

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2015
[Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan
Translated from the original Japanese-language document

August 8, 2014

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: August 12, 2014

Scheduled date of commencing dividend payment: -

Quarterly earnings supplementary materials: Yes

Quarterly 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 first quarter of fiscal 2014

(April 1, 2014 - June 30, 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	%
First quarter of fiscal 2014	58,533	16.2	1,010	-9.7	1,375	-1.8	1,117	16.8
First quarter of fiscal 2013	50,368	10.4	1,118	543.7	1,400	-	956	-

Note: Comprehensive income

First quarter of fiscal 2014: -48 million yen (- %)

First quarter of fiscal 2013: 4,673 million yen (385.3 %)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of fiscal 2014	10.10	9.16
First quarter of fiscal 2013	8.65	-

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First quarter of fiscal 2014	244,566	98,221	39.0
Fiscal 2013	249,531	99,690	38.8

Reference: Shareholders' equity

First quarter of fiscal 2014: 95,390 million yen

Fiscal 2013: 96,842 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	-	5.00	-	13.00	18.00
Fiscal 2014	-	-	-	-	-
Fiscal 2014 (forecast)	-	7.00	-	13.00	20.00

Note: Revisions to the latest dividend forecast: None

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	120,000	7.3	4,300	-6.4	4,600	-8.9	3,100	-4.7	28.01
Full-year	270,000	11.7	14,000	11.5	14,300	8.4	8,800	13.7	79.51

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the first quarter: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) 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

For more details, please see 2-(1) "Changes in accounting policies, accounting estimates, and restatement."

- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
First quarter of fiscal 2014: 113,671,494 shares
Fiscal 2013: 113,671,494 shares
 - 2) Number of treasury stock at the end of the period
First quarter of fiscal 2014: 2,989,451 shares
Fiscal 2013: 3,012,390 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
First quarter of fiscal 2014: 110,674,659 shares
First quarter of fiscal 2013: 110,646,373 shares

Note: The number of treasury stock at the end of the first quarter of the fiscal year ending March 31, 2015 includes 399,600 shares owned by a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the fiscal year ended March 31, 2014 includes 423,000 shares owned by a trust on behalf of Daifuku employees' shareholding association.

Regarding the status of quarterly review procedures

These quarterly consolidated financial statements are exempted from quarterly review as provided in Japan's Financial Instruments and Exchange Act. At the time of disclosure of this report, review procedures for these financial statements pursuant to this Act have 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-(3) "Outlook for the fiscal year ending March 31, 2015."

Quarterly earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com.

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first quarter of 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 European economies managed a slow recovery. Meanwhile, the Japanese economy staged a moderate recovery driven by the government's economic policies and the effect of monetary easing, despite some negative repercussions from the rise in the Japanese consumption tax.

In the material handling and logistics industry, capital investment in every customer sector has been rebounding. In addition, an on-site issue of labor shortages in the logistics sector is becoming obvious in Japan. Accordingly, new business opportunities are rising from demand to overcome the issue.

Amid these conditions, orders of the Daifuku Group were driven by systems for manufacturers and distributors, including about 7.3 billion yen in orders received by Wynright Corporation, which joined the Group in October 2013. In systems for automobile factories, orders for North and South America maintained strong. In contrast, orders for Asian countries lost momentum compared to the same period in the previous fiscal year, due to the impact from the downturn in Asian economies. However, orders from flat-panel display (FPD) factories in China increased, mainly on brisk capital investment that continued from the previous fiscal year.

Sales were positive, underpinned by extensive order backlogs and about 6.0 billion yen in sales posted by Wynright.

Specifically, the Group received orders of 69,975 million yen, up 11.6% from a year earlier, and recorded net sales of 58,533 million yen, up 16.2%.

In terms of profits, the Group recorded operating income of 1,010 million yen, down 9.7% yen from a year earlier, and ordinary income of 1,375 million yen, down 1.8%, mainly attributable to a number of unprofitable projects. Net income was 1,117 million yen, up 16.8%, due to a significant improvement in net income posted by the Contec Group.

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

Daifuku Co., Ltd.

<Orders>

In our mainstay systems for manufacturers and distributors, orders for large projects remained firm in the distribution, pharmaceutical wholesaling, and food sectors. In addition, orders for retrofit and replacement projects, based on Daifuku's past installations, increased.

In systems for semiconductor and FPD factories, a recovery in orders from FPD factories in China benefited earnings.

Orders for automobile production line systems remained firm, mainly in emerging countries, including Russia, Brazil, and Malaysia. In Japan, orders for service and small upgrade projects were also firm.

<Sales>

In systems for manufacturers and distributors, sales increased, mainly of large systems for the mail-order and e-commerce sectors, including co-ops.

Sales of systems for semiconductor factories increased in the U.S. and South Korea. Also, sales of systems for FPD factories increased in China.

