DAIFUKU

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 [Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan

Translated from the original Japanese-language document

May 14, 2013

Daifuku Co., Ltd.
Stock code: 6383, First Section of Tokyo Stock Exchange and Osaka Securities Exchange
URL: www.daifuku.co.jp
Representative: Masaki Hojo, President and CEO
Contact: Yoshihisa Kimura, Corporate Officer, Finance and Accounting
Tel: +81-6-6472-1261

Scheduled date of general meeting of shareholders: June 26, 2013
Scheduled date of commencing dividend payment: June 27, 2013
Scheduled date for filing financial statements: June 27, 2013
Quarterly earnings supplementary materials: Yes
Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Fiscal 2012

(April 1, 2012 - March 31, 2013)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2012	**202,337**	**2.2**	**8,010**	**89.9**	**7,999**	**98.9**	**4,439**	**262.9**
Fiscal 2011	198,052	24.4	4,217	144.3	4,022	199.0	1,223	354.1

Note: Comprehensive income
Fiscal 2012: 11,045 million yen (– %)
Fiscal 2011: 743 million yen (– %)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2012	**40.12**	**–**	**5.6**	**4.1**	**4.0**
Fiscal 2011	11.05	–	1.6	2.3	2.1

Reference: Equity in earnings of non-consolidated subsidiaries and affiliates during period
Fiscal 2012: -70 million yen
Fiscal 2011: -13 million yen

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2012	**206,875**	**85,685**	**40.4**	**754.98**
Fiscal 2011	185,049	76,618	40.3	674.72

Reference: Shareholders' equity
Fiscal 2012: 83,538 million yen
Fiscal 2011: 74,661 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal 2012	**15,666**	**-13,649**	**88**	**33,722**
Fiscal 2011	-5,187	-4,039	7,709	29,438

2. Dividends

	Dividend per share					Total cash dividends (annual)	Dividends payout (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2011	–	5.00	–	10.00	15.00	1,659	135.7	2.2
Fiscal 2012	–	5.00	–	10.00	15.00	1,659	37.4	2.1
Fiscal 2013 (forecast)	–	**5.00**	–	**10.00**	**15.00**		**33.2**	

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2014

(April 1, 2013- March 31, 2014)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	110,000	16.5	2,500	-14.4	2,300	-5.8	1,400	10.2	12.65
Full-year	225,000	11.2	8,500	6.1	8,000	0.0	5,000	12.6	45.19

Notes:

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

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

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

2) Other changes: None

3) Changes in accounting estimates: Yes

4) Restatement: None

(3) Number of shares issued (Common stock)

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

Fiscal 2012:	**113,671,494 shares**
Fiscal 2011:	113,671,494 shares

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

Fiscal 2012:	**3,022,663 shares**
Fiscal 2011:	3,016,058 shares

3) Average number of shares during the period

Fiscal 2012:	**110,651,729 shares**
Fiscal 2011:	110,659,535 shares

[Reference] Summary of Non-Consolidated Results

Non-Consolidated Financial Results for Fiscal 2012
(April 1, 2012 - March 31, 2013)

(1) Operating Results (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2012	**133,344**	**0.4**	**4,933**	**–**	**8,459**	**150.2**	**5,603**	**197.0**
Fiscal 2011	132,861	19.1	344	–	3,380	162.5	1,886	112.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2012	**50.64**	**–**
Fiscal 2011	17.05	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2012	**158,636**	**72,293**	**45.6**	**653.36**
Fiscal 2011	149,858	66,837	44.6	604.02

Reference: Shareholders' equity
Fiscal 2012: 72,293 million yen
Fiscal 2011: 66,837 million yen

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

Disclaimer
The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(1) "Analysis of operating results, Outlook for the fiscal year ending March 31, 2014."

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

Contents

1. Operating and Financial Review

(1) Analysis of operating results

During the fiscal year under review, the global economy faced concerns about the unsolved European sovereign debt crisis, which had negative repercussions for economic growth in China and other emerging countries, although the U.S. economy remained firm. The Japanese economy also weakened with a decline in export performance. However, the depreciation of the yen and the rise in stock prices has raised expectations that Japan will return to economic growth.

The material handling and logistics industry has continued to confront a difficult business environment, given that the pace of recovery remained moderate in Japan, despite demand for restoration from the damage caused by the Great East Japan Earthquake.

Despite these operating conditions, the Daifuku Group recorded robust orders for automobile factories in the United States, Mexico, and Asia, while orders from the e-commerce sector for large distribution centers within Japan benefited earnings. Increased sales of systems for automobile factories worldwide and for semiconductor factories in the United States, Taiwan, and South Korea also contributed to earnings. As a consequence, the Group received orders of 210,990 million yen, increasing 8.1% from a year earlier, and recorded net sales of 202,337 million yen, a rise of 2.2%.

These orders include a backlog of about 6.5 billion yen as of the end of October 2012 for orders received by Elite Line Services, LLC, a U.S. company that joined the Group in November 2012 and that provides operation and maintenance services for airport facility equipment.

