The procured capital was used for the acquisition of Wynright, capital investments in Japan, and the repayment of long-term borrowings.

ii) Shiga Prefecture’s largest solar facility starts operation

In November 2013, Daifuku constructed Shiga Prefecture’s largest solar facility within its Shiga Works. The facility has a generating capacity of about 4,400 kW and a yearly output of about 4,300 MWh, equivalent to the electricity consumption of around 1,000 households. Daifuku opened the facility to the public to help the community with environmental education and awareness.

iii) Developed the Area Management System

In February 2014, Daifuku developed the Area Management System as part of the Project for Practical Application of Service Robots (2009-2013) under the Ministry of Economy, Trade and Industry (METI) and the New Energy and Industrial Technology Development Organization (NEDO). The system is the world’s first to receive the ISO 13482, the international safety standard for personal care robots. By incorporating Ultra Wide Bands, the system is able to determine the locations of workers and forklifts in real time and then control the speeds of the vehicles, ensuring greater safety in the centers.

iv) Change in a share trading unit

In April 2014, Daifuku changed its share trading unit from 500 shares to 100 shares, with the aim of developing a shareholder-friendly investment environment and increasing the number of investors.

2. Management Policy

(1) Basic management policy

In the four-year business plan, *Value Innovation 2017*, which runs from April 2013 to March 2017, Daifuku adopted the following management philosophy, aiming for even greater progress:

1. Provide the best solutions to benefit the global markets and the development of society.
2. Focus on healthy, growth-driven global management under a diverse and positive corporate culture.

Under the plan, the Daifuku Group aims to evolve into a top-class Value Innovator that provides the best solutions for customers worldwide by capitalizing on the experience and technologies it has accumulated as a comprehensive manufacturer and integrator of material handling systems.

In addition, the Company established “Always an Edge Ahead” as its new brand message. This message conveys its vision of creating and providing solutions best suited to giving our customers a competitive edge. It also symbolizes the Company’s flexible and outstanding workforce, which possesses both expertise and a commitment to taking on new challenges and making changes for the better.

(2) Target management indicators

The Group aims to achieve sales of 280 billion yen and an operating income ratio of 7% for the fiscal year ending March 31, 2017.

In May of the same year, Daifuku will be celebrating its 80th anniversary and so will strive as a Group to reach its objectives to coincide with this important milestone.

(3) Medium- and long-term management strategies

In *Value Innovation 2017*, globalization is the key challenge. The initial target for non-Japanese sales ratio for the final year of the plan was 60%, however, the non-Japanese sales ratio was 61% for the fiscal year under review, compared with 52% in the previous fiscal year. Looking ahead, Daifuku will continue to expand its businesses in global markets.

The biggest issue in the four-year business plan is to increase sales of storage, transport, sorting and picking systems for manufacturers and distributors, which have traditionally focused on Japan, in North America and Asia. In North America, Daifuku acquired Wynright during the fiscal year under review. With this acquisition, in a sense, Daifuku can see the light at the end of the tunnel. Looking ahead, the Company will seek to benefit from collaboration as quickly as possible with the existing management resources. In Asia, individual consumption and logistics needs are robust given the expanding middle-income class. Daifuku will continue to develop the local operating framework.

With these developments and expansion, “globalization and localization” became significant challenges. The Daifuku Group will take steps to enhance its comprehensive capabilities across the globe and take the initiative to develop products and systems tailored to local needs.

In terms of profits, while raising income margins generated from new projects has been a challenge, the service business has been a solid revenue base to bolster corporate management, based on Daifuku’s extensive delivery record over many years. In-house structural innovation in production has been making progress, which benefits profitability. Daifuku will aim to further increase efficiency in productivity, while further raising the quality of manufacturing and installations.

Daifuku will strive to achieve an operating income ratio of 7%, by creating new, profitable, one-of-a-kind products, new technologies and new business models, while further enhancing the Company's profitability through in-house structural innovation.

To enhance financial integrity, Daifuku will promote the following:

1. Generate free cash flow for active use in global business development.
2. Keep the R&I rating in the A zone or higher.
3. Sustain growth in dividends per share, aiming for a medium- to long-term dividend payout ratio of 30%.