Sales of automobile production line systems were firm, especially in Japan and Thailand.

In car wash machines, although the sales volume of machines grew at a sluggish pace, reflecting a reaction to the last-minute demand before the rise in the Japanese consumption tax, Daifuku expects the volume to bounce back from the second quarter. In other lifestyle products, sales of wheelchair lifts for care-provider vehicles were firm, reflecting the aging population.

<Income>

Segment income increased, mainly attributable to cost cutting in production activities and increased sales of systems for FPD factories.

As a result, Daifuku recorded orders of 29,152 million yen, up 10.8% from the previous fiscal year, net sales of 24,017 million yen, down 2.5%, and segment income of 791 million yen, up 17.2%.

Contec Group (Contec Co., Ltd. and its subsidiaries)

Sales of industrial-use computers and device related products, such as measuring and control boards, increased, backed by increased capital investment in Japan. In addition, the Group is striving to enhance marketing and sales worldwide. The Group tied up with three sales distributors in Europe. In the U.S., the Group rebuilt its sales network with distributors and strengthened support capabilities by dispatching engineers from Japan.

As a result of the above initiatives, profits increased with the increased sales.

As a consequence, Contec posted orders of 3,649 million yen, down 0.2% from the previous fiscal year, net sales of 3,248 million yen, up 23.7%, and a segment income of 262 million yen, an increase of 443 million yen.

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

In systems for manufacturers and distributors, orders and sales increased significantly, mainly due to a large order received by Jervis B. Webb Company from a food manufacturer and the results posted by Wynright.

In systems for the semiconductor sector, sales of nitrogen purge stockers were favorable.

In automobile production line systems, orders and sales remained strong, thanks to brisk capital investment among automakers in North America, including Detroit's Big Three and Japanese automakers. As Jervis B. Webb has become more closely integrated into Daifuku America Corporation, Daifuku Webb has been gradually harnessing their collaboration in technologies and project management.

In airport baggage handling systems, orders hit a wall in the U.S.; however, Daifuku Webb is taking steps to enhance its business framework, including a collaboration with a European affiliate.

Profits increased, reflecting sales of automobile production line systems.

As a result, Daifuku Webb achieved orders of 18,748 million yen, up 68.5% from the previous fiscal year, sales of 20,967 million yen, up 85.3%, and segment income of 286 million yen, up 28.4%.

Other

The Other segment includes all other Daifuku Group companies, excluding the aforementioned three segments. The Group has 52 consolidated subsidiaries and 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; Taiwan Daifuku Co., Ltd. in Taiwan; Daifuku Korea Co., Ltd. and Clean Factomation, Inc. in South Korea; and Daifuku (Thailand) Ltd. in Thailand. These companies primarily sell and manufacture material handling systems and equipment and have been boosting exports to overseas markets, playing a global role in the optimal local production and procurement framework of the Group.

In China, orders are generally reflecting delays in contract procedures, but demand for systems for large FPD

production is brisk.

In Taiwan, Taiwan Daifuku is strengthening its production framework, with a particular focus on accommodating ongoing orders for large projects in China, despite weakness in domestic demand.

In South Korea, orders from semiconductor manufacturers were firm. Meanwhile, in systems for automobile factories, Daifuku Korea received orders including a project in Russia.

In Thailand, new automobile factory construction projects were postponed because of a slowdown in domestic sales of cars as a result of anti-government demonstrations. However, with many automobile factories that need to upgrade or replace their production equipment, Daifuku Thailand will focus on receiving orders for such needs. In addition, as inquiries from the food and beverage sectors for their low-temperature logistics centers are brisk, the company is strengthening its local business framework.

In Indonesia and Malaysia, businesses for systems for manufacturers and distributors are expanding, backed by the increasing number of middle-income and wealthy consumers and the growing needs of diversifying dietary habits and rising health consciousness.

In Europe, Africa, and the Middle East, Daifuku is strengthening the management of its subsidiaries that engage in airport baggage handling systems, to prepare for large orders expected in the latter half of the fiscal year under review.

During the fiscal year under review, there were fewer large projects compared to the same period of the previous fiscal year, attributable to the downturn in Asian economies. Consequently, the segment received orders of 18,425 million yen, down 14.7% from the previous fiscal year, sales of 12,246 million yen, down 5.5%, and posted segment income of 581 million yen, down 15.8%.

(2) Financial position

Assets

Total assets at the end of the first quarter of the fiscal year under review stood at 244,566 million yen, a decrease of 4,964 million yen from the end of the previous fiscal year. This result principally reflected an increase of 5,205 million yen in costs incurred on uncompleted construction contracts and other, as well as the collection of 11,174 million yen in notes and accounts receivable and unbilled receivables.