In terms of profits, operating income increased significantly, mainly attributable to the efforts of Daifuku Co., Ltd. in exacting and comprehensive project management, as well as in cost cutting. In addition, the initial forecast was exceeded, backed by the effect of standardization of the photovoltaic related products manufactured by Contec Co., Ltd. Non-Japanese subsidiaries, especially in Asia, also bolstered the Group’s earnings. Meanwhile, non-operating income increased, influenced by foreign exchange gains resulting from the depreciation of the yen. The Group posted an impairment loss of bowling-related assets as an extraordinary loss, reflecting market trends and the performance of the bowling-related business. Consequently, the Group recorded operating income of 8,010 million yen, improving 89.9% from a year earlier, ordinary income of 7,999 million yen, increasing 98.9%, and net income of 4,439 million yen, up 262.9%.

Under the three-year business plan, *Material Handling and Beyond*, Daifuku set targets of sales of 220 billion yen and operating income of 11 billion yen for the fiscal year under review, the final year of the plan. The recent business environment has remained harsh and the Company has fallen short of those targets.

Nevertheless, Daifuku has seen a clear recovery from the effects of the 2008 global financial crisis. This recovery has been supported by the Group’s efforts to develop new products, businesses, and markets.

To further sustain this upward momentum, Daifuku will aim to achieve sales of 280 billion yen and an operating income ratio of 7% for the fiscal year ending March 31, 2017, under its new four-year business plan, *Value Innovation 2017*, which began in

April 2013. Please refer to “Management Policy” below and the Company’s statement separately announced on February 12, 2013 for more details about the plan.

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

Daifuku Co., Ltd.

<Orders>

In mainstay storage, transport, sorting, and picking systems for manufacturers and distributors, orders for large projects remained solid, mainly in the e-commerce distribution sector, as well as in the agriculture, food, pharmaceutical manufacturing, pharmaceutical wholesaling, and lithium-ion battery industries. Orders were also firm in small and midsize systems and material handling equipment. Orders from Thailand, Indonesia, China and other countries are increasing.

In systems for semiconductor factories, orders in North America, South Korea, and Taiwan held steady. Orders are increasing for systems for flat-panel display factories in 2013, mainly from China, despite delays in contract procedures.

Orders for automobile production line systems remained robust in emerging countries, such as Mexico, Thailand, Indonesia, and Brazil, as did orders for holiday installation work in May, August and around the New Year period in Japan.

<Sales>

In storage, transport, sorting, and picking systems for manufacturers and distributors, sales for large projects in the pharmaceutical manufacturing, pharmaceutical wholesalers, distribution, agriculture, and food sectors in Japan remained firm. Sales of new products, such as an automated high-throughput vehicle-featured storage called the Shuttle Rack, also benefited earnings.

Sales of systems for semiconductor factories in North America, South Korea, and Taiwan remained strong. Sales of nitrogen purge stockers, uniquely developed to accommodate the increase in semiconductor miniaturization needs, are reflected in the earnings.

With respect to automobile production line systems, sales were favorable, helped by large projects for automobile factories in Japan and Mexico, and by holiday installations in May, August and around the New Year period in the service business. In addition, sales in the service business for non-automobile factories, including installations for photovoltaic systems, are increasing.

In car wash machines, sales increased, attributable to strong markets in the filling station and car aftermarket sectors, and supported in particular by the car dealer sector. Sales of wheelchair lifts for care-provider vehicles primarily reflected demand for model changes of vehicles to be installed with this equipment, resulting from an aging population.

<Income>

In terms of profits, operating income—generated by selling storage, transport, sorting, and picking systems for manufacturers and distributors, and automobile production line systems—increased significantly. In non-operating income, an increase in dividend income from smoothly-developed subsidiaries outside Japan contributed to the improved profits.

As a result, Daifuku recorded orders of 106,560 million yen, down 4.8% from the previous fiscal year, sales of 110,090 million yen, down 3.9%, and segment income of 5,603 million yen, up 197.0%.

Contec Co., Ltd.

- Electronic devices and solution products

Sales rose significantly in solution products centering on photovoltaic data measuring systems, backed by last year's commencement of Japan's renewable energy buyback program. This also benefited profits. Meanwhile, sales of electronic devices, including extension boards, industrial computers and networking products, fell slightly, influenced by decreased investment in production facilities in Japan.

- System products

In system products, while being influenced by intensified competition in sales of mainstay systems for the automotive sector, Contec aims to expand sales into new fields, such as the logistics systems sector, by collaborating with its business partners.

As a consequence, Contec posted orders of 9,321 million yen, up 11.6% from the previous fiscal year, sales of 8,935 million yen, up 9.5%, and segment income of 170 million yen, up 147.7%.

Daifuku Webb Holding Company

Daifuku Webb Holding Company oversees Daifuku's North American business, with Daifuku America Corporation, Jervis B. Webb Company, and Elite Line Services, LLC that joined the Group in November 2012, under its control. It focuses on making effective use of operating resources, as well as cutting costs and integrating the operation of the entities in North America.

Orders for automobile production line systems rose to new record highs, mainly thanks to brisk capital spending by automakers in North America. Large orders from one of the Detroit Three automakers and orders from Japanese automakers for facility upgrades in North America benefited earnings.

