Financial Section

Six-Year Summary

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2014, 2013, 2012, 2011, 2010 and 2009

(Million yen and U.S. thousand dollars)

	2014	2014	2013	2012	2011	2010	2009
For the Year							
Net sales	¥241,811	$2,349,507	¥202,337	¥198,052	¥159,263	¥154,208	¥242,182
Cost of sales	194,974	1,894,432	165,340	165,505	131,639	128,195	195,430
Selling, general and administrative expenses	34,279	333,068	28,986	28,328	25,897	25,932	31,736
Operating income	12,556	122,006	8,010	4,217	1,726	80	15,015
Income before income taxes and minority interests	12,137	117,933	7,316	3,129	703	862	13,956
Net income	7,740	75,209	4,439	1,223	269	1,018	7,851
Net income per share (Yen and U.S. dollars)	¥ 69.96	$ 0.67	¥ 40.12	¥ 11.05	¥ 2.43	¥ 9.20	¥ 70.29
Cash dividends per share (Yen and U.S. dollars)	18.00	0.17	15.00	15.00	15.00	20.00	26.00
Capital investment	¥ 10,446	$ 101,505	¥ 7,687	¥ 2,393	¥ 3,221	¥ 2,280	¥ 4,613
Depreciation	3,821	37,128	3,332	3,612	3,577	3,679	3,930
R&D expenditures	7,490	72,781	6,855	6,484	6,370	6,075	8,018
At Year-End							
Total assets	¥249,531	$2,424,517	¥206,875	¥185,049	¥163,388	¥165,430	¥194,727
Working capital	87,070	846,002	45,832	61,943	65,908	66,265	75,087
Interest-bearing liabilities	58,144	564,947	53,385	51,010	40,912	45,295	55,417
Net assets	99,690	968,619	85,685	76,618	77,714	81,295	82,810
Net assets per share (Yen and U.S. dollars)	¥ 875.14	$ 8.50	¥ 754.98	¥ 674.72	¥ 683.39	¥ 716.07	¥ 718.68
Number of employees	7,349		6,678	5,617	5,209	5,395	5,660
Ratios							
Operating income/net sales	5.2%		4.0%	2.1%	1.1%	0.1%	6.2%
Income before income taxes and minority interests/net sales	5.0		3.6	1.6	0.4	0.6	5.8
Net income/net sales	3.2		2.2	0.6	0.2	0.7	3.2
Return on shareholders' equity (ROE)	8.6		5.6	1.6	0.3	1.3	9.6
Shareholders' equity/total assets	38.8		40.4	40.3	46.3	47.9	40.9

Notes: 1. The amount of "Capital investment" in the year ended March 31, 2014 includes goodwill generated from acquisition of shares in U.S. companies by the Company's subsidiaries.
2. The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥102.92 = U.S.$1.00, on the Tokyo Foreign Exchange Market on March 31, 2014.
3. In the calculation of net assets per share, the amount of minority interests is subtracted from the amount of net assets in accordance with the above guidelines.
4. In the calculation of shareholders' equity/total assets ratio and ROE, shareholders' equity represents the amount of net assets less minority interests.

Contents

Operating and Financial Review

Scope of Consolidation and Number of Employees

In fiscal 2013, the year ended March 31, 2014, five companies were newly consolidated with the parent company, bringing the total number of consolidated subsidiaries to 52. On a consolidated basis, Daifuku and consolidated subsidiaries had 7,349 employees as of the fiscal year-end.

Analysis of Operating Results

During fiscal 2013, although many of the emerging countries, including China, faced concerns stemming from a slowdown in economic growth, the U.S. economy maintained moderate growth, and the European economies began to bottom out. In addition, the Japanese economy staged a moderate recovery, reflecting the decline in the value of the yen, appreciation in stock prices, and other factors.

The material handling and logistics industry continued to confront a difficult business environment and competition remained tough. Nonetheless, capital investment in every customer sector has been on the rebound.

Amid these operating conditions, the Daifuku Group reported steady advances in its performance. Orders, sales, and income all increased over fiscal 2012, and, in the first year of its four-year business plan *Value Innovation 2017* (covering April 2013 to March 2017), the Group confirmed a solid start toward reaching the goals of the plan. Targets include net sales of 280 billion yen and an operating income ratio of 7% for fiscal 2016, the 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 on systems for semiconductor factories, in addition to projects for new factory construction and existing factory upgrades in the automotive sector in North America, as well as China and other Asian countries, led to favorable results.

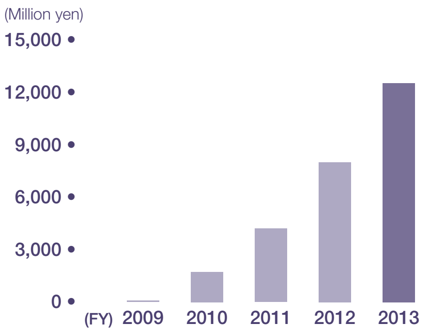
Sales remained strong, underpinned by extensive orders for each sector. The non-Japanese sales ratio to total sales rose to 61%, exceeding the final numerical target of 60% for the four-year business plan. The servicing sales ratio also rose to 31%, exceeding the final numerical target of over 25% for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

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

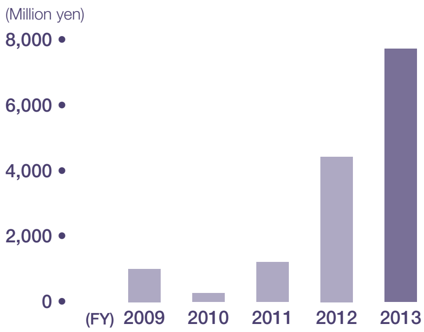
In terms of profits, the existing Group companies contributed to profitability. Operating income significantly improved from the increased sales and higher profitability, which resulted from the Company's commitment to in-house structural innovation. Earnings also benefited from efforts to cut costs at factories, exacting and

Net Sales

Operating Income



Net Income



comprehensive project management at installation sites, favorable results in service business, and improved results in the Contec Group and other non-Japanese subsidiaries. Net income was substantially higher than in fiscal 2012, despite losses on the sale of shares to enhance the liquidity of Contec Co., Ltd. and of a factory in the Kyushu region of Japan.

Consequently, the Group posted operating income of 12,556 million yen, 56.8% higher than in fiscal 2012, and net income amounted to 7,740 million yen, 74.4% higher year on year.

Results by reportable segment are as described below. Orders from and sales to outside customers are shown as segment orders and sales, and net income is recorded as segment income.

Operating Results by Segment

(1) Daifuku Co., Ltd.

Orders and sales of our mainstay manufacturing and distribution 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 the rest of East Asia, including China, and in Southeast Asia, including Thailand, increased during fiscal 2013. In particular, orders from the commerce and retail sectors expanded, backed by increasing demand from non-store retailers, such as e-commerce operations. Orders not only for large systems but also for small and midsize systems remained strong, especially for automated warehouse systems.

In the systems for semiconductor factories, a resumption of capital spending on systems for semiconductor factories during the latter half of fiscal 2013, mainly in the United States, contributed to the increase in orders. Sales remained strong in North America, South Korea, and Taiwan. In the systems for flat-panel display (FPD) factories, orders were buoyed from the latter half of fiscal 2013 by the Chinese government's investment plans for improving self-sufficiency in TV panels in China; however, sales were influenced by the delays in planned construction.

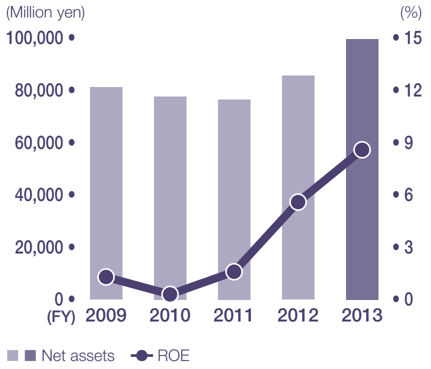
Orders and sales of automobile production line systems remained firm, mainly in North America and emerging countries, including Thailand and China. In Japan, orders for service and small upgrade projects were also strong.

In lifestyle products, sales of car wash machines increased, reflecting strong replacement demand from car service stations and businesses serving the after-sales market for automobiles, including automobile dealers as well as last-minute demand before the rise in the Japanese consumption tax.

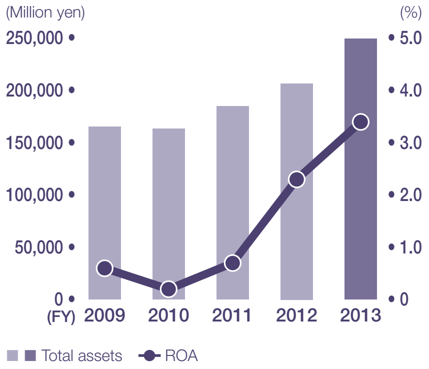
Among other lifestyle products, sales of wheelchair lifts for care-provider vehicles were firm, reflecting demographic aging, but the performance fell short of the level of the previous year, when the introduction of new models boosted demand.

Profitability in this segment rose as a result of further cost reductions in the manufacturing and distribution systems business and favorable sales of services in automobile production line systems.

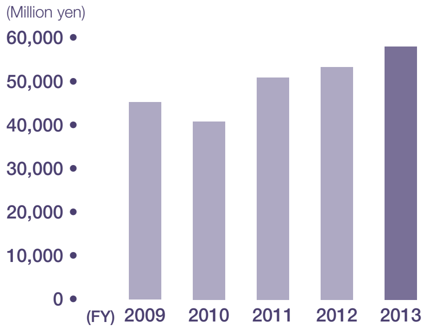
Net Assets and ROE



Total Assets and ROA



Interest-Bearing Liabilities



As a result, this segment reported orders of 117,357 million yen, 10.1% higher year on year; sales of 110,253 million yen, 0.1% over the previous year; and segment income of 5,761 million yen, 2.8% above the previous year.

(2) Contec Group

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

Among extension boards, sales of measuring and control boards were strong, backed by a recovery in customer investment plans for improving corporate earnings. In industrial-use personal computers, sales remained strong. In addition, sales to non-manufacturers were favorable, mainly for panel computers for restaurant and institutional kitchen use and box computers for use in guide display systems in hospitals.

Moreover, Contec DTx Inc. (formerly 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, by complementing their specialized products, promoting joint development, and other initiatives.

In the solution products and system products fields, sales of photovoltaic data measuring systems remained firm as in the previous year. In addition, sales of solution products for hospitals benefited earnings. Among system products, Contec took steps to expand sales of security systems and other system products for the distribution and logistics sectors.

As a consequence, Contec posted orders of 14,821 million yen, up 59.0% from fiscal 2012; sales of 13,370 million yen, up 49.6%; and segment income of 727 million yen, representing an increase of 327.0%.

(3) Daifuku Webb Group

(Daifuku Webb Holding Company and its subsidiaries and affiliates)

Daifuku Webb Holding Company (Daifuku Webb) 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 (ELS), 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 fiscal 2013. Through revamping these diverse management resources, Daifuku Webb is focusing on making effective use of the Group's operating frameworks in North America.

In manufacturing and distribution systems, Daifuku Webb responded to customer needs 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, and strive to win 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 among automakers in North America, including Detroit's Big Three and Japanese automakers. Before the establishment of the Daifuku Webb Group, Daifuku Webb's subsidiary Jervis B. Webb had sold systems to Detroit's Big Three automakers, and Daifuku America had installed systems in Japanese automobile factories in the United States. As the two companies have become more closely integrated, Daifuku Webb has exerted their collaboration effects in technologies and project management.

In airport baggage handling systems, results were influenced by a scaling back of investment plans or delays in the implementation of some planned investments following cuts in U.S. government spending, although operation and service businesses for existing airport facilities were added when the Group acquired ELS in 2012.

Profits increased significantly compared with fiscal 2012, mainly driven by automobile production line systems.

As a result, Daifuku Webb achieved orders of 75,174 million yen, up 67.6% year on year and sales of 52,743 million yen, an increase of 38.3% over the previous year. Segment income amounted to 1,680 million yen, representing an increase of 199.0%.

(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 subsidiaries outside Japan are engaged in manufacturing, sales, and other activities related to material handling systems and equipment. Each of these companies plays a role in optimal global production and procurement activities and is working to increase exports. Performance of Group companies is steady, especially subsidiaries in Asia.

In China, Daifuku (China) Co., Ltd. continued to receive robust orders and inquiries, mainly from the food, beverage, pharmaceutical, paper, and distribution sectors, backed by brisk capital investment from local as well as European and U.S. companies. To meet this large demand, the company expanded its production facilities. These facilities also produce belt conveyor materials for airport baggage handling and supplies to Europe and other regions. In 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 it receives 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 Co., Ltd. received at the beginning of fiscal 2013, 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 Co., Ltd. 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 trend in the background toward charging fees for car washing services.

In Thailand and Indonesia, capital investment by Japanese automakers has continued to be brisk. In particular, Daifuku (Thailand) Ltd. responded to these conditions with continued production at full capacity. In addition, non-automotive markets are expanding, which resulted in orders for retailer distribution centers.

In Europe, Africa, and the Middle East, Daifuku Logan Ltd. (formerly Logan Teleflex (UK) Ltd.) and Logan Teleflex (France) S.A.S. have been seeking orders for airport baggage handling systems. During fiscal 2013, however, the results were influenced by the harsh economic conditions in Europe.

As a result of these various developments, this segment received orders of 69,477 million yen, up 38.3% over the previous year, and recorded sales of 64,143 million yen, an increase of 41.4% year on year. Segment income amounted to 2,973 million yen, up 39.3%.

Earnings

During fiscal 2013, as mentioned previously, net sales increased 19.5%, to 241,811 million yen. The gross profit margin improved one percentage point, to 19.4%, as a result of efforts to reduce costs as well as exacting and comprehensive project management. The ratio of selling, general and administrative expenses improved 0.1 percentage point, to 14.2%.

As a result, operating income rose 56.8%, to 12,556 million yen. Among non-operating income and expenses, losses were reported on the sale of shares to enhance liquidity at Contec and the sale of a factory in the Kyushu region of Japan. However, net income rose 74.4%, to 7,740 million yen. The effective income tax rate for fiscal 2013 was 33.7%. As a consequence, net income per share rose from 40.12 yen per share in the previous year to 69.96 yen per share for fiscal 2013.