(4) Challenges to address

Daifuku has adopted four themes under *Value Innovation 2017*: Business Domains, Profitability, Brand Power, and Operational Efficiency. Targets based on these themes are specified in each year's management policy.

Adhering to the management policy for the fiscal year under review, Daifuku has adopted a new management policy for the fiscal year ending March 31, 2015: "Consistently undertake and advance Safety, Quality, Cost, Development, and Ecology—Placing priority on Safety." With this, Daifuku has changed its organization as follows.

1) Establishing the Safety and Hygiene Management Division and Global Strategy Department under the president's direct control

   Safety is a top priority for manufacturers. Returning to its cultural origin of corporate safety that has been passed on and inherited within the Group, Daifuku will strive to enhance its brand by creating safe and comfortable workplaces with no accidents together with all its employees across the globe.

   In addition, Daifuku will pursue sound and speedy decision-making on corporate management, responding to a diversified and changing global business environment.

2) Setting up the area supervisory system with top management

   Three representative directors will serve as supervisors of each geographic area—North America, Europe and Asia—, and will play important roles in realizing the Company's "globalization and localization."

3) Having the Chief Financial and Risk Officer (CFO and CRO) and the Chief Operations Officer (COO) with two lines of business management control

   Doing so will optimize the operations of each business and serve as the management framework to survive in world markets.

Also, although "D" normally represents "delivery," it stands for "development" in the management policy.

Daifuku will make all-out efforts to generate new products, new technologies, and new business models.

In terms of ecology, Daifuku has recognized 15 environmentally friendly products, under its unique Daifuku Eco-Products program, in line with Daifuku's Environmental Vision 2020, which states as its goal for 2020, "Developing and supplying environmentally friendly products and services that comply with our environmental standards." Daifuku will strive to be environmentally aware in every business activity while contributing to its customers, society and the conservation of the global ecology through consistently developing and providing products with low environmental impact.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2012 (Year ended March 31, 2013)	FY2013 (Year ended March 31, 2014)
ASSETS		
Current assets:		
Cash on hand and in banks	33,735	52,132
Notes and accounts receivable and unbilled receivables	68,826	74,217
Costs and estimated earnings in excess of billings on uncompleted contracts	13,138	15,334
Merchandise and finished goods	3,368	3,307
Costs incurred on uncompleted construction contracts and other	5,751	6,599
Raw materials and supplies	8,484	10,475
Deferred income taxes	2,471	3,502
Other current assets	4,160	5,349
Allowance for doubtful accounts	(105)	(137)
Total current assets	139,831	170,781
Non-current assets:		
Property, plant and equipment		
Net buildings and structures	14,586	14,618
Net machinery and vehicles	2,621	3,457
Net tools and fixtures	1,030	1,409
Land	11,668	11,801
Other, net	1,390	2,788
Total property, plant and equipment	31,297	34,075
Intangible assets		
Software	2,119	1,944
Goodwill	5,768	10,139
Other	1,146	2,772
Total intangible assets	9,035	14,856
Investments and other assets		
Investments in securities	19,376	20,628
Long-term loans	125	142
Net defined benefit assets	–	268
Deferred income taxes	3,923	5,800
Other	3,434	3,109
Allowance for doubtful accounts	(148)	(131)
Total investments and other assets	26,711	29,817
Total non-current assets	67,044	78,749
Total assets	206,875	249,531

(Million yen)