In systems for semiconductor factories, orders remained favorable as customer's capital spending increased.

Sales of SmartCarts, Daifuku Webb's automatic guided carts, were strong, especially to the food, automobile and automotive component sectors. Daifuku Webb also received an order from a U.S. aluminum manufacturer for super heavyweight SmartCarts that transport 68 tons.

Generally, sales have been underpinned by extensive orders from the industries described above. Daifuku Webb's expansion of its Ohio Plant, which was completed in June 2012, has led to increased production volumes and operating efficiency, benefiting its earnings.

In airport baggage handling systems, orders and sales were affected by delays in the projected construction of new airports and intensifying competition in North America associated with the decline in European markets. With the consolidation of Elite Line Services in the fourth quarter of the fiscal year under review, orders increased significantly, resulting from the addition of about 6.5 billion yen in the form of order backlogs of Elite Line Services as of October 2012.

Profits were affected by unprofitable projects for large distribution centers for the food-related sector and the severe operating environment for the airport sector.

As a result, Daifuku Webb achieved orders of 44,854 million yen, up 74.1% from the previous fiscal year, sales of 38,150 million yen, up 34.9%, and segment income of 562 million yen, down 49.9%.

Other

The “Other” segment is an operating segment comprising subsidiaries that are not in reportable segments. Among Daifuku’s Japanese subsidiaries, two were merged into Daifuku Co., Ltd. and one was transferred to the Contec Group in April 2012.

Major Japanese subsidiaries in this segment include Daifuku Plusmore Co., Ltd., which provides sales and services of car wash machines and bowling equipment.

Outside Japan, major subsidiaries, which primarily sell and manufacture material handling systems and equipment, include Daifuku (China) Co., Ltd., Daifuku Korea Co., Ltd., Clean Factomation, Inc. in South Korea, Taiwan Daifuku Co., Ltd., Daifuku (Thailand) Ltd., and Logan Teleflex (UK) Ltd. These companies have been increasing their exports to overseas markets, playing a global role in the optimal local production and procurement systems of the Group. Daifuku’s Southeast Asian subsidiaries are experiencing particularly significant sales increases.

In China, Daifuku China posted an order from a major condiment manufacturer for a large unit load AS/RS. Inquiries from the food, retail, and machinery parts industries for large systems with advanced technologies are increasing. In addition, the company has improved its production framework for automobile production line systems. Its export production for Japanese and U.S. automakers increased rapidly and the company steadily followed Japanese automakers onsite to keep pace with their capital spending. The company has made an excellent start to the fiscal year ending March 31, 2014, receiving orders for large projects for non-Chinese automakers.

In Taiwan, orders for large systems used in semiconductor factories balanced the decreased investment in systems for flat-panel display factories. In addition, Taiwan Daifuku received an order for logistics systems from a major sales company for electronics products.

In South Korea, sales of systems for semiconductor factories remained healthy. Orders and sales for automobile production line systems were also positive, rising to new record highs, mainly thanks to brisk capital spending by automakers. In addition, Daifuku Korea’s car-wash division was transferred to Hallim Machinery Co., Ltd., South Korea’s leading car wash equipment manufacturer, in which Daifuku acquired a 100% equity stake in August 2012, to enable the integration and restructuring of the Group’s operating resources in that country.

Thailand has become the automobile hub of the Asia-Pacific region and is establishing a growing presence as a key gateway for exports to Japan. In addition, with orders for large automated warehouse systems in the food and other sectors, Daifuku Thailand achieved record orders and sales. Investments are accelerating in Indonesia, while inquiries for various RFID solutions in Singapore. In ASEAN countries, demand for automation and information technologies is increasing along with rising wages and living standards, and this is serving as a spur to the Group's earnings.

Logan Teleflex (UK) Co., Ltd. and Logan Teleflex (France) S.A.S. are seeking orders for airport baggage handling systems in Europe and Africa.

In Europe, Daifuku has held a stake in Austria-based logistics systems manufacturer Knapp AG since October 2010, aiming to strengthen its businesses in the region. Daifuku has continued to increase its capital participation so that it held 30% of Knapp's shares in July 2012, with the result that the company became an equity-method affiliate of the Group.

Consequently, the segment received orders of 50,253 million yen, up 2.1% from the previous fiscal year, sales of 45,370 million yen, up 0.8%, and segment income of 2,134 million yen, up 25.7%.

Outlook for the fiscal year ending March 31, 2014

In April 2013, Daifuku adopted a four-year business plan, *Value Innovation 2017*. In the fiscal year ending March 31, 2014, the first year of the plan, Daifuku estimates that its Group's orders and sales will increase with the following factors:

- Earnings of two companies that joined the Group through M&A implemented during the fiscal year under review, to be included in the scope of consolidation in the following fiscal year. The companies are Elite Line Services, LLC, a U.S. company that provides operations and maintenance services for airport facilities equipment, and DTx Inc., a U.S. company that joined the group of Daifuku subsidiary Contec Co., Ltd. and that manufactures and sells controllers embedded in medical devices;

- An expected increase of projects in Asia and North America in storage, transport, sorting, and picking systems for manufacturers and distributors;

- Management figures from non-Japanese subsidiaries and affiliates, which will benefit the Group's earnings given the weakening Japanese yen.