Financial Position

Assets, liabilities, and net assets

Total assets at the end of fiscal 2013 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 related to the acquisition of Wynright. Total capital investments during fiscal 2013 amounted to 10,446 million yen, which included expenditures for maintenance and replacement of production equipment at the Shiga Works, installation of a photovoltaic facility, upgrading of the demonstration line for semiconductor production line systems, and upgrading of server functions in core IT systems.

Total liabilities at the end of fiscal 2013 were 149,840 million yen, an increase of 28,650 million yen year on year. Primary factors included an increase of 4,759 million yen in interest-bearing liabilities, including convertible bonds with stock acquisition rights, and an increase of 10,326 million yen in payment obligations, including electronically recorded obligations, as well as an increase of 3,969 million yen in liabilities for retirement benefits (the consolidated provision for retirement benefits in fiscal 2012).

Net assets at the end of fiscal 2013 were 99,690 million yen, an increase of 14,004 million yen year on year. This was mainly due to an increase in retained earnings of 6,150 million yen. The ratio of shareholders' equity to total assets stood at 38.8% at fiscal year-end, and the return on equity (ROE) was 8.6%.

Cash flows

Cash and cash equivalents at the end of fiscal 2013 increased 18,129 million yen from the end of fiscal 2012, to 51,852 million yen, compared with 33,722 million yen in the same period of fiscal 2012.

Cash flows from operating activities

Net cash provided by operating activities totaled 20,447 million yen, compared with cash provided of 15,666 million yen in fiscal 2012. This primarily reflected an increase of 4,821 million yen in notes and accounts payable, and included income before income taxes and minority interests of 12,137 million yen and depreciation of 3,821 million yen.

Cash flows from investing activities

Net cash used in investing activities was 7,372 million yen, compared with cash used of 13,649 million yen in fiscal 2012. 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

Net cash provided by financing activities was 1,045 million yen, compared with cash provided of 88 million yen in fiscal 2012. The major factors were an increase of 2,895 million yen in interest-bearing liabilities, including the issuance of convertible bonds with stock acquisition rights, despite the payment of cash dividends amounting to 1,656 million yen.

Basic policy regarding dividends for fiscal 2013 and 2014

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. With regard to the remaining surplus, the Company's basic policy is to raise funds to invest in future growth.

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

For fiscal 2013, Daifuku paid an interim dividend of 5 yen per share and a year-end dividend of 13 yen per share, for an annual dividend of 18 yen per share.

With respect to dividends for fiscal 2014, the year ending March 31, 2015, the Company is planning to pay an annual dividend of 20 yen per share, consisting of an interim dividend of 7 yen per share and a year-end dividend of 13 yen per share, taking into account the outlook for performance for fiscal 2014 and the Company's basic dividend policy described above, as well as the future termination of the shareholder special benefit program.

Management Policy

Basic management policy of the Group

The Daifuku Group is currently implementing its four-year business plan *Value Innovation 2017,* covering the period from April 2013 through March 2017.

Under the plan, the 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.

To enhance financial integrity, the Group is implementing the following three financial strategies:

1. Generating a free cash flow for active use in global business development,
2. Maintaining a credit rating in the A zone or higher from Rating and Investment Information, Inc. (R&I), and
3. Sustaining growth in dividends per share, aiming for a medium- to long-term dividend payout ratio of 30%.

For further details on the Group's medium- to long-term strategy, please refer to the Message from the CEO in this Annual Report.

Business-Related Risks

The main items that the Daifuku Group recognizes as risks and responds to as such are as follows.

Risks covered by the Chief Financial Officer & Chief Risk Officer

(1) Major disruptions in production (damage to facilities, etc.)
(2) Impact of natural disasters and intentional threats, war, acts of terrorism, strikes, disease, etc.
(3) Environmental problems
(4) Labor relations issues (deterioration in the employee-management relationship, outbreak of industrial disputes, etc.)
(5) Joint ventures (deterioration in management policy at joint venture partner(s), deterioration in management environment, etc.)
(6) Risk related to intellectual property (IP) rights (failure to obtain the license for use of the third-party IP rights/royalty demands; third-party allegations of IP right infringement(s); lack of protection of Daifuku IP rights in certain countries and regions outside of Japan, etc.)
(7) Securing of personnel (recruitment and retention of competent personnel; difficulties in training human resources, etc.)
(8) Customer/Supplier credit risk (customer/supplier doubtful accounts/bad debts, etc.)
(9) Information management (leak of important and/or personal information to outside the Company; use for purposes other than that intended, etc.)
(10) Risk related to global business development (changes to each country's laws and regulations; changes in the social, political and economic situation; deterioration in public safety, disruption to transportation/electric power infrastructure; currency exchange restrictions and fluctuations; tax system changes; taxation by transfer price; trade protection regulations; customer credit risk from different commercial practices; different employment/social insurance systems; changes in labor environment; difficulties in recruiting/retaining personnel; outbreaks of disease, etc.)

Risks covered by the Chief Operating Officer of business operations

(1) Impacts of conditions in the markets related to semiconductors and flat-panel displays, as well as automobiles (changes in demand/capital investment trends, etc.)
(2) Price competition (pressure on profits due to fierce price competition, etc.)
(3) Product quality issues (product defects/failures, quality claims/complaints, etc.)
(4) Risk related to the development of new products/technologies (mismatch between new products/technologies and market needs; rival developments from competitors; absence of IP right protection; breach of another company's IP rights; emergence of new alternative technology products from other companies, etc.)
(5) Increase in raw material prices (sharp increase in prices for raw materials and components, product shortages, supply instability, etc.)

Risk covered by the Compliance Committee

Compliance-related risk (trouble or losses caused by director/employee failure to observe laws, regulations, standards, internal regulations, policies, etc.)

Consolidated Balance Sheets

Daifuku Co., Ltd. and consolidated subsidiaries
March 31, 2014 and 2013

	(Million yen)		(U.S. thousand dollars) (Note 6)
	March 31		March 31
ASSETS	**2014**	2013	**2014**
Current assets:			
Cash on hand and in banks (Notes 10 and 29)	**¥ 52,132**	¥ 33,735	**$ 506,537**
Notes and accounts receivable and unbilled receivables (Notes 9 and 10)	**74,217**	68,826	**721,121**
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 10)	**15,334**	13,138	**148,993**
Merchandise and finished goods	**3,307**	3,368	**32,137**
Costs incurred on uncompleted construction contracts and other (Note 8)	**6,599**	5,751	**64,121**
Raw materials and supplies	**10,475**	8,484	**101,783**
Deferred income taxes (Note 28)	**3,502**	2,471	**34,027**
Other current assets	**5,349**	4,160	**51,978**
Less: allowance for doubtful accounts	**(137)**	(105)	**(1,334)**
Total current assets	**170,781**	139,831	**1,659,365**
Non-current assets:			
Property, plant and equipment (Notes 7 and 14):			
Buildings and structures	**14,618**	14,586	**142,040**
Machinery and vehicles	**3,457**	2,621	**33,594**
Tools and fixtures	**1,409**	1,030	**13,692**
Land	**11,801**	11,668	**114,665**
Other	**2,788**	1,390	**27,094**
Total property, plant and equipment	**34,075**	31,297	**331,087**
Intangible assets:			
Software	**1,944**	2,119	**18,891**
Goodwill	**10,139**	5,768	**98,522**
Other	**2,772**	1,146	**26,937**
Total intangible assets	**14,856**	9,035	**144,351**
Investments and other assets:			
Investments in securities (Notes 10, 11, and 12)	**20,628**	19,376	**200,427**
Long-term loans	**142**	125	**1,380**
Assets for retirement benefits (Notes 3 and 15)	**268**	—	**2,610**
Deferred income taxes (Note 28)	**5,800**	3,923	**56,361**
Other	**3,109**	3,434	**30,213**
Less: allowance for doubtful accounts	**(131)**	(148)	**(1,281)**
Total investments and other assets	**29,817**	26,711	**289,712**
Total non-current assets	**78,749**	67,044	**765,151**
Total assets	**¥249,531**	¥206,875	**$2,424,517**

The accompanying notes are an integral part of these statements.

LIABILITIES	(Million yen) March 31 2014	2013	(U.S. thousand dollars) (Note 6) March 31 2014
Current liabilities:			
Notes and accounts payable and construction contracts payable (Note 10)	¥ 36,818	¥ 36,553	$ 357,741
Electronically recorded obligations-operating (Note 10)	10,061	—	97,764
Short-term borrowings and current portion of long-term borrowings (Notes 10 and 13)	7,014	28,221	68,158
Current portion of bonds (Notes 10 and 13)	—	6,000	—
Income taxes payable	3,991	1,416	38,780
Provision for losses on construction contracts (Notes 8 and 21)	275	739	2,678
Other current liabilities (Note 13)	25,548	21,066	248,240
Total current liabilities	83,711	93,998	813,363
Non-current liabilities:			
Bonds (Notes 10 and 13)	2,700	—	26,233
Bonds with stock acquisition rights (Notes 10 and 13)	15,131	—	147,019
Long-term borrowings (Notes 10 and 13)	33,298	19,163	323,536
Deferred income taxes (Note 28)	1,410	1,007	13,709
Provision for retirement benefits (Note 15)	—	4,712	—
Liabilities for retirement benefits (Notes 3 and 15)	8,681	—	84,353
Negative goodwill	239	299	2,328
Other non-current liabilities (Note 13)	4,667	2,008	45,352
Total non-current liabilities	66,129	27,191	642,533
Total liabilities	149,840	121,190	1,455,897
Contingent liabilities (Note 17)			
NET ASSETS			
Shareholders' equity (Note 19):			
Common stock:			
Authorized—250,000,000 shares			
Issued—113,671,494 shares	8,024	8,024	77,963
Capital surplus	9,239	9,028	89,771
Retained earnings	76,009	69,859	738,532
Less: treasury stock, at cost—March 31, 2014—3,012,390 shares			
March 31, 2013—3,022,663 shares	(2,620)	(2,424)	(25,463)
Total shareholders' equity	90,652	84,486	880,804
Accumulated other comprehensive income:			
Net unrealized gain (loss) on securities	3,102	1,809	30,148
Deferred gain (loss) on hedges	(29)	(14)	(286)
Foreign currency translation adjustments	5,310	(2,743)	51,598
Accumulated adjustments on retirement benefits (Notes 3 and 15)	(2,194)	—	(21,318)
Total accumulated other comprehensive income	6,189	(948)	60,142
Minority interests			
Minority interests	2,848	2,147	27,672
Total net assets	99,690	85,685	968,619
Total liabilities and net assets	¥249,531	¥206,875	$2,424,517

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income and Comprehensive Income

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	(Million yen) March 31 2014	2013	(U.S. thousand dollars) (Note 6) March 31 2014
Net sales	**¥241,811**	¥202,337	**$2,349,507**
Cost of sales (Notes 21 and 22)	**194,974**	165,340	**1,894,432**
Gross profit	**46,836**	36,996	**455,074**
Selling expenses (Note 20)	**16,716**	14,746	**162,424**
General and administrative expenses (Notes 20 and 22)	**17,562**	14,240	**170,643**
Total selling, general and administrative expenses	**34,279**	28,986	**333,068**
Operating income	**12,556**	8,010	**122,006**
Other income:			
Interest income	**215**	96	**2,091**
Dividend income	**261**	242	**2,537**
Foreign exchange gain	**468**	184	**4,554**
Amortization of negative goodwill	**59**	59	**582**
Land and house rental revenue	**226**	227	**2,202**
Miscellaneous income	**394**	180	**3,834**
Total other income	**1,626**	991	**15,802**
Other expenses:			
Interest expenses	**810**	887	**7,873**
Miscellaneous expenses	**181**	115	**1,759**
Total other expenses	**991**	1,003	**9,632**
Ordinary income	**13,191**	7,999	**128,176**
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 24)	**6**	159	**65**
Other	**—**	5	**—**
Total extraordinary income	**6**	165	**65**
Extraordinary loss:			
Loss on sales of shares in affiliates	**148**	—	**1,438**
Loss on sales of property, plant and equipment (Note 25)	**393**	46	**3,824**
Loss on disposal of property, plant and equipment (Note 23)	**68**	159	**666**
Impairment loss (Note 27)	**370**	544	**3,595**
Other	**80**	97	**781**
Total extraordinary loss	**1,060**	847	**10,307**
Income before income taxes and minority interests	**12,137**	7,316	**117,933**
Income taxes (Note 28)			
Current	**5,634**	2,534	**54,742**
Deferred	**(1,545)**	254	**(15,013)**
Total income taxes	**4,088**	2,788	**39,728**
Income before minority interests	**8,048**	4,528	**78,204**
Minority interests in net income	**308**	88	**2,995**
Net income	**7,740**	4,439	**75,209**
Minority interests in net income	**308**	88	**2,995**
Income before minority interests	**8,048**	4,528	**78,204**
Other comprehensive income (Note 26)			
Net unrealized gain (loss) on securities	**1,417**	1,568	**13,774**
Deferred gain (loss) on hedges	**(23)**	(17)	**(224)**
Foreign currency translation adjustments	**7,193**	3,853	**69,892**
Share of other comprehensive income of affiliates accounted for by the equity method	**1,115**	1,113	**10,838**
Total other comprehensive income	**9,703**	6,517	**94,280**
Comprehensive income (Note 26)	**¥ 17,752**	¥ 11,045	**$ 172,485**
(Comprehensive income attributable to:)			
Shareholders of the parent company	**¥ 17,073**	¥ 10,842	**$ 165,888**
Minority interests	**679**	203	**6,597**
		(Yen)	(U.S. dollars)
Net income per share (Note 33)	**¥69.96**	¥40.12	**$0.67**
Cash dividends per share	**18.00**	15.00	**0.17**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	Number of shares of common stock	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Thousands)					(Million yen)
Balance at March 31, 2012	113,671	¥8,024	¥9,028	¥67,382	¥(2,421)	¥82,013
Cash dividends	—	—	—	(1,659)	—	(1,659)
Net income	—	—	—	4,439	—	4,439
Purchase of treasury stock	—	—	—	—	(3)	(3)
Decrease due to acquisition of shares in a subsidiary	—	—	—	(302)	—	(302)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2013	113,671	¥8,024	¥9,028	¥69,859	¥(2,424)	¥84,486
Cash dividends	—	—	—	(1,659)	—	(1,659)
Net income	—	—	—	7,740	—	7,740
Purchase of treasury stock	—	—	—	—	(594)	(594)
Disposal of treasury stock	—	—	210	—	398	609
Increase due to acquisition of shares in a subsidiary	—	—	—	69	—	69
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2014	**113,671**	**¥8,024**	**¥9,239**	**¥76,009**	**¥(2,620)**	**¥90,652**