	FY2012 (Year ended March 31, 2013)	FY2013 (Year ended March 31, 2014)
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,553	36,818
Electronically recorded obligations - operating	–	10,061
Short-term borrowings	28,221	7,014
Current portion of bonds	6,000	–
Income taxes payable	1,416	3,991
Provision for losses on construction contracts	739	275
Other current liabilities	21,066	25,548
Total current liabilities	93,998	83,711
Non-current liabilities:		
Bonds	–	2,700
Bonds with stock acquisition rights	–	15,131
Long-term borrowings	19,163	33,298
Deferred income taxes	1,007	1,410
Provision for retirement benefits	4,712	–
Net defined benefit liabilities	–	8,681
Negative goodwill	299	239
Other non-current liabilities	2,008	4,667
Total non-current liabilities	27,191	66,129
Total liabilities	121,190	149,840
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,239
Retained earnings	69,859	76,009
Treasury stock	(2,424)	(2,620)
Total shareholders' equity	84,486	90,652
Accumulated other comprehensive income:		
Net unrealized gain on securities	1,809	3,102
Deferred gain (loss) on hedges	(14)	(29)
Foreign currency translation adjustments	(2,743)	5,310
Remeasurements of defined benefit plans	–	(2,194)
Total accumulated other comprehensive income	(948)	6,189
Minority interests:	2,147	2,848
Total net assets	85,685	99,690
Total liabilities and net assets	206,875	249,531

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2012 (April 1, 2012 - March 31, 2013)	FY2013 (April 1, 2013 - March 31, 2014)
Net sales	202,337	241,811
Cost of sales	165,340	194,974
Gross profit	36,996	46,836
Selling, general and administrative expenses:		
Selling expenses	14,746	16,716
General and administrative expenses	14,240	17,562
Total selling, general and administrative expenses	28,986	34,279
Operating income	8,010	12,556
Other income:		
Interest income	96	215
Dividend income	242	261
Foreign exchange gain	184	468
Amortization of negative goodwill	59	59
Land and house rental revenue	227	226
Other	180	394
Total other income	991	1,626
Other expenses:		
Interest expenses	887	810
Other	115	181
Total other expenses	1,003	991
Ordinary income	7,999	13,191
Extraordinary income:		
Gain on sales of property, plant and equipment	159	6
Other	5	–
Total extraordinary income	165	6
Extraordinary loss:		
Loss on sales of shares in affiliates	–	148
Loss on sales of property, plant and equipment	46	393
Loss on disposal of property, plant and equipment	159	68
Impairment loss	544	370
Other	97	80
Total extraordinary loss	847	1,060
Income before income taxes and minority interests	7,316	12,137
Income taxes - current	2,534	5,634
Income taxes - deferred	254	(1,545)
Total income taxes	2,788	4,088
Income before minority interests	4,528	8,048
Minority interests in net income	88	308
Net income	4,439	7,740

(Million yen)

	FY2012 (April 1, 2012 - March 31, 2013)	FY2013 (April 1, 2013 - March 31, 2014)
Minority interests in net income	88	308
Income before minority interests	4,528	8,048
Other comprehensive income		
Net unrealized gain on securities	1,568	1,417
Deferred gain (loss) on hedges	(17)	(23)
Foreign currency translation adjustments	3,853	7,193
Share of other comprehensive income of affiliates accounted for by the equity method	1,113	1,115
Total other comprehensive income	6,517	9,703
Comprehensive income:	11,045	17,752
Comprehensive income attributable to:		
Shareholders of the parent company	10,842	17,073
Minority interests	203	679

(3) Consolidated statements of changes in net assets

FY2012 (April 1, 2012 - March 31, 2013)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	8,024	9,028	67,382	(2,421)	82,013
Changes of items during the period					
Dividends from surplus			(1,659)		(1,659)
Net income			4,439		4,439
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock					–
Decrease due to acquisition of shares in a subsidiary			(302)		(302)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	2,476	(3)	2,473
Balance at the end of the period	8,024	9,028	69,859	(2,424)	84,486

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	247	11	(7,611)	–	(7,352)	1,956	76,618
Changes of items during the period							
Dividends from surplus							(1,659)
Net income							4,439
Purchase of treasury stock							(3)
Disposal of treasury stock							–
Decrease due to acquisition of shares in a subsidiary							(302)
Net changes of items other than shareholders' equity	1,561	(26)	4,868	–	6,403	190	6,594
Total changes of items during the period	1,561	(26)	4,868	–	6,403	190	9,067
Balance at the end of the period	1,809	(14)	(2,743)	–	(948)	2,147	85,685