Some time is needed to promote structural improvements for increasing efficiency and quality in the production framework across the Group. Given the initiatives above, Daifuku has made the following earnings forecast for the fiscal year ending March 31, 2014:

<u>Consolidated earnings forecast for the fiscal year ending March 31, 2014</u>

Orders received	230 billion yen	(Up 9.0% year on year)
Net sales	225 billion yen	(Up 11.2% year on year)
Operating income	8.5 billion yen	(Up 6.1% year on year)
Ordinary Income	8 billion yen	(Up 0.0% year on year)
Net income	5 billion yen	(Up 12.6% year on year)

The financial forecast above represents the judgment of the Company based on information presently available. Actual results may differ from the forecast due to various uncertainties, including economic and competitive conditions worldwide as well as various risk factors.

(2) Analysis of financial position

Assets, liabilities and net assets

Total assets at the end of the fiscal year under review were 206,875 million yen, an increase of 21,826 million yen year on year. This result was attributable mainly to increases of 9,034 million yen in investments in securities, 3,510 million yen in goodwill, and 4,157 million yen in cash on hand and in banks from the end of the previous fiscal year.

Total liabilities at the end of the fiscal year under review were 121,190 million yen, an increase of 12,759 million yen year on year. Primary factors included an increase of 14,360 million yen in short-term borrowings from the end of the previous fiscal year.

Net assets at the end of the fiscal year under review were 85,685 million yen, an increase of 9,067 million yen year on year. The primary factors included an increase of 6,403 million yen in total other comprehensive income due to securities owned and foreign currency translation adjustments and a decline of 1,659 million yen attributable to the payment of dividends from surplus, as well as an increase of 2,476 million yen in retained earnings generated from an increase of 4,439 million yen in net income.

Cash flows

Cash and cash equivalents at the end of the consolidated fiscal year under review increased 4,284 million yen from the end of the previous fiscal year, to 33,722 million yen, compared with 29,438 million yen in the same period of the previous fiscal year.

Cash flows from operating activities

Cash provided by operating activities totaled 15,666 million yen, compared with cash used of 5,187 million yen in the same period of the previous fiscal year. This was primarily attributable to income before income taxes and minority interests of 7,316 million yen and the depreciation of 3,332 million yen. In addition, an increase of 2,132 million yen in advances received on uncompleted contracts and a decrease of 3,306 million yen in notes and accounts receivable were also primary factors.

Cash flows from investing activities

Cash used in investing activities was 13,649 million yen, compared with cash used of 4,039 million yen in the same period of the previous fiscal year. Major activities included an outlay of 3,033 million yen for the acquisition of fixed assets and 11,338 million yen for the purchase of shares of subsidiaries and affiliates.

Cash flows from financing activities

Cash provided by financing activities was 88 million yen, compared with cash provided of 7,709 million yen in the same period of the previous fiscal year. The major factors were an increase of 2,004 million yen in interest-bearing liabilities mainly due to long-term borrowings financed, despite of dividend payment of 1,657 million yen.

<Reference> Changes in cash flow indicators

	FY ended March 2009	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013
Equity ratio (%)	40.9	47.9	46.3	40.3	40.4
Equity ratio based on market capitalization (%)	30.0	49.2	40.9	28.7	41.2
Ratio of interest-bearing liabilities to cash flows (Year)	–	2.2	3.6	–	3.4
Interest coverage ratio (Times)	–	21.1	14.1	–	17.6

Equity ratio: Shareholders' equity/Total assets

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

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

Interest coverage ratio: Cash flows/Interest paid

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

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

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

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

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

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

Under the new four-year business plan, *Value Innovation 2017*, which began in April 2013, Daifuku aims for a medium- to long-term dividend payout ratio of 30%, as one of the challenges in sustaining growth in dividends per share.

For the fiscal year under review, Daifuku paid an interim dividend of 5 yen per share, and the Board of Directors decided to pay a year-end dividend of 10 yen per share at a meeting held on May 14, 2013, making an annual dividend 15 yen per share.

With respect to dividends for the following fiscal year ending March 31, 2014, the Company plans to pay an annual dividend of 15 yen per share (an interim dividend of 5 yen per share and a year-end dividend of 10 yen), taking the results for the fiscal year under review and the current business environment into comprehensive consideration.

In addition, after the 2012 general meeting of shareholders, Daifuku introduced a shareholder special benefit program, which offers discounts at more than 300 bowling alleys nationwide to which it has delivered its products and equipment. To increase usability for shareholders, Daifuku will add another right to receive benefits under the program, which starts after the general meeting of shareholders to be held in June 2013.