	Accumulated other comprehensive income						
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income	Minority interests	Total net assets
							(Million yen)
Balance at March 31, 2012	¥ 247	¥ 11	¥(7,611)	¥ —	¥(7,352)	¥1,956	¥76,618
Cash dividends	—	—	—	—	—	—	(1,659)
Net income	—	—	—	—	—	—	4,439
Purchase of treasury stock	—	—	—	—	—	—	(3)
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
Balance at March 31, 2013	¥1,809	¥(14)	¥(2,743)	¥ —	¥ (948)	¥2,147	¥85,685
Cash dividends	—	—	—	—	—	—	(1,659)
Net income	—	—	—	—	—	—	7,740
Purchase of treasury stock	—	—	—	—	—	—	(594)
Disposal of treasury stock	—	—	—	—	—	—	609
Increase 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
Balance at March 31, 2014	**¥3,102**	**¥(29)**	**¥5,310**	**¥(2,194)**	**¥6,189**	**¥2,848**	**¥99,690**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets (Continued)

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

		Shareholders' equity				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Thousands)	(U.S. thousand dollars) (Note 6)				
Balance at March 31, 2013	113,671	$77,963	$87,722	$678,770	$(23,558)	$820,898
Cash dividends	—	—	—	(16,126)	—	(16,126)
Net income	—	—	—	75,209	—	75,209
Purchase of treasury stock	—	—	—	—	(5,777)	(5,777)
Disposal of treasury stock	—	—	2,048	—	3,872	5,921
Increase due to acquisition of shares in a subsidiary	—	—	—	679	—	679
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2014	**113,671**	**$77,963**	**$89,771**	**$738,532**	**$(25,463)**	**$880,804**

	Accumulated other comprehensive income						
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income	Minority interests	Total net assets
	(U.S. thousand dollars) (Note 6)						
Balance at March 31, 2013	$17,577	$(143)	$(26,652)	$ —	$ (9,217)	$20,862	$832,543
Cash dividends	—	—	—	—	—	—	(16,126)
Net income	—	—	—	—	—	—	75,209
Purchase of treasury stock	—	—	—	—	—	—	(5,777)
Disposal of treasury stock	—	—	—	—	—	—	5,921
Increase due to acquisition of shares in a subsidiary	—	—	—	—	—	—	679
Net changes of items other than shareholders' equity	12,570	(143)	78,251	(21,318)	69,360	6,809	76,170
Balance at March 31, 2014	**$30,148**	**$(286)**	**$51,598**	**$(21,318)**	**$60,142**	**$27,672**	**$968,619**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

	(Million yen)		(U.S. thousand dollars) (Note 6)
	March 31		March 31
	2014	2013	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥12,137**	¥ 7,316	**$117,933**
Adjustments for:			
Depreciation	**3,821**	3,332	**37,128**
Impairment loss	**370**	544	**3,595**
Amortization of goodwill	**743**	376	**7,222**
Amortization of negative goodwill	**(59)**	(59)	**(582)**
Interest and dividend income	**(476)**	(339)	**(4,628)**
Interest expenses	**810**	887	**7,873**
Loss on disposal or sales of property, plant and equipment	**455**	205	**4,425**
Decrease in notes and accounts receivable	**1,747**	3,306	**16,974**
Increase in inventories	**(310)**	(1,225)	**(3,016)**
Increase in notes and accounts payable	**4,821**	1,054	**46,850**
Decrease in advances received on uncompleted construction	**324**	2,132	**3,153**
Other, net	**(683)**	311	**(6,641)**
Sub total	**23,701**	17,843	**230,289**
Interest and dividend income received	**478**	334	**4,651**
Interest expenses paid	**(856)**	(888)	**(8,318)**
Income taxes paid	**(3,163)**	(1,921)	**(30,740)**
Other, net	**286**	298	**2,787**
Net cash provided by operating activities	**20,447**	15,666	**198,669**
Cash flows from investing activities:			
Acquisition of shares in newly consolidated subsidiaries	**(4,202)**	(4,495)	**(40,832)**
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 deposit	**(409)**	(0)	**(3,979)**
Proceeds from refund of time deposit	**389**	136	**3,780**
Payments for purchase of property, plant and equipment	**(3,155)**	(3,033)	**(30,659)**
Proceeds from sales of property, plant and equipment	**425**	400	**4,135**
Payments for purchase of investments in securities	**(321)**	(67)	**(3,119)**
Payments for acquisition of shares in subsidiaries and affiliates	**(293)**	(3,392)	**(2,850)**
Collection of loans receivable	**3**	3	**38**
Payments for transfer of business	**—**	(570)	**—**
Other, net	**190**	20	**1,850**
Net cash used in investing activities	**(7,372)**	(13,649)	**(71,635)**
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	**755**	(7,987)	**7,339**
Proceeds from long-term borrowings	**14,360**	15,922	**139,535**
Repayment of long-term borrowings	**(24,071)**	(1,930)	**(233,883)**
Proceeds from issuance of bonds with stock acquisition rights	**15,150**	—	**147,201**
Proceeds from issuance of bonds	**2,700**	—	**26,233**
Redemption of bonds	**(6,000)**	(4,000)	**(58,297)**
Proceeds from disposal of treasury stock	**610**	—	**5,931**
Payments for purchase of treasury stock	**(594)**	(3)	**(5,777)**
Payments of cash dividends	**(1,656)**	(1,657)	**(16,093)**
Other, net	**(209)**	(255)	**(2,033)**
Net cash provided by financing activities	**1,045**	88	**10,156**
Effect of exchange rate change on cash and cash equivalents	**3,201**	2,179	**31,104**
Net increase in cash and cash equivalents	**17,320**	4,284	**168,294**
Cash and cash equivalents at beginning of year	**33,722**	29,438	**327,660**
Increase in cash and cash equivalents resulting from change of scope of consolidation	**808**	—	**7,855**
Cash and cash equivalents at end of year (Note 29)	**¥51,852**	¥33,722	**$503,810**

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2014 and 2013

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Daifuku Co., Ltd. ("the Company") and its consolidated subsidiaries.

The Company and its domestic subsidiaries have maintained their accounts and records in accordance with the provisions set forth in Japan's Companies Act and in conformity with generally accepted accounting principles prevailing in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The accounts of its overseas consolidated subsidiaries are based on their accounting records, which are maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries in which the subsidiaries have been incorporated. Necessary adjustments to the accounts of the overseas consolidated subsidiaries have been reflected in the accompanying consolidated financial statements, in all material respects, to present them in conformity with International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The presentation of the accompanying consolidated financial statements is made in conformity with the "Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (ordinance promulgated by the Japanese Cabinet Office) and meets the requirements for disclosure of financial information of the Company on a consolidated basis.

Amounts less than ¥1 million and $1 thousand have been omitted. As a result, the total shown in the consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

2. Summary of significant accounting policies

(1) Principles of consolidation

The consolidated financial statements consist of the accounts of the parent company and 52 subsidiaries as of March 31, 2014.

Iwasaki Seisakusho Co., Ltd., Hallim Machinery Co., Ltd. and Daifuku (Suzhou) Cleanroom Automation Co., Ltd., which were non-consolidated subsidiaries in the year ended March 31, 2013, were newly included in the scope of consolidation because of their growing importance in the financial reporting. Daifuku Webb Holding Company, a wholly owned subsidiary of the Company, acquired all shares in Wynright Corporation and its three subsidiaries on October 1, 2013. Daifuku Institute of Technology and Training Co., Ltd., which was a consolidated subsidiary in the year ended March 31, 2013, was absorbed by the Company. As a result, the number of consolidated subsidiaries increased by five, from 47 in the year ended March 31, 2013.

In addition, Contec Co., Ltd. a subsidiary of the Company, liquidated Contec Microelectronics U.S.A. Inc., its wholly owned subsidiary, on March 31, 2014.

Daifuku de México, S.A. de C.V. is a small company, and its total assets, net sales, net income or loss (the amount corresponding to equity interests) and retained earnings (the amount corresponding to equity interests), etc. are deemed not to have a significant impact on the consolidated financial statements. Therefore, it is excluded from the scope of consolidation. The number of non-consolidated subsidiaries decreased by three, from four in the year ended March 31, 2013, because Iwasaki Seisakusho Co., Ltd., Hallim Machinery Co., Ltd. and Daifuku (Suzhou) Cleanroom Automation Co., Ltd., became consolidated subsidiaries from non-consolidated subsidiaries as described above.

The consolidated subsidiaries adopt the same fiscal year as the Company, except for 42 overseas consolidated subsidiaries, as of March 31, 2014, with fiscal years ending December 31. For the consolidation of these overseas subsidiaries, the Company makes appropriate adjustments for any material transactions subsequent to December 31.

The Company has two affiliates, including Knapp AG, as of March 31, 2014, which were accounted for by the equity method. For equity-method affiliates that have a different fiscal year from the Company's, financial statements for the fiscal year of these companies are used. The number of equity-method affiliates is the same as the year ended March 31, 2013.

The Company has one affiliate, IKS Co., Ltd., that was not accounted for by the equity method but by the cost method since all sums of total assets, net sales, net income or loss (the amount corresponding to equity interests), retained earnings (the amount corresponding to equity interests), etc. are deemed not to have a significant impact on consolidated financial statements. The number of non-equity-method affiliates is the same as the year ended March 31, 2013.

All significant intercompany transactions, account balances and unrealized profit among the consolidated group have been eliminated.

(2) Translation of foreign currencies

Accounts receivable and payable denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are charged or credited to income for the period.

The balance sheet accounts of the overseas consolidated subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, except for shareholders' equity, which is translated at the historical exchange rates. Revenue and expense accounts of the overseas consolidated subsidiaries and affiliates are translated into Japanese yen at the annual average rate.

The translation differences in Japanese yen arising from the use of different rates are recorded as "Foreign currency translation adjustments" in the consolidated balance sheets.

The portion equivalent to the equity of minority interests is included in "Minority interests" and the Company's portion is presented as a separate component of net assets in the consolidated balance sheets.

(3) Cash and cash equivalents

Cash and cash equivalents include all liquid investments, generally with an original maturity date of three months or less, which are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value.

(4) Inventories

Inventories are stated at the lower of cost or market. The cost for components relating to material handling systems and "Raw materials and supplies" is determined by the moving-average method, while the specific identification method is used for other inventories.

(5) Financial instruments

(a) Derivatives

All derivatives are stated at fair value.

(b) Securities

Under the Japanese accounting standard for financial instruments, securities are classified into four categories: "Trading securities," "Held-to-maturity debt securities," "Investments in subsidiaries and affiliates" and "Other securities."

"Trading securities" are the securities that are held for the purpose of generating profits from short-term changes in prices. "Held-to-maturity debt securities" are debt securities the Company intends to hold to maturity.

The Company and its subsidiaries also have "Investments in non-consolidated subsidiaries and affiliates" and "Other securities."

"Investments in non-consolidated subsidiaries and affiliates" are stated at cost, and costs of securities sold are determined based on the moving average method.

"Other securities" for which market quotations are available are stated at fair value. Unrealized gain or loss on securities is included as a component of net assets in the consolidated balance sheets, and costs of securities sold are determined based on the moving average method.

"Other securities" for which market quotations are unavailable are stated at cost, and costs of securities sold are determined based on the moving average method.

(c) Hedge accounting

(i) Gains or losses arising from changes in fair value of the derivatives designated as "Hedging instruments" are deferred as assets or liabilities and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The interest rate swaps that meet the exceptional criteria to apply hedge accounting are not revalued to market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

The forward foreign exchange contracts and currency swaps that meet the exceptional criteria to apply hedge accounting are not revalued to market value, but assets and liabilities denominated in foreign currencies hedged by forward foreign exchange contracts are translated at the contracted rates of exchange.

(ii) The derivatives designated as hedging instruments by the Company are mainly forward exchange contracts and interest swap agreements. The corresponding hedged items are accounts receivable and payable, future transactions denominated in foreign currencies, and long-term bank borrowings.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of fluctuations in foreign exchange and interest rates. Thus, the Company's purchases of hedging instruments are limited to, at maximum, the amounts of the hedged items.

(iii) The implementation and management of hedge transactions are carried out to hedge fluctuation risk of currency rates and interest rates in accordance with internal regulations that provide transaction and authorization limits.

(6) Depreciation and amortization

(a) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation of these assets of the Company and its domestic consolidated subsidiaries is computed principally on the declining-balance method, at rates based on the estimated useful lives of the assets. Depreciation of buildings, acquired on or after April 1, 1998, is computed on the straight-line method, at rates based on the estimated useful lives of the assets. The estimated useful life over which the asset is depreciated and the treatment of residual value of the Company and its domestic consolidated subsidiaries are principally determined according to the same standards set out in the Corporation Tax Act of Japan.

Depreciation of the assets of the overseas consolidated subsidiaries is computed principally on the straight-line method.

(b) Intangible assets (excluding leased assets)

Intangible assets are principally amortized by the straight-line method.

Amortization of software for internal use is computed using the straight-line method over the estimated in-house working life of five years.

(c) Leased assets

Finance lease transactions that transfer ownership:

The leased assets are depreciated using the same method as the assets in the Company's possession.

Finance lease transactions that do not transfer ownership:

The leased assets are fully depreciated using the straight-line method over the lease term, which represents the expected useful life. However, the leased assets with guaranteed residual value are depreciated to the amount of the residual value.

In addition, finance lease transactions that do not transfer ownership prior to April 1, 2008, are accounted for in a manner similar to accounting for an ordinary rental transaction.