FY2013 (April 1, 2013 - March 31, 2014)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	8,024	9,028	69,859	(2,424)	84,486
Changes of items during the period					
Dividends from surplus			(1,659)		(1,659)
Net income			7,740		7,740
Purchase of treasury stock				(594)	(594)
Disposal of treasury stock		210		398	609
Decrease due to acquisition of shares in a subsidiary			69		69
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	210	6,150	(196)	6,165
Balance at the end of the period	8,024	9,239	76,009	(2,620)	90,652

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	1,809	(14)	(2,743)	–	(948)	2,147	85,685
Changes of items during the period							
Dividends from surplus							(1,659)
Net income							7,740
Purchase of treasury stock							(594)
Disposal of treasury stock							609
Decrease due to acquisition of shares in a subsidiary							69
Net changes of items other than shareholders' equity	1,293	(14)	8,053	(2,194)	7,138	700	7,839
Total changes of items during the period	1,293	(14)	8,053	(2,194)	7,138	700	14,004
Balance at the end of the period	3,102	(29)	5,310	(2,194)	6,189	2,848	99,690

(4) Consolidated statements of cash flows

(Million yen)

	FY2012 (April 1, 2012 - March 31, 2013)	FY2013 (April 1, 2013 - March 31, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	7,316	12,137
Depreciation	3,332	3,821
Impairment loss	544	370
Amortization of goodwill	376	743
Amortization of negative goodwill	(59)	(59)
Interest and dividend income	(339)	(476)
Interest expenses	887	810
Loss on disposal or sales of property, plant and equipment	205	455
Decrease in notes and accounts receivable	3,306	1,747
Decrease (increase) in inventories	(1,225)	(310)
Increase in notes and accounts payable	1,054	4,821
Increase in advances received on uncompleted contracts	2,132	324
Other	311	(683)
Subtotal	17,843	23,701
Interest and dividend income received	334	478
Interest expenses paid	(888)	(856)
Income taxes refund (paid)	(1,921)	(3,163)
Other	298	286
Net cash provided by operating activities	15,666	20,447
Cash flows from investing activities:		
Payments for acquisition of shares in newly consolidated subsidiaries	(4,495)	(4,202)
Payments for acquisition of shares in newly included equity-method affiliates	(3,449)	–
Proceeds from paid-in capital reduction in a non-consolidated subsidiary	800	–
Investments in time deposits	(0)	(409)
Proceeds from refund of time deposits	136	389
Payments for purchase of non-current assets	(3,033)	(3,155)
Proceeds from sales of non-current assets	400	425
Payments for purchase of investments in securities	(67)	(321)
Payments for acquisition of shares in affiliates	(3,392)	(293)
Collection of loans receivable	3	3
Payments for transfer of business	(570)	–
Other	20	190
Net cash used in investing activities	(13,649)	(7,372)

(Million yen)

	FY2012 (April 1, 2012 - March 31, 2013)	FY2013 (April 1, 2013 - March 31, 2014)
Cash flows from financing activities:		
(Decrease) Increase in short-term borrowings, net	(7,987)	755
Proceeds from long-term borrowings	15,922	14,360
Repayment of long-term borrowings	(1,930)	(24,071)
Proceeds from issuance of bonds with stock acquisition rights	–	15,150
Proceeds from issuance of bonds	–	2,700
Redemption of bonds	(4,000)	(6,000)
Proceeds from disposal of treasury stock	–	610
Payments for purchase of treasury stock	(3)	(594)
Payments of cash dividends	(1,657)	(1,656)
Other	(255)	(209)
Net cash provided by financing activities	88	1,045
Effect of exchange rate change on cash and cash equivalents	2,179	3,201
Net increase in cash and cash equivalents	4,284	17,320
Cash and cash equivalents, beginning of the year	29,438	33,722
Increase in cash and cash equivalents resulting from change of scope of consolidation	–	808
Cash and cash equivalents, end of the year	33,722	51,852

Note on Going Concern Assumption

Not applicable

Changes in Accounting Policies

The Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts (ASBJ PITF No. 30; December 25, 2013) can be applied from the beginning of the first fiscal year that ends after the issuing of the PITF. The Company applies the PITF from the fiscal year under review and recognizes the difference between the value received in exchange for treasury stock and its book value when it is disposed of and is transferred to the trust. A gain or loss from the sale of treasury stock sold from the trust to the employee shareholding association, dividends from the Company for treasury stock held by the trust, and net costs associated with the trust are posted in liabilities.

