

Value Growth Engine

Annual Report 2015

Year ended March 31, 2015

DAIFUKU
Always an Edge Ahead

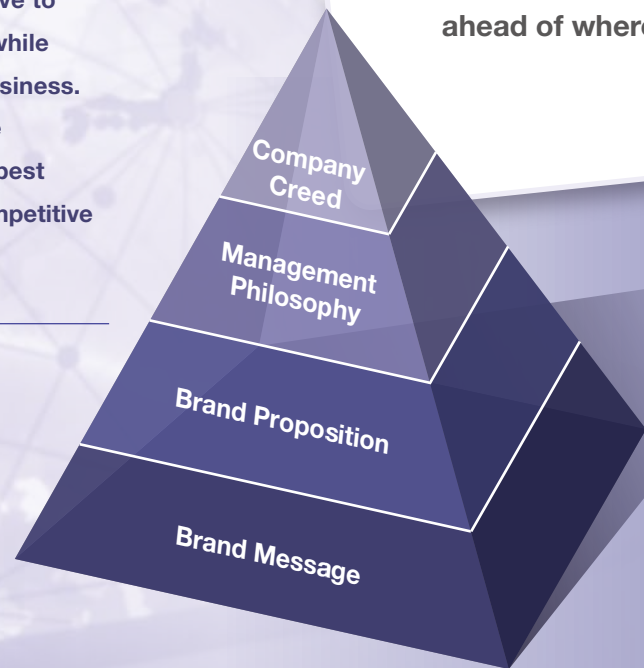


› Daifuku at a Glance

Profile

Since its founding in 1937, the Daifuku Group has established a long track record in material handling spanning a wide variety of sectors. Having aspired toward globalization from early on, Daifuku today operates in 22 countries and regions and is the world's top material handling systems manufacturer. Featuring an integrated approach from consulting to engineering, design, manufacturing, sales, installation, and after-sales services, Daifuku's comprehensive business structure is one of its unique strengths.

Under Value Innovation 2017, a four-year business plan that commenced in April 2013 with the key words of "innovation" and "solutions," Daifuku seeks to become more responsive to the needs of its customers and society, while maintaining its core material handling business. Daifuku is evolving into a top-class Value Innovator that can offer the optimal and best solutions to help its customers gain a competitive edge.



Company Creed

日新

Hini Arata

Today we are doing better than we were yesterday. Tomorrow we will be growing ahead of where we are today.

Consolidated Net Sales

267.2
billion yen

The Daifuku Group's results for fiscal 2014 made steady progress with record-high orders and sales, achieving increased sales and profits for the fifth year in a row.

Operating Income

Daifuku aims to achieve operating income of 21 billion yen, the record-high, for the final year (FY2016) of its four-year business plan Value Innovation 2017.

14.8
billion yen

No.1

Sales in the World

Daifuku was ranked first in global sales in the material handling industry, according to the "Top 20 System Suppliers 2014" survey conducted by the U.S. magazine *Modern Materials Handling*. (▶ See page 7)

Source: *Modern Materials Handling* - April 2015

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Daifuku North America Holding Company

Non-Japan Sales Ratio

66%

The non-Japan sales ratio to total sales exceeded the final target of 60% for the plan Value Innovation 2017.

Service Sales Ratio

Service business bolsters Daifuku's performance, based on the extensive delivery record accumulated over many years.

30%

ROE

Daifuku has set a final targeted ROE of 10%, as a management indicator in the plan Value Innovation 2017.

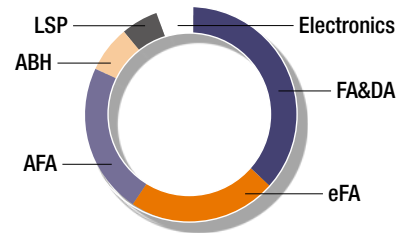
9.6%



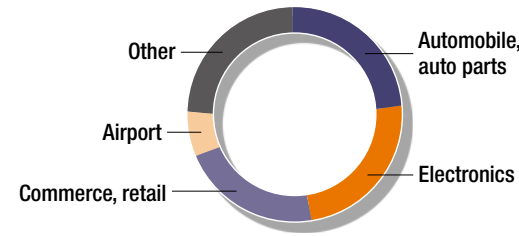
Shiga Works (Main Campus)

> Our Business

Consolidated Sales by Business (FY2014)



Consolidated Sales by Industry (FY2014)



Manufacturing and Distribution Systems

FA&DA

Factory & Distribution Automation



Provides systems to distributors and manufacturers in wide-ranging sectors. This business is actively developing into global markets and is focusing on capturing growth opportunities in Asia. Sales were also enhanced in North America through M&A.

Cleanroom Production Line Systems

eFA

e-Factory Automation



Provides systems to the semiconductor and flat-panel display factories. More than 90% of sales are recorded outside of Japan, including Asia and North America. With highly advanced technologies required, Daifuku accounts for a large share of the market. In semiconductors, firm sales of products, which are uniquely developed to accommodate the increase in semiconductor miniaturization needs, contribute to earnings.

Automobile Production Line Systems

AFA

Automotive Factory Automation



Provides systems for automobile production processes worldwide, mainly for Japanese, Detroit's Big Three, Chinese, and South Korean automakers. In particular, sales of the service business, including upgrades of existing factories, are strong. The system conveys car bodies between each assembly process at automobile factories.

Airport Baggage Handling Systems

ABH



Provides systems for airports, from check-in counters for outbound flights to baggage claim areas for inbound flights. This business responds to demand for building new airports in emerging countries, as well as upgrades, services, and operations for airport facilities in the West.

Lifestyle Products

LSP



Mainly provides car wash machines to gas stations and automobile dealers. With production in Japan, South Korea, and China, this business boasts top shares in the Japanese and South Korean markets. The business enhances eco-friendly functions, including saving water and using plant-based liquid detergents.

Electronics

Contec



Provides high-end industrial personal computers, controllers used in medical devices, computers built in digital signage, and measuring/control systems for mega solar facilities through Daifuku's subsidiary Contec Co., Ltd. Contec is strengthening its business globally, mainly through M&A in North America.

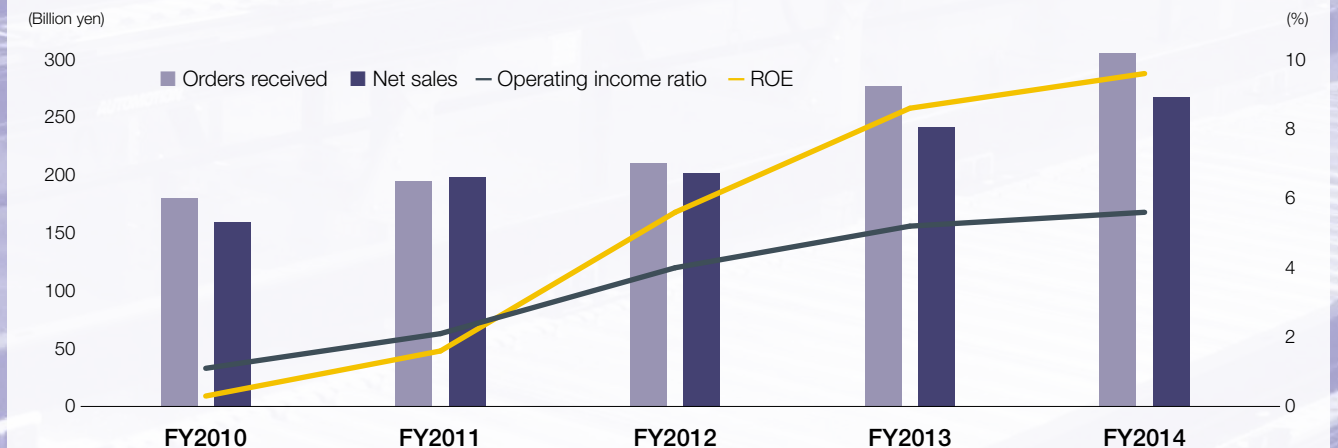
> Financial Highlights

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2015 and 2014

	Million yen		%	U.S. thousand dollars
	FY2014	FY2013		Change
For the Year				
Orders received	¥305,567	¥276,831	10.4%	\$2,540,683
Net sales	267,284	241,811	10.5	2,222,366
Operating income	14,883	12,556	18.5	123,750
Net income	9,810	7,740	26.7	81,572
Capital investment	7,532	10,446	(27.9)	62,632
R&D expenditures	6,945	7,490	(7.3)	57,749
Cash Flows				
Cash flows from operating activities	¥ 6,295	¥ 20,447	(69.2)%	\$ 52,345
Cash flows from investing activities	(5,846)	(7,372)	20.7	(48,615)
Free cash flows	448	13,074	(96.6)	3,729
Cash flows from financing activities	(509)	1,045	(148.7)	(4,233)
At Year-End				
Total assets	¥271,011	¥249,531	8.6%	\$2,253,363
Working capital	91,187	87,070	4.7	758,192
Net assets	111,521	99,690	11.9	927,261
Number of employees	7,746	7,349	5.4	
Amounts per Share of Common Stock				
Net income per share (Yen and U.S. dollars)	¥ 88.59	¥ 69.96	26.6%	\$ 0.73
Net assets per share (Yen and U.S. dollars)	972.75	875.14	11.2	8.08
Cash dividends per share (Yen and U.S. dollars)	22.00	18.00	22.2	0.18
Ratios				
Operating income/net sales	5.6%	5.2%	+0.4pt	
Net income/net sales	3.7	3.2	+0.5pt	
Return on shareholders' equity (ROE)	9.6	8.6	+1.0pt	
Shareholders' equity/total assets	39.8	38.8	+1.0pt	

Notes: 1. Details are described in "Financial Section" from page 28. A PDF version containing notes to the financial statements is available on our website: www.daifuku.com
2. The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥120.27=U.S.\$1.00, on the Tokyo Foreign Exchange Market on March 31, 2015.

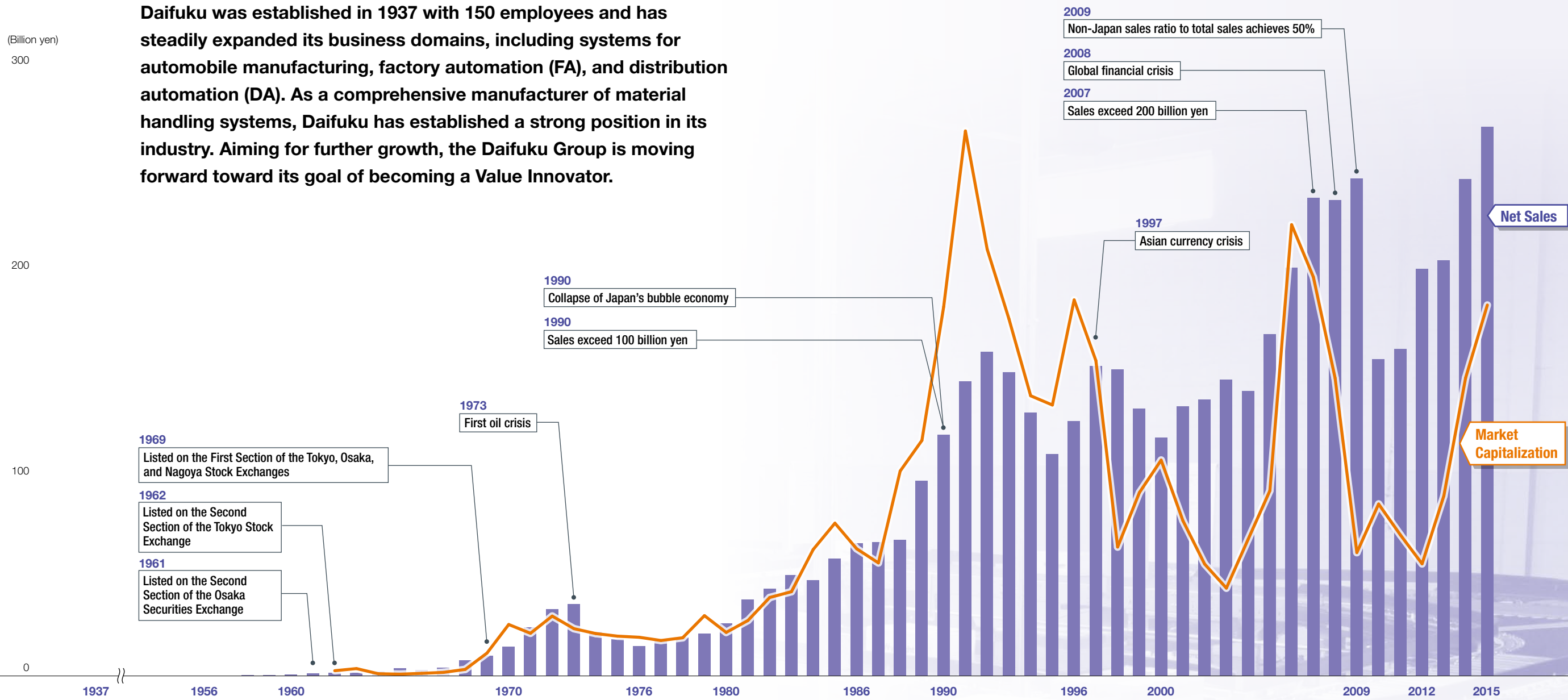
Consolidated Financial Data



› Daifuku's Growth Path

Daifuku was established in 1937 with 150 employees and has steadily expanded its business domains, including systems for automobile manufacturing, factory automation (FA), and distribution automation (DA). As a comprehensive manufacturer of material handling systems, Daifuku has established a strong position in its industry. Aiming for further growth, the Daifuku Group is moving forward toward its goal of becoming a Value Innovator.