(7) Goodwill and negative goodwill

Goodwill is amortized on the straight-line basis over its estimated useful life. However, in the case the materiality is low, it is fully amortized when it arose. Furthermore, the negative goodwill recognized before March 31, 2010, is amortized on the straight-line basis over its estimated useful life.

(8) Allowance for doubtful accounts

To prepare for losses on uncollectible accounts receivable, the Company and its domestic consolidated subsidiaries provide allowances for doubtful accounts based on historical default rates with respect to receivables, and specific allowances for doubtful trade receivables and advances at estimated amounts considered to be uncollectible after reviewing individual collectibility. In overseas consolidated subsidiaries, allowances are provided mainly for specific receivables at estimated amounts considered to be uncollectible after reviewing their collectibility.

(9) Liabilities for retirement benefits

(a) Allocation method of projected retirement benefits to periods of services

In calculating the retirement benefit obligations, the straight-line method is used to allocate projected retirement benefits during the year ended March 31, 2014.

(b) Amortization methods of unrecognized prior service costs and actuarial gains and losses

Unrecognized prior service costs are amortized on a straight-line basis over the period within the average estimated remaining service year of the employees (five years) from the time such liability arose.

The actuarial gains and losses are amortized on a straight-line basis (except some consolidated subsidiaries adopting a declining-balance method) over the period within the average remaining service years of the employees (five years) from the next fiscal year after such gain or loss occurs.

(10) Provision for losses on construction contracts

Provision for losses on construction contracts is provided based on estimated amounts of losses from uncompleted construction contracts as of the end of the fiscal year.

(11) Accounting policy for significant revenues and costs

Accounting policy for recognition of revenues and costs of construction work is as follows:

(a) Construction work, for which the outcome of the percentage completed at the balance sheet date is deemed certain:

Percentage-of-completion method (in which the percentage of completion is estimated based on the percentage of cost incurred relative to the estimated total cost)

(b) Other construction work:

Completed-contract method

(12) Japanese consumption taxes

Consumption taxes withheld by the Company and its domestic consolidated subsidiaries on sales of products are not included in the amount of “Net sales” in the accompanying consolidated statements of income and comprehensive income. Equally, any consumption taxes borne by the Company and its domestic consolidated subsidiaries on goods, services and expenses are not included in the accompanying consolidated statements of income and comprehensive income, but are recorded as an asset or liability in the consolidated balance sheets.

3. Changes in significant accounting policies

(1) The Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts (ASBJ PITF No. 30; December 25, 2013) became applicable from the beginning of the first fiscal year that ends after the issue of the PITF. The Company applied the PITF in the year ended March 31, 2014, and recognizes the differences between the value received in exchange for treasury stock and its book value when it is disposed of and is transferred to the trust, where the net amount of a gain or loss on sale of treasury stock to the employee shareholding association by the trust, dividends from the Company for treasury stock held by the trust, and net costs associated with the trust are posted in liabilities.

(2) 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 March 31, 2014. Upon its application, the Company has changed its accounting method and posted retirement benefit obligations, less plan assets, as “Assets for retirement benefits” and “Liabilities for retirement benefits.” The Company also posted unrecognized actuarial gains and losses and unrecognized prior service costs in “Assets for retirement benefits” and “Liabilities for retirement benefits.”

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 reflected in “Accumulated adjustment on retirement benefits” in “Accumulated other comprehensive income” as of March 31, 2014.

Reflecting the change above, assets for retirement benefits of ¥268 million ($2,610 thousand) and liabilities for retirement benefits of ¥8,681 million ($84,853 thousand) were posted as of March 31, 2014. Deferred tax assets increased by ¥1,326 million ($12,888 thousand), and minority interests decreased by ¥86 million ($838 thousand). Accumulated other comprehensive income decreased by ¥2,194 million ($21,318 thousand).

4. Accounting standards and related guidance issued but have not yet been applied

—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)
—Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013)
—Accounting Standard for Net Income Per Share (ASBJ Statement No. 2; September 13, 2013)
—Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10; September 13, 2013)
—Guidance on Accounting Standard for Net Income Per Share (ASBJ Guidance No. 4; September 13, 2013)

(a) Overview
In these revised accounting standards and related guidance above, changes have been made mainly in the areas of 1) accounting of changes in the parent company's interest in the subsidiaries upon additional acquisition of shares while maintaining control, 2) accounting of expenses for acquisition of shares in subsidiaries, 3) presentation of net income and change in the name of a line item to "Non-controlling interests" from "Minority interests," and 4) provisional accounting for business combination.

(b) Planned date of application
These revised accounting standards and related guidance are planned to be applied from the beginning of the year ending March 31, 2016. In addition, the revised provisional accounting for business combination are planned to be applied to business combinations carried out on and after the beginning of the year ending March 31, 2016.

(c) Impact of applying the revised accounting standards and related guidance
The financial impact of applying the revised accounting standards and related guidance is under review at the time the consolidated financial statements for the year ended March 31, 2014, are prepared.

—Accounting Standard for Retirement Benefits (ASBJ Statement No. 26; May 17, 2012)
—Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012)

(a) Overview
In these revised accounting standards and related guidance above, the accounting methods of unrecognized actuarial gains and losses and unrecognized prior service costs, as well as the calculation methods of retirement benefit obligations and service costs, have been revised. In addition, the disclosure of these items has been enhanced from the standpoint of improving financial reporting and in light of international trends.

(b) Planned date of application
These revised calculation methods of retirement benefit obligations and service costs are planned to be applied from the beginning of the year ending March 31, 2015.

(c) Impact of applying the revised accounting standards and related guidance
By applying these accounting standards and related guidance, operating income, ordinary income and income before income taxes and minority interests for the year ending March 31, 2015, are all expected to increase by ¥36 million ($350 thousand).

5. Additional information

(1) 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.

(a) Overview
Under the resolution adopted on December 12, 2013, the Company introduced an employee shareholding incentive plan through a trust (E-Ship, "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 ("the Shareholding Association"). In the Plan, the Company has set up a trust exclusively for the Shareholding Association ("the E-Ship Trust") at a trust bank. The E-Ship Trust acquires shares of the Company that it anticipates the Shareholding Association will acquire in the next three years through a "specified-party allocation" method of shares by the Company, using borrowed money. Subsequently, the E-Ship Trust regularly sells shares of the Company to the Shareholding Association. If the equivalent of gains on sale of shares is accumulated upon termination of the trust, it will be distributed to qualified beneficiaries as residual assets. The Company provides loan guarantees for the E-Ship's borrowings to purchase shares of the Company, and if the E-Ship has outstanding debts equivalent to losses on sale of shares upon termination of the trust, the Company will repay the outstanding debts under the guarantee agreement.

(b) The Company's shares remaining at the trust
The Company posts the book value of shares of the Company, which are unsold to the Shareholding Association and, therefore, remaining in the trust (excluding incidental expenses), as treasury stock in net assets. The book value and the number of the treasury stock were ¥537 million ($5,223 thousand) and 423 thousand shares, respectively, for the year ended March 31, 2014.

(c) The book value of borrowings posted using the "Gross method"
¥537 million ($5,219 thousand) for the year ended March 31, 2014

6. United States dollar amounts

The Company prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetical results of translating yen into dollars at the rate of ¥102.92 to U.S. $1, being the effective rate of exchange at March 31, 2014.

The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at a rate of ¥102.92 to U.S. $1 or at any other rate.

7. Accumulated depreciation of property, plant and equipment

Accumulated depreciation of property, plant and equipment was ¥50,370 million ($489,414 thousand) and ¥47,550 million as of March 31, 2014 and 2013, respectively.

8. Inventories related to construction contracts with probable loss and provision for losses on construction contracts

Inventories related to construction contracts with probable loss and provision for losses on construction contracts are both presented without being offset.

The amount of inventories related to construction contracts with probable loss, for which provision for losses on construction contracts is provided, totaled ¥58 million ($566 thousand) and ¥35 million as of March 31, 2014 and 2013, respectively.

9. Notes due at the end of the fiscal year

The settlement of notes due at the end of the fiscal year is recorded on the actual settlement date, rather than the due date. Since the end of the fiscal year fell on a bank holiday, ¥621 million in notes receivable due at the end of the fiscal year is included in the consolidated balance sheets as of March 31, 2013.

10. Financial instruments

(1) Status of financial instruments

(a) Policy for financial instruments

In consideration of capital investment plans to conduct the manufacturing and sales principally of material handling systems and equipment, the Company and its consolidated subsidiaries (collectively, "the Group") raise necessary funds mainly through bank borrowings or issuance of bonds, while short-term operating capital is raised by bank borrowings. Temporary cash surpluses, if any, are invested in low risk short-term financial instruments. The Group uses derivatives for the purpose of hedging the risk of foreign currency exchange rate fluctuations related to foreign currency-denominated trade receivables and payables and the interest rate fluctuation risk associated with interest payments on borrowings, and does not engage in speculative transactions as its policy.

(b) Types of financial instruments, related risks and management thereof

Trade receivables (notes and accounts receivable and unbilled receivables) are exposed to customer credit risks. The Group manages such risk by following its credit control regulations. As a rule, when entering a transaction with a new customer, the Group carefully makes credit decisions, after which the sales administration of each operating division monitors the customer's condition periodically. The Group is then able to discern and lessen the risks resulting from a downturn of the financial situations on a customer-by-customer basis, by managing each customer's due dates and outstanding balances. Trade receivables denominated in foreign currencies are exposed to the risk of foreign currency exchange rate fluctuations, but such risk is managed and mitigated principally by using forward foreign exchange contracts.

Investment securities (investments in securities), mainly consisting of equity securities of customers and suppliers with whom the Group has business relationships, are exposed to the risk of market price fluctuations. With respect to the risk of impairment, the Group periodically monitors market prices of the securities and financial conditions of the issuers.

Trade payables (notes and accounts payable and construction contracts payable) are mostly due within one year. Trade payables include amounts related to overseas construction work and are denominated in foreign currencies and, as such, are exposed to currency exchange rate fluctuation risk. However, the balance of these accounts consistently stays within the outstanding total amount of foreign currency-denominated trade accounts receivable.

Of the borrowings, short-term borrowings are used for raising funds mainly for working capital, while long-term borrowings and corporate bonds are funding primarily for capital investment (investments in property, plant and equipment). Borrowings with variable interest rates (floating-rate borrowings) are exposed to the interest rate fluctuation risk. However, with regard to the long-term floating-rate borrowings, the Company uses interest rate swap transactions to fix the rate of future interest expenses as a hedge against the interest rate fluctuation risk.

Trade payables, borrowings and corporate bonds are all exposed to liquidity risk at the time of debt settlement. The Group manages such risk through active cash management, including the use of lending commitment lines from several financial institutions.

Derivative transactions are executed in accordance with the Company's internal derivative control regulations, which include transaction authorization, administrative structure and minimum credit ratings for counterparties. For information regarding hedging instruments, hedged items, policy on hedging, evaluation methods for hedge effectiveness, refer to "Hedge accounting" described under the previously-specified "Summary of significant accounting policies."

(c) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments include values based on the market price, and rationally calculated values in cases where market price is not readily available. In the calculation of such values, variable factors are also taken into consideration and, therefore, the values calculated may vary if different factors or assumptions are employed. The contract amounts and other information provided in Note 18 "Derivatives and hedging activities" are not necessarily indicative of the amounts of the actual market risk involved in derivative transactions.

(2) Fair values of financial instruments

The balance sheet carrying amounts, fair values and unrealized gains/losses of the financial instruments as of March 31, 2014 and 2013, are as presented below. However, the financial instruments whose fair values are not readily determinable are excluded from these tables (see [Note 2] below):

For the year ended March 31, 2014:

(Million yen)

	Carrying amount on consolidated balance sheets	Fair value	Variance
(1) Cash on hand and in banks	**¥ 52,132**	**¥ 52,132**	**¥ —**
(2) Notes and accounts receivable and unbilled receivables	**74,217**	**74,217**	**—**
(3) Costs and estimated earnings in excess of billings on uncompleted contracts	**15,334**	**15,334**	**—**
(4) Investments in securities			
"Other securities"	**12,432**	**12,432**	**—**
Total assets	**¥154,117**	**¥154,117**	**¥ —**
(1) Notes and accounts payable and construction contracts payable	**¥ 36,818**	**¥ 36,818**	**¥ —**
(2) Electronically recorded obligations - operating	**10,061**	**10,061**	**—**
(3) Short-term borrowings and current portion of long-term borrowings	**7,014**	**7,014**	**—**
(4) Current portion of bonds	**—**	**—**	**—**
(5) Bonds	**2,700**	**2,693**	**6**
(6) Bonds with stock acquisition rights	**15,131**	**15,021**	**109**
(7) Long-term borrowings	**33,298**	**33,231**	**66**
Total liabilities	**¥105,025**	**¥104,842**	**¥182**
Derivative transactions (*)	**¥ (46)**	**¥ (46)**	**¥ —**

For the year ended March 31, 2013:

(Million yen)

	Carrying amount on consolidated balance sheets	Fair value	Variance
(1) Cash on hand and in banks	¥ 33,735	¥ 33,735	¥—
(2) Notes and accounts receivable and unbilled receivables	68,826	68,826	—
(3) Costs and estimated earnings in excess of billings on uncompleted contracts	13,138	13,138	—
(4) Investments in securities			
"Other securities"	9,897	9,897	—
Total assets	¥125,597	¥125,597	¥—
(1) Notes and accounts payable and construction contracts payable	¥ 36,553	¥ 36,553	¥—
(2) Electronically recorded obligations - operating	—	—	—
(3) Short-term borrowings and current portion of long-term borrowings	28,221	28,221	—
(4) Current portion of bonds	6,000	6,000	—
(5) Bonds	—	—	—
(6) Bonds with stock acquisition rights	—	—	—
(7) Long-term borrowings	19,163	19,127	36
Total liabilities	¥ 89,939	¥ 89,903	¥36
Derivative transactions (*)	¥ (9)	¥ (9)	¥—

For the year ended March 31, 2014:

	Carrying amount on consolidated balance sheets	Fair value	Variance
			(U.S. thousand dollars)
(1) Cash on hand and in banks	$ 506,537	$ 506,537	$ —
(2) Notes and accounts receivable and unbilled receivables	721,121	721,121	—
(3) Costs and estimated earnings in excess of billings on uncompleted contracts	148,993	148,993	—
(4) Investments in securities			
"Other securities"	120,795	120,795	—
Total assets	$1,497,448	$1,497,448	$ —
(1) Notes and accounts payable and construction contracts payable	$ 357,741	$ 357,741	$ —
(2) Electronically recorded obligations - operating	97,764	97,764	—
(3) Short-term borrowings and current portion of long-term borrowings	68,158	68,158	—
(4) Current portion of bonds	—	—	—
(5) Bonds	26,233	26,174	59
(6) Bonds with stock acquisition rights	147,019	145,954	1,065
(7) Long-term borrowings	323,536	322,890	645
Total liabilities	$1,020,453	$1,018,683	$1,769
Derivative transactions (*)	$ (449)	$ (449)	$ —

(*) Net debt and credit that resulted from derivative transactions are presented as the net amount. Therefore, the amounts in parentheses indicate net debt.