The Company applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26; May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012), except for the provisions of the main clauses of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits, from the end of the fiscal year under review. With the application, the Company has changed its accounting method and posted retirement benefit obligations less pension assets as net defined benefit assets and net defined benefit liabilities. The Company posted unrecognized actuarial differences and unrecognized prior service costs in net defined benefit assets and net defined benefit liabilities.

The application of the Accounting Standard for Retirement Benefits and the Guidance is subject to the transitional provisions stipulated in Article 37 of the Accounting Standard for Retirement Benefits, and the effects of the change in accounting policy are added to and subtracted from the remeasurements of defined benefit plans in the accumulates other comprehensive income at the end of the consolidated fiscal year under review.

Reflecting the changes above, at the end of the fiscal year under review, net defined benefit assets of 268 million yen and net defined benefit liabilities of 8,681 million yen were posted at the end of the fiscal year under review. Deferred tax assets increased 1,326 million yen, and minority interests decreased 86 million yen. Accumulate other comprehensive income decreased 2,194 million yen.

The effects on per share information are described in the per share information section.

Additional information

(Transactions of delivering the Company’s own stock to employees etc. through trusts)

To enhance employee benefits and welfare, the Company delivers its own stock through a trust to the employee shareholding association.

(1) Outline of the transaction

Under a resolution adopted on December 12, 2013, the Company has introduced an employee shareholding incentive plan through a trust (E-Ship; hereinafter "the Plan"). The purpose of the Plan is to provide an incentive for the Company's employees to help enhance the Company's enterprise value in the medium to long term, to expand employee benefits and welfare, and to encourage the continuous development of the Company by boosting employees' morale through their capital participation as shareholders.

The Plan is an incentive plan for all employees who are members of the Daifuku Employee Shareholding Association (hereinafter "the Shareholding Association"). In the Plan, the Company sets up a trust exclusively for the Daifuku Employee Shareholding Association (hereinafter "the E-Ship Trust") at a trust bank. The E-Ship acquires shares in the Company that it anticipates the Shareholding Association will acquire in the next three years through a private placement by the Company, using borrowed money. Subsequently, the E-Ship Trust regularly sells shares in the Company to the Shareholding Association. If the equivalent of profits from the sale of shares accumulates at the E-Ship Trust at the termination of the trust, the equivalent of profits will be distributed to qualified beneficiaries as residual assets. The Company provides loan guarantees for the E-Ship's borrowings to purchase shares in the Company. If the equivalent of losses from the sale of shares accumulated at the E-Ship Trust due to falls in the Company's stock price, and if the E-Ship has remaining debt equivalent to losses from the sale of shares at its termination, the Company will repay the debt under the guarantee agreement.

(2) The Company's shares remaining at the trust

The Company posts the book value of shares in the Company remaining in trust (excluding incidental expenses) as treasury stock in net assets. The book value of that treasury stock in the consolidated fiscal year was 537 million yen, and the number of the treasury stock was 423,000.

(3) The book value of borrowings posted using the gross price method

537 million yen for the fiscal year under review

Segment Information

1. Overview of reportable segments

   Reportable segments comprise components for which discrete financial information is available, which the Board of Directors review regularly to determine the allocation of management resources and assess operating results.

   The Daifuku Group manufactures and sells material handling systems, car wash machines, industrial personal computers, interface boards, and other equipment in Japan and overseas. Each company within the Group conducts manufacturing and sales activities based on its roles as an independent management unit.

   There are three reportable segments: Daifuku Co., Ltd., the core company dealing in material handling systems and equipment, and car wash machines; the Contec Group (Contec Co., Ltd. and its subsidiaries), the core company group engaging in the manufacture and sale of industrial personal computers, interface boards, and other equipment in Japan and overseas; and the Daifuku Webb Group (Daifuku Webb Holding Company and its subsidiaries and affiliates).