(4) Other matters to report

i) Daifuku expanded its business framework through proactive M&A. The following companies have joined the Daifuku Group: Hallim Machinery Co., Ltd., South Korea's leading car wash equipment manufacturer; Elite Line Services, LLC, a U.S. company that provides operations and maintenance services for airport facilities equipment; and DTx Inc., a U.S.

company that joined the group of Daifuku subsidiary Contec Co., Ltd. and that manufactures and sells controllers embedded in medical devices. In July 2012, Austrian company Knapp AG became an equity-method affiliate of the Group when Daifuku increased its equity stake to 30%. Daifuku had originally invested in Knapp since October 2010.

ii) In November 2012, Daifuku established a subsidiary called Daifuku (Suzhou) Cleanroom Automation Co., Ltd. in China, where increased plans for building new flat-panel display and semiconductor factories are expected. Daifuku Suzhou aims to bolster its local production capabilities with its new cleanroom factories. In addition, Daifuku established Daifuku de México, S.A. de C.V. as a subsidiary in January 2013, to accommodate increased plans for the construction of new automotive factories and the upgrading of existing facilities in Mexico, focusing on Japanese automakers.

iii) Daifuku Korea enhanced its operations with a new building that houses the administration, sales, and engineering divisions of two factories. It also amalgamated its production divisions. The new building that was completed in December 2012 operates as Daifuku Korea's new main office and R&D center. The company will redouble its efforts to attract talented young engineers with the improved work environment.

iv) In October 2012, Daifuku was positively rated under an environmental rating program of the Development Bank of Japan (DBJ), resulting in the Company obtaining a loan from DBJ. Daifuku received the highest recognition for its extensive environmental efforts, including the launch of its unique eco-friendly product standards and social activities for reducing CO_2 by raising awareness of the standards, generating both power and CO_2 reductions using "visualizing energy" systems at factories, and promoting biodiversity conservation at its Shiga Works.

v) Daifuku will construct Shiga Prefecture's largest mega-solar power plant within its Shiga Works. Construction is scheduled to be completed in the fall of 2013. The plant will have a capacity of 4,400 kilowatts with a yearly electrical output of 4.3 million kilowatt hours, equivalent to annual electricity consumption of about 750 households. Daifuku plans to sell electricity in accordance to Japan's renewable energy buyback program.

2. Management Policy

(1) Basic management policy

In the new corporate management plan, *Value Innovation 2017*, which was announced in February 2013 and runs for a four-year period from April 2013 to March 2017, Daifuku adopted the following management philosophy:

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

In the *Value Innovation 2017*, Daifuku aims to evolve into a top-class Value Innovator that provides the best solutions for customers by capitalizing on the experience and technologies it has accumulated as a comprehensive manufacturer and integrator of material handling systems. In addition, the Company established "Always an Edge Ahead" as its new brand message. The brand message conveys our desire to create and provide the best solutions to give customers a competitive edge. It also symbolizes our flexible and outstanding workforce, possessing both expertise and a commitment to taking on new challenges and making changes for the better.

(2) Target management indicators and medium- and long-term management strategies

During the three-year period of the previous corporate management plan, *Material Handling and Beyond*, Daifuku has confronted severe conditions surrounding orders and sales, mainly attributable to sweeping changes in industrial structures, including a decline in demand for flat-panel display TV production, as well as customer budget restraints accompanying the shift of manufacturing bases to emerging countries. Despite the challenging circumstances, Daifuku achieved positive effects from M&A with competitors in Japan and overseas to expand the overall operating framework of the Group. In addition, Daifuku actively strove to identify new markets and develop new products, Daifuku has provided systems for lithium-ion battery factories, produce sorting centers, and nitrogen purge stockers for semiconductor factories. Orders and sales have made a firm return to levels before the 2008 global crisis, offsetting losses due to the rapid appreciation of the yen during the period.

In terms of profits, in addition to external factors, such as intensifying competition overall, and the growth of competitors in emerging markets, Daifuku confronted harsh conditions surrounding large projects outside Japan, where there was inadequate infrastructure for local procurement, as it aggressively developed new markets, accepting a certain degree of risk. Despite the challenges, Daifuku implemented cost cutting at factories by improving productivity, adopted more comprehensive project management under a dedicated division, and actively used non-Japanese affiliates for local procurement strategies to further reduce costs. Because of these efforts, Daifuku improved profitability in the fiscal year under review, the final year of the plan.

To sustain this upward momentum, Daifuku will aim to achieve sales of 280 billion yen and an operating income ratio of 7% under the new four-year business plan, *Value Innovation 2017*.

Aiming for a 60% ratio of non-Japan sales (with 52.0% achieved in the fiscal year under review), Daifuku plans to increase sales in each of the Asian and American regions by a factor of 1.6 from the fiscal year under review. In particular, in storage, transport, sorting, and picking systems for manufacturers and distributors, Daifuku has operated its storage, transport, sorting, and picking systems for manufacturers and distributors centered on the Japanese market, meaning there are more marketing possibilities outside Japan. Accordingly, Daifuku will strive to expand its business with an approach tailored to each region. In emerging countries, Daifuku will seek to identify markets with a view to increasing middle-income consumers and develop systems designed for local needs.

In terms of profits, raising income margins generated from new projects has been a challenge, while the service business has been a revenue base to bolster corporate management, based on extensive, solid delivery records over many years. Daifuku will undertake structural improvements to increase efficiency and quality and build a high-level production framework across the Group. Daifuku will further raise the quality of manufacturing and installations. In addition, it will create one-of-a-kind products, one-of-a-kind systems and one-of-a-kind businesses with high levels of profitability.