[Note 1] Calculation methods of fair values of financial instruments and related information concerning investment in securities and derivative transactions:

Assets

(1) Cash on hand and in banks, (2) Notes and accounts receivable and unbilled receivables, (3) Costs and estimated earnings in excess of billings on uncompleted contracts

These assets are recorded using book values because their fair values approximate book values reflective of their short-term maturity nature.

(4) Investments in securities

The fair values of these securities are determined using the quoted prices at the stock exchange. For information concerning marketable securities classified by the category of holding purposes, see Note 11 "Investments in securities."

Liabilities

(1) Notes and accounts payable and construction contracts payable, (2) Electronically recorded obligations - operating, (3) Short-term borrowings and current portion of long-term borrowings, (4) Current portion of bonds.

These liabilities are recorded using book values because their fair values approximate book values reflective of their short-term maturity nature.

(5) Bonds, (6) Bonds with stock acquisition rights, (7) Long-term borrowings

The fair values of these items are determined by discounting the aggregate amounts of the principal and interests using estimated interest rates assuming that the same type of bonds and borrowings are newly made. Long-term borrowings bearing variable interest rates (floating-rate borrowings) are subject to the exceptional treatment applicable to interest rate swap transactions (see Note 18 "Derivatives and hedging activities") and, therefore, their fair values are determined by discounting the aggregate amounts of the principal and interests (that are treated together with the relevant interest rate swap transactions) using the reasonably estimated interest rates, assuming that the same type of borrowings are newly made.

Derivative transactions

Please refer to Note 18 "Derivatives and hedging activities."

[Note 2] Financial instruments, of which fair values are not readily determinable as of March 31, 2014 and 2013:

For the year ended March 31, 2014:

Category	Carrying amount on consolidated balance sheets
	(Million yen)
Unlisted securities	¥8,195

For the year ended March 31, 2013:

Category	Carrying amount on consolidated balance sheets
	(Million yen)
Unlisted securities	¥9,479

For the year ended March 31, 2014:

Category	Carrying amount on consolidated balance sheets
	(U.S. thousand dollars)
Unlisted securities	$79,631

These securities have no quoted market prices, and the future cash flows thereof are not estimable. As their fair values are not readily determinable, they are excluded from "Assets (4) Investments in securities." The unlisted securities include the investments in non-consolidated subsidiaries and affiliates, amounting to ¥7,610 million ($73,944 thousand) and ¥8,722 million as of March 31, 2014 and 2013, respectively.

[Note 3] The expected settlement subsequent to the balance sheet date for monetary assets and investments in securities with maturity dates:

For the year ended March 31, 2014:

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
				(Million yen)
Cash on hand and in banks	¥ 52,132	¥—	¥—	¥—
Notes and accounts receivable and unbilled receivables	74,217	—	—	—
Costs and estimated earnings in excess of billings on uncompleted contracts	15,334	—	—	—
Total	¥141,685	¥—	¥—	¥—

For the year ended March 31, 2013:

				(Million yen)
	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	¥ 33,735	¥—	¥—	¥—
Notes and accounts receivable and unbilled receivables	68,826	—	—	—
Costs and estimated earnings in excess of billings on uncompleted contracts	13,138	—	—	—
Total	¥115,700	¥—	¥—	¥—

For the year ended March 31, 2014:

				(U.S. thousand dollars)
	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	**$ 506,537**	**$—**	**$—**	**$—**
Notes and accounts receivable and unbilled receivables	**721,121**	**—**	**—**	**—**
Costs and estimated earnings in excess of billings on uncompleted contracts	**148,993**	**—**	**—**	**—**
Total	**$1,376,652**	**$—**	**$—**	**$—**

[Note 4] The expected redemption subsequent to the balance sheet date for bonds, long-term borrowings and other interest-bearing liabilities:
For the year ended March 31, 2014:

						(Million yen)
	Due within one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Short-term borrowings	**¥7,014**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Bonds	**—**	**—**	**—**	**—**	**2,700**	**—**
Bonds with stock acquisition rights	**—**	**—**	**—**	**15,000**	**—**	**—**
Long-term borrowings	**—**	**4,741**	**2,397**	**14,960**	**10,800**	**400**
Total	**¥7,014**	**¥4,741**	**¥2,397**	**¥29,960**	**¥13,500**	**¥400**

For the year ended March 31, 2013:

						(Million yen)
	Due within one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Short-term borrowings	¥28,221	¥—	¥ —	¥ —	¥ —	¥—
Current portion of bonds	6,000	—	—	—	—	—
Long-term borrowings	—	88	4,459	114	14,500	—
Total	¥34,221	¥88	¥4,459	¥114	¥14,500	¥—

For the year ended March 31, 2014:

						(U.S. thousand dollars)
	Due within one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Short-term borrowings	**$68,158**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Bonds	**—**	**—**	**—**	**—**	**26,233**	**—**
Bonds with stock acquisition rights	**—**	**—**	**—**	**145,744**	**—**	**—**
Long-term borrowings	**—**	**46,065**	**23,292**	**145,355**	**104,935**	**3,886**
Total	**$68,158**	**$46,065**	**$23,292**	**$291,099**	**$131,169**	**$3,886**

11. Investments in securities

"Other securities" with carrying amounts on the consolidated balance sheets that exceed their acquisition costs were as follows:

			(Million yen)
			March 31, 2014
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**¥7,618**	**¥12,264**	**¥4,646**

			(Million yen)
			March 31, 2013
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	¥6,913	¥9,558	¥2,644

			(U.S. thousand dollars)
			March 31, 2014
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**$74,019**	**$119,169**	**$45,150**

"Other securities" with carrying amounts on the consolidated balance sheets that do not exceed their acquisition costs were as follows:

			(Million yen)
			March 31, 2014
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**¥177**	**¥167**	**¥(10)**

			(Million yen)
			March 31, 2013
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	¥369	¥339	¥(30)

			(U.S. thousand dollars)
			March 31, 2014
	Acquisition cost	Carrying amount on consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**$1,728**	**$1,626**	**$(101)**

The acquisition costs in the above tables are representative of book value after impairment adjustment.

The Company did not record an impairment loss for the years ended March 31, 2014 and 2013.

In general, the Company recognizes an impairment loss when the fair value of the security decreases by 50% or more from the acquisition cost. Furthermore, the Company recognizes an impairment loss when the fair value of the security continuously decreases for two years by 40% or more and below 50% from the acquisition cost.

"Held-to-maturity debt securities" with market value as of March 31, 2014 and 2013:

Omitted due to no material securities being held

"Held-to-maturity debt securities" sold during the year ended March 31, 2014 and 2013:

Not applicable

"Other securities" sold during the years ended March 31, 2014 and 2013:

Not applicable

12. Investments in non-consolidated subsidiaries and affiliates

Investments in non-consolidated subsidiaries and affiliates that were included in “Investment in securities” were as follows:

March 31	(Million yen) 2014	2013	(U.S. thousand dollars) 2014
Investments in securities	**¥7,610**	¥8,722	**$73,944**

13. Short-term borrowings, long-term borrowings, bonds and lease obligations

Short-term borrowings are principally bank borrowings.

The weighted average interest rate applicable to the short-term borrowings outstanding as of March 31, 2014, was 1.9%.

Short-term borrowings outstanding as of March 31, 2014 and 2013, were as follows:

March 31	(Million yen) 2014	2013	(U.S. thousand dollars) 2014
Borrowings from banks:			
Unsecured	**¥6,724**	¥4,286	**$65,340**

Long-term borrowings are principally bank borrowings.

The weighted average interest rate applicable to the long-term borrowings outstanding as of March 31, 2014, was 0.8%.

Long-term borrowings and bonds outstanding as of March 31, 2014 and 2013, were as follows:

March 31	(Million yen) 2014	2013	(U.S. thousand dollars) 2014
Borrowings, principally from banks:			
Secured and unsecured	**¥33,588**	¥43,098	**$326,353**
Less: portion due within one year	**289**	23,935	**2,817**
Sub total	**33,298**	19,163	**323,536**
Bonds			
1.70% yen unsecured bonds, due 2014	**—**	2,000	**—**
2.02% yen unsecured bonds, due 2014	**—**	2,000	**—**
1.80% yen unsecured bonds, due 2014	**—**	2,000	**—**
0.50% yen unsecured bonds, due 2019	**700**	—	**6,801**
0.73% yen unsecured bonds, due 2019	**2,000**	—	**19,432**
Japanese yen convertible bonds with stock acquisition rights, due 2017	**15,131**	—	**147,019**
Sub total	**17,831**	6,000	**173,253**
Total	**¥51,129**	¥25,163	**$496,789**

The 1.70% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on January 30, 2009, were issued in Japan at their face value.

The 2.02% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on March 25, 2009, were issued in Japan at their face value.

The 1.80% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on March 25, 2009, were issued in Japan at their face value.

The 0.50% unsecured bonds in the principal amount of ¥700 million, due 2019, issued on March 25, 2014, were issued in Japan at their face value.

The 0.73% unsecured bonds in the principal amount of ¥2,000 million, due 2019, issued on March 25, 2014, were issued in Japan at their face value.

The details of convertible bonds with stock acquisition rights are as follows:

March 31	2014
Class of shares	**Common stock**
Issue price of stock acquisition rights	**No cost**
Issue price of shares	**¥1,406 ($13.66)**
Total amount of issue	**¥15,150 million ($147,201 thousand)**
Total amount of stock acquisition rights exercised	**—**
Percentage of stock acquisition rights granted	**100%**
Exercise period	**October 16, 2013 – September 15, 2017**

Borrowings details

The aggregate annual maturity of long-term borrowings, other than the portion due within one year outstanding as of March 31, 2014, was as follows:

Year ending March 31	(Million yen)	(U.S. thousand dollars)
2016	¥ 4,741	$ 46,065
2017	2,397	23,292
2018	14,960	145,355
2019	10,800	104,935
Total	¥32,898	$319,649

Lease obligation details

Lease obligations outstanding as of March 31, 2014 and 2013, were as follows:

	(Million yen)		(U.S. thousand dollars)
March 31	**2014**	2013	**2014**
Lease obligations	**¥2,006**	¥848	**$19,499**
Less: portion due within one year	**207**	400	**2,012**
Total	**¥1,799**	¥448	**$17,486**

[Note 1] Average interest rates of lease obligations are not provided herein because, on the consolidated balance sheets, the amounts of lease obligations are presented inclusive of interest amounts payable as part of the total lease payments.

[Note 2] The aggregate annual maturity of lease obligations, other than the portion due within one year, for five years subsequent to March 31, 2014, was as follows:

Year ending March 31	(Million yen)	(U.S. thousand dollars)
2016	¥196	$1,913
2017	183	1,787
2018	175	1,706
2019	157	1,532
Total	¥714	$6,940

[Note 3] To secure timely and efficient financing of working capital, the Company entered into and maintains lending commitments with six banks that provide lines of credit up to ¥20,000 million in total.

14. Asset retirement obligations details

Since the amounts of asset retirement obligations as of March 31, 2014 and 2013, were less than 1% of the total liabilities and net assets as of March 31, 2014 and 2013, asset retirement obligations details were omitted.

15. Retirement benefit plans

For the year ended March 31, 2014

Employees who terminate their services with the Company or its domestic consolidated subsidiaries are, under most circumstances, entitled to lump-sum severance indemnities determined by reference to current basic rates of pay, length of service and conditions under which the terminations occur.

The Company and its domestic consolidated subsidiaries have defined contribution plans and hybrid type of pension plans (cash balance plans).

In addition, the Company contributed certain marketable equity securities to an employee retirement benefit trust, which is included in the plan assets.

Certain of the overseas consolidated subsidiaries have defined contribution plans.

In defined contribution plans in certain of the consolidated subsidiaries, liabilities for retirement benefits and retirement benefit expenses are calculated using the simplified method.