   In addition to the manufacture and sale of material handling systems and equipment and car wash machines in Japan as the core company of the Daifuku Group, Daifuku Co., Ltd. develops and supplies key components to companies around the world. Overseas subsidiaries assemble material handling system components supplied by Daifuku Co., Ltd. with locally manufactured or purchased materials, sell the products, and perform installation work as well as after-sales services. Daifuku Webb Holding Company is a U.S. subsidiary that is responsible for key business activities, primarily in North America, with a significant volume of sales. It manufactures and sells leading airport baggage handling systems on its own as part of its material handling systems.

2. Methods of calculating the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

   The accounting methods of reported business segments are the same as those stated in the "Basis of presenting consolidated financial statements." Inter-segment sales or transfers are determined based on the prevailing market price.

3. Information on the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

Fiscal year under review (April 1, 2013 - March 31, 2014)

(Million yen)

	Reportable segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	110,253	13,370	52,743	176,367	64,143	240,510
Inter-segment sales or transfers	27,030	8,571	1,720	37,322	17,703	55,025
Total	137,283	21,942	54,463	213,689	81,847	295,536
Segment income	5,761	727	1,680	8,168	2,973	11,142
Segment assets	163,861	17,701	47,772	229,335	61,516	290,852
Segment liabilities	86,400	10,682	31,388	128,471	36,415	164,887
Other						
Depreciation	2,440	251	456	3,148	670	3,818
Amortization of goodwill	129	116	–	246	119	366
Interest income	37	2	76	116	156	272
Interest expenses	686	59	47	793	73	867
Extraordinary income	167	–	151	318	2	321
(Gain on sales of property, plant and equipment)	(–)	(–)	(151)	(151)	(2)	(154)
Extraordinary loss	591	23	557	1,171	67	1,239
(Loss on sales of property, plant and equipment)	(338)	(0)	(37)	(375)	(0)	(376)
(Loss on impairment of property, plant and equipment)	(–)	(–)	(520)	(520)	(–)	(520)
Income tax expenses	3,022	-216	206	3,012	1,024	4,036
Investments in equity-method affiliates	5,193	–	–	5,193	202	5,395
Increase in property, plant and equipment and intangible assets	3,875	212	4,796	8,883	728	9,612

* “Other” represents an operating segment comprising subsidiaries that are not in reportable segments.

4. Differences between total amounts for reportable segments and the reported amount in the consolidated financial statements and main details of the differences (matters relating to difference reconsideration)

(Million yen)

Net sales	Fiscal year ended March 31, 2014
Reportable segment total	213,689
Net sales classified in “Other”	81,847
Elimination of inter-segment transactions	-55,025
Adjustment for consolidation of sales on the percentage-of-completion basis	1,236
Other adjustment for consolidation	64
Net sales in consolidated financial statements	241,811

(Million yen)

Segment income	Fiscal year ended March 31, 2014
Reportable segment total	8,168
Segment income classified in “Other”	2,973
Elimination of dividends from affiliates	-2,009
Other adjustment for consolidation	-1,392
Net income in consolidated financial statements	7,740

(Million yen)

Segment assets	Fiscal year ended March 31, 2014
Reportable segment total	229,335
Segment assets classified in “Other”	61,516
Elimination of investment securities in affiliates in consolidation process	-28,664
Elimination of intercompany receivables	-18,215
Other adjustment for consolidation	5,559
Total assets in consolidated financial statements	249,531

(Million yen)

Segment liabilities	Fiscal year ended March 31, 2014
Reportable segment total	128,471
Segment liabilities classified in “Other”	36,415
Elimination of intercompany payables	-18,215
Other adjustments for consolidation	3,169
Total liabilities in consolidated financial statements	149,840

(Million yen)