To enhance financial integrity, Daifuku will promote the following:

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

(3) Challenges to address

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

The management policy for the fiscal year ending March 31, 2014 is "rethinking the fundamentals of S.Q.C.D.E. (safety, quality, cost, development, ecology) for the benefit of customers and society." Although "D" normally represents "delivery," it will stand for "development" in the management policy for this year.

Safety is a top priority for manufacturers. Daifuku believes that reaffirming the importance of safety, creating a positive, accident-free working environment, and strictly adhering to safety practices and maintaining a professional attitude while on customers' premises is a source of added value for the Group. In terms of Ecology, Daifuku will undertake ecological activities across the Group as a way to raise added value while maintaining trust in the company.

Quality, Cost and Development must constantly evolve if sustainable growth is to be achieved. Quality and Cost are as described above. In Development, Daifuku will use information and communications technology (ICT) for product development across the Group and build a system to provide new added value to customers, such as preventive maintenance functions, by reviewing the enormous volumes of data accumulated from the customer's perspective. On April 1, 2013, Daifuku Co., Ltd. absorbed its subsidiary Daifuku Institute of Technology Co., Ltd., which has been primarily engaged in developing basic technologies. Through this and other initiatives, Daifuku is determined to strengthen its development of new products.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2011 (Year ended March 31, 2012)	FY2012 (Year ended March 31, 2013)
ASSETS		
Current assets:		
Cash on hand and in banks	29,577	33,735
Notes and accounts receivable	68,676	68,826
Insufficient charges on uncompleted contracts	10,481	13,138
Merchandise and finished goods	2,523	3,368
Costs on uncompleted contracts	5,427	5,751
Raw materials and supplies	7,593	8,484
Deferred income taxes	1,613	2,471
Other current assets	4,160	4,160
Allowance for doubtful accounts	(112)	(105)
Total current assets	129,942	139,831
Fixed assets:		
Tangible fixed assets		
Net buildings and structures	14,242	14,586
Net machinery and vehicles	2,512	2,621
Net tools and fixtures	780	1,030
Land	11,597	11,668
Other, net	1,298	1,390
Total tangible fixed assets	30,430	31,297
Intangible assets		
Software	2,330	2,119
Goodwill	2,258	5,768
Other	284	1,146
Total intangible assets	4,874	9,035
Investments and other assets		
Investments in securities	10,342	19,376
Long-term loans	368	125
Deferred income taxes	5,267	3,923
Other	4,018	3,434
Allowance for doubtful accounts	(194)	(148)
Total investments and other assets	19,802	26,711
Total fixed assets	55,107	67,044
Total assets	185,049	206,875

(Million yen)

	FY2011 (Year ended March 31, 2012)	FY2012 (Year ended March 31, 2013)
LIABILITIES		
Current liabilities:		
Notes and accounts payable	33,070	36,553
Short-term borrowings	13,861	28,221
Current portion of long-term bonds	4,000	6,000
Income taxes payable	783	1,416
Deferred income taxes	8	–
Provision for losses on contracts	804	739
Other current liabilities	15,470	21,066
Total current liabilities	67,998	93,998
Long-term liabilities:		
Bonds	6,000	–
Long-term borrowings	27,149	19,163
Deferred income taxes	1,009	1,007
Provision for retirement benefits	3,318	4,712
Negative goodwill	359	299
Other long-term liabilities	2,594	2,008
Total long-term liabilities	40,432	27,191
Total liabilities	108,431	121,190
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,028
Retained earnings	67,382	69,859
Treasury stock	(2,421)	(2,424)
Total shareholders' equity	82,013	84,486
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	247	1,809
Deferred gain (loss) on hedges	11	(14)
Foreign currency translation adjustments	(7,611)	(2,743)
Total accumulated other comprehensive income	(7,352)	(948)
Minority interests:	1,956	2,147
Total net assets	76,618	85,685
Total liabilities and net assets	185,049	206,875

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Net sales	198,052	202,337
Cost of sales	165,505	165,340
Gross profit	32,546	36,996
Selling, general and administrative expenses:		
Selling expenses	14,698	14,746
General and administrative expenses	13,630	14,240
Total selling, general and administrative expenses	28,328	28,986
Operating income	4,217	8,010
Non-operating income:		
Interest income	100	96
Dividend income	235	242
Net gain on foreign exchange	–	184
Amortization of negative goodwill	59	59
Land and house rental revenue	228	227
Other	248	180
Total non-operating income	872	991
Non-operating expenses:		
Interest expenses	858	887
Foreign exchange loss	70	–
Other	138	115
Total non-operating expenses	1,067	1,003
Ordinary income	4,022	7,999
Extraordinary income:		
Gain on sales of fixed assets	3	159
Other	1	5
Total extraordinary income	4	165
Extraordinary loss:		
Loss on sales of fixed assets	23	46
Loss on disposal of fixed assets	105	159
Loss on valuation of investments in securities	718	–
Impairment loss	–	544
Other	51	97
Total extraordinary loss	898	847
Income before income taxes and minority interests	3,129	7,316
Income taxes - current	1,540	2,534
Income taxes - deferred	300	254
Total income taxes	1,840	2,788
Income before minority interests	1,288	4,528
Minority interests in net income	65	88
Net income	1,223	4,439