(Billion yen)
300



- 1937-1956**
- Founded as forge rolling machinery manufacturer for ironworks and construction
 - Expands operations into manufacturing cranes and crane ships

- 1957-1976**
- Delivers conveyor system to Japan's first passenger car factory
 - Develops Japan's first high-rise automated warehouse system
 - Expands into bowling machines, automatic guided vehicles, and material handling tools such as racks and mesh pallets

- 1977-1986**
- Enters the car wash machine business
 - Establishes the first global subsidiary in the U.S.
 - Changes the Company name from Daifuku Machinery Works to Daifuku (in *katakana* characters)

- 1987-1996**
- Expands into DA and cleanroom fields
 - Builds a global factory in Thailand
 - Becomes ISO 9001 certified
 - Opens the world's largest exhibition center for material handling and logistics

- 1997-2000**
- Establishes the eFA Division for the semiconductor and LCD (later flat-panel display) sectors

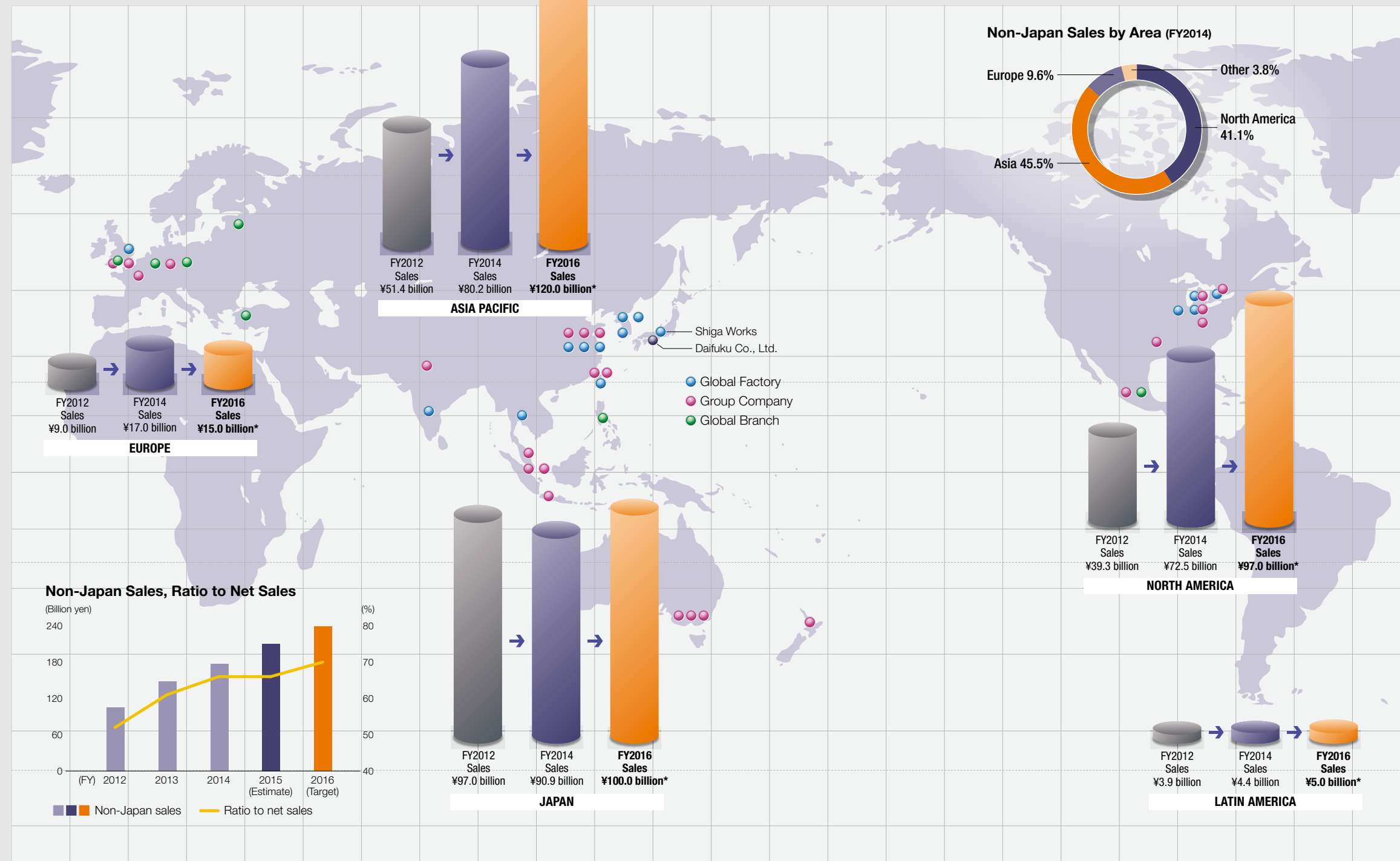
- 2001-2009**
- Establishes global production framework through proactive investments
 - U.S.-based Jervis B. Webb Company joins the Group
 - Enters the airport baggage handling systems business

- 2010-2015**
- Establishes a U.S. holding company
 - Logan Teleflex (UK) Ltd. and its group companies join the Group
 - U.S.-based Wynright Corporation joins the Group
 - Acquires an 80% share in New Zealand's BCS Group

> Global Presence

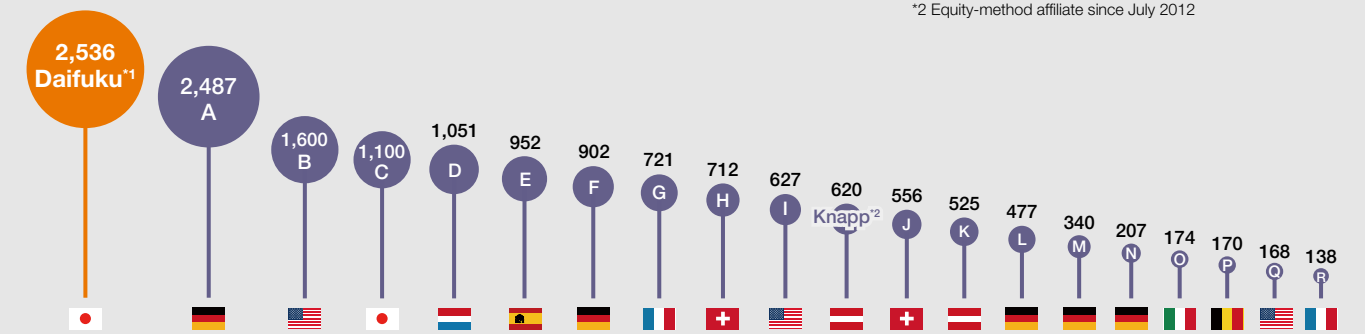
The Daifuku Group today operates in 22 countries and regions. The Group is actively expanding into global markets, centering on systems for manufacturers and distributors. Sales outside of Japan remained strong, mainly due to significantly increased sales in North America, with the ratio of non-Japan sales to total sales rising to 66% in fiscal 2014 (the year ended March 31, 2015), exceeding the final numerical target of 60% for the four-year business plan. Daifuku will further aim to achieve a non-Japan sales ratio of 70% for the final year (fiscal 2016) of the plan.

Management Targets by Area* (in the plan Value Innovation 2017)



Top 20 Worldwide Materials Handling Systems Suppliers 2014

(Net Sales, U.S. million dollars)

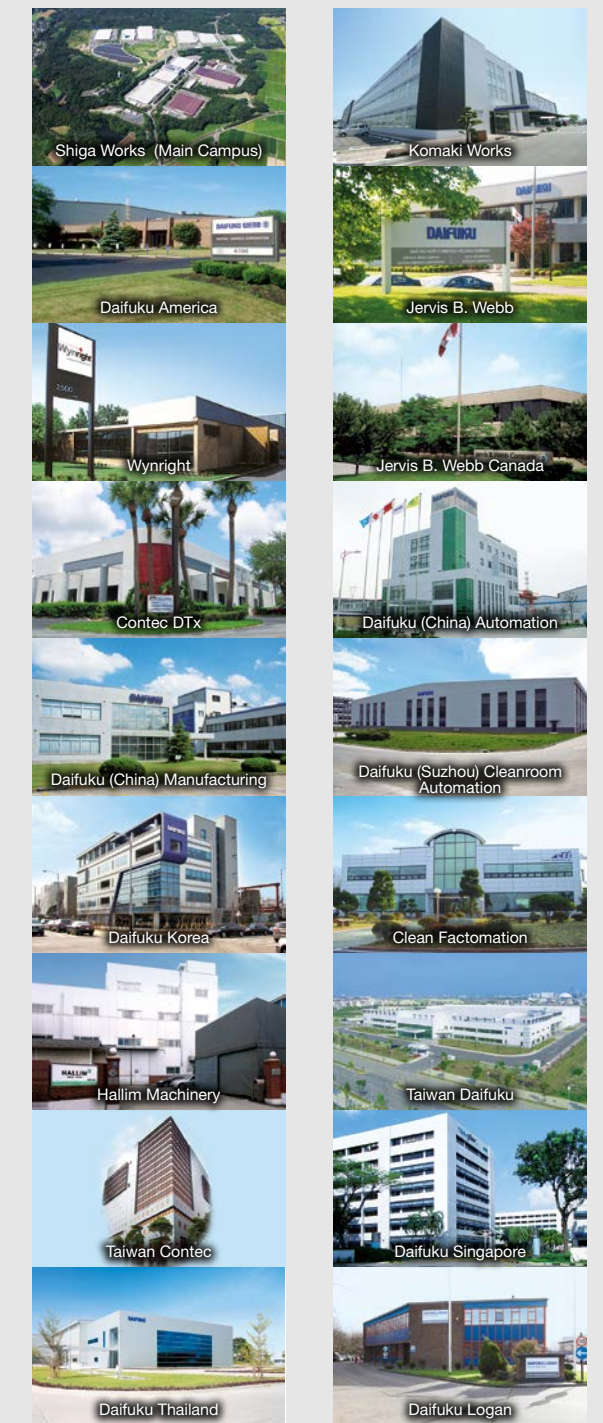


Source: Modern Materials Handling - April 2015

*1 Calculated from the earnings forecast announced in the third quarter for fiscal 2014 and exchange rates at the time.

*2 Equity-method affiliate since July 2012

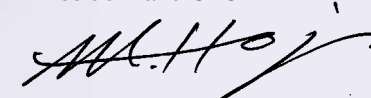
Daifuku's Global Production Sites



How Value Innovation Sets Us Apart

To win trust and capture growth opportunities, the Daifuku Group is continuing its initiatives to always identify markets and never dodge issues.

Masaki Hojo
President and CEO




Fiscal 2014, the year ended March 31, 2015, was the halfway point in our four-year business plan Value Innovation 2017. Performance for the year was robust, with orders and net sales rising for the fifth consecutive year to the highest levels in our history. We have, therefore, revised our management targets for fiscal 2016, the final fiscal year of our business plan, upward, including an increase of 60 billion yen in the net sales target, to 340 billion yen.

Performance in Fiscal 2014

We reported increases in sales and income for the fifth consecutive year, marking record orders and sales.

Consolidated orders in fiscal 2014 rose 10.4% from the previous year, to 305.5 billion yen; net sales increased 10.5%, to 267.2 billion yen; operating income was up 18.5%, to 14.8 billion yen; and net income rose 26.7%, to 9.8 billion yen. We have now cleared our business plan target for the first two years of a 5% operating income ratio. Fiscal 2014 positively showed us that the foundation of our existing businesses has strengthened.

Our three core businesses, which are systems for the manufacturing and distribution sectors, the automobile sector, and the semiconductor and flat-panel display (FPD) sectors, were the keys to growth. As our customer bases for automobile production line systems and semiconductor/FPD production line systems are largely fixed, our task is to remain close to those customers and strengthen our hold in these markets. We have been satisfying customer needs through high levels of system

developments and meeting deadlines, while pursuing high-quality standards through stable system utilization rates. Our initiatives have earned the strong trust of customers, and this has strengthened our position in core businesses, I believe.

Meanwhile, in manufacturing and distribution systems, demand for the introduction of high-end systems is continuing in the distribution automation (DA) business and in emerging sectors in manufacturing. In particular, the DA business includes various fields, and the composition of our customer base changes with the times. In other words, this business area will be perpetually growing. In this business, we apply our market creation business model. At Daifuku, looking ahead of markets, we develop and provide products that will be needed and technologies that will be in demand. This has placed us in a superior competitive position in the DA market and is a main factor in boosting our overall performance.

(▶ See page 13 for major topics in fiscal 2014)

Four-Year Business Plan

Progress is ahead of expectations. We will make further leaps ahead through systems development.

Although we formulated our four-year business plan only two years ago, because of the improved business performance due to our efforts toward increasing market penetration and creating new markets, we will attain our net sales target one year ahead of schedule. Accordingly, we have revised the management targets of the plan upward.

The Internet of Things (IoT) is bringing higher demand for electronic devices and high-definition TV panels, and investment in the semiconductor and FPD sectors is rising mainly in China, Taiwan, and South Korea. Our annual sales in this field have been from 45 to 60 billion yen in recent years; however, we now expect sales of more than 80 billion yen in fiscal 2015, our record-high, as market conditions are better than anticipated. If, however, we regard this as temporary and assume it will not be recurring, I believe that structuring the framework for the “next stage in growth” over the remaining two years of the business plan will become a very significant issue.

During these two years, I want to create a company that will develop new markets, new products, and new business models to generate future profits. This will involve applying our know-how, such as non-contact power supply, into individual devices and units. The challenge for manufacturers is to increase the lineup of high-margin products with low unit prices to be sold in volume.

Revisions to the Plan Targets

	Original plan targets	Targets after revisions
Net sales	¥280 billion	¥340 billion
Operating income ratio (amount)	7%	¥21 billion (to surpass the record-high ¥20.6 billion for fiscal 2008)
ROE	—	10%
Non-Japan sales ratio to total sales	60%	70%

› Message from the CEO

With regard to the IoT, what our customers need, whether it be systems for delivery centers or production lines, will not be uniform. The only common themes are analyzing Big Data and aiming for more productive systems. The difference in our customers' needs is the issue we must address. In Daifuku's corporate culture, rather than just think about issues, we visit our customers, interact with them, exchange ideas, and come up with solutions working with them. Through this interactive process, the overall picture becomes clearer. Rather than regarding the IoT as a general concept, we can understand and provide it as a specific service to our customers. We are aware that this can become one of our strengths that competitors cannot replicate.

Performance and Strategy by Region

Expanding in all regions, non-Japan sales now account for two-thirds of overall net sales.

Daifuku's sales outside of Japan during fiscal 2014 amounted to 176.4 billion yen, an increase of 19.8% over the previous fiscal year. This represented 66% of overall net sales, up from 61% in fiscal 2013. Outside of Japan, manufacturing and distribution systems as a whole expanded steadily. In addition, robust demand for

automobile production line systems in North America and semiconductors/FPD production line systems in Asia benefited earnings.

While sales are growing favorably, issues to be addressed still remain in increasing profitability. In this regard, Daifuku will strive to accomplish the following two initiatives.

- 1) Improving operational efficiency and productivity, and pursuing comprehensive project management and collaborative effects among non-Japan affiliates that have joined the Group in recent years
- 2) Enhancing sales and production frameworks for manufacturing and distribution systems in Southeast Asia

Another important issue is eliminating failures at project installation sites. Rather than say that there are no problems whatever at the working level, issues always arise at installation sites. What we do next, after the issues have emerged, is vital. Personally, I enjoy visiting installation sites, because, compared with listening to others describe matters, I can understand quickly where difficulties are occurring, what new initiatives we have to take, and how much trouble is being caused. In a visit to

an installation site in the United States, I advised employees to have three-way teleconferences among production, technological, and installation teams in Japan and the United States on a weekly basis. I also encouraged them to continue to communicate with one another and talk about even small issues or even if no special issue needs to be discussed. Work at the installation site improved after they implemented this.

Next, I would like to summarize the status of operations by geographical area.

In North America, sales of manufacturing and distribution systems expanded significantly, backed by the effect of M&A, and demand for new installations and facility upgrades for automobile production lines remained favorable. In fiscal 2014, sales in the region expanded about 25%, to 72.5 billion yen, representing 41.1% of our overall non-Japan sales. I believe that, because of the differences in market needs between Japan and the United States, to show a profit in these businesses, it will be necessary to structure frameworks that make it possible for staff who understand local business practices to be involved throughout the process. The ideal approach would be for U.S. staff who emphasize cost control and Japanese staff who focus on precise manufacturing to collaborate in developing the market.

In Asia outside Japan, sales in fiscal 2014 rose about 9%, to 80.2 billion yen from the previous fiscal year. A major contributing factor was the increase in investments by the semiconductor and FPD sectors in China, Taiwan, and South Korea.

In South Korea, sales remained favorable, underpinned by major projects for the e-commerce and other sectors. Along with growth in national income in the Asian region as a whole, consumer needs are evolving, and my impression is that the need for high-end distribution systems, as typified by systems for the e-commerce sector, is rising. Daifuku's high-end systems have overwhelming strengths and excel in speed, accuracy of shipments, and on-schedule deliveries.



Our position in Europe is not as strong as would be desirable, because we are dependent on some regions and industries. We are considering further market development through friendly acquisitions of leading local companies.

Aiming for Sustained Growth

Implementing farsighted initiatives that draw on Daifuku's strengths

We position corporate governance as an important theme for a global enterprise. Looking ahead, we will actively implement measures to strengthen governance at our global subsidiaries. In specific terms, the processes of internal control and internal auditing differ from one subsidiary to another; however, I believe all our subsidiaries across the globe, as members of the Daifuku Group, to be fully compliant with laws and regulations.

Another important theme is diversity. Local nationals have been appointed as presidents not only of the companies that joined the Group through acquisition but also of Daifuku America Corporation and Daifuku Canada Inc. On the other hand, in Asia outside Japan, in part because the principal customers of the subsidiaries in this region are Japanese companies, all of these companies are headed by Japanese presidents. However, since orders from local companies in China and elsewhere are expected to rise going forward, I believe it will be essential to appoint local management.