(1) Movement of the balance at the beginning of the year to the balance at the end of the year of retirement benefit obligations (excluding the plans using the simplified method) were as follows:

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Balance at beginning of year	¥49,838	$484,240
Service cost	1,040	10,111
Interest cost	1,451	14,106
Accrued actuarial gains and losses	(3,980)	(38,672)
Payments for retirement benefits	(1,805)	(17,541)
Foreign currency translation adjustments	5,850	56,841
Other	0	0
Balance at end of year	¥52,395	$509,086

(2) Movement of the balance at the beginning of the year to the balance at the end of the year of plan assets (excluding the plans using the simplified method) were as follows:

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Balance at beginning of year	¥36,895	$358,490
Expected return on plan assets	1,883	18,302
Accrued actuarial gains and losses	1,530	14,867
Employer contributions	1,913	18,587
Payments for retirement benefits	(1,523)	(14,802)
Foreign currency translation adjustments	4,029	39,148
Balance at end of year	¥44,728	$434,594

(3) Movement of the balance at the beginning of the year to the balance at the end of the year of liabilities for retirement benefits in the plans using the simplified method were as follows:

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Balance at beginning of year	¥588	$5,719
Retirement benefit expenses	283	2,752
Payments for retirement benefits	(28)	(276)
Employer contributions	(164)	(1,594)
Foreign currency translation adjustments	47	463
Other	(10)	(103)
Balance at end of year	¥716	$6,960

(4) Reconciliation of the balance of retirement benefit obligations and plan assets at the end of the year, to that of liabilities for retirement benefits and assets for retirement benefits on the consolidated balance sheet were as follows (including the plans using the simplified method):

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Retirement benefit obligations in funded plans	¥53,087	$515,809
Plan assets	(45,277)	(439,926)
	7,809	75,883
Retirement benefit obligations in unfunded plans	573	5,569
Other	29	290
Net liabilities and assets on consolidated balance sheets	8,413	81,743
Liabilities for retirement benefits	8,681	84,353
Assets for retirement benefits	(268)	(2,610)
Net liabilities and assets on consolidated balance sheets	¥ 8,413	$ 81,743

(5) Details of retirement benefit expenses were as follows:

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Service cost	¥1,040	$10,111
Interest cost	1,451	14,106
Expected return on plan assets	(1,883)	(18,302)
Amortization of actuarial gains and losses	1,530	14,867
Retirement benefit expenses using the simplified method	283	2,752
Other	(3)	(38)
Retirement benefit expenses on defined benefit plans	¥2,418	$23,497

(6) Details of accumulated adjustments on retirement benefits before deduction of deferred tax was as follows:

March 31, 2014	(Million yen)	(U.S. thousand dollars)
Unrecognized actuarial gains and losses	¥3,606	$35,046
Total	¥3,606	$35,046

(7) Matters regarding plan assets
Percentages of each item of the plan assets were as follows:

	(%)
Shares/Equity securities	47%
Bonds	31
General accounts at life insurance	11
Cash on hand and in banks	4
Other	7
Total	100%

[Note] Total amount of plan assets includes the employee retirement benefit trust of 12%.

To determine the expected long-term return on plan assets, the Company considers the current and forecast allocation of plan assets and the current and expected long-term return on the diverse assets that compose the plan assets.

(8) Assumption for actuarial calculations as of March 31, 2014, were as follows:

Discount rate	1.4 – 9.0%
Expected rate of long-term return on plan assets	1.5 – 8.25%

The amount of contributions required under the defined contribution plans of the Company and its consolidated subsidiaries was ¥1,368 million ($13,299 thousand) for the year ended March 31, 2014.

For the year ended March 31, 2013

Employees who terminate their services with the Company or its domestic consolidated subsidiaries are, under most circumstances, entitled to lump-sum severance indemnities determined by reference to current basic rates of pay, length of service and conditions under which the terminations occur.

The Company and its domestic consolidated subsidiaries have defined contribution plans and hybrid type of pension plans (cash balance plans).

Certain of the overseas consolidated subsidiaries have defined contribution plans.

The Company contributed certain marketable equity securities to an employee retirement benefit trust, which is included in the plan assets.

Retirement benefit obligations as of March 31, 2013, were as follows:

March 31, 2013	(Million yen)
(1) Retirement benefit obligations	¥(50,309)
(2) Plan assets	37,209
(3) Unfunded retirement benefit obligations ((1)+(2))	(13,100)
(4) Unrecognized actuarial gains and losses	8,713
(5) Unrecognized prior service obligations	0
(6) Prepaid pension cost	325
(7) Provision for retirement benefits recognized on balance sheet ((3)+(4)+(5)-(6))	¥ (4,712)

[Note] In certain subsidiaries, retirement benefit obligations are calculated using the simplified method.

Retirement benefit expenses for the year ended March 31, 2013, were as follows:

March 31, 2013	(Million yen)
Service cost	¥1,137
Interest cost	1,404
Expected return on plan assets	(1,398)
Amortization of actuarial gains and losses	2,550
Amortization of prior service obligations	0
Retirement benefit expenses	3,694
Other	564
Total	¥4,258

[Note 1] Retirement benefit expenses of consolidated subsidiaries calculated using the simplified method are included in “Service cost” above.
[Note 2] “Other” represents the amount of contributions required under the defined contribution plans.

The basis for the calculation of the retirement benefit obligations was as follows:

March 31, 2013	
Discount rate	Mainly 1.4%
Expected rate of return on plan assets	Mainly 1.0%
Method of allocating the projected retirement benefits to periods of services	Mainly on a straight-line basis
Amortization of actuarial gains and losses	Mainly 5 years
Amortization of prior service obligations	Mainly 5 years

16. Lease commitments

The finance lease transactions, which do not transfer the ownership of the leased assets, other than those for which the commencement of lease transactions fell prior to the initial fiscal year of the application of “Accounting Standard for Lease Transactions,” for the years ended March 31, 2014 and 2013, were summarized as follows:

(1) Amount of leased assets for acquisition cost equivalent, accumulated depreciation equivalent and net book value equivalent:

March 31	(Million yen) 2014	2013	(U.S. thousand dollars) 2014
Machinery and vehicles	**¥628**	¥628	**$6,109**
Tools and fixtures	**—**	16	**—**
Sub total	**628**	645	**6,109**
Accumulated depreciation equivalent	**524**	469	**5,093**
Net book value equivalent	**¥104**	¥175	**$1,015**

The amounts equivalent to the acquisition cost of leased assets are calculated based upon the inputted interest method because future minimum lease payments account for only a small proportion of property, plant and equipment.

(2) The future minimum lease payments required under the terms of these finance leases as of March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Due within one year	**¥ 67**	¥ 71	**$ 658**
Due after one year	**36**	104	**357**
Total	**¥104**	¥175	**$1,015**

The amounts equivalent to the future minimum lease payments are calculated based upon the inputted interest method because future minimum lease payments account for only a small proportion of property, plant and equipment.

(3) Lease payments and depreciation equivalent

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Lease payments	**¥71**	¥100	**$693**
Depreciation equivalent	**¥71**	¥100	**$693**

(4) Method of calculating depreciation equivalent amount and interest equivalent for leases

The leased assets are fully depreciated using the straight-line method over the lease term, which represents the expected useful life. However, the leased assets with guaranteed residual value are depreciated to the amount of the residual value.

Operating leases

The future minimum lease payments for non-cancellable leases as of March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Due within one year	**¥ 458**	¥ 307	**$ 4,457**
Due after one year	**1,305**	1,456	**12,682**
Total	**¥1,763**	¥1,763	**$17,139**

Impairment loss on leased assets

For the years ended March 31, 2014 and 2013, there was no impairment loss on leased assets.

17. Contingent liabilities

The contingent liabilities as of March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Guarantee for bank borrowings of non-consolidated subsidiaries and affiliates	**¥55**	¥65	**$534**
Total	**¥55**	¥65	**$534**

18. Derivatives and hedging activities

(1) Derivative transactions to which the Group did not apply hedge accounting

For the years ended March 31, 2014 and 2013:

Not applicable

(2) Derivative transactions subject to hedge accounting

(a) Currency-related

For the year ended March 31, 2014:

(Million yen)

Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell	Accounts receivable (future transactions)				
	U.S. dollar		**¥ 750**	**¥ —**	**¥ 754**	
	Euro		**827**	**—**	**865**	
	Canadian dollar		**121**	**—**	**120**	
	Korean won		**74**	**—**	**82**	
	New Taiwan dollar		**33**	**—**	**34**	
	Buy	Accounts payable (future transactions)				
	U.S. dollar		**(33)**	**—**	**(36)**	
Exceptional treatment of forward exchange contracts	Forward exchange contracts					
	Sell	Accounts receivable			**(*1)**	
	U.S. dollar		**1,053**	**—**		
	Euro		**56**	**—**		
	Canadian dollar		**105**	**—**		
	Korean won		**151**	**—**		
	Buy	Accounts payable				
	U.S. dollar		**(7)**	**—**		
	Currency swaps	Long-term borrowings			**(*2)**	
	U.S. dollar		**6,000**	**6,000**		
Total			**¥9,133**	**¥6,000**	**¥1,819**	

For the year ended March 31, 2013:

(Million yen)

Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell	Accounts receivable (future transactions)				
	U.S. dollar		¥ 433	¥ —	¥486	
	Euro		70	—	70	
	Canadian dollar		110	—	110	
	Buy	Accounts payable (future transactions)				
	U.S. dollar		(247)	—	(283)	
	Korean won	Accrued liabilities (future transactions)	(67)	—	(75)	
Exceptional treatment of forward exchange contracts	Forward exchange contracts					
	Sell	Accounts receivable			(*1)	
	U.S. dollar		1,077	—		
	Euro		409	—		
	Canadian dollar		12	—		
	Buy	Accounts payable				
	U.S. dollar		(24)	—		
	Currency swaps	Long-term borrowings			(*2)	
	U.S. dollar		4,000	4,000		
Total			¥5,774	¥4,000	¥308	

For the year ended March 31, 2014:

Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
						(U.S. thousand dollars)
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell	Accounts receivable (future transactions)				
	U.S. dollar		**$ 7,289**	**$ —**	**$ 7,330**	
	Euro		**8,040**	**—**	**8,409**	
	Canadian dollar		**1,179**	**—**	**1,168**	
	Korean won		**722**	**—**	**798**	
	New Taiwan dollar		**324**	**—**	**333**	
	Buy	Accounts payable (future transactions)				
	U.S. dollar		**(325)**	**—**	**(357)**	
Exceptional treatment of forward exchange contracts	Forward exchange contracts					
	Sell	Accounts receivable			**(*1)**	
	U.S. dollar		**10,232**	**—**		
	Euro		**552**	**—**		
	Canadian dollar		**1,027**	**—**		
	Korean won		**1,467**	**—**		
	Buy	Accounts payable				
	U.S. dollar		**(68)**	**—**		
	Currency swaps	Long-term borrowings			**(*2)**	
	U.S. dollar		**58,297**	**58,297**		
Total			**$88,740**	**$58,297**	**$17,681**	

(*1) Forward exchange contracts with exceptional treatment are accounted for together with the principal hedged items of notes and accounts receivable and unbilled receivables; therefore, the fair values of notes and accounts receivable and unbilled receivables include those of the forward exchange contracts.
(*2) Currency swaps with exceptional treatment are accounted for together with the principal hedged item of long-term borrowings; therefore, the fair value of long-term borrowings includes those of the currency swaps.

(b) Interest-related

For the year ended March 31, 2014:

Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
						(Million yen)
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	**¥27,920**	**¥27,660**	**(*)**	
Total			**¥27,920**	**¥27,660**	**¥—**	

For the year ended March 31, 2013:

Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
						(Million yen)
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	¥38,544	¥15,904	(*)	
Total			¥38,544	¥15,904	¥—	

For the year ended March 31, 2014: (U.S. thousand dollars)

						(U.S. thousand dollars)
Method of hedge accounting	Category of derivative transaction	Principal hedged item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	$271,278	$268,752	(*)	
Total			$271,278	$268,752	$—	

(*) Interest rate swaps with exceptional treatment are accounted for together with the principal hedged item of long-term borrowings; therefore, the fair value of long-term borrowings includes those of the interest rate swaps.

19. Consolidated statements of changes in net assets

(1) Matters regarding issued shares:

For the year ended March 31, 2014:

				(Thousand shares)
Class of shares	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock	**113,671**	**—**	**—**	**113,671**

For the year ended March 31, 2013:

				(Thousand shares)
Class of shares	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock	113,671	—	—	113,671

(2) Matters regarding treasury stock:

For the year ended March 31, 2014:

				(Shares)
Class of shares	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Common stock	**3,022,663**	**469,213**	**479,486**	**3,012,390**

[Note 1] Details of increases in the number of treasury stock were as follows:
- Increased by 18,213 shares due to the purchase of less-than-a-unit shares
- Increased by 451,000 shares through the acquisition by The Nomura Trust Banking Co., Ltd. under the E-Ship program

Details of decreases in the number of treasury stock were as follows:
- Decreased by 486 shares due to the sale of less-than-a-unit shares
- Decreased by 451,000 shares due to the disposal to The Nomura Trust Banking Co., Ltd. under the E-Ship program
- Decreased by 28,000 shares due to the sale to Daifuku Employee Shareholding Association from Nomura Trust Banking under the E-Ship program

[Note 2] Under the resolution adopted on December 12, 2013, the Company introduced an employee shareholding incentive plan through a trust (“E-Ship”). At the same time, the Company resolved to dispose 451,000 shares of treasury stock to The Nomura Trust Banking Co., Ltd. as a third-party allotment, which was implemented on January 9, 2014. As of March 31, 2014, the number of treasury stock includes 423,000 shares of the Company’s common stock held by the trust.

For the year ended March 31, 2013:

				(Shares)
Class of shares	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock	3,016,058	6,605	—	3,022,663

[Note] Treasury stock increased by 6,605 shares due to the purchase of less-than-a-unit shares.

(3) Matters regarding stock acquisition rights:

For the year ended March 31, 2014

	Class of shares	Number of shares (Thousand shares) As of April 1, 2013	Increase	Decrease	As of March 31, 2014	Outstanding amount (Million yen) As of March 31, 2014
Stock acquisition rights for Japanese yen convertible bonds, due 2017	Common stock	—	10,668	—	10,668	¥—
Total		—	10,668	—	10,668	¥—

[Note] The number of shares is based on the assumption that the stock acquisition rights were exercised.

(4) Matters regarding dividends:

(a) Dividends paid during the year ended March 31, 2014:

Resolution adopted	Class of shares	Aggregate amount (Million yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2013	Common stock	¥1,106	¥10	March 31, 2013	June 27, 2013
Board of Directors' meeting on November 12, 2013	Common stock	553	5	September 30, 2013	December 6, 2013

For the year ended March 31, 2013:

Resolution adopted	Class of shares	Aggregate amount (Million yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2012	Common stock	¥1,106	¥10	March 31, 2012	June 29, 2012
Board of Directors' meeting on November 12, 2012	Common stock	553	5	September 30, 2012	December 7, 2012

For the year ended March 31, 2014:

Resolution adopted	Class of shares	Aggregate amount (U.S. thousand dollars)	Amount per share (U.S. dollars)	Record date	Effective date
Board of Directors' meeting on May 14, 2013	Common stock	$10,750	$0.09	March 31, 2013	June 27, 2013
Board of Directors' meeting on November 12, 2013	Common stock	5,375	0.04	September 30, 2013	December 6, 2013

(b) Dividends with a record date during the year ended March 31, 2014, payable in the following fiscal year

For the year ended March 31, 2014:

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (Million yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2014	Common stock	Retained earnings	¥1,444	¥13	March 31, 2014	June 27, 2014

[Note] Aggregate amount of dividends includes dividends of ¥5 million on the Company's stocks held by The Nomura Trust Banking Co., Ltd. under the E-Ship program.