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Minority interests in net income	65	88
Income before minority interests	1,288	4,528
Other comprehensive income		
Net unrealized gain (loss) on securities	731	1,568
Deferred gain (loss) on hedges	43	(17)
Foreign currency translation adjustments	(1,285)	3,853
Share of other comprehensive income of associates accounted for using equity method	(34)	1,113
Total other comprehensive income	(545)	6,517
Comprehensive income:	743	11,045
Comprehensive income attributable to:		
Owners of the parent	699	10,842
Minority interests	44	203

(3) Consolidated statements of changes in net assets

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Shareholders' equity:		
Common stock		
Balance at the beginning of current period	8,024	8,024
Balance at the end of current period	8,024	8,024
Capital surplus		
Balance at the beginning of current period	9,028	9,028
Changes of items during the period		
Disposal of treasury stock	(0)	–
Total changes of items during the period	(0)	–
Balance at the end of current period	9,028	9,028
Retained earnings		
Balance at the beginning of current period	67,819	67,382
Changes of items during the period		
Dividends from surplus	(1,659)	(1,659)
Net income	1,223	4,439
Decrease in purchase of stock of subsidiaries	–	(302)
Total changes of items during the period	(436)	2,476
Balance at the end of current period	67,382	69,859
Treasury stock		
Balance at the beginning of current period	(2,417)	(2,421)
Changes of items during the period		
Purchase of treasury stock	(3)	(3)
Disposal of treasury stock	0	–
Total changes of items during the period	(3)	(3)
Balance at the end of current period	(2,421)	(2,424)
Total shareholders' equity		
Balance at the beginning of current period	82,454	82,013
Changes of items during the period		
Dividends from surplus	(1,659)	(1,659)
Net income	1,223	4,439
Purchase of treasury stock	(3)	(3)
Disposal of treasury stock	0	–
Decrease in purchase of stock of subsidiaries	–	(302)
Total changes of items during the period	(440)	2,473
Balance at the end of current period	82,013	84,486

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities		
Balance at the beginning of current period	(482)	247
Changes of items during the period		
Net changes of items other than shareholders' equity	730	1,561
Total changes of items during the period	730	1,561
Balance at the end of current period	247	1,809
Deferred gain (loss) on hedges		
Balance at the beginning of current period	(32)	11
Changes of items during the period		
Net changes of items other than shareholders' equity	43	(26)
Total changes of items during the period	43	(26)
Balance at the end of current period	11	(14)
Foreign currency translation adjustments		
Balance at the beginning of current period	(6,313)	(7,611)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,298)	4,868
Total changes of items during the period	(1,298)	4,868
Balance at the end of current period	(7,611)	(2,743)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(6,828)	(7,352)
Changes of items during the period		
Net changes of items other than shareholders' equity	(523)	6,403
Total changes of items during the period	(523)	6,403
Balance at the end of current period	(7,352)	(948)
Minority interests		
Balance at the beginning of current period	2,088	1,956
Changes of items during the period		
Net changes of items other than shareholders' equity	(132)	190
Total changes of items during the period	(132)	190
Balance at the end of current period	1,956	2,147
Total net assets		
Balance at the beginning of current period	77,714	76,618
Changes of items during the period		
Dividends from surplus	(1,659)	(1,659)
Net income	1,223	4,439
Purchase of treasury stock	(3)	(3)
Disposal of treasury stock	0	–
Increase (decrease) in added purchase of subsidiaries	–	(302)
Net changes of items other than shareholders' equity	(656)	6,594
Total changes of items during the period	(1,096)	9,067
Balance at the end of current period	76,618	85,685

(4) Consolidated statements of cash flows

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	3,129	7,316
Depreciation	3,612	3,332
Impairment loss	–	544
Amortization of goodwill	343	376
Amortization of negative goodwill	(59)	(59)
Interest and dividend income	(336)	(339)
Interest expenses	858	887
Loss (gain) on disposal or sales of fixed assets	128	205
Loss (gain) on valuation of investments in securities	718	–
Decrease (increase) in notes and accounts receivable	(20,969)	3,306
Decrease (increase) in inventories	1,826	(1,225)
Increase (decrease) in notes and accounts payable	6,763	1,054
Increase (decrease) in advances received on uncompleted contracts	2,173	2,132
Other	(1,927)	311
Subtotal	(3,738)	17,843
Interest and dividend income received	333	334
Interest expenses paid	(860)	(888)
Income taxes refund (paid)	(1,177)	(1,921)
Other	255	298
Net cash provided by (used in) operating activities	(5,187)	15,666
Cash flows from investing activities:		
Payments for purchase of stock of subsidiaries that affected the scope of consolidation	(565)	(4,495)
Payments for purchase of stock of affiliates that affected the scope of consolidation	–	(3,449)
Proceeds from charged capital decrease of affiliates	–	800
Investments in time deposits	(135)	(0)
Proceeds from refund of time deposits	66	136
Payments for purchase of fixed assets	(2,293)	(3,033)
Proceeds from sales of fixed assets	53	400
Payments for purchase of investments in securities	(715)	(67)
Payments for purchase of stock of affiliates	(184)	(3,392)
Collection of loans receivable	3	3
Payments for transfer of business	(270)	(570)
Other	3	20
Net cash used in investing activities	(4,039)	(13,649)