Non-Japan Sales by Region

Region	Fiscal 2013		Fiscal 2014	
	Net Sales (Billion yen)	Composition (%)	Net Sales (Billion yen)	Composition (%)
North America	57.5	39.2	72.5	41.1
Total for Asia outside Japan	73.5	49.9	80.2	45.5
Breakdown				
South Korea	22.2	15.1	30.5	17.3
China	28.3	19.3	30.5	17.3
Taiwan	7.7	5.2	6.9	3.9
Thailand	7.4	5.1	5.4	3.1
Other	7.7	5.2	6.7	3.9
Europe	9.5	6.4	17.0	9.6
Latin America	4.8	3.3	4.4	2.5
Other	1.8	1.2	2.1	1.3
Total	147.2	100.0	176.4	100.0

Note: Since figures of less than 10 million yen have been truncated, the sums of figures by region may differ from the overall total.

► Message from the CEO

We also consider it to be extremely important to increase diversity at our workplaces where everyone is able to use their capabilities to the fullest. For Daifuku, one theme is how it can support the activities of all employees.

With respect to corporate social responsibility (CSR) activities, Daifuku's largest establishment, which is located in the vicinity of Lake Biwa, Japan's largest body of fresh water, and is surrounded by a verdant area, has had a major impact on our view of CSR. Under the Company's CSR policy, our employees have a high level of awareness toward nature and the environment.

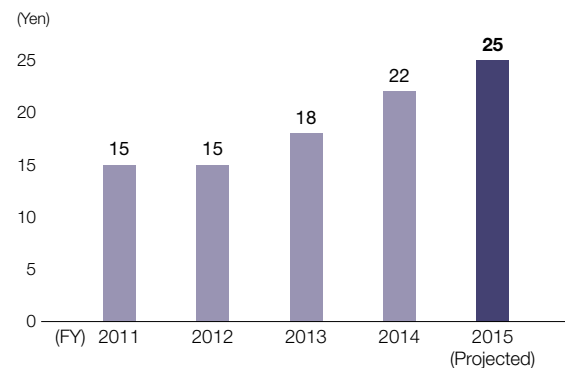
Allocation of Income

Striving to attain sustained growth as a company capable of generating a 10% ratio of operating income to sales

We believe that the ideal allocation of income is to provide one-third each to employees and shareholders, and use the remaining one-third for investing in Daifuku's future growth. In the medium-to-long term, we will give consideration to the balance between dividends to shareholders and investments for growth; however, at present, we consider preference should be given to investment for growth.

Under our four-year business plan Value Innovation 2017, we have indicated that we will aim for sustained growth in dividends per share and then for a 30% dividend payout ratio from consolidated net income in the medium-to-long term. Based on this policy, we declared a dividend of 22 yen per share for fiscal 2014. For fiscal 2015, we are planning to pay an interim dividend of 10 yen per share,

Cash Dividends per Share



followed by a 15 yen per share year-end dividend, bringing the total dividend for the fiscal year to 25 yen per share.

To strengthen our financial position, we have issued convertible bonds and, as mentioned previously, we have set a goal of a 10% return on equity in our business plan and will aim to maintain and improve our bond rating of single-A. We have also set a goal of having Daifuku's stock included in the JPX-Nikkei Index 400 and are working to raise our three-year average ROE, increase our three-year accumulated operating income, and raise our market capitalization.

(► See page 3-4 for trends in our market capitalization)

The Management and Corporate Culture I Aim to Cultivate

Differentiating Daifuku as an enterprise that never dodges issues and always innovates for greater customer value

In the Daifuku corporate culture, employees are earnest and sincere in their work. No matter what difficulties we encounter, we never dodge them, but help one another. We overcome issues that arise at installation sites, and always endeavor to delight our customers by delivering on time and starting up their facilities on schedule. I believe this has led our performance in serving customers and society. Outside of Japan also, Daifuku has won a reputation as an enterprise that will always do things to the very end. This corporate culture is a philosophy that Daifuku has always treasured. So long as we have our corporate principle of "never dodging issues, but address them forthrightly while helping one another," I am convinced that we can overcome even the roughest times that the future may bring. I would like us to increase the strengths of the Daifuku Group even further to respond to the expectations that you, as shareholders who have supported us, have for our future performance.

Masaki Hojo
President and CEO
Daifuku Co., Ltd.

Value Growth Engine Major Topics in Fiscal 2014



New Zealand's BCS Joins the Daifuku Family

In December 2014, Daifuku purchased 80% of the outstanding shares the BCS Group Limited (headquartered in New Zealand), which became a subsidiary of the Daifuku Group. BCS is the leading company in sales in the Oceanian market for airport baggage handling systems and is expanding its business activities into Southeast Asia. BCS offers IT-based solutions through its software that incorporates a software package with three functions of SCADA,* 3D simulator, and testing tool. With the entry of BCS into the Group, Daifuku now has the network needed for intensive coverage of Oceania, where it has delivered only a few systems thus far, and the rest of the Asian market, where expansion in airport construction is forecast. Daifuku will seek benefits from the collaboration of BCS and other Group companies that cover the airport baggage handling systems business in the North America and Europe regions, and the expansion into the logistics systems business in BCS's sales territory.

* SCADA, standing for supervisory control and data acquisition, is a type of control and monitoring system.

North American Holding Company Renamed and Brands Unified

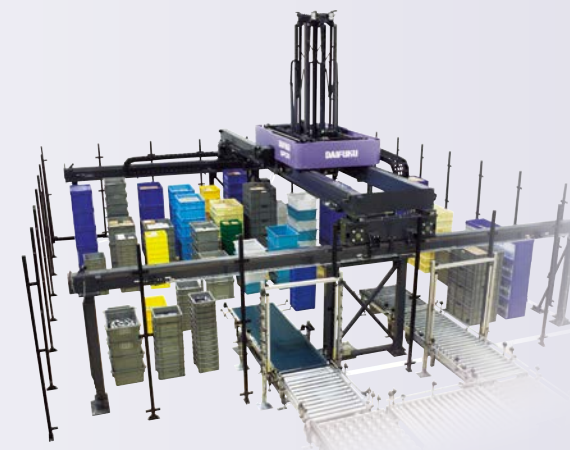
In January 2015, the name of Daifuku Webb Holding Company was changed to Daifuku North America Holding Company (headquartered in Michigan, U.S.A.). Four affiliates, including Wynright Corporation, are now operating under Daifuku North America and expanding the scope of their operations. The brand name DAIFUKU WEBB, used heretofore, will be replaced, and all products will bear the DAIFUKU brand, with the aim of strengthening the DAIFUKU brand at the global level, including North America, where future growth is expected.



Wynright's robot technology playing an active role in the DA sector

Innovative Temporary Storage and Sortation System "SPDR (Pronounced Spider)" Developed

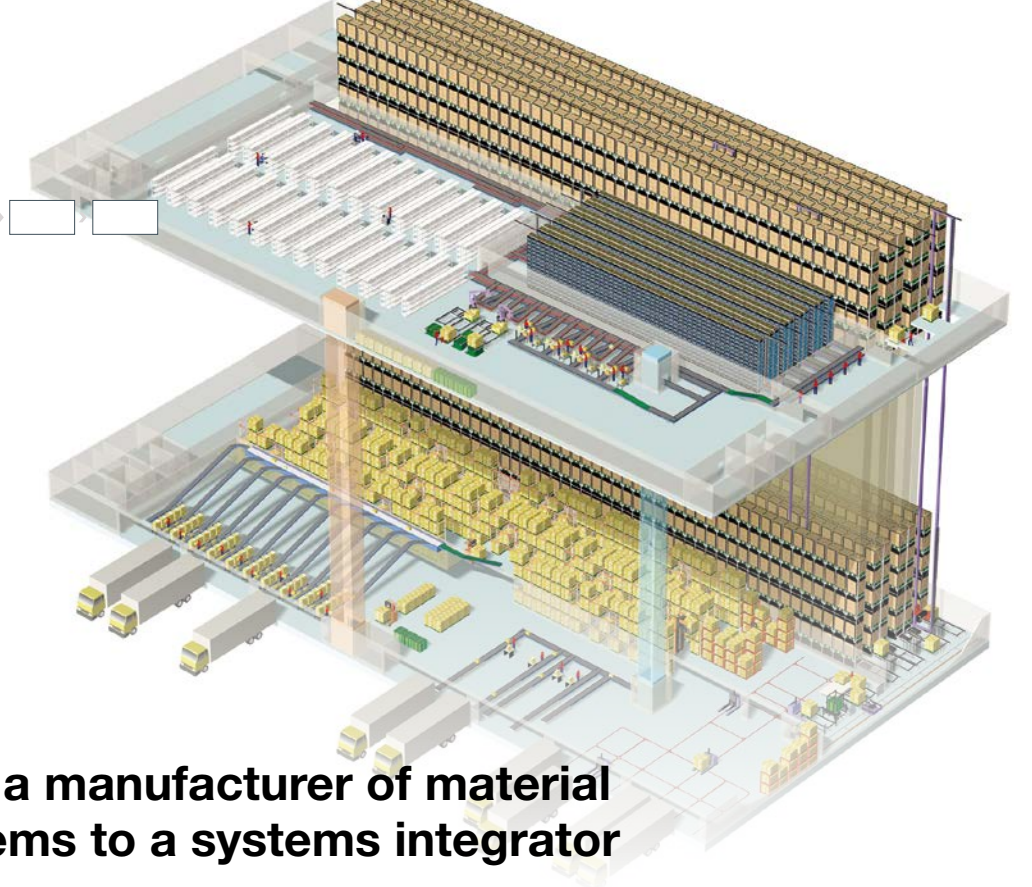
Daifuku developed the SPDR temporary storage and sortation system to meet the workplace logistics needs of automobile and automotive parts manufacturers. Marketing of this system began in December 2014. The system adopts an original structural design, and it is the first system of its kind in the world that makes it possible to handle cases of varying sizes. The system is also designed to respond to individual facility needs, such as the efficient use of space, short installation and start-up time, and allowing for layout changes after installation. This system makes the receipt, storage, and shipment of parts, which formerly depended on human labor, much more efficient and flexible.



Value Growth Engine

Daifuku provides material handling systems that store, convey, and sort items efficiently to customers spanning a wide range of industries worldwide. Daifuku offers the best solutions that are suited to the specific characteristics of various industries and markets, employing comprehensive capabilities ranging from consulting and structuring systems to after-sales service that supports the stable, long-term operations of its systems. Daifuku is continuing to boost the competitive edge of its customers by providing complete support for its systems.

Daifuku's complete support



Evolving from a manufacturer of material handling systems to a systems integrator

› **Emphasis on Providing Comprehensive Systems**

Daifuku does more than just manufacture material handling systems and equipment. Daifuku is active in a full spectrum of business fields, from production to distribution and services. Daifuku discusses with its customers to clarify the real issues they need to address, and is, therefore, able to offer the best solutions for responding to next-generation issues. Under its four-year business plan covering the period through fiscal 2016, Daifuku aims to evolve from being a manufacturer of material handling systems to securing a superior competitive position as a Value Innovator.

› **Creating the Best Customer Solutions with Real Simulations**

Daifuku contributes to securing a superior competitive edge for its customers by visualization of their whole systems. Specialist engineers prepare plans that meet customer requests and then create a working computerized model that simulates systems in actual operation using Daifuku's original simulation system. By repeating this simulation under various conditions, Daifuku structures the optimal and best systems for its customers.

Mahindra & Mahindra (India): Shortening Lead Time by Making Use of Vertical Open Space

Mahindra & Mahindra Limited, one of the largest automobile manufacturers in India, manufactures about 200,000 cars a year in five models on mixed production lines. In 2013, Daifuku delivered a painted body buffer system that uses a unit-load automated warehouse system. The system operates as a temporary storage for the painted car body and retrieves it to the assembly line in the proper order. This system features the use of vertical open space to store the body instead of the conventional method of storing on flat conveyors. Under the previous method, the lead time to send the body down the assembly line was a maximum of 30 minutes, but the automated warehouse makes it possible to pinpoint and deliver the body when and where it is needed. This shortens the lead time to a minimum of two minutes.



Mahindra & Mahindra's automotive plant

Daifuku's Solutions

Sector	Item Handled	Challenge	Solution
Pharmaceutical	Medicines	Streamlining of small-lot deliveries	Automatic supply to a digital picking line
Food	Beverages	Effective use of space plus labor saving	Automated cold storage system linked to production lines
Food	All types of food products	Dealing with increased demand in logistics and aging facilities	Automation of storage/retrieval operation
Distribution	Toys	Need for increasing sorting capacity and eliminating human error	Introduction of automated sorters and warehouse management systems
Distribution	Logistics	Reduction of logistics costs and human error	Automation and acceleration of warehouse operations
Manufacturing	Machinery	Shortening of operation time and maintaining material quality	Introduction of automated warehouse and inventory management system
Agriculture	Rice	Maintaining quality in storage	Increased storage capacity and increased emphasis on inventory management

› Special Feature



Drawing on our extensive experience and continuing to innovate by applying existing technologies

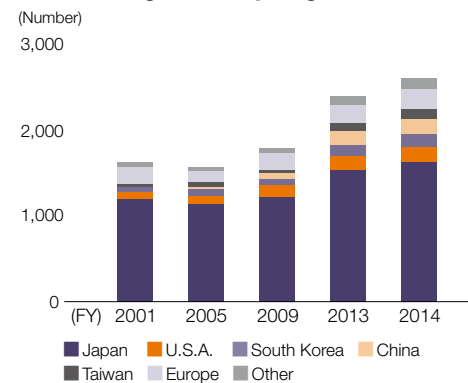
› Customer Needs Are the Starting Point

One of Daifuku's strengths is its capability to develop and offer the best comprehensive systems to meet customer requests. These requests include the environment where the distribution point is located, special features of items to be handled, the frequency of shipments, and the budget for investment in the systems. To respond to today's growing attention to corporate social responsibility, Daifuku also proceeds to develop products and systems that give due regard to safety and the natural environment.

› Responding to Changes in the Industrial Structure

Daifuku is continuing to innovate by improving and combining its accumulated expertise and technologies and applying these to new industrial fields. In the 1980s when demand for semiconductors rose sharply, Daifuku developed overhead monorail systems for semiconductor cleanroom factories, an upgrade from the "Telelift," which was used for transporting medical records in hospitals and books in libraries. In addition, Daifuku developed cleanroom storage systems for flat-panel display factories, using its conventional automated warehouse system technologies, to meet increased demand in the 2000s. Also, as the economy and society change, Daifuku's developments for newly emerging industries have been highly appraised. These include systems for convenience store chains, agricultural produce shipments, pharmaceutical wholesalers, 100-yen (or US\$1) stores, and e-commerce or online stores.

Patents Registered by Region

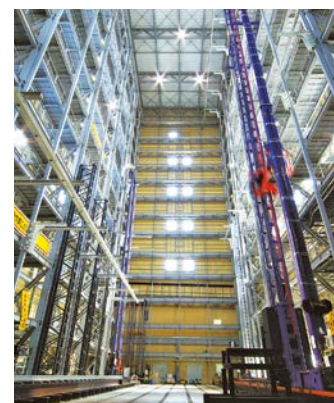


Daifuku's High-Rise Research Facility: Solving Problems on High-Rise Construction

The high-rise research facility, which tests 40m high automated warehouse stacker cranes, has developed a sway-control technology.

For more storage quantity in limited spaces, taller warehouses are needed. But, as these structures increase in height, sway of the upper part of cranes increases, and items cannot be stored and retrieved until sway subsides. This has an impact on the cycle time.

Amid increased demand for larger and higher-throughput automated warehouse systems for large distribution centers, Daifuku's own sway-control technology solves these problems. Since this technology can also be applied in Europe and the U.S., where restrictions on the height of these structures are less strict than in Japan, the work of the high-rise research facility is becoming increasingly important.