Other	Reportable segment total	Other	Adjustment	Consolidated total
Depreciation	3,148	670	2	3,821
Amortization of goodwill	246	119	376	743
Interest income	116	156	-57	215
Amortization of negative goodwill	–	–	59	59
Interest expenses	793	73	-57	810
Equity in earnings of non-consolidated subsidiaries and affiliates	–	–	69	69
Extraordinary income	318	2	-314	6
(Gain on sales of property, plant and equipment)	(151)	(2)	(-147)	(6)
Extraordinary loss	1,171	67	-178	1,060
(Loss on sales of property, plant and equipment)	(375)	(0)	(17)	(393)
(Impairment loss)	(520)	(–)	(-150)	(370)
Income tax expenses	3,012	1,024	52	4,088
Investments in equity-method affiliates	5,193	202	2,071	7,467
Increase in property, plant and equipment and intangible assets	8,883	728	834	10,446

Note: The main items in the adjustment above are as follows.

1. An adjustment of 2,071 million yen in investments in equity-method affiliates during the fiscal year under review was mainly due to foreign currency translation adjustments included in shares in affiliates.

2. An adjustment of 834 million yen in the increase in property, plant and equipment and intangible assets during the fiscal year under review resulted mainly from goodwill generated by the acquisition of affiliates.

Related Information

Fiscal year under review (April 1, 2013 - March 31, 2014)

1. Information by product and service

(Million yen)

	Logistics Systems	Electronics	Other	Total
Sales to outside customers	210,782	13,357	17,671	241,811

2. Information by region

Net sales

(Million yen)

Japan	Americas	Other	Total
94,545	51,596	95,669	241,811

Note: Net sales are classified into countries or regions based on the location of customers.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net assets per share	754.98	875.14
Net income per share	40.12	69.96
Diluted net income per share	–	66.67

Note:

1. Diluted net income per share for the previous fiscal year is not shown herein as dilutive shares do not exist.

2. As described in “Changes in Accounting Policies,” the Accounting Standard for Retirement Benefits and the Guidance is applied and is subject to the transitional provisions stipulated in Article 37 of the Accounting Standard for Retirement Benefits. As a result, net assets per share during the fiscal year under review decreased 19.83 yen.

3. The shares of Daifuku remaining on trust which are recorded as treasury stock among the equity capital are included in the treasury stock to be deducted in calculation of the average number of shares during the fiscal year under review for the purpose of calculation of the net income per share, and are also included in the number of treasury stock to be deducted from the aggregate number of issued shares as of the end of the fiscal year under review for the purpose of calculation of the net assets per share.
   The average number of shares of treasury stock deducted during the fiscal year under review for the purpose of calculation of the net income per share is 430,000 shares for the consolidated fiscal year under review and the number of shares of treasury stock deducted as of the end of the fiscal year under review for calculation of the net assets per share is 423,000 shares for the consolidated fiscal year under review.

4. The basis for the calculation of net income per share is as shown in the table below.

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net income per share		
Net income (million yen)	4,439	7,740
Amount not attributable to common shareholders (million yen)	–	–
Net income attributable to common stock (million yen)	4,439	7,740
Average number of common shares during the period (thousand shares)	110,651	110,645
Diluted net income per share		
Adjusted amount of net income (million yen)	–	-11
(Of which, amortization of bond premiums (after tax) (million yen))*	(–)	(-11)
Number of common shares increased (thousand shares)	–	5,290
(Of which, convertible bonds with stock acquisition rights (thousand shares))		(5,290)
Dilutive shares not included in the calculation of diluted net income per share because absence of dilutive effect	–	–

*The amount of amortization of the difference in the fiscal year under review due to the issuance of bonds at a higher price than the face value (after subtracting the amount equivalent to taxes)

5. The basis for the calculation of net assets per share is as shown in the table below.

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Total net assets (million yen)	85,685	99,690
Amount to subtract from total net assets (million yen)	2,147	2,848
(Of which, minority interests) (million yen)	(2,147)	(2,848)
Net assets at the end of the period attributable to common stock (million yen)	83,538	96,842
Number of common shares at the end of the period used for the calculation of net assets per share (thousand shares)	110,648	110,659

Major Subsequent Events

Not applicable