(Million yen)

	FY2011 (April 1, 2011 – March 31, 2012)	FY2012 (April 1, 2012 – March 31, 2013)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	9,360	(7,987)
Proceeds from long-term borrowings	1,108	15,922
Repayment of long-term borrowings	(899)	(1,930)
Redemption of convertible bonds	–	(4,000)
Payments for purchase of treasury stock	(3)	(3)
Payments of cash dividends	(1,658)	(1,657)
Other	(198)	(255)
Net cash provided by financing activities	7,709	88
Effect of exchange rate change on cash and cash equivalents	(717)	2,179
Net increase (decrease) in cash and cash equivalents	(2,234)	4,284
Cash and cash equivalents, beginning of the year	31,672	29,438
Cash and cash equivalents, end of the year	29,438	33,722

Note on Going Concern Assumption

Not applicable

Changes in Accounting Policies

(Changes in accounting policies, which is difficult to distinguish from a change in accounting estimates)

Effective from the fiscal year under review, in accordance with revisions to Japan's corporation tax law, the depreciation of tangible fixed assets acquired on or after April 1, 2012, of the Company and its domestic subsidiaries is computed principally based on the revised law. The effect of this change on earnings for the fiscal year under review is not significant.

Segment Information

1. Overview of reportable segments

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

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

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

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

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

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

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

Consolidated fiscal year under review (April 1, 2012 - March 31, 2013)

(Million yen)

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

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

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

(Million yen)

Sales	Fiscal Year Ended March 31, 2013
Reportable segment total	189,845
Net sales classified in "Other"	57,416
Elimination of inter-segment transactions	-44,713
Adjustment for consolidation of sales on the percentage-of-completion basis	481
Other adjustment for consolidation	-691
Net sales in consolidated financial statements	202,337

(Million yen)

Segment Income	Fiscal Year Ended March 31, 2013
Reportable segment total	6,335
Segment income classified in "Other"	2,134
Elimination of dividends from affiliates	-3,429
Other adjustment for consolidation	-601
Net income in consolidated financial statements	4,439

(Million yen)

Segment Assets	Fiscal Year Ended March 31, 2013
Reportable segment total	204,526
Segment assets classified in "Other"	43,297
Elimination of investment securities in affiliates in consolidation process	-22,377
Elimination of intercompany receivables	-17,231
Other adjustment for consolidation	-1,339
Total assets in consolidated financial statements	206,875

(Million yen)

Liabilities	Fiscal Year Ended March 31, 2013
Reportable segment total	120,772
Segment liabilities classified in "Other"	23,167
Elimination of intercompany receivables	-17,231
Other adjustments for consolidation	-5,517
Total liabilities in consolidated financial statements	121,190

(Million yen)

Other	Reportable segment total	Other	Adjustment	Consolidated total
Depreciation	2,827	509	-4	3,332
Amortization of goodwill	129	119	126	376
Interest income	38	111	-53	96
Amortization of negative goodwill	–	–	59	59
Interest expenses	891	49	-53	887
Equity in earnings of non-consolidated subsidiaries and affiliates	-115	–	44	-70
Extraordinary income	216	159	-210	165
(Gain on sales of fixed assets)	(123)	(157)	(-120)	(159)
Extraordinary loss	829	26	-7	847
(Loss on impairment of fixed assets)	(566)	(–)	(-21)	(544)
Income tax expenses	2,444	518	-175	2,788
Investments in equity-method affiliates	5,162	162	1,107	6,432
Increase in tangible and intangible fixed assets	6,970	737	-20	7,687

Related Information

Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)

1. Information by product and service

(Million yen)

	Logistics Systems	Electronics	Other	Total
Sales to outside customers	178,976	8,925	14,435	202,337

2. Information by region

Net sales

(Million yen)

Japan	Americas	Other	Total
97,047	36,442	68,847	202,337

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

Per Share Information

(Yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net assets per share	674.72	754.98
Net income per share	11.05	40.12

Note:

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

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

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net income per share		
Net income (million yen)	1,223	4,439
Amount not attributable to common shareholders (million yen)	–	–
Net income attributable to common stock (million yen)	1,223	4,439
Average number of common shares during the period (thousand shares)	110,659	110,651

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

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Total net assets (million yen)	76,618	85,685
Amount to subtract from total net assets (million yen)	1,956	2,147
(Of which, minority interests) (million yen)	(1,956)	(2,147)
Net assets at the end of the period attributable to common stock (million yen)	74,661	83,538
Number of common shares at the end of the period used for the calculation of net assets per share (thousand shares)	110,655	110,648

Major Subsequent Events

Not applicable