High-rise research facility at the Shiga Works



Building brand power based on the trust and reputation for reliability gained from an impressive record of installations

› Trust in the Daifuku Brand Built on Thorough After-Sales Service

What customers need, first of all, are systems delivered and operating on time and capable of performing up to specifications. Next, they need the stable operation of their systems. After delivering systems, Daifuku's staff provide support* tailored to customer needs based on thorough product knowledge. In the case of automobile production line systems, the origin of its business since installing Japan's first-ever conveyor system at an auto factory in 1957, Daifuku has compiled an impressive record of installations and accumulated know-how on facility upgrades. This support capability continues to lead to increased orders. Daifuku's capabilities are especially evident when it comes to the challenging level of work that requires equipment modifications and expansions without stopping the existing production lines.

* Examples of this support include Daifuku's intensive on-site service, which keeps factories running 24 hours a day, 365 days a year, and the upgrade and retrofit services to accommodate changes in auto models and production plans in automobile factories. In the case of airport baggage handling systems, Daifuku supplies not only the systems but also provides airport facility operation and maintenance services.

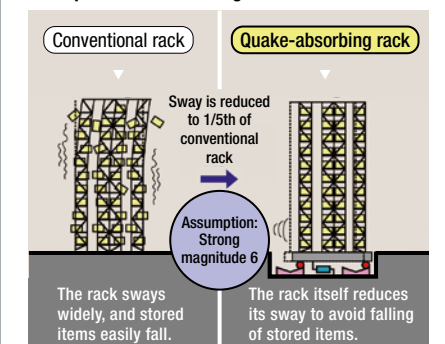
› Entering the U.S. Market together with Japanese Automakers

The capabilities of Japanese manufacturing have spread around the globe. Daifuku systems support these capabilities from the perspective of material handling. In the 1980s, when Japanese automakers entered the North American market, Daifuku set up a subsidiary to support automobile production in the market. For more than 30 years since then, Daifuku has consolidated a strong base in North America by compiling an extensive installation record in the market and also providing systems to Detroit's Big Three automakers. Favorable automobile sales are projected to continue in the U.S., and Daifuku will draw on its long experience in the market to upgrade the aging facilities and undertake new projects.

Quake-Absorbing Racks: Bolstering Business Continuity following Natural Disasters

When earthquakes occur, making a rapid recovery is important. For example, there is a greater need to reliably provide pharmaceutical supplies after a disaster happens. This is why Daifuku developed its quake-absorbing storage racks that dampen the impact of earthquake shocks and prevent items from falling. As the importance for risk management has increased in recent years, these racks are being used. Daifuku believes that responding to such needs is one of its missions, as the leading manufacturer of material handling systems, and part of its social responsibility. Daifuku's capabilities for restoring operations at customer sites after disasters, such as earthquakes and floods, have received a high appraisal.

Concept of Quake-Absorbing Racks



› Corporate Governance

Principal Initiatives

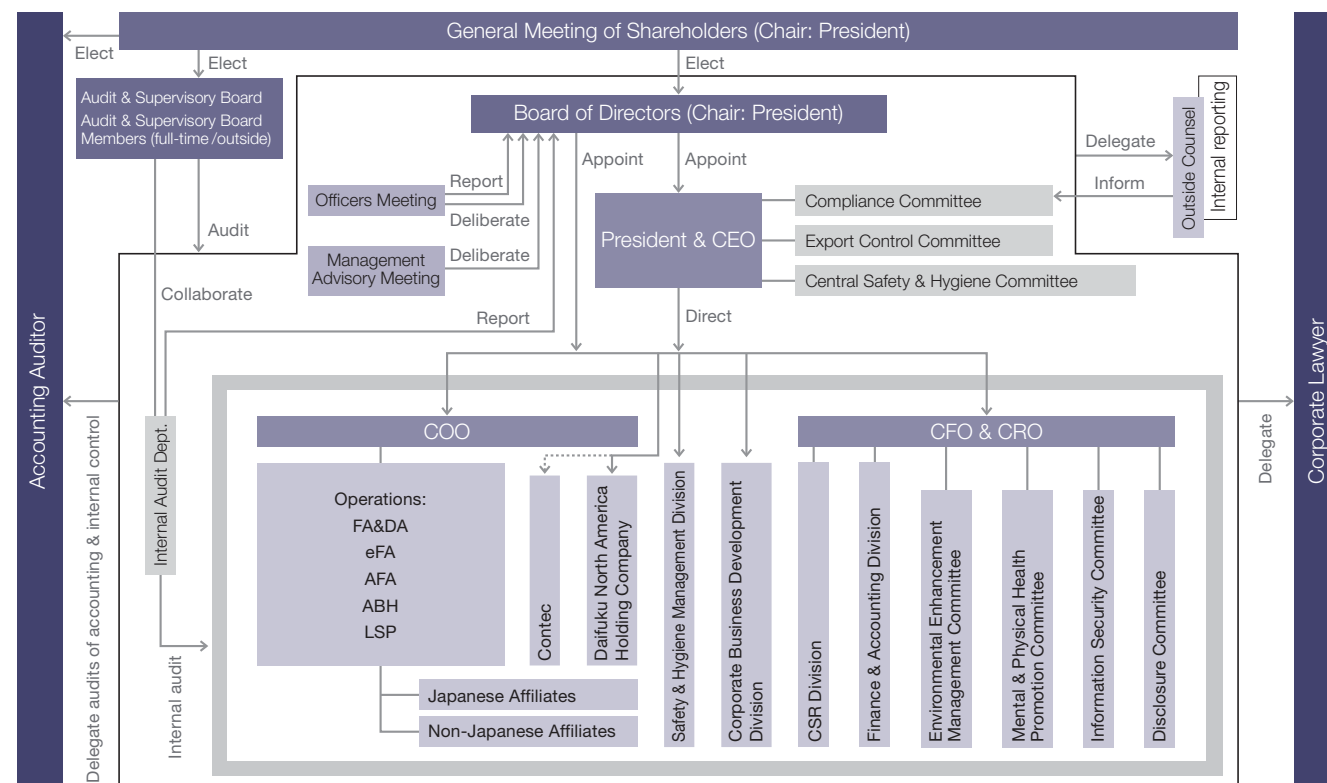
Daifuku is fulfilling the sustained growth of its corporate value and the corporate social responsibility (CSR) based on the key tenets of its management philosophy: to “provide the best solutions to benefit the global markets and the development of society” and “focus on healthy, growth-driven global management under a diverse and positive corporate culture.” The Company ceaselessly strives to improve its corporate governance, the platform supporting the realization of this mission.

Management Decision Making, Supervision, and Business Execution Framework

Board of Directors

Daifuku’s Board of Directors consists of 10 directors, including two outside directors. The directors’ term of office is one year, and each Board member’s mandate is reviewed yearly at the General Meeting of Shareholders. The Board of Directors pursues decision making on important management matters, including management policies. The Board of Directors’ regular meetings are held once a month, while extraordinary meetings are held as needed (six times in the fiscal year ended March 31, 2015).

Corporate Governance Structure



Daifuku also holds the Management Advisory Meeting* (five times in the fiscal year ended March 31, 2015), which comprises all directors with Audit and Supervisory Board members in attendance, to discuss important management matters and make recommendations to the Board of Directors.

The corporate officer system* is in place to accelerate management decision making and execution. The Company currently maintains 19 corporate officers, including those serving concurrently as directors.

* Corporate officer systems and Management Advisory Meetings within companies that have an audit and supervisory board are voluntary corporate bodies, not specified in Japan’s Companies Act.

Outside directors

Two outside directors provide insightful advice and recommendations to the Board of Directors based on their abundant experience and extensive knowledge in international trade laws, corporate legal affairs, finance, and accounting.

Audit and Supervisory Board

Daifuku maintains an Audit and Supervisory Board made up of five Audit and Supervisory Board members, three of whom are elected from outside the Company. The Audit and Supervisory Board met on six occasions during the fiscal year ended March 31, 2015.

Audit and Supervisory Board members conduct audit and supervisory activities in accordance with audit plans formulated at the beginning of the fiscal year. In the course of their duties, Audit and Supervisory Board members attend key meetings, including Board of Directors’ meetings and officers’ meetings, and visit to monitor financial activities at various operating divisions in factories, sales offices, and Group companies. To promote coordination and effectiveness in auditing, Audit and Supervisory Board members exchange information and conduct business audits in coordination with the Internal Audit Department, which is independent of the regular business operations, and, together with accounting auditors, make inspection visits, exchange opinions about audit plans and results, and attend evaluation tests of internal control systems.

Outside Audit and Supervisory Board members

Three outside Audit and Supervisory Board members—Harumichi Uchida, Isao Kitamoto, and Hiroyuki Torii—bring diverse perspectives to the Audit and Supervisory Board by exchanging opinions with the full-time Audit and Supervisory Board members, attending Board of Directors’ meetings, and

Activity of Outside Directors

Name	Board meeting attendance	Activity
Noboru Kashiwagi	Regular: 12/12 times Special: 6/6 times	Provides insightful advice and recommendations to the Board of Directors based on his abundant experience and extensive knowledge in corporate legal affairs and international trade laws.
Yoshiaki Ozawa	Regular: 7/9 times Special: 4/4 times	Provides expert advice and recommendations to the Board of Directors based on his extensive knowledge in finance and accounting and experience working outside of Japan.

Activity of Outside Audit and Supervisory Board Members

Name	Board meeting attendance	Activity
Harumichi Uchida	Board of Directors Regular: 11/12 times Special: 6/6 times Audit and Supervisory Board: 6/6 times	Provides expert advice and recommendations to the Boards as a prominent lawyer.
Isao Kitamoto	Board of Directors Regular: 12/12 times Special: 6/6 times Audit and Supervisory Board: 6/6 times	Provides insightful advice and recommendations to the Boards, based on extensive experience working outside of Japan.
Hiroyuki Torii	Board of Directors Regular: 12/12 times Special: 6/6 times Audit and Supervisory Board: 6/6 times	Provides insightful advice and recommendations to the Boards, based on a wealth of knowledge in the science and technology fields.

gathering information. Along with the previously mentioned outside director, the Tokyo Stock Exchange has been notified that two of the outside Audit and Supervisory Board members, Isao Kitamoto and Hiroyuki Torii, are independent officers.

Accounting auditor

Daifuku provides proper management and financial information to be audited from a fair and unbiased perspective by the accounting auditor, PricewaterhouseCoopers Aarata, with which the Company signed an audit contract.

Board Member Compensation

At Daifuku’s June 2006 General Meeting of Shareholders, a resolution was passed limiting the total annual compensation of directors (excluding the salaries of staff) to 700 million yen, and that of Audit and Supervisory Board members to 110 million yen. Director and Audit and Supervisory Board member compensation in fiscal 2014 is as shown in the following table. No individual received total compensation on a consolidated basis of 100 million yen or more, nor did any individual outside officer receive compensation as a director or Audit and Supervisory Board member from Daifuku’s subsidiaries besides that shown in the table.

Compensation for Board Members (amount paid in the fiscal year ended March 31, 2015)

Category	Number of individuals	Compensation
Directors (Outside directors)	12 (2)	435 million yen (24 million yen)
Audit and Supervisory Board members (Outside Audit and Supervisory Board members)	6 (3)	86 million yen (30 million yen)
Total (Outside officer total)	18 (5)	521 million yen (54 million yen)

Enhancing Corporate Governance Effectiveness

Daifuku develops systems mainly for its internal control, compliance, and risk management with the aim of raising the effectiveness of corporate governance as well as corporate trustworthiness and operational efficiency.

Internal control system

Daifuku operates its internal control system in compliance with Japan's Companies Act. The Internal Audit Department, which plays a major role in the Company, supports every operating division to build their internal control system mainly for ensuring reliable financial reporting, by assessing risks in various business activities. In addition, the department conducts integrated management using Plan-Do-Check-Act cycles on internal control systems by evaluating the internal control developments and operational effectiveness conducted by internal inspectors, who were appointed from non-Internal audit departments.

Compliance

Daifuku has established a Compliance Committee chaired by the president, of which all directors are members, to monitor and supervise legal and other compliance initiatives. The combined CFO (chief financial officer) and CRO (chief risk officer) communicates with all directors and employees to ensure compliance with the Corporate Code of Conduct.

As part of its efforts, the Company holds training sessions companywide to raise awareness of compliance in all of its employees. In addition, as a countermeasure against the global risk of violating laws, the Company has established basic company rules and subsidiary rules detailing various measures and procedures to comply with competition and bribery laws. Daifuku has also distributed a message from the president conveying the importance of compliance to all employees.

Risk management

Daifuku implements risk management measures through the CSR Division under the control of the CRO. Under the Company's risk management rules, the division conducts risk assessments across the Daifuku Group once a year. According to the level of risk criticality, related divisions take measures to mitigate and minimize risks. Daifuku also

strengthens emergency response structures to communicate within the Group in a speedy and appropriate manner.

Consequently, in its fiscal 2014 internal control report, based on the Financial Instruments and Exchange Act of Japan, Daifuku once again evaluated its internal control systems over financial reporting as effective.

Information Disclosure and IR Activities

For its shareholders and investors, Daifuku conducts timely and appropriate disclosure of information in accordance with laws and regulations, through its IR (Investor Relations) Department. For security analysts and institutional investors, the Company conducts IR activities, such as quarterly results briefings, additional company information sessions as needed, and conference calls, and responds to individual requests for information through the department.

In addition, Daifuku has sent notice of the Ordinary General Meeting of Shareholders and posted Japanese and English versions of the notice on its website earlier than last year.

For individual investors, Daifuku broadly pursues transparency through tours of its facilities, various IR events and publications, and timely information disclosure on its website.

Corporate Governance Code

Daifuku will continue to seriously discuss the essence of Japan's Corporate Governance Code, which was applied in June 2015, to increase its corporate value. As one of its efforts, the Company added the targeted ROE as a management indicator to its four-year business plan Value Innovation 2017. The Company will submit its renewed report that contains its activities to the Tokyo Stock Exchange to meet the Code before the end of 2015.

TOPICS

Role-play training for large-scale disasters

In September 2014, Daifuku implemented a role-play training that simulated a scenario of a large earthquake at the Shiga Works for the first time, aimed at raising employees' response capabilities in emergency. About 1,700 employees from all factories participated in the practical training, which responds to unexpected events. This training will be regularly held to increase such response capabilities in the event of disasters.



Interviews with Outside Directors

Providing Advice as a Specialist in International Transactions

My experience includes international transactions at a leading general trading company for about 30 years and then conducting research at the University of Tokyo and Chuo University on international transactions law and international economics law. In Daifuku's meetings of its Board of Directors, I draw on this expertise and knowledge, and provide advice based on differences in the legal systems of various countries. In my position as independent outside director, I believe that the members of Daifuku's management team live up to high standards of professionalism and ethics, and that Daifuku is a sound and reliable company.

Daifuku is a leading company in the material handling industry, which is a growth sector, and is required to grow at a faster pace than this industry as a whole. For this reason, its international corporate strategy is especially significant. I believe that the global strategy that Daifuku currently implements, which includes proactive M&A, is moving forward in the right direction. As part of upcoming issues to be addressed, Daifuku will merge with advantages in cultures of the countries that it has entered. In addition, the Company will enhance post-merger integration with the companies it has acquired to realize maximum collaborative effects. It is vital to train and give international experience to younger staff members who have the potential to take an active role in Daifuku's global activities.