For the year ended March 31, 2013:

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (Million yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2013	Common stock	Retained earnings	¥1,106	¥10	March 31, 2013	June 27, 2013

For the year ended March 31, 2014:

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (U.S. thousand dollars)	Amount per share (U.S. dollars)	Record date	Effective date
Board of Directors' meeting on May 14, 2014	Common stock	Retained earnings	$14,030	$0.12	March 31, 2014	June 27, 2014

20. Major items of selling, general and administrative expenses

Major items of selling, general and administrative expenses for the years ended March 31, 2014 and 2013, were as follows:

Selling expenses

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Sales commissions	**¥ 656**	¥ 416	**$ 6,374**
Advertising	**199**	143	**1,937**
Outsourcing	**736**	744	**7,153**
Salaries and bonuses	**7,696**	6,524	**74,776**
Retirement benefit expenses	**465**	665	**4,524**
Welfare	**1,435**	1,299	**13,947**
Travel and transportation	**1,651**	1,407	**16,049**
Rent	**606**	598	**5,893**
Depreciation	**459**	198	**4,463**

[Note] Reclassification

With application of the revised accounting standard for retirement benefits and to clarify the financial statement line items presented, the Company posted retirement benefit expenses of 465 million yen, consisting of provision for retirement benefits of ¥382 million ($3,716 thousand) and provision for retirement reserve of ¥83 million ($808 thousand), under selling expenses for the year ended March 31, 2014. To reflect this change in presentation, the consolidated financial statements for the year ended March 31, 2013, have been reclassified. Specifically, the Company reclassified 665 million yen to retirement benefit expenses for the year ended March 31, 2013, ¥582 million and ¥83 million of which had been presented as provision for retirement benefits and provision for retirement reserve, respectively, under selling expenses in the prior year presentation.

General and administrative expenses

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Outsourcing	**¥2,845**	¥2,373	**$27,643**
Directors' compensation	**843**	815	**8,197**
Salaries and bonuses	**6,530**	5,122	**63,450**
Retirement benefit expenses	**984**	1,051	**9,570**
Welfare	**925**	783	**8,996**
Depreciation	**1,774**	1,330	**17,240**
Research and development	**2,086**	1,899	**20,272**

[Note] Reclassification

With application of the revised accounting standard for retirement benefits and to clarify the financial statement line items presented, the Group posted retirement benefit expenses of 984 million yen, consisting of provision for retirement benefits of ¥896 million ($8,710 thousand) and provision for retirement reserve of ¥88 million ($859 thousand), under general and administrative expenses for the year ended March 31, 2014. To reflect this change in presentation, the consolidated financial statements for the year ended March 31, 2013, have been reclassified. Specifically, the Company reclassified 1,051 million yen to retirement benefit expenses for the year ended March 31, 2013, ¥1,001 million and ¥50 million of which had been presented as provision for retirement benefits and provision for retirement reserve, respectively, under general and administrative expenses in the prior year presentation.

21. Provision for losses on construction contracts included in cost of sales

For the years ended March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Provision for losses on construction contracts included in cost of sales	**¥(522)**	¥(107)	**$(5,076)**

22. Research and development

Research and development expenditures included in general expenses and manufacturing costs were ¥7,490 million ($72,781 thousand) and ¥6,855 million for the years ended March 31, 2014 and 2013, respectively.

23. Loss on disposal of property, plant and equipment

Details of loss on disposal of property, plant and equipment for the years ended March 31, 2014 and 2013, were as follows:

	(Million yen)		(U.S. thousand dollars)
March 31	2014	2013	2014
Buildings and structures	¥18	¥ 8	$175
Machinery and vehicles	39	86	382
Tools and fixtures	6	5	64
Software	0	12	0
Other	4	45	42

24. Gain on sales of property, plant and equipment

Major items of gain on sales of property, plant and equipment for the years ended March 31, 2014 and 2013, were as follows:

	(Million yen)		(U.S. thousand dollars)
March 31	2014	2013	2014
Buildings and structures	¥—	¥ 9	$—
Machinery and vehicles	6	3	62
Land	—	146	—

25. Loss on sales of property, plant and equipment

Major items of loss on sales of property, plant and equipment for the years ended March 31, 2014 and 2013, were as follows:

	(Million yen)		(U.S. thousand dollars)
March 31	2014	2013	2014
Buildings and structures	¥ (15)	¥14	$ (155)
Machinery and vehicles	33	31	325
Tools and fixtures	5	0	50
Land	370	—	3,603

[Note] A sale of land and buildings as a whole resulted in a loss on the sale of land of ¥370 million ($3,603 thousand) and a gain on the sale of building of ¥32 million ($311 thousand). They have been combined and recorded as a loss on sales of plant, property and equipment.

26. Consolidated statements of comprehensive income

Reclassification adjustment and deferred tax related to other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

March 31	2014	2013 (Million yen)	2014 (U.S. thousand dollars)
Net unrealized gain on securities:			
Amount arising during the period	**¥2,041**	¥2,277	**$19,836**
Reclassification adjustment	**(18)**	—	**(180)**
Pretax amount	**2,023**	2,277	**19,656**
Deferred tax	**(605)**	(709)	**(5,882)**
Net unrealized gain on securities	**¥1,417**	¥1,568	**$13,774**
Deferred gain (loss) on hedges:			
Amount arising during the period	**¥ (46)**	¥ (9)	**$ (449)**
Reclassification adjustment	**9**	(18)	**89**
Pretax amount	**(37)**	(27)	**(360)**
Deferred tax	**14**	10	**136**
Deferred gain (loss) on hedges	**¥ (23)**	¥ (17)	**$ (224)**
Foreign currency translation adjustments:			
Amount arising during the period	**¥7,223**	¥3,853	**$70,185**
Reclassification adjustment	**(30)**	—	**(293)**
Foreign currency translation adjustments	**¥7,193**	¥3,853	**$69,892**
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the period	**¥1,115**	¥1,113	**$10,838**
Total other comprehensive income	**¥9,703**	¥6,517	**$94,280**

27. Impairment losses

Impairment losses on property, plant and equipment and intangible assets for the year ended March 31, 2014 and 2013, were as follows:

For the year ended March 31, 2014:

The Group implemented an impairment test on goodwill of ELS Holding Company at Daifuku Webb Holding Company, based on the Generally Accepted Accounting Principles in the United States ("U.S. GAAP"). The test showed that the fair value of the ELS goodwill was lower than its book value. Accordingly, the Group reduced the difference between the consolidated book value of the company's goodwill (after deducting amortization based on Japanese accounting standards) and its fair value and posted the reduction of ¥370 million ($3,595 thousand) as an impairment loss under extraordinary losses. The Group measured the fair value mainly using the income approach based on U.S. GAAP. The discount rate used was 12.0%.

For the year ended March 31, 2013:

In December 2006, the Group entered into an exclusive distributor agreement with QubicaAMF, a U.S. firm, to sell QubicaAMF brand products in Japan and has been working to expand the bowling business since then. However, the bowling market in Japan has been declining rapidly, and based on the performance and business plan of the bowling operation, the Company re-evaluated the recoverability of the Group's bowling business-related assets during the year ended March 31, 2013. As a result, the Company reduced the book value of the license of trademark QubicaAMF (long-term prepaid expense) owned by the Group to its recoverable amount and recorded a reduction of ¥544 million ($5,797 thousand) as an impairment loss under extraordinary losses. The recoverable amount was measured using value in use and calculated by discounting the future cash flows at a discount rate of 6.7%.

28. Income taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Deferred tax assets:			
Current assets			
Research and development	¥ 1,311	¥ 937	$ 12,745
Accrued expenses	1,157	836	11,242
Provision for losses on construction contracts	47	136	462
Unrealized profit on inventories	42	60	409
Other	1,021	627	9,923
Sub total	3,579	2,598	34,783
Less: Valuation allowance	(73)	(112)	(714)
Offset against deferred tax liabilities (current)	(4)	(15)	(41)
Total deferred tax assets (current)	¥ 3,502	¥ 2,471	$ 34,027
Non-current assets			
Provision for retirement benefits	¥ —	¥ 5,876	$ —
Liabilities for retirement benefits	6,157	—	59,830
Loss carried forward	1,986	2,164	19,298
Unrealized gain on sales of property, plant and equipment	597	597	5,803
Loss on valuation of investments in securities	413	415	4,013
Asset retirement obligations	155	160	1,512
Excess depreciation	363	172	3,532
Trademarks	151	200	1,475
Asset adjustment accounts	114	157	1,109
Other	810	316	7,872
Sub total	10,749	10,062	104,447
Less: Valuation allowance	(2,924)	(2,842)	(28,411)
Offset against deferred tax liabilities (non-current)	(2,024)	(3,296)	(19,674)
Total deferred tax assets (non-current)	¥ 5,800	¥ 3,923	$ 56,361
Deferred tax liabilities:			
Current liabilities			
Other	¥ 26	¥ 15	$ 261
Offset against deferred tax assets (current)	(4)	(15)	(41)
Total deferred tax liabilities (current)	¥22	¥ —	$219
Non-current liabilities			
Net unrealized gain on assets of consolidated subsidiaries	¥ 905	¥ 2,296	$ 8,793
Gain on securities to employees retirement benefit trust	541	541	5,257
Provision for retirement benefits	—	55	—
Liabilities for retirement benefits	102	—	995
Provision of reserve for advanced depreciation of property, plant and equipment	212	239	2,067
Retained earnings for overseas subsidiaries	135	96	1,320
Net unrealized gain on securities	1,393	789	13,544
Other	144	285	1,404
Offset against deferred tax assets (non-current)	(2,024)	(3,296)	(19,674)
Total deferred tax liabilities (non-current)	¥ 1,410	¥ 1,007	$ 13,709

(2) Reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2014 and 2013

March 31, 2014	(%)
Statutory tax rate	**38.0%**
Permanent difference arising from non-deductible expenses	**1.3**
Permanent difference arising from non-taxable dividend income and other	**(1.6)**
Taxation on per capita basis	**0.8**
Decrease of valuation allowance	**(5.6)**
Income taxes for retroactive years	**1.1**
Tax rate difference applied to overseas subsidiaries	**(5.7)**
Amortization for goodwill and negative goodwill	**0.9**
Retained earnings of overseas subsidiaries	**1.2**
Adjustment for decrease in deferred tax assets at end of year due to changes in tax rate	**1.3**
Other	**2.0**
Effective tax rate	**33.7%**

A reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2013, is omitted as the difference is 5% or below of the statutory income tax rate.

(3) Revision of deferred tax assets and deferred tax liabilities in response to changes in income tax rates

With the introduction of the Act on Partial Revision of the Income Tax Act, Etc. (Act No. 10 of 2014) on March 31, 2014, the special corporate tax for reconstruction became inapplicable to Group companies in fiscal years starting on April 1, 2014, and thereafter. In response to this change, the Company revised the effective statutory tax rate that was used for calculating deferred tax assets and deferred tax liabilities for the year ended March 31, 2014, and the revised tax rate applied to temporary differences expected to be eliminated during the year that began on April 1, 2014, is 35.6%, compared to 38.0% in the previous fiscal year.

As a result, deferred tax assets (after deducting deferred tax liabilities) fell by ¥187 million ($1,817 thousand) from the year ended March 31, 2013, and deferred income taxes posted for the year ended March 31, 2014, rose by ¥187 million ($1,817 thousand).

29. Consolidated statements of cash flows

The components of cash and cash equivalents as of March 31, 2014 and 2013, were as follows:

	(Million yen)		(U.S. thousand dollars)
March 31	**2014**	2013	**2014**
Cash on hand and in banks	**¥52,132**	¥33,735	**$506,537**
Time deposits with original maturities exceeding three months	**(280)**	(12)	**(2,727)**
Total	**¥51,852**	¥33,722	**$503,810**

30. Stock options

For the years ended March 31, 2014 and 2013:

Not applicable

31. Related party transactions

For the years ended March 31, 2014 and 2013:

Not applicable

32. Segment information

(1) Overview of reportable segments

Reportable segments comprise components for which discrete financial information is available, and 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. (Daifuku), the core company dealing in material handling systems and equipment, and car wash machines; Contec Co., Ltd. (Contec), the core company engaging in the manufacture and sale of industrial personal computers, interface boards, and other equipment in Japan and overseas; and Daifuku Webb Holding Company (Daifuku Webb).