Liabilities

Total liabilities amounted to 146,344 million yen, a decrease of 3,496 million yen from the end of the previous fiscal year. Primary factors included a decrease of 3,812 million yen in notes and accounts payable and construction contracts payable.

Net assets

Net assets were 98,221 million yen, a fall of 1,468 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 1,181 million yen in total other comprehensive income due to securities owned and foreign currency translation adjustments.

(3) Outlook for the fiscal year ending March 31, 2015

The Daifuku Group has revised its interim earnings forecast for the fiscal year ending March 31, 2015, which was announced on May 14, 2014. The Group has not revised the full-year earnings forecast, which was announced on May 14, 2014.

Net sales during the first half of the fiscal year under review are expected to fall short of the plan, as there are delays in contract procedures in general, which will result in a decrease in sales during the fiscal year. Profits are also expected to be influenced by the reduced orders and sales. The full-year earnings forecast remains unchanged, because many belated orders are expected to be recorded in the latter half of the fiscal year under review and the Company's strong efforts to improve profitability through further cost-cutting in production stages and the enhancement of project management.

With respect to orders, the Group has not revised its forecasts of 150,000 million yen for the interim and 280,000 million yen for the full year that were announced on May 14, 2014.

Revisions to the interim earnings forecast for the fiscal year ending March 31, 2015

(April 1, 2014 - September 30, 2014)

(Million yen)

	Previous forecast (A)	Current forecast (B)	Change (B - A)	Rate of change (%)	Reference: Interim results for fiscal year ended March 31, 2014
Net sales	130,000	120,000	-10,000	-7.7	111,853
Operating income	6,000	4,300	-1,700	-28.3	4,591
Ordinary income	6,100	4,600	-1,500	-24.6	5,050
Net income	4,000	3,100	-900	-22.5	3,251
Net income per share (yen)	36.15	28.01	-	-	29.39

*Disclaimer

The above forecast values are our projections based on information available at the time of this release and contain various uncertainties. Actual results may differ materially from forecast values due to factors such as changes in the business performance of the Company.

2. Matters Relating to Summary Information (Notes)

- (1) Changes in accounting policies, accounting estimates, and restatement

Changes in Accounting Policies

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), in accordance with 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 first quarter under review. Consequently, the Company changed the method of attributing the projected benefits to periods from the straight-line basis to the benefit formula basis in line with the revision of the method for calculating retirement benefit obligations and service costs. With respect to the period of bonds used as a basis for determining the discount rate, the Company changed from the method of determination based on a number of years similar to the average remaining service period of employees to the method of using a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits every such period.

With regard to the application of the Accounting Standard for Retirement Benefits, etc., in accordance with the transitional treatment provided in Article 37 of the Accounting Standard for Retirement Benefits, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the first quarter under review.

The impact of these changes on profit and loss was immaterial.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2013 (Year ended March 31, 2014)	First quarter of FY2014 (Quarter ended June 30, 2014)
ASSETS		
Current assets:		
Cash on hand and in banks	52,132	55,528
Notes and accounts receivable and unbilled receivables	74,217	63,042
Merchandise and finished goods	3,307	3,765
Costs incurred on uncompleted construction contracts and other	6,599	11,804
Raw materials and supplies	10,475	10,901
Other current assets	24,186	22,809
Allowance for doubtful accounts	(137)	(140)
Total current assets	170,781	167,712
Non-current assets:		
Property, plant and equipment	34,075	33,595
Intangible assets		
Goodwill	10,139	9,733
Other	4,716	4,390
Total intangible assets	14,856	14,124
Investments and other assets		
Other	29,949	29,265
Allowance for doubtful accounts	(131)	(131)
Total investments and other assets	29,817	29,133
Total non-current assets	78,749	76,853
Total assets	249,531	244,566
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,818	33,006
Electronically recorded obligations - operating	10,061	10,887
Short-term borrowings and current portion of long-term borrowings	7,014	6,948
Income taxes payable	3,991	1,830
Provision for losses on construction contracts	275	305
Other current liabilities	25,548	28,634
Total current liabilities	83,711	81,612
Non-current liabilities:		
Bonds	2,700	2,700
Bonds with stock acquisition rights	15,131	15,121
Long-term borrowings	33,298	33,267
Liabilities for retirement benefits	8,681	8,049
Other non-current liabilities	6,318	5,593
Total non-current liabilities	66,129	64,732
Total liabilities	149,840	146,344

(Million yen)

	FY2013 (Year ended March 31, 2014)	First quarter of FY2014 (Quarter ended June 30, 2014)
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,239	9,239
Retained earnings	76,009	75,710
Treasury stock	(2,620)	(2,591)
Total shareholders' equity	90,652	90,382
Accumulated other comprehensive income:		
Net unrealized gain on securities	3,102	3,313
Deferred gain (loss) on hedges	(29)	(28)
Foreign currency translation adjustments	5,310	3,814
Accumulated adjustments on retirement benefits	(2,194)	(2,091)
Total accumulated other comprehensive income	6,189	5,007
Minority interests:	2,848	2,830
Total net assets	99,690	98,221
Total liabilities and net assets	249,531	244,566