Noboru Kashiwagi

Outside Director



Yoshiaki Ozawa

Outside Director

Contributing to the Sustained Growth of Daifuku and Working to Increase Corporate Value in the Medium-to-Long Term

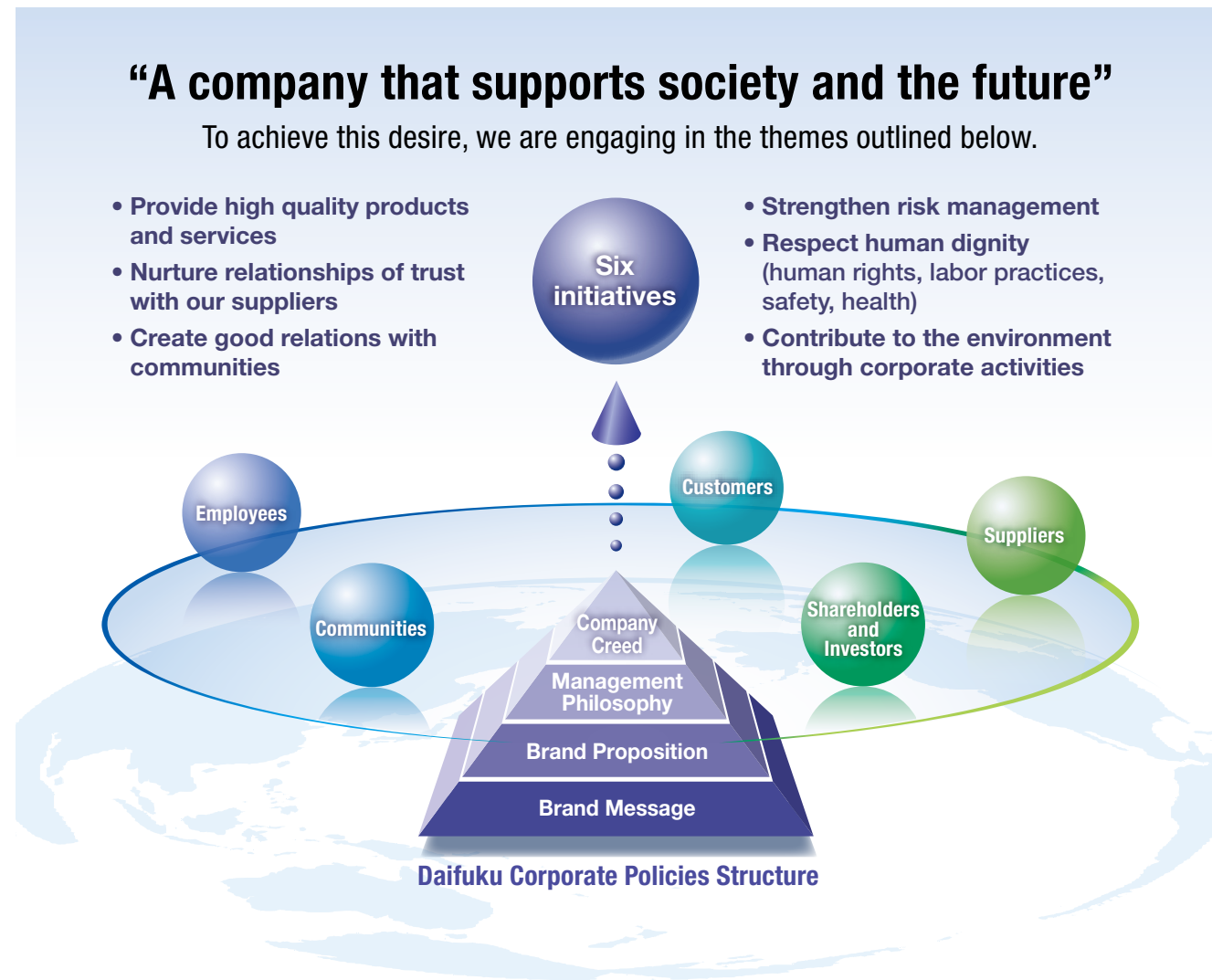
One of the duties for outside directors is to provide advice that will contribute to sustaining Daifuku's growth and increase its corporate value in the medium-to-long term. Another duty, when making decisions in the Board of Directors' meetings, is to monitor management activities while keeping in mind the existence of a wide range of stakeholders. I worked in the United States for six years, and, from my perspective as a certified public accountant in Japan and the United States, as well as that gained in my experience lecturing accounting and management analysis courses in colleges and universities, I want to fulfill my responsibilities as an outside director.

At Daifuku, the opinions of the members of Daifuku's Board of Directors are taken into account fairly, and the Company is managed soundly, in line with the Company's corporate philosophy. The sincere energy or leverage that Daifuku shows in recovery efforts following natural disasters has earned a high appraisal among customers and encourages them to continue placing orders with Daifuku. Looking ahead, to further enhance the globalization and diversity of the Company, I will be providing advice from the perspective of hiring regardless of nationalities and genders as well as offering useful information to investors.

› Corporate Social Responsibility (CSR)

Daifuku's CSR

The Daifuku Group believes that the basic principles of CSR are to build a symbiotic relationship with its stakeholders and to practice the Group's Corporate Policies Structure through its corporate activities.



In addition to undertaking CSR activities throughout the Group, we have formulated our medium- to long-term policy, Daifuku's CSR, and concrete measures in our CSR Action Plan; having clearly laid out a vision, we are further promoting CSR activities and aim to comply with social demand for disclosure of non-financial information in accordance with the Global Reporting Initiative (GRI) G4 international guidelines.

Daifuku's CSR

- A comprehensive and long-term policy that concisely captures our views on CSR
- Specifies the six initiatives and declares the implementation of our Corporate Policies Structure in corporate activities as we coexist with our stakeholders

CSR Action Plan

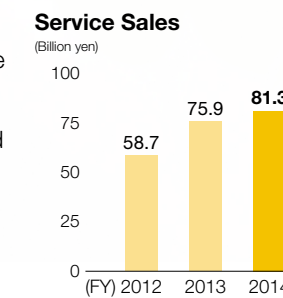
- A plan that sets medium-term targets in line with the six initiatives and defines concrete initiatives
- Discloses details and results of initiatives for each fiscal year in the CSR report and website

Outreach

While contributing to society through its business activities, Daifuku is further deepening communication and building relationships of trust with stakeholders.

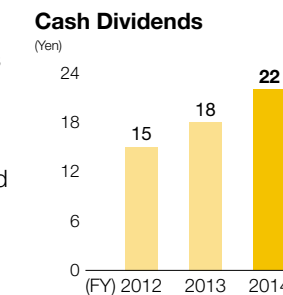
Customers

Customers require stable operation after their material handling systems and equipment are delivered. Daifuku aims to increase customer satisfaction with highly reliable services, rapid recovery through quick responses, and improved technologies to maintain “nonstop logistics.”



Shareholders and Investors

Daifuku endeavors to improve its corporate value and return an appropriate level of profits to its shareholders. Under its four-year business plan Value Innovation 2017, Daifuku aims to achieve sustainable growth in dividends per share and a medium- to long-term dividend payout ratio of 30%.



Communities

Daifuku has a policy of “contributing to the creation of sound, safe, and comfortable communities as a responsible member of local communities,” as stated in its Corporate Code of Conduct. Daifuku, as a good corporate citizen, is a company that contributes to society through sustainable growth in profitability and fulfills its duty to pay taxes.

TOPICS

Joining the United Nations Global Compact

In April 2014, Daifuku joined the United Nations Global Compact (UNGC), which sets forth 10 principles in the area of human rights, labor, the environment, and anti-corruption. The UNGC is an initiative for corporations to voluntarily participate in creating a global framework to achieve sustainable growth. www.unglobalcompact.org



Employees

Daifuku contributes to society by maintaining and creating employment through its sustainable growth and stable profits. In addition, under policy of respecting human dignity, Daifuku strives to further create a worker-friendly environment and promote diversity within the Daifuku Group.



Suppliers

Daifuku undertakes manufacturing, installation, and services in cooperation with its suppliers, in accordance with its basic procurement policies and green procurement guidelines, particularly keeping safety in mind. The Company also endeavors to establish and sustain win-win relationships.



Presentation on production trends

Globally Sharing Corporate Philosophy and Policies

Daifuku has actively expanded its business into global markets through various activities, including M&A. In the fiscal year ended March 31, 2015, the ratio of employees who work in non-Japan affiliates exceeded 60%. Daifuku now has global branches and affiliates in 22 countries and regions. With the aim of developing a sense of Group unity with high motivation, Daifuku is focusing on fostering global affiliate staff, who have a diverse array of cultural and historical backgrounds, through its corporate philosophy and management policies.

Global Leadership Training

Daifuku holds a training program in Japan with the aim of enhancing the skills of executives and executive candidates from global affiliates. In fiscal 2014, nine personnel from Europe and Asia attended this program. The attendees heard lectures on the Group's management philosophies, basic management policies, and business strategies, the Company's investor relations, and other management matters from top management and additionally deepened their knowledge and sense of responsibility as global leaders.



Employee Teamwork Initiative Presentations

Daifuku encourages its employees to undertake teamwork initiatives and hosts a Groupwide presentation contest each year. In fiscal 2014, 11 teams from Japan, Taiwan, South Korea, China, and the United States participated in the contest. Participants were able to communicate with each other through presentations on techniques and product quality as well as understand the behind-the-scene work of manufacturing quality products.



Presentation Meetings on the Brand Message

In fiscal 2013, Daifuku held briefing sessions throughout the Group with the aim to increase awareness and understanding of the DAIFUKU brand. A total of 53 sessions were held in Japan and 22 times outside of Japan, communicating with global staff using a video message from the president and documents in four languages: Japanese, English, Chinese, and Korean.

In fiscal 2014, the Company held another session for "Daifuku's CSR" and discussed how to increase the DAIFUKU brand power. (Picture: upper right)

Environment

Daifuku aims for reliable manufacturing in harmony with the natural environment and biodiversity while striving to lower its environmental impacts in every aspect of its business activities.

Daifuku Environmental Vision 2020

Daifuku has a vision for its entire Group to fulfill its environmental responsibility for the next generation as a member of the global community.



Daifuku Eco-Products

In fiscal 2014, seven more products were added to the lineup of certified Daifuku Eco-Products, the in-house program to rate and certify the energy and environmental design of Daifuku products. We now have 21 certified Eco-products in total (cumulated from fiscal 2012).



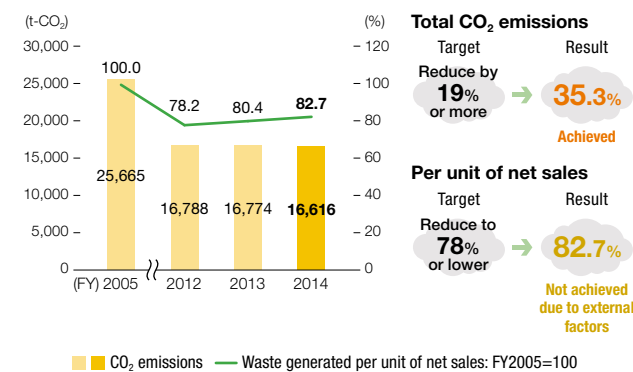
An automated warehouse system for long objects, one of the 2014 certified Eco-Products. By cutting its whole weight, the system saves energy in operation and reduces environmental impacts during production.

Fiscal 2014 environmental action plans and results

Daifuku sets forth its targets and action plans for global warming prevention, resource saving, biodiversity conservation, green procurement, Daifuku Eco-Products certification, CO₂ reduction contribution, environmental education, and environmental management framework.

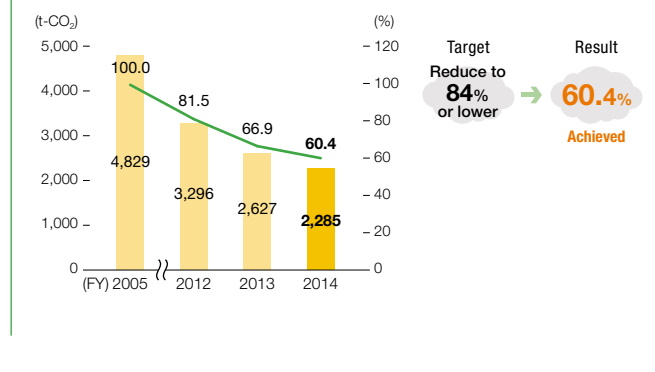
› Carbon dioxide (CO₂) emissions from business activities

Scope: Japan (factories and offices) / control index: units of CO₂ emissions compared to FY2005



› CO₂ emissions from transportation

Scope: Japan (product transport) / control index: units of CO₂ emissions compared to FY2005



For more details on Daifuku's CSR activities, please refer to Daifuku's CSR Report:

www.daifuku.com/csr/report.html

› Directors, Auditors, and Officers

(As of June 26, 2015)

Directors



Masaki Hojo
President and CEO

Apr. 1971 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jun. 1998 Director, member of the board
Apr. 2000 President of Daifuku America Corporation, an affiliate of Daifuku Co., Ltd.
Apr. 2004 Representative Director (to present)
Senior Managing Director
Chief Operating Officer (COO) of Business Support Management
COO of Overseas Business Management
President of Daifuku Canada Inc., a subsidiary of Daifuku Co., Ltd.
Apr. 2006 Executive Vice President
Apr. 2007 COO of Automotive Factory Automation (AFA) Operations
General Manager of AFA Operations

Dec. 2007 Chairman and Co-CEO of Jervis B. Webb Company, an affiliate of Daifuku Co., Ltd.
Apr. 2008 President and Co-CEO
COO of Webb Business
Jan. 2011 Chairman and Co-CEO of Daifuku Webb Holding Company (now Daifuku North America Holding Company), a subsidiary of Daifuku Co., Ltd.
Apr. 2012 President and CEO (to present)
COO of Production Control
COO of Service Control



Yoshiyuki Nakashima
Director
Chairman of Daifuku (China) Co., Ltd.

Apr. 1980 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2008 Administration Officer with director status
Jun. 2010 Director, member of the board
General Manager of the Corporate Social Responsibility Division
Jun. 2011 Managing Officer with an introduction of corporate officer system
Apr. 2012 General Manager of the Business Continuity Plan Promotion Division
Apr. 2013 Chairman of Daifuku (China) Co., Ltd. (to present)
Jun. 2015 Director, Managing Officer (to present)



Seiji Sato
Director
e-Factory Automation

Apr. 1983 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2008 General Manager of the Semiconductor Division under e-Factory Automation (eFA) Operations (to present)
Jun. 2010 Director, member of the board
Jun. 2011 Managing Officer with an introduction of corporate officer system
Apr. 2015 General Manager of eFA Global Operations (to present)
General Manager of eFA Operations (to present)
Jun. 2015 Director, Managing Officer (to present)



Akio Tanaka
Executive Vice President and COO

Apr. 1973 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2004 Administration Officer with director status
Jun. 2006 Director, member of the board
General Manager of the Sales Division under Factory & Distribution Automation (FA&DA) Operations
Jun. 2011 Director, Managing Officer
Apr. 2012 Director, Senior Managing Officer
Chief Operating Officer (COO) of FA&DA Operations
Apr. 2013 Representative Director (to present)
Senior Managing Director
Executive Vice President (to present)
Apr. 2014 COO of all business operations (to present)



Miko Inohara
Executive Vice President
CFO and CRO

Apr. 1969 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2004 Administration Officer with director status
Jun. 2005 Director, member of the board
General Manager of the Business Support Operations
Apr. 2008 General Manager of Finance and Accounting Division
Apr. 2010 Chief Financial Officer
Jun. 2011 Director, Managing Officer
Apr. 2012 Representative Director (to present)
Senior Managing Director
Apr. 2013 Chief Financial and Risk Officer (CFO and CRO) (to present)
Apr. 2014 Executive Vice President (to present)



Hiroshi Geshiro
Director
Factory & Distribution Automation

Apr. 1983 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2012 Corporate Officer
General Manager of the Sales Division under FA&DA Operations (to present)
Apr. 2014 Managing Officer
General Manager of FA&DA (Global) Operations (to present)
Apr. 2015 General Manager of FA&DA Operations (to present)
Jun. 2015 Director, Managing Officer (to present)