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

(2) Methods of calculating the amounts of net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting methods of reported business segments are the same as those stated in "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 loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2014 and 2013, were as follows:

For the year ended March 31, 2014:

(Million yen)

	Reportable segment					
	Daifuku	Contec	Daifuku Webb	Total	Other (*)	Total
Net sales:						
Net 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***
Impairment loss	***—***	***—***	***520***	***520***	***—***	***520***
Income taxes	**3,022**	**(216)**	**206**	**3,012**	**1,024**	**4,036**
Investment to equity-method affiliates	**5,193**	**—**	**—**	**5,193**	**202**	**5,395**
Increase in property, plant and equipment	**3,875**	**212**	**4,796**	**8,883**	**728**	**9,612**

For the year ended March 31, 2013:

(Million yen)

	Reportable segment					
	Daifuku	Contec	Daifuku Webb	Total	Other (*)	Total
Net sales:						
Net sales to outside customers	¥110,090	¥ 8,935	¥38,150	¥157,177	¥45,370	¥202,547
Inter-segment sales or transfers	23,254	8,493	921	32,668	12,045	44,713
Total	133,344	17,429	39,071	189,845	57,416	247,261
Segment income	5,603	170	562	6,335	2,134	8,470
Segment assets	158,636	16,227	29,662	204,526	43,297	247,824
Segment liabilities	86,342	10,617	23,811	120,772	23,167	143,939
Other						
Depreciation	2,346	265	216	2,827	509	3,337
Amortization of goodwill	129	—	—	129	119	249
Interest income	34	2	2	38	111	150
Interest expenses	787	62	41	891	49	941
Equity in losses of affiliates	—	—	(115)	(115)	—	(115)
Extraordinary income	92	—	124	216	159	376
Gain on sales of property, plant and equipment	—	—	*123*	*123*	*157*	*280*
Extraordinary loss	736	2	89	829	26	855
Impairment loss	*566*	—	—	*566*	—	*566*
Income taxes	2,211	107	126	2,444	518	2,963
Investment to equity-method affiliates	5,162	—	—	5,162	162	5,325
Increase in property, plant and equipment	2,164	1,592	3,213	6,970	737	7,708

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Reportable segment					
	Daifuku	Contec	Daifuku Webb	Total	Other (*)	Total
Net sales:						
Net sales to outside customers	**$1,071,251**	**$129,913**	**$512,467**	**$1,713,633**	**$623,239**	**$2,336,872**
Inter-segment sales or transfers	**262,631**	**83,285**	**16,717**	**362,634**	**172,012**	**534,646**
Total	**1,333,882**	**213,199**	**529,185**	**2,076,267**	**795,251**	**2,871,519**
Segment income	**55,976**	**7,067**	**16,324**	**79,368**	**28,891**	**108,260**
Segment assets	**1,592,127**	**171,989**	**464,175**	**2,228,292**	**597,708**	**2,826,000**
Segment liabilities	**839,493**	**103,791**	**304,981**	**1,248,266**	**353,825**	**1,602,092**
Other						
Depreciation	**23,710**	**2,441**	**4,435**	**30,587**	**6,513**	**37,100**
Amortization of goodwill	**1,261**	**1,135**	**—**	**2,397**	**1,163**	**3,560**
Interest income	**364**	**19**	**746**	**1,130**	**1,516**	**2,646**
Interest expenses	**6,670**	**578**	**463**	**7,712**	**716**	**8,428**
Extraordinary income	**1,626**	**—**	**1,471**	**3,098**	**25**	**3,124**
Gain on sales of property, plant and equipment	**—**	**—**	***1,471***	***1,471***	***25***	***1,497***
Extraordinary loss	**5,743**	**225**	**5,414**	**11,383**	**660**	**12,044**
Loss on sales of property, plant and equipment	***3,291***	***0***	***360***	***3,652***	***0***	***3,653***
Impairment loss	**—**	**—**	***5,053***	***5,053***	**—**	***5,053***
Income taxes	**29,370**	**(2,104)**	**2,002**	**29,268**	**9,950**	**39,219**
Investment to equity-method affiliates	**50,458**	**—**	**—**	**50,458**	**1,965**	**52,424**
Increase in property, plant and equipment	**37,651**	**2,063**	**46,600**	**86,315**	**7,079**	**93,394**

(*) "Other" represents an operating segment comprising domestic and overseas subsidiaries that are not included in reportable segment.

(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 reconciliation)

(a) Net sales

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Reportable segment total	**¥213,689**	¥189,845	**$2,076,267**
Net sales classified in “Other”	**81,847**	57,416	**795,251**
Elimination of inter-segment transactions	**(55,025)**	(44,713)	**(534,646)**
Adjustment of net sales of the percentage-of-completion method	**1,236**	481	**12,010**
Other adjustments for consolidation	**64**	(691)	**623**
Net sales in consolidated financial statements	**¥241,811**	¥202,337	**$2,349,507**

(b) Segment income

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Reportable segment total	**¥8,168**	¥6,335	**$79,368**
Segment income classified in “Other”	**2,973**	2,134	**28,891**
Elimination of cash dividends from affiliates	**(2,009)**	(3,429)	**(19,521)**
Other adjustments for consolidation	**(1,392)**	(601)	**(13,529)**
Net income in consolidated financial statements	**¥7,740**	¥4,439	**$75,209**

(c) Segment assets

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Reportable segment total	**¥229,335**	¥204,526	**$2,228,292**
Segment assets classified in “Other”	**61,516**	43,297	**597,708**
Elimination of investment securities in subsidiaries in consolidation process	**(28,664)**	(22,377)	**(278,512)**
Elimination of intercompany receivables	**(18,215)**	(17,231)	**(176,990)**
Other adjustments for consolidation	**5,559**	(1,339)	**54,019**
Total assets in consolidated financial statements	**¥249,531**	¥206,875	**$2,424,517**

(d) Segment liabilities

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Reportable segment total	**¥128,471**	¥120,772	**$1,248,266**
Segment liabilities classified in “Other”	**36,415**	23,167	**353,825**
Elimination of intercompany payables	**(18,215)**	(17,231)	**(176,990)**
Other adjustments for consolidation	**3,169**	(5,517)	**30,795**
Total liabilities in consolidated financial statements	**¥149,840**	¥121,190	**$1,455,897**

For the year ended March 31, 2014:

(Million yen)

Other items	Reportable segments 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 (losses) of 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 taxes	**3,012**	**1,024**	**52**	**4,088**
Investment to equity-method affiliates	**5,193**	**202**	**2,071**	**7,467**
Increase in property, plant and equipment	**8,883**	**728**	**834**	**10,446**

For the year ended March 31, 2013:

(Million yen)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	¥2,827	¥509	¥ (4)	¥3,332
Amortization of goodwill	129	119	126	376
Interest income	38	111	(53)	96
Amortization of negative goodwill	—	—	59	59
Interest expenses	891	49	(53)	887
Equity in earnings (losses) of affiliates	(115)	—	44	(70)
Extraordinary income	216	159	(210)	165
Gain on sales of property, plant and equipment	*123*	*157*	*(120)*	*159*
Extraordinary loss	829	26	(7)	847
Loss on sales of property, plant and equipment	*566*	*—*	*(21)*	*544*
Income taxes	2,444	518	(175)	2,788
Investment to equity-method affiliates	5,162	162	1,107	6,432
Increase in property, plant and equipment	6,970	737	(20)	7,687

For the year ended March 31, 2014:

(U.S. thousand dollars)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	**$30,587**	**$6,513**	**$ 28**	**$ 37,128**
Amortization of goodwill	**2,397**	**1,163**	**3,661**	**7,222**
Interest income	**1,130**	**1,516**	**(555)**	**2,091**
Amortization of negative goodwill	**—**	**—**	**582**	**582**
Interest expenses	**7,712**	**716**	**(555)**	**7,873**
Equity in earnings (losses) of affiliates	**—**	**—**	**672**	**672**
Extraordinary income	**3,098**	**25**	**(3,059)**	**65**
Gain on sales of property, plant and equipment	***1,471***	***25***	***(1,432)***	***65***
Extraordinary loss	**11,383**	**660**	**(1,736)**	**10,307**
Loss on sales of property, plant and equipment	***3,652***	***0***	***170***	***3,824***
Impairment loss	***5,053***	***—***	***(1,457)***	***3,595***
Income taxes	**29,268**	**9,950**	**509**	**39,728**
Investment to equity-method affiliates	**50,458**	**1,965**	**20,126**	**72,551**
Increase in property, plant and equipment	**86,315**	**7,079**	**8,110**	**101,505**

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

1. Adjustments of ¥2,071 million ($20,126 thousand) and ¥1,107 million in "Investments to equity-method affiliates" for the years ended March 31, 2014 and 2013, were mainly due to foreign currency translation adjustments included in shares in affiliates.
2. An adjustment of ¥834 million ($8,110 thousand) in "Increase in property, plant and equipment" for the year ended March 31, 2014, resulted from goodwill generated by the acquisition of affiliates.

[Related information]

1. Information by product and service

For the year ended March 31, 2014:

(Million yen)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	**¥210,782**	**¥13,357**	**¥17,671**	**¥241,811**

For the year ended March 31, 2013:

(Million yen)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	¥178,976	¥8,925	¥14,435	¥202,337

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	**$2,048,021**	**$129,784**	**$171,701**	**$2,349,507**

2. Information by geographic area

(1) Net sales

For the year ended March 31, 2014:

(Million yen)

	Japan	America	China	Other	Consolidated total
Net sales to outside customers	**¥94,545**	**¥51,596**	**¥28,356**	**¥67,313**	**¥241,811**

For the year ended March 31, 2013:

(Million yen)

	Japan	America	China	Other	Consolidated total
Net sales to outside customers	¥97,047	¥36,442	¥10,898	¥57,948	¥202,337

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Japan	America	China	Other	Consolidated total
Net sales to outside customers	**$918,627**	**$501,328**	**$275,516**	**$654,034**	**$2,349,507**

[Note 1] Net sales are classified by country or area where customers are located.
[Note 2] Net sales to "China," which was included in "Other" in the prior year, is disclosed independently because of its growing importance. To reflect this change in presentation, net sales to "Other" of ¥68,847 million for the year ended March 31, 2013, was reclassified as "China" of ¥10,898 million and "Other" of ¥57,948 million, respectively.

(2) Property, plant and equipment

For the year ended March 31, 2014:

(Million yen)

	Japan	Other	Consolidated total
Property, plant and equipment	**¥25,162**	**¥8,913**	**¥34,075**

For the year ended March 31, 2013:

(Million yen)

	Japan	Other	Consolidated total
Property, plant and equipment	¥24,510	¥6,786	¥31,297

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Japan	Other	Consolidated total
Property, plant and equipment	**$244,481**	**$86,605**	**$331,087**

3. Information by customer

It was omitted due to there being no outside customers to which sales were more than 10% of net sales of the consolidated statements of income and comprehensive income.

[Information about impairment loss of property, plant and equipment by reportable segment]

For the year ended March 31, 2014:

(Million yen)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Impairment loss	**¥—**	**¥—**	**¥520**	**¥520**	**¥—**	**¥(150)**	**¥370**

For the year ended March 31, 2013:

(Million yen)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Impairment loss	¥566	¥—	¥—	¥566	¥—	¥(21)	¥544

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Impairment loss	**$—**	**$—**	**$5,053**	**$5,053**	**$—**	**$(1,457)**	**$3,595**

[Note 1] The amount under "Daifuku Webb" for the year ended March 31, 2014, is impairment loss of goodwill.
[Note 2] The amount under "Daifuku" for the year ended March 31, 2013, is impairment loss of long-term prepaid expenses.

[Information about the amount of amortization and unamortized balance of goodwill and negative goodwill by reportable segment]

For the year ended March 31, 2014:

(Million yen)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	**¥653**	**¥1,715**	**¥5,788**	**¥8,157**	**¥865**	**¥1,116**	**¥10,139**
Ending balance of negative goodwill	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 239**	**¥ 239**

For the year ended March 31, 2013:

(Million yen)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	¥783	¥1,509	¥2,269	¥4,562	¥985	¥220	¥5,768
Ending balance of negative goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥299	¥ 299

For the year ended March 31, 2014:

(U.S. thousand dollars)

	Reportable segment						
	Daifuku	Contec	Daifuku Webb	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	**$6,351**	**$16,664**	**$56,241**	**$79,258**	**$8,411**	**$10,852**	**$98,522**
Ending balance of negative goodwill	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,328**	**$ 2,328**

[Note 1] Information about amortization of goodwill and negative goodwill was omitted because it was disclosed in segment information.
[Note 2] "Ending balance of goodwill" under "Daifuku Webb" principally resulted from acquisition of shares in Wynright Corporation.

[Information about gain on new negative goodwill by reportable segment]

Not applicable

33. Per share information

The amounts of basic and diluted net income per share and net assets per share for the years ended March 31, 2014 and 2013, were as follows:

March 31	2014 (Yen)	2013 (Yen)	2014 (U.S. dollars)
Net assets per share	**¥875.14**	¥754.98	**$8.50**
Net income per share			
—Basic	**69.96**	40.12	**0.67**
Diluted net income per share	**66.67**	—	**0.64**

[Note 1] For the year ended March 31, 2013, diluted net income per share is not shown herein as dilutive shares did not exist.

[Note 2] As described in "3. Changes in significant accounting policies," the Accounting Standard for Retirement Benefits and the Guidance are applied and it 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 year ended March 31, 2014, decreased by ¥19.83 ($0.19).

[Note 3] The shares of Daifuku remaining in the trust which are recorded as treasury stock under equity capital are included in the treasury stock to be deducted in calculation of the average number of shares during the year 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 year for the purpose of calculation of the net assets per share.

The average number of shares of treasury stock deducted during the year for the purpose of calculation of the net income per share is 430,000 shares for the year ended March 31, 2014, and the number of shares of treasury stock deducted as of the end of the year for calculation of the net assets per share is 423,000 shares for the year ended March 31, 2014.

The basis for the calculation of net income per share and diluted net income per share for the years ended March 31, 2014 and 2013, were as follows:

Net income per share

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Net income	**¥7,740**	¥4,439	**$75,209**
Amount not attributable to holders of common stock	**—**	—	**—**
Net income attributable to holders of common stock	**¥7,740**	¥4,439	**$75,209**

	2014 (Thousand shares)	2013 (Thousand shares)
Weighted average number of common stock	**110,645**	110,651

Diluted net income per share

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Adjustments to net income	**¥(11)**	¥—	**$(112)**
Of which: amortization of bond issue discount (net of tax)	***¥(11)***	*¥—*	***$(112)***

March 31	2014 (Thousand shares)	2013 (Thousand shares)
Effect of dilutive securities	**5,290**	—
Of which: convertible bonds with stock acquisition rights	***5,290***	—

The basis for the calculation of net assets per share as of March 31, 2014 and 2013, were as follows:

March 31	2014 (Million yen)	2013 (Million yen)	2014 (U.S. thousand dollars)
Total net assets	**¥99,690**	¥85,685	**$968,619**
Amount deducted from total net assets	**2,848**	2,147	**27,672**
Of which: minority interests	***2,848***	*2,147*	***27,672***
Total net assets attributable to common stock	**¥96,842**	¥83,538	**$940,946**

March 31	2014 (Thousand shares)	2013 (Thousand shares)
Number of common stock issued and outstanding at fiscal year-end	**110,659**	110,648

34. Subsequent events

Not applicable

Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors of
Daifuku Co., Ltd.

We have audited the accompanying consolidated financial statements of Daifuku Co., Ltd. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income and comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 6 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

August 5, 2014

PricewaterhouseCoopers Aarata
Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan
T: +81 (3) 3546 8450, F: +81 (3) 3546 8451, www.pwc.com/jp/assurance