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2013 Q1 (April 1, 2013 - June 30, 2013)	FY2014 Q1 (April 1, 2014 - June 30, 2014)
Net sales	50,368	58,533
Cost of sales	41,264	48,769
Gross profit	9,104	9,764
Selling, general and administrative expenses:		
Selling expenses	3,741	4,213
General and administrative expenses	4,244	4,541
Total selling, general and administrative expenses	7,985	8,754
Operating income	1,118	1,010
Other income:		
Interest income	54	37
Dividend income	127	163
Foreign exchange gain	164	-
Rental income	57	45
Refunded foreign taxes	-	146
Other	91	128
Total other income	495	521
Other expenses:		
Interest expenses	198	106
Miscellaneous expenses	15	50
Total other expenses	213	156
Ordinary income	1,400	1,375
Extraordinary income:		
Gain on sales of investments in securities	-	300
Other	0	10
Total extraordinary income	0	311
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	9	30
Other	5	2
Total extraordinary loss	14	33
Income before income taxes and minority interests	1,386	1,653
Income taxes - current	1,560	1,319
Income taxes - deferred	(1,078)	(893)
Total income taxes	482	426
Income before minority interests	904	1,227
Minority interests in net income (loss)	(52)	109
Net income	956	1,117

(Million yen)

	FY2013 Q1 (April 1, 2013 - June 30, 2013)	FY2014 Q1 (April 1, 2014 - June 30, 2014)
Minority interests in net income (loss)	(52)	109
Income before minority interests	904	1,227
Other comprehensive income		
Net unrealized gain on securities	692	150
Deferred gain (loss) on hedges	(2)	17
Foreign currency translation adjustments	2,645	(1,349)
Adjustments on retirement benefits	–	108
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	434	(202)
Total other comprehensive income (loss)	3,769	(1,275)
Comprehensive income (loss):	4,673	(48)
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	4,627	(63)
Minority interests	45	15

Note on Going Concern Assumption

Not applicable

Notes When There Is a Material Change in the Amount of Shareholders Equity

Not applicable

Segment Information

I. The first quarter of the previous fiscal year ended March 31, 2014 (from April 1, 2013 to June 30, 2013)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	24,645	2,626	11,315	38,587	12,965	51,553
Inter-segment sales or transfers	4,702	1,664	776	7,143	2,368	9,511
Total	29,348	4,291	12,091	45,731	15,334	61,065
Segment income (loss)	675	(181)	222	716	691	1,408

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

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	45,731
Net sales classified in “Other”	15,334
Elimination of inter-segment transactions	(9,511)
Adjustment for consolidation of sales on the percentage-of-completion basis	(547)
Other adjustments for consolidation	(637)
Net sales in quarterly consolidated financial statements	50,368

Segment income	(Million yen)
Reportable segment total	716
Net income classified in “Other”	691
Elimination of dividends from affiliates	(49)
Adjustment for consolidation of sales on the percentage-of-completion basis	(108)
Other adjustments for consolidation	(293)
Net income in quarterly consolidated financial statements	956

3. Information relating to loss on impairment of non-current assets by reportable segment

Not applicable

II. The first quarter of the fiscal year ending March 31, 2015 (from April 1, 2014 to June 30, 2014)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	24,017	3,248	20,967	48,233	12,246	60,480
Inter-segment sales or transfers	4,499	1,741	79	6,320	3,110	9,431
Total	28,517	4,990	21,046	54,554	15,356	69,911
Segment income (loss)	791	262	286	1,340	581	1,922

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

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	54,554
Net sales classified in “Other”	15,356
Elimination of inter-segment transactions	(9,431)
Adjustment for consolidation of sales on the percentage-of-completion basis	(2,253)
Other adjustments for consolidation	307
Net sales in quarterly consolidated financial statements	58,533

Segment income	(Million yen)
Reportable segment total	1,340
Net income classified in “Other”	581
Elimination of dividends from affiliates	(137)
Adjustment for consolidation of sales on the percentage-of-completion basis	(170)
Other adjustments for consolidation	(497)
Net income in quarterly consolidated financial statements	1,117

3. Changes to reportable segments

With the change in calculation method of retirement benefit obligations and service costs, as stated in Changes in

Accounting Policies, the Company changed the method of calculating the retirement benefit obligations and service costs of business segments accordingly.

The impact of these changes on profit and loss was immaterial.

4. Information relating to loss on impairment of non-current assets by reportable segment

Not applicable