Noboru Kashiwagi*
Outside Director

Apr. 1965 Joined Mitsubishi Corporation
Jan. 1984 Worked as assistant manager of legal affairs department at Mitsubishi Corporation (Americas)
Aug. 1993 Became professor at the Institute of Business Law and Comparative Law and Politics of the University of Tokyo
Jun. 2003 Professor emeritus at the University of Tokyo (to present)
Apr. 2004 Professor at Graduate School of Law of Chuo University
Jun. 2011 Director of the Foundation for Civil Dispute Resolution Research Funds (to present)
Jun. 2012 Outside Director of Daifuku Co., Ltd. (to present)



Shuichi Honda
Director
Corporate Business Development and Airport Baggage Handling

Apr. 1979 Joined The Dai-ichi Kangyo Bank, Limited (now Mizuho Financial Group, Inc.)
Mar. 2006 Executive Officer of Mizuho Corporate Bank, Ltd.
Jun. 2011 Became Managing Director of Mizuho Corporate Bank, Ltd.
Apr. 2012 Joined Daifuku Co., Ltd. as a corporate advisor
Jun. 2013 Director, member of the board, Managing Officer
Chief Operating Officer of Corporate Affairs
Apr. 2014 Director, Senior Managing Officer (to present)
Apr. 2015 General Manager of Corporate Business Development Division (to present)
General Manager of ABH Global Operations (to present)



Hidenori Iwamoto
Director
Automotive Factory Automation

Apr. 1981 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2007 President of Daifuku Canada Inc.
Apr. 2009 General Manager of the Sales Division under AFA Operations
Jun. 2010 Director, member of the board
Jun. 2011 Managing Officer with an introduction of corporate officer system
Jun. 2014 Director, Managing Officer (to present)
General Manager of AFA (Global) Operations (to present)
Apr. 2015 General Manager of AFA Operations under AFA Global Operations (to present)
General Manager of the Sales Division under AFA Operations (to present)



Yoshiaki Ozawa
Outside Director

Jul. 1978 Joined PricewaterhouseCoopers (PwC) Osaka Office
Aug. 1982 Registered as a Japanese certified public accountant (CPA)
Oct. 1985 Worked at Coopers & Lybrand New York Office
Jul. 1990 Registered as a U.S. CPA (New York)
Jan. 2008 Senior partner of PwC Aarata
Apr. 2012 Professor of Business Administration at St. Andrew's University (to present)
Sep. 2012 Left PwC Aarata
Jun. 2014 Outside Director of Daifuku Co., Ltd. (to present)

Auditors



Tatsujiro Kurosaka
Audit and Supervisory Board Member

Apr. 1978 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2005 Became Manager of the Logistics Systems Sales Group of the Sales Division, under FA&DA Operations
Apr. 2012 Senior Assistant to the President
Jun. 2012 Audit and Supervisory Board Member (to present)



Yoshihisa Kimura
Audit and Supervisory Board Member

Apr. 1982 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2003 Became Manager of the Osaka Group of the Accounting Department
Apr. 2006 General Manager of the Finance and Accounting Department
Apr. 2012 Corporate Officer
General Manager of the Finance and Accounting Division
Apr. 2014 Assistant to CFO and CRO
Jun. 2014 Audit and Supervisory Board Member (to present)



Hiroyuki Torii*
Audit and Supervisory Board Member (outside)

Apr. 1969 Joined Nikkei Inc.
Apr. 1987 Editorial Writer of Nikkei Inc.
Director of Research Department of Nikkei Research Institute of Industry and Markets
Jan. 2002 Affiliate Professor of Research Center for Advanced Science and Technology of the University of Tokyo
Apr. 2002 Professor of Research Laboratory for Nuclear Reactor of Tokyo Institute of Technology
Sep. 2008 JST Project Senior Officer, Japan Science and Technology Agency (to present)
Jun. 2010 Audit and Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)



Harumichi Uchida
Audit and Supervisory Board Member (outside)

Apr. 1973 Joined Mori Sogo Law Offices (now Mori Hamada & Matsumoto) (to present)
Registered as an attorney
Oct. 1980 Registered as an attorney in New York
Jun. 2004 Audit and Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)
Oct. 2007 Council Member of Roundtable Conference, Japan Fair Trade Commission (to present)
Jun. 2010 Outside Audit & Supervisory Board Member of Sumitomo Dainippon Pharma Co., Ltd. (to present)
Apr. 2012 Member of the Board of Directors (auditor) of the Japan Business Federation (Keidanren) (to present)



Isao Kitamoto*
Audit and Supervisory Board Member (outside)

Apr. 1966 Joined Japan Broadcasting Corporation (NHK) as Program Director of News Department
Jun. 1991 Bureau Chief of NHK Paris Bureau
Jun. 1995 Managing Director of NHK Enterprises 21 Inc.
Oct. 1999 Executive Managing Director of NHK International, Inc.
Jun. 2007 Audit and Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)
May 2008 Executive Producer of NHK Enterprises, Inc.
Dec. 2008 Special Adviser of Japan International Broadcasting Inc. (to present)

Officers

Managing Officers

Akira Ikari

Lifestyle Products

Tadashi Kimura

Factory & Distribution Automation Services

Corporate Officers

Ken Sasaki

Lifestyle Products Production

Hiroshi Nobuta

Executive Vice President of Daifuku North America Holding Company

Yoshiyuki Horiba

e-Factory Automation (FPD)

Akihiko Kishida

Chairman of Daifuku (China) Automation Co., Ltd.

Kanji Anno

Factory & Distribution Automation Production

Toshiaki Hayashi

Automotive Factory Automation Production

Takaya Uemoto

Automotive Factory Automation Project Management

Akihiko Nishimura

President and CEO of Daifuku North America Holding Company

Yoshihisa Ichinose

Corporate Social Responsibility Chief Officer of Komaki Works

* Noboru Kashiwagi, Isao Kitamoto, and Hiroyuki Torii are independent officers, appointed in accordance with the Securities Listing Regulations partially revised in Dec. 2009.

› Financial Section

Eleven-Year Summary

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2005 to 2015

	(Million yen and U.S. thousand dollars)											
	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
For the Year												
Net sales	¥267,284	\$2,222,366	¥241,811	¥202,337	¥198,052	¥159,263	¥154,208	¥242,182	¥231,619	¥232,703	¥198,811	¥166,232
Cost of sales	215,641	1,792,975	194,974	165,340	165,505	131,639	128,195	195,430	182,260	186,991	159,312	134,696
Selling, general and administrative expenses	36,759	305,641	34,279	28,986	28,328	25,897	25,932	31,736	28,680	26,876	22,982	20,746
Operating income	14,883	123,750	12,556	8,010	4,217	1,726	80	15,015	20,677	18,837	16,517	10,790
Income before income taxes and minority interests	15,211	126,480	12,137	7,316	3,129	703	862	13,956	20,592	18,356	16,741	8,580
Net income	9,810	81,572	7,740	4,439	1,223	269	1,018	7,851	11,893	11,382	10,253	5,231
Net income per share (Yen and U.S. dollars)	¥ 88.59	\$ 0.73	¥ 69.96	¥ 40.12	¥ 11.05	¥ 2.43	¥ 9.20	¥ 70.29	¥ 105.05	¥ 100.50	¥ 92.20	¥ 46.07
Cash dividends per share (Yen and U.S. dollars)	22.00	0.18	18.00	15.00	15.00	15.00	20.00	26.00	26.00	25.00	18.00	13.00
Capital investment	¥ 7,532	\$ 62,632	¥ 10,446	¥ 7,687	¥ 2,393	¥ 3,221	¥ 2,280	¥ 4,613	¥ 4,071	¥ 8,281	¥ 5,236	¥ 3,671
Depreciation	4,157	34,570	3,821	3,332	3,612	3,577	3,679	3,930	3,401	2,886	2,271	2,184
R&D expenditures	6,945	57,749	7,490	6,855	6,484	6,370	6,075	8,018	6,964	7,564	7,629	4,970
At Year-End												
Total assets	¥271,011	\$2,253,363	¥249,531	¥206,875	¥185,049	¥163,388	¥165,430	¥194,727	¥222,386	¥195,016	¥181,990	¥147,158
Working capital	91,187	758,192	87,070	45,832	61,943	65,908	66,265	75,087	64,840	60,351	52,249	42,575
Interest-bearing liabilities	60,547	503,428	58,144	53,385	51,010	40,912	45,295	55,417	33,559	33,764	33,856	29,136
Net assets	111,521	927,261	99,690	85,685	76,618	77,714	81,295	82,810	88,709	80,718	68,882	53,337
Net assets per share (Yen and U.S. dollars)	¥ 972.75	\$ 8.08	¥ 875.14	¥ 754.98	¥ 674.72	¥ 683.39	¥ 716.07	¥ 718.68	¥ 746.59	¥ 682.01	¥ 608.12	¥ 480.14
Number of employees	7,746		7,349	6,678	5,617	5,209	5,395	5,660	5,663	4,702	4,109	3,716
Ratios												
Operating income/net sales	5.6%		5.2%	4.0%	2.1%	1.1%	0.1%	6.2%	8.9%	8.1%	8.3%	6.5%
Income before income taxes and minority interests/net sales	5.7		5.0	3.6	1.6	0.4	0.6	5.8	8.9	7.9	8.4	5.2
Net income/net sales	3.7		3.2	2.2	0.6	0.2	0.7	3.2	5.1	4.9	5.2	3.1
Return on shareholders' equity (ROE)	9.6		8.6	5.6	1.6	0.3	1.3	9.6	14.7	15.6	16.8	10.2
Shareholders' equity/total assets	39.8		38.8	40.4	40.3	46.3	47.9	40.9	38.0	39.6	37.8	36.2

Notes: 1. The amount of "Capital investment" in the year ended March 31, 2015 includes goodwill generated from acquisition of shares in overseas companies.
2. The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥120.27 = U.S.\$1.00, on the Tokyo Foreign Exchange Market on March 31, 2015.
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.

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Operating and Financial Review

Scope of Consolidation and Number of Employees

In fiscal 2014, the year ended March 31, 2015, nine companies were newly consolidated with the parent company, bringing the total number of consolidated subsidiaries to 61. On a consolidated basis, Daifuku Co., Ltd. and its consolidated subsidiaries had 7,746 employees as of the fiscal year-end.

Analysis of Operating Results

During fiscal 2014, the global economy faced concerns stemming from a slowdown in economic growth in China and many other emerging countries, while European economies showed continued weakness. Meanwhile, the U.S. economy continued its recovery trend, and the Japanese economy maintained a slow recovery from the marginal influence of the consumption tax increase, bolstered by a weakened yen, lower crude oil prices, and other factors.

The material handling and logistics industry is experiencing rising demand from the e-commerce sector worldwide. In addition, the need for automated facilities is growing due to the issue of labor shortages in Japan.

Amid these operating conditions, the operating results of the Daifuku Group ("the Group") have made steady progress, with orders and sales rising to record highs, and increased sales and profits were reported for the fifth consecutive year.

Orders for systems from manufacturers and distributors outside Japan increased. In North America, orders received by Wynright Corporation ("Wynright"), which joined the Group in October 2013, and, in South Korea, large orders from the e-commerce and cosmetics sectors contributed to earnings. In addition, demand from North America's automobile factories was firm, and a series of large orders for systems for semiconductor and flat-panel display (FPD) factories in Taiwan, which were received in the second half of the fiscal year, also contributed to earnings.

Sales were favorable, underpinned by systems for manufacturers, distributors, and automobile factories in North America, as well as systems for FPD factories in China.

As a result, the Group received orders of 305,567 million yen, a rise of 10.4% from a year earlier, and recorded net sales of 267,284 million yen, an increase of 10.5%.

Turning to profits, the high level of earnings generated by Daifuku Co., Ltd., strong sales posted by Contec Co., Ltd., and positive results recorded by non-Japanese subsidiaries that sell systems for automobile, semiconductor, and FPD factories in North America and Asia contributed to income.

Consequently, the Group posted operating income of 14,883 million yen, up 18.5% from a year earlier. Net income was 9,810 million yen, up 26.7% from the previous year, reflecting a favorable operating performance despite some impact from extraordinary losses and an increase in deferred income taxes along with the reduction of corporate tax rates.

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 Daifuku's mainstay manufacturing and distribution systems for large projects remained firm in the distribution, pharmaceutical, food, e-commerce, supermarket and co-op sectors. In addition, large orders from the e-commerce and cosmetics sectors in South Korea contributed to earnings.

In systems for semiconductor and FPD factories, orders and sales remained steady in the United States and Asian countries, due to trends toward semiconductor miniaturization, large flat-screen TV displays, and high-definition panels used in smartphones and tablet PCs.

Orders and sales of automobile production line systems remained firm in emerging countries, including Russia and Brazil. In Japan, orders and sales of services and other small upgrade projects were also firm. In addition, orders for parts logistics systems started to show positive results.

Sales of car wash machines remained firm, mainly for car service stations.

Segment income benefited from the Company's progress overall in cost-cutting efforts in production, the increase in production and profitability during the fourth quarter of fiscal 2014, and other factors.

As a result, Daifuku recorded orders of 137,012 million yen, up 16.7% from the previous fiscal year, net sales of 115,065 million yen, up 4.4%, and segment income of 7,041 million yen, up 22.2%.

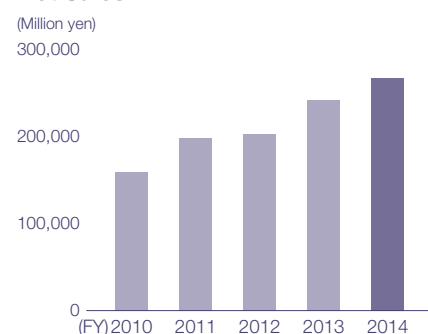
(2) Contec Group

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

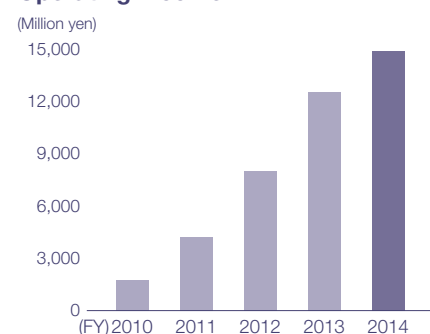
In the industrial computer business in the Japanese market, sales of industrial-use computers and configurable PCs remained favorable, supported by increased capital investment. In addition, in the U.S. market, sales of products for the medical device sector were firm.

Sales of measuring and control boards for automobile production facilities grew along with the increased capital investment of auto-related manufacturers.

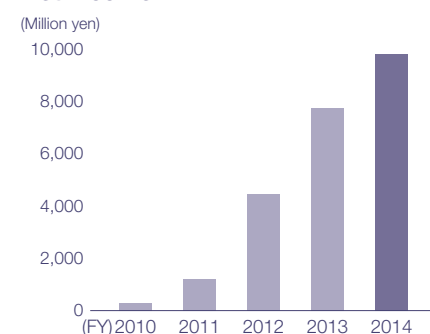
Net Sales



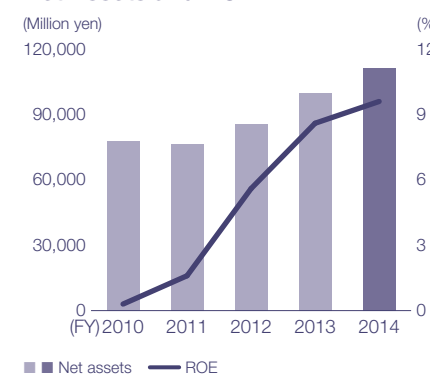
Operating Income



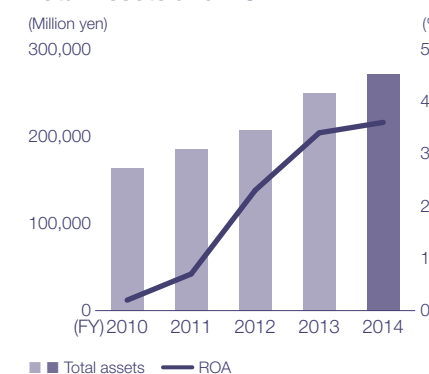
Net Income



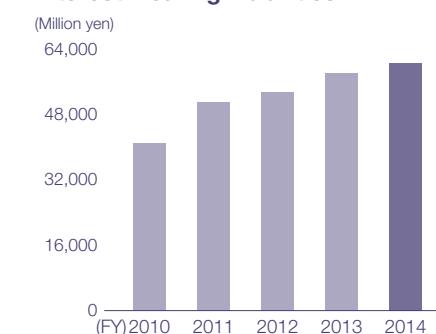
Net Assets and ROE



Total Assets and ROA



Interest-Bearing Liabilities



In the networking product business, the Contec Group strove to identify new markets and introduced new wireless LAN products in the FLEXLAN ZC series for educational institutions.

In the solution products business, despite efforts in marketing activities for hospital bedside information terminals and automobile production management systems, sales of photovoltaic data measuring systems decreased, as an electric company temporarily suspended responses to applications for connecting photovoltaic energy.

As a result of the above developments, the Contec Group reported orders of 15,374 million yen, up 3.7% from the previous fiscal year, net sales of 14,634 million yen, up 9.5%, and segment income of 845 million yen, up 16.2%.

(3) Daifuku Webb Group

(Daifuku Webb Holding Company and its subsidiaries and affiliates)

In systems for manufacturers and distributors, Wynright, which joined the Group in October 2013, significantly contributed to earnings, mainly receiving large orders from the food, apparel and department store sectors. The integration of the production and sales frameworks for these systems into Wynright was completed. The Daifuku Webb Group will pursue further benefits from collaboration within the Group.

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

In automobile production line systems, orders and sales of both new installations and services remained favorable, reflecting brisk capital investment among automakers in North America, including Detroit's Big Three and Japanese automakers.

In airport baggage handling systems, orders are now on a recovery trend. Unprofitable projects are nearing completion.

As a result, the Daifuku Webb Group achieved orders of 75,725 million yen, up 0.7% from the previous fiscal year, net sales of 76,547 million yen, up 45.1%, and segment income of 1,554 million yen, down 7.5%.

In January 2015, Daifuku Webb Holding Company changed its company name to Daifuku North America Holding Company, with the aim of further advancing its businesses activities in North America.

(4) Other

The Other segment includes all other Daifuku Group companies, excluding the aforementioned Contec and Daifuku Webb group companies. The Group has 61 consolidated subsidiaries and affiliates located worldwide.

Outside Japan, major subsidiaries primarily manufacture and sell material handling systems and equipment. These companies have boosted exports to markets in other countries and are playing a global role in the optimal local production and procurement framework of the Group.

In China, orders for systems for FPD factories were brisk. Sales of systems for automobile factories remained firm. In systems for manufacturers and distributors, orders included systems for a large parts center for a non-Chinese automaker, in addition to large orders from pharmaceutical manufacturers and wholesalers as well as the food sector.

In Taiwan, orders for systems for domestic FPD factories increased, while Taiwan Daifuku Co., Ltd. produced systems for FPD factories in China, where large projects are continuing.

In South Korea, orders from semiconductor manufacturers were favorable. Daifuku Korea Co., Ltd. is steadily receiving orders for systems for automobile factories, and demand for systems for the distribution sector is increasing.

In Thailand, Indonesia, Malaysia, and Singapore, orders grew at a sluggish pace, reflecting unfavorable business sentiment. However, in consideration of Southeast Asia's potential, the Daifuku Group has strengthened its local operating frameworks and its market presence through participation in local trade fairs, seeking orders from automobile factories that need to upgrade or replace their facilities, as well as meeting demand for low-temperature logistics in the food and beverage sectors.

In New Zealand, the acquisition of BCS Group Limited ("BCS"), which sells airport baggage handling systems in Oceania and Asia, was completed at the end of December 2014. Accordingly, only the balance sheets of the 12 BCS group companies were consolidated into the results of fiscal 2014. Looking ahead, the Group will strive to expand this business and increase profitability through further collaboration with other Group companies that operate in North America and Europe.

As a consequence of these developments, the segment received orders of 77,455 million yen, including BCS's order backlogs, up 11.5% from the previous fiscal year, and reported net sales of 64,615 million yen, up 0.7%, and segment income of 4,127 million yen, up 38.8%.

Earnings

During fiscal 2014, as mentioned previously, net sales increased 10.5%, to 267,284 million yen. The gross profit margin decreased 0.1 percentage point, to 19.3%. Although the profitability of Daifuku on a non-consolidated basis was high and sales of Contec were robust, the gross profit margin declined slightly because of low-margin projects in markets outside Japan. The ratio of selling, general and administrative expenses improved 0.4 percentage point, to 13.8%.

As a result, operating income rose 18.5%, to 14,883 million yen. Despite the reporting of extraordinary losses and an increase in income taxes, net income rose a substantial 26.7%, to 9,810 million yen. The effective income tax rate for fiscal 2014 was 35.6%. As a consequence, net income per share rose from 69.96 yen per share in the previous fiscal year to 88.59 yen per share for fiscal 2014.

Financial Position

Assets, liabilities, and net assets

Total assets at the end of fiscal 2014 were 271,011 million yen, an increase of 21,480 million yen year on year. This result principally reflected increases of 2,428 million yen in notes and accounts receivable and unbilled receivables, 4,079 million yen in insufficient charges on uncompleted contracts, and 4,149 million yen in inventories, including costs on uncompleted contracts, as well as an increase of 2,765 million yen in goodwill, mainly related to the acquisition of affiliates.

Total liabilities at the end of fiscal 2014 were 159,490 million yen, an increase of 9,649 million yen year on year. Primary factors included an increase of 2,402 million yen in interest-bearing liabilities, as well as an increase of 3,460 million yen in liabilities for retirement benefits.

Net assets at the end of fiscal 2014 were 111,521 million yen, an increase of 11,831 million yen year on year. This was mainly attributable to an increase of 7,616 million yen in retained earnings, as well as an increase of 3,138 million yen in total other comprehensive income due to changes, etc., in securities owned and foreign currency translation adjustments. The ratio of shareholders' equity to total assets stood at 39.8% at fiscal year-end, and the return on equity (ROE) was 9.6%.

Cash flows

Cash and cash equivalents at the end of fiscal 2014 increased 2,228 million yen from the end of the previous fiscal year, to 54,081 million yen, compared with 51,852 million yen in the same period of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities totaled 6,295 million yen, compared with cash provided of 20,447 million yen in the same period of the previous fiscal year. This primarily reflects 7,021 million yen in income taxes paid and a decrease of 3,657 million yen in notes and accounts payable, offsetting the income before income taxes and minority interests of 15,211 million yen and the depreciation of 4,157 million yen.

Cash flows from investing activities

Net cash used in investing activities was 5,846 million yen, compared with cash used of 7,372 million yen in the same period of the previous fiscal year. Major activities included outlays of 3,666 million yen for the purchase of non-current assets and 3,140 million yen for the acquisition of shares in newly consolidated subsidiaries.

Cash flows from financing activities

Net cash used in financing activities was 509 million yen, compared with cash provided of 1,045 million yen in the same period of the previous fiscal year. Major factors were an increase of 1,754 million yen in interest-bearing liabilities, largely offsetting the dividend payment of 2,218 million yen.

Basic policy regarding dividends for fiscal 2014 and 2015

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

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

For fiscal 2014, Daifuku paid an interim dividend of 7 yen per share and a year-end dividend of 15 yen per share, making the annual dividend 22 yen per share.

With respect to dividends for fiscal 2015, the year ending March 31, 2016, the Company plans to pay an annual dividend of 25 yen per share (an interim dividend of 10 yen per share and a year-end dividend of 15 yen), taking into consideration the earnings forecast for fiscal 2015 and the basic policy described above.

Management Policy

Basic management policy for the Group

Daifuku has grown to become a manufacturer and systems integrator vying for the No. 1 and No. 2 positions within the material handling field, as a result of consistently seeking to achieve sustainable growth based on its medium-term business plans. For fiscal 2014, the Company was ranked first in sales in the material handling industry in the world for the first time in three years, according to the U.S. magazine, *Modern Materials Handling - April 2015*.

Under the four-year business plan Value Innovation 2017, which started with fiscal 2013, the year ended March 31, 2014, 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.

In the plan Value Innovation 2017, the Group set management targets to achieve net sales of 280 billion yen and an operating income ratio of 7% for fiscal 2016, the year ending March 31, 2017. However, net sales of 320 billion yen are now projected for fiscal 2015, which will be a year earlier than the initial target. Accordingly, the Group has revised the management targets to net sales of 340 billion yen and operating income of 21 billion yen for the plan's final fiscal year. In addition, the Group has added a target

ROE and will strengthen its earning power and financial position to maintain a stable ROE of 10%. Furthermore, other key Group objectives will include aiming for sustainable growth in dividends per share, a medium- to long-term dividend payout ratio of 30%, an increase in shareholders' equity through the conversion of outstanding convertible bonds, an improved R&I rating, and an increase in net income per share.

For additional information on the Group's medium- to long-term strategy, please refer to the Message from the CEO section of this report.

Business-Related Risks

The main items that the Daifuku Group recognizes as risks and responds to as such are as follows. Some of the content of this section constitutes forward-looking statements. Accordingly, please note that these statements have been made based on judgments of the Group as of the date of submission of its Securities Report to Japan's Ministry of Finance.

Risks covered by the Chief Financial Officer and 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

- (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.)

Risks covered by the Compliance Committee

Compliance-related risks (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, 2015 and 2014

	(Million yen)		(U.S. thousand dollars) (Note 6)
	2015	March 31 2014	March 31 2015
ASSETS			
Current assets:			
Cash on hand and in banks (Notes 9 and 28)	¥ 54,202	¥ 52,132	\$ 450,677
Notes and accounts receivable and unbilled receivables (Note 9)	76,645	74,217	637,281
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 9)	19,414	15,334	161,420
Merchandise and finished goods	3,561	3,307	29,609
Costs incurred on uncompleted construction contracts and other (Note 8)	8,990	6,599	74,751
Raw materials and supplies	11,980	10,475	99,612
Deferred tax assets (Note 27)	2,810	3,502	23,366
Other current assets	7,574	5,349	62,977
Less: allowance for doubtful accounts	(137)	(137)	(1,144)
Total current assets	185,041	170,781	1,538,551
Non-current assets:			
Property, plant and equipment (Notes 7 and 13):			
Buildings and structures	14,754	14,618	122,680
Machinery and vehicles	3,507	3,457	29,160
Tools and fixtures	1,830	1,409	15,219
Land	12,018	11,801	99,927
Other	2,562	2,788	21,307
Total property, plant and equipment	34,673	34,075	288,295
Intangible assets:			
Software	3,100	1,944	25,776
Goodwill	12,905	10,139	107,301
Other	3,040	2,772	25,281
Total intangible assets	19,045	14,856	158,359
Investments and other assets:			
Investments in securities (Notes 9, 10, and 11)	21,728	20,628	180,665
Long-term loans	125	142	1,047
Assets for retirement benefits (Notes 3 and 14)	643	268	5,349
Deferred tax assets (Note 27)	6,130	5,800	50,969
Other	3,752	3,109	31,198
Less: allowance for doubtful accounts	(129)	(131)	(1,073)
Total investments and other assets	32,251	29,817	268,156
Total non-current assets	85,970	78,749	714,811
Total assets	¥271,011	¥249,531	\$2,253,363

The accompanying notes are an integral part of these statements.

	(Million yen)		(U.S. thousand dollars) (Note 6)
	2015	March 31 2014	March 31 2015
LIABILITIES			
Current liabilities:			
Notes and accounts payable and construction contracts payable (Note 9)	¥ 36,568	¥ 36,818	\$ 304,054
Electronically recorded obligations—operating (Note 9)	10,827	10,061	90,026
Short-term borrowings and current portion of long-term borrowings (Notes 9 and 12)	12,904	7,014	107,292
Income taxes payable	1,210	3,991	10,064
Provision for losses on construction contracts (Notes 8 and 20)	505	275	4,200
Other current liabilities (Note 12)	31,837	25,548	264,719
Total current liabilities	93,853	83,711	780,359
Non-current liabilities:			
Bonds (Notes 9 and 12)	2,700	2,700	22,449
Bonds with stock acquisition rights (Notes 9 and 12)	15,093	15,131	125,498
Long-term borrowings (Notes 9 and 12)	29,849	33,298	248,186
Deferred tax liabilities (Note 27)	1,580	1,410	13,138
Liabilities for retirement benefits (Notes 3 and 14)	12,142	8,681	100,956
Negative goodwill	179	239	1,494
Other non-current liabilities (Note 12)	4,091	4,667	34,017
Total non-current liabilities	65,636	66,129	545,742
Total liabilities	159,490	149,840	1,326,101
Contingent liabilities (Note 16)			
NET ASSETS			
Shareholders' equity (Note 18):			
Common stock:			
Authorized—250,000,000 shares			
Issued—113,671,494 shares	8,024	8,024	66,716
Capital surplus	9,239	9,239	76,821
Retained earnings	83,626	76,009	695,319
Less: treasury stock, at cost—March 31, 2015—2,853,707 shares			
March 31, 2014—3,012,390 shares	(2,419)	(2,620)	(20,116)
Total shareholders' equity	98,469	90,652	818,740
Accumulated other comprehensive income:			
Net unrealized gain on securities	4,639	3,102	38,574
Deferred gain (loss) on hedges	(72)	(29)	(599)
Foreign currency translation adjustments	10,542	5,310	87,655
Accumulated adjustments on retirement benefits (Notes 3 and 14)	(5,781)	(2,194)	(48,072)
Total accumulated other comprehensive income	9,327	6,189	77,557
Minority interests			
Minority interests	3,723	2,848	30,963
Total net assets	111,521	99,690	927,261
Total liabilities and net assets	¥271,011	¥249,531	\$2,253,363

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, 2015 and 2014

	(Million yen)		(U.S. thousand dollars) (Note 6)
	March 31		March 31
	2015	2014	2015
Net sales	¥267,284	¥241,811	\$2,222,366
Cost of sales (Notes 20 and 21)	215,641	194,974	1,792,975
Gross profit	51,642	46,836	429,391
Selling expenses (Note 19)	17,729	16,716	147,417
General and administrative expenses (Notes 19 and 21)	19,029	17,562	158,223
Total selling, general and administrative expenses	36,759	34,279	305,641
Operating income	14,883	12,556	123,750
Other income:			
Interest income	169	215	1,411
Dividend income	304	261	2,530
Foreign exchange gain	177	468	1,478
Amortization of negative goodwill	59	59	498
Land and house rental revenue	173	226	1,441
Refunded foreign taxes	168	—	1,400
Miscellaneous income	416	394	3,465
Total other income	1,470	1,626	12,226
Other expenses:			
Interest expenses	463	810	3,850
Miscellaneous expenses	107	181	893
Total other expenses	570	991	4,744
Ordinary income	15,783	13,191	131,231
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 23)	167	6	1,395
Gain on sales of investments in securities	300	—	2,500
Other	9	—	76
Total extraordinary income	477	6	3,972
Extraordinary loss:			
Loss on sales of property, plant and equipment (Note 24)	36	393	305
Loss on disposal of property, plant and equipment (Note 22)	138	68	1,150
Impairment loss (Note 26)	457	370	3,801
Loss on sales of shares in affiliates	—	148	—
Loss on liquidation of subsidiaries and affiliates	160	—	1,334
Special retirement expenses	125	—	1,047
Other	130	80	1,084
Total extraordinary loss	1,049	1,060	8,723
Income before income taxes and minority interests	15,211	12,137	126,480
Income taxes (Note 27)			
Current	3,139	5,634	26,100
Deferred	1,904	(1,545)	15,833
Total income taxes	5,043	4,088	41,933
Income before minority interests	10,168	8,048	84,546
Minority interests in net income	357	308	2,974
Net income	9,810	7,740	81,572
Minority interests in net income	357	308	2,974
Income before minority interests	10,168	8,048	84,546
Other comprehensive income (Note 25)			
Net unrealized gain (loss) on securities	1,541	1,417	12,815
Deferred gain (loss) on hedges	(6)	(23)	(53)
Foreign currency translation adjustments	5,959	7,193	49,550
Retirement benefits reserves adjustment, net of tax	(3,500)	—	(29,104)
Share of other comprehensive income of affiliates accounted for using the equity method	(562)	1,115	(4,679)
Total other comprehensive income	3,431	9,703	28,529
Comprehensive income (Note 25)	¥ 13,599	¥ 17,752	\$ 113,075
(Comprehensive income attributable to:)			
Shareholders of the parent company	¥ 12,948	¥ 17,073	\$ 107,663
Minority interests	650	679	5,412
		(Yen)	(U.S. dollars)
Net income per share (Note 32)	¥88.59	¥69.96	\$0.73
Cash dividends per share	22.00	18.00	0.18

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, 2015 and 2014

	Number of shares of common stock (Thousands)	Shareholders' equity					Total shareholders' equity (Million yen)
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	
Balance at March 31, 2013	113,671	¥8,024	¥9,028	¥69,859	¥(2,424)	¥84,486	
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	
Restated balance	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	
Cumulative effects of changes in accounting policies	—	—	—	28	—	28	
Restated balance	113,671	¥8,024	¥9,239	¥76,038	¥(2,620)	¥90,680	
Cash dividends	—	—	—	(2,221)	—	(2,221)	
Net income	—	—	—	9,810	—	9,810	
Purchase of treasury stock	—	—	—	—	(5)	(5)	
Disposal of treasury stock	—	—	0	—	206	206	
Decrease due to acquisition of shares in a subsidiary	—	—	—	(1)	—	(1)	
Net changes of items other than shareholders' equity	—	—	—	—	—	—	
Balance at March 31, 2015	113,671	¥8,024	¥9,239	¥83,626	¥(2,419)	¥98,469	
		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, 2013	¥1,809	¥(14)	¥(2,743)	¥ —	¥(948)	¥2,147	¥ 85,685
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
Restated balance	¥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
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	28
Restated balance	¥3,102	¥(29)	¥ 5,310	¥(2,194)	¥6,189	¥2,848	¥ 99,718
Cash dividends	—	—	—	—	—	—	(2,221)
Net income	—	—	—	—	—	—	9,810
Purchase of treasury stock	—	—	—	—	—	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	206
Decrease due to acquisition of shares in a subsidiary	—	—	—	—	—	—	(1)
Net changes of items other than shareholders' equity	1,536	(42)	5,231	(3,587)	3,138	875	4,013
Balance at March 31, 2015	¥4,639	¥(72)	¥10,542	¥(5,781)	¥9,327	¥3,723	¥111,521

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, 2015 and 2014

	Number of shares of common stock (Thousands)	Shareholders' equity					Total shareholders' equity (U.S. thousand dollars) (Note 6)
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	
Balance at March 31, 2014	113,671	\$66,716	\$76,820	\$631,993	\$(21,789)	\$753,740	
Cumulative effects of changes in accounting policies	—	—	—	236	—	236	
Restated balance	113,671	\$66,716	\$76,820	\$632,229	\$(21,789)	\$753,977	
Cash dividends	—	—	—	(18,472)	—	(18,472)	
Net income	—	—	—	81,572	—	81,572	
Purchase of treasury stock	—	—	—	—	(43)	(43)	
Disposal of treasury stock	—	—	0	—	1,716	1,716	
Decrease due to acquisition of shares in a subsidiary	—	—	—	(10)	—	(10)	
Net changes of items other than shareholders' equity	—	—	—	—	—	—	
Balance at March 31, 2015	113,671	\$66,716	\$76,821	\$695,319	\$(20,116)	\$818,740	

	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
Balance at March 31, 2014	\$25,799	\$(244)	\$44,155	\$(18,243)	\$51,466	\$23,680	\$828,887
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	236
Restated balance	\$25,799	\$(244)	\$44,155	\$(18,243)	\$51,466	\$23,680	\$829,124
Cash dividends	—	—	—	—	—	—	(18,472)
Net income	—	—	—	—	—	—	81,572
Purchase of treasury stock	—	—	—	—	—	—	(43)
Disposal of treasury stock	—	—	—	—	—	—	1,716
Decrease due to acquisition of shares in a subsidiary	—	—	—	—	—	—	(10)
Net changes of items other than shareholders' equity	12,775	(354)	43,500	(29,829)	26,091	7,282	33,374
Balance at March 31, 2015	\$38,574	\$(599)	\$87,655	\$(48,072)	\$77,557	\$30,963	\$927,261

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, 2015 and 2014

	(Million yen)		(U.S. thousand dollars) (Note 6)
	March 31		March 31
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥15,211	¥12,137	\$126,480
Adjustments for:			
Depreciation	4,157	3,821	34,570
Impairment loss	457	370	3,801
Amortization of goodwill	914	743	7,603
Amortization of negative goodwill	(59)	(59)	(498)
Interest and dividend income	(474)	(476)	(3,941)
Interest expenses	463	810	3,850
Loss on disposal or sales of property, plant and equipment	7	455	59
Decrease in notes and accounts receivable	2,624	1,747	21,822
Increase in inventories	(2,686)	(310)	(22,334)
(Decrease) increase in notes and accounts payable	(3,657)	4,821	(30,414)
(Decrease) increase in advances received on uncompleted construction	(645)	324	(5,363)
Other, net	(3,185)	(683)	(26,483)
Sub total	13,127	23,701	109,152
Interest and dividend received	473	478	3,939
Interest paid	(486)	(856)	(4,044)
Income taxes paid	(7,021)	(3,163)	(58,384)
Other, net	202	286	1,682
Net cash provided by operating activities	6,295	20,447	52,345
Cash flows from investing activities:			
Acquisition of shares in newly consolidated subsidiaries	(3,140)	(4,202)	(26,108)
Investments in time deposit	(91)	(409)	(757)
Proceeds from refund of time deposit	263	389	2,187
Payments for purchase of property, plant and equipment	(3,666)	(3,155)	(30,483)
Proceeds from sales of property, plant and equipment	253	425	2,108
Payments for purchase of investments in securities	(227)	(321)	(1,891)
Payments for acquisition of shares in subsidiaries and affiliates	(121)	(293)	(1,010)
Collection of loans receivable	4	3	34
Other, net	878	190	7,305
Net cash used in investing activities	(5,846)	(7,372)	(48,615)
Cash flows from financing activities:			
Increase in short-term borrowings, net	834	755	6,934
Proceeds from long-term borrowings	1,512	14,360	12,577
Repayment of long-term borrowings	(592)	(24,071)	(4,924)
Proceeds from issuance of bonds with stock acquisition rights	—	15,150	—
Proceeds from issuance of bonds	—	2,700	—
Redemption of bonds	—	(6,000)	—
Proceeds from disposal of treasury stock	206	610	1,715
Payments for purchase of treasury stock	(5)	(594)	(41)
Payments of cash dividends	(2,218)	(1,656)	(18,449)
Other, net	(245)	(209)	(2,044)
Net cash (used in) provided by financing activities	(509)	1,045	(4,233)
Effect of exchange rate change on cash and cash equivalents	2,170	3,201	18,046
Net increase in cash and cash equivalents	2,109	17,320	17,541
Cash and cash equivalents at beginning of year	51,852	33,722	431,131
Increase in cash and cash equivalents resulting from change of scope of consolidation	119	808	990
Cash and cash equivalents at end of year (Note 28)	¥54,081	¥51,852	\$449,663

The accompanying notes are an integral part of these statements.

› Daifuku Global Network

(As of June 30, 2015)

Americas

Daifuku North America Holding Company

Farmington Hills, MI, U.S.A.

Daifuku America Corporation

Main Office & Plant: Reynoldsburg, OH, U.S.A.

Other offices: Arizona, Austin, Indiana, Kentucky, Michigan, Tennessee
Utah

Elite Line Services, Inc.

Carrollton, TX, U.S.A.

Jervis B. Webb Company

World Headquarters: Farmington Hills, MI, U.S.A.

Boyne City Manufacturing Plant: Boyne City, MI, U.S.A.

Carlisle Forging Plant: Carlisle, SC, U.S.A.

Harbor Springs Manufacturing Plant: Harbor Springs, MI, U.S.A.

Wynright Corporation

World Headquarters: Elk Grove, IL, U.S.A.

Other Offices: California, Florida, Indiana, Illinois, Kentucky
Michigan, New Hampshire, Texas

American Conveyor and Equipment, Inc.

Reynoldsburg, OH, U.S.A.

Logan Teleflex, Inc.

Louisville, KY, U.S.A.

Contec DTx Inc.

Melbourne, FL, U.S.A.

Daifuku Canada Inc.

Mississauga, Ontario, Canada

Jervis B. Webb Company of Canada, Ltd.

Hamilton, Ontario, Canada

Daifuku de México, S.A. de C.V.

Querétaro, Qro., México

Europe

Daifuku Europe Ltd.

Main Office: Milton Keynes, U.K.

Germany Branch: Moenchengladbach, Germany

Sweden Branch: Astorp, Sweden

Jervis B. Webb Company, Ltd.

Milton Keynes, U.K.

Daifuku Logan Ltd.

Main Office: Hull, U.K.

South East Sales and Service Office: Reigate, U.K.

Logan Teleflex (France) S.A.S.

Ivry-sur-Seine, France

Asia Pacific

BCS Airport Systems Pty Limited

Hallam, VIC, Australia

BCS Logistics Solutions Pty Limited

Hallam, VIC, Australia

BCS Infrastructure Support Pty Limited

Hallam, VIC, Australia

Daifuku (China) Co., Ltd.

Main Office: Shanghai, China

Guangzhou Branch: Guangzhou, China

Tianjin Branch: Tianjin, China

Other offices: Beijing, Changchun, Chengdu, Chongqing, Fuzhou
Nansha, Shenzhen, Suzhou, TEDA, Wuhan, Zhengzhou

Daifuku (China) Manufacturing Co., Ltd.

Shanghai, China

Daifuku (China) Automation Co., Ltd.

Jiangsu, China

Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

Jiangsu, China

Contec (Shanghai) Co., Ltd.

Main Office: Shanghai, China

Beijing Branch Office: Beijing, China

Daifuku India Private Limited

Main Office: Haryana, India

Bangalore Office: Bangalore, India

ForgePro India Private Limited

Bangalore, India

P.T. Daifuku Indonesia

Main Office: Jakarta, Indonesia

Deltamas Office: Bekasi, Indonesia

Clean Factomation, Inc.

Main Office: Gyeonggi-do, Korea

Asan Plant: Chungcheongnam-do, Korea

Daifuku Korea Co., Ltd.

Main Office / R&D Center: Incheon, Korea

Plant: Incheon, Korea

Hallim Machinery Co., Ltd.

Gyeonggi-do, Korea

Daifuku (Malaysia) Sdn. Bhd.

Selangor D.E., Malaysia

BCS Integration Solutions Sdn. Bhd.

Kuala Lumpur, Malaysia

BCS Group Limited

Auckland, New Zealand

Daifuku Mechatronics (Singapore) Pte. Ltd.

Techplace I, Singapore

Singapore Contec Pte. Ltd.

Techplace I, Singapore

BCS Integration Solutions (Singapore) Pte. Ltd.

Singapore, Singapore

Taiwan Daifuku Co., Ltd.

Main Office & Plant: Tainan, Taiwan

Hsinchu Branch: Hsinchu, Taiwan

Taichung Plant: Taichung, Taiwan

Taiwan Contec Co., Ltd.

Xinbei, Taiwan

Daifuku (Thailand) Ltd.

Main Office & Plant: Chonburi, Thailand

Bangkok Office: Bangkok, Thailand

Pinthong Plant: Chonburi, Thailand

› Corporate Data

(As of March 31, 2015)

Established	May 20, 1937
Paid-in capital	8,024 million yen
Employees	7,746 (consolidated)
Ratings	Rating and Investment Information, Inc. (R&I) Long-term: A- (single A minus) Short-term: a-1 (a - one)

Principal Locations

Headquarters	3-2-11 Mitejima, Nishiyodogawa-ku Osaka 555-0012, Japan Tel: 81-6-6472-1261 Fax: 81-6-6476-2561
Tokyo Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-0014, Japan Tel: 81-3-3456-2231 Fax: 81-3-3456-2258
Shiga Works	1225 Nakazaiji, Hino-cho, Gamo-gun Shiga 529-1692, Japan Tel: 81-748-53-0321 Fax: 81-748-52-2963
Komaki Works	4-103 Komakihara, Komaki-shi Aichi 485-8653, Japan Tel: 81-568-74-1500 Fax: 81-568-74-1600

Global Branches

Philippines	108 Aguirre Street, Legaspi Village Makati City, Philippines
Czech	Tolarova 317, 533 51 Pardubice, Czech Republic Tel: 420-466-053-810 Fax: 420-466-053-816
Germany	Luerriper Strasse 52, D-41065 Moenchengladbach, Germany Tel: 49-2161-49-695-0 Fax: 49-2161-49-695-20
St. Petersburg (Russia)	Business Center Ligovskiy 266, Office 3.6 266/V, Ligovskiy Pr., St. Petersburg 196084 Russia Tel: 7-812-458-7336 Fax: 7-812-458-7331
Istanbul (Turkey)	Büyükdere Cad. Altan Erbulak Sok. Atasoy İş Merkezi No:3 K:1 34394 Gayrettepe-Şişli/İstanbul, Turkey Tel: 90-212-213-9393 Fax: 90-212-213-9394
UK	Unit 5, Dunfermline Court, Kingston Milton Keynes MK10 0BY U.K. Tel: 44-1908-288-780 Fax: 44-1908-288-781

Subsidiaries and Affiliates in Japan

Contec Co., Ltd.

Contec Software Development Co., Ltd.

Daifuku Business Service Corporation

Daifuku Manufacturing Technology Co., Ltd.

Daifuku Plusmore Co., Ltd.

Daifuku Renace Co., Ltd.

Hiniaratakan Corporation

Iwasaki Seisakusho Co., Ltd.

› Investor Information

(As of March 31, 2015)

Number of authorized shares	250,000,000 shares
Total number of shares issued	113,671,494 shares
Number of shareholders	12,944
General meeting of shareholders	June
Stock exchange listing	First Section of Tokyo Stock Exchange
Stock transfer agent	Sumitomo Mitsui Trust Bank, Limited Transfer Agent Department 4-5-33 Kitahama, Chuo-ku, Osaka

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,890	5.18
Mizuho Bank, Ltd.	5,490	4.83
Japan Trustee Services Bank, Ltd. (trust account)	5,432	4.78
Northern Trust Co. (AVFC) RE 15PCT Treaty Account	4,134	3.64
Sumitomo Mitsui Banking Corporation	4,080	3.59
Daifuku Supplier Shareholder Association	3,949	3.47
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,833	3.37
Nippon Tochi-Tatemono Co., Ltd.	3,207	2.82
Nippon Life Insurance Company	2,745	2.42
Daifuku Co., Ltd.	2,593	2.28

Cautionary Statement with Respect to Forward-Looking Statements

The strategies, beliefs, and plans related to future business performance as described in this annual report are not established facts. They are business prospects based on the assumptions and beliefs of the management team judging from the most current information, and, therefore, these prospects are subject to potential risks and uncertainties. Due to various crucial factors, actual results may differ substantially from these forward-looking statements. These crucial factors that may adversely affect performance include: 1) consumer trends and economic conditions in the Company's operating environment; 2) the effect of yen exchange rates on sales, assets and liabilities denominated in U.S. dollars and other currencies; 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions; and 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, and/or plagues. Moreover, there are other factors that may adversely affect the Company's performance.

For further information, please contact:

dfk_ir@ha.daifuku.co.jp