

Consolidated Financial Results
for the First Half of the Fiscal Year Ending March 31, 2014
[Japan GAAP]

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

November 12, 2013

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: November 14, 2013

Scheduled date of commencing dividend payment: December 6, 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 First Half of Fiscal 2013

(April 1, 2013 - September 30, 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	%
First half of fiscal 2013	111,853	18.5	4,591	57.3	5,050	106.9	3,251	156.0
First half of fiscal 2012	94,418	-0.9	2,919	171.9	2,441	254.6	1,270	—

Note: Comprehensive income

First half of fiscal 2013: 8,830 million yen (577.8 %)

First half of fiscal 2012: 1,302 million yen (284.9 %)

	Net income per share	Diluted net income per share
	Yen	Yen
First half of fiscal 2013	29.39	—
First half of fiscal 2012	11.48	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half of fiscal 2013	219,805	93,460	41.5
Fiscal 2012	206,875	85,685	40.4

Reference: Shareholders' equity

First half of fiscal 2013: 91,110 million yen

Fiscal 2012: 83,538 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	—	5.00	—	10.00	15.00
Fiscal 2013	—	5.00	—	—	—
Fiscal 2013 (forecast)	—	—	—	10.00	15.00

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
Full-year	230,000	13.7	10,000	24.8	9,800	22.5	5,700	28.4	51.52

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the interim period: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting standards associated with the revisions of accounting standards: None
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
First half of fiscal 2013: 113,671,494 shares
Fiscal 2012: 113,671,494 shares
 - 2) Number of treasury stock at the end of the period
First half of fiscal 2013: 3,027,628 shares
Fiscal 2012: 3,022,663 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
First half of fiscal 2013: 110,645,469 shares
First half of fiscal 2012: 110,653,327 shares

Regarding the status of quarterly review procedures

These quarterly consolidated financial statements are exempted from quarterly review as provided in Japan's Financial Instruments and Exchange Act. At the time of disclosure of this report, review procedures for these financial statements pursuant to this Act have not been completed.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(3) "Outlook for the fiscal year ending March 31, 2014."

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

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first half of the fiscal year under review, the global economy faced concerns stemming from a slowdown in economic growth in China and other emerging countries, although the economies of major industrialized countries saw signs of recovery. The Japanese economy also staged a moderate recovery.

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

Amid these conditions, operating results of the Daifuku Group held steady. In systems for manufacturers and distributors, large orders in China, South Korea and Taiwan benefited earnings. In automobile production line systems, large orders in the United States and China also contributed to earnings. Sales remained firm, underpinned by extensive order backlogs for each industry.

Specifically, the Group received orders of 129,391 million yen, increasing 22.0% from a year earlier, and recorded net sales of 111,853 million yen, up 18.5%.

Profits exceeded the forecasts announced on August 9, 2013, mainly attributable to the significant efforts Daifuku Co., Ltd. made in cost cutting, Contec's return to profitability, and the favorable results of subsidiaries outside Japan. Consequently, the Group recorded operating income of 4,591 million yen, an improvement of 57.3% from a year earlier. In addition, ordinary income was 5,050 million yen, an increase of 106.9%, influenced by foreign exchange gains resulting from the depreciation of the yen. Net income was 3,251 million yen, up 156.0%.

On August 15, 2013, the Group agreed to acquire all shares in privately owned Wynright Corporation, a material handling manufacturer headquartered in Illinois, U.S.A., and completed the acquisition of the company on October 1, 2013. In its four-year business plan *Value Innovation 2017*, which started in April 2013, the Group aims to achieve sales of 280 billion yen and an operating income ratio of 7% for the fiscal year ending March 31, 2017. This acquisition was to achieve one of the Group's targets, specifically expanding its U.S. market.

In addition, Daifuku decided on September 12, 2013 to issue Japanese yen convertible notes with stock acquisition rights due 2017 with an aggregate principal amount of 15 billion yen, and completed payment on October 2, 2013. The procured capital will be allotted for the acquisition of Wynright, capital investments in Japan, and the repayment of interest-bearing liabilities. The Group aims to meet its financial requirements to achieve the targets in the plan *Value Innovation 2017* and reinforce its financial integrity.

Results by segment are as described below. In the following description, net sales indicate sales to outside

customers, and segment income is equivalent to net income for the first half of the fiscal year under review. For more details about segments, please see “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 agriculture, food, pharmaceutical manufacturing, and distribution sectors. Most of Daifuku’s operations for these systems are in Japan; however, orders for East and Southeast Asia, including China, have been favorable since April 2013. Backed by increasing demand for systems for non-store retailers, such as online shopping or e-commerce, Daifuku received an order for large distribution centers from one of South Korea’s online supermarkets. Orders for not only large systems but also small and midsize systems remained strong, with a focus on automated warehouse systems.

In systems for semiconductor factories, orders fell compared to the previous fiscal year, when advanced capital investment plans were implemented. However, demand for these systems has improved in the United States in the second half of the fiscal year. Meanwhile, in systems for flat-panel display (FPD) factories, orders in China are influenced by delays in initial investment plans.

In automobile production line systems, inquiries for projects in North America, China, and Southeast Asian countries were brisk.

<Sales>

In storage, transport, sorting, and picking systems for manufacturers and distributors, sales for large projects in the pharmaceutical manufacturing, distribution, agriculture, and food sectors in Japan remained firm.

Sales of systems for semiconductor factories in South Korea, North America, and Taiwan also remained solid. In systems for FPD factories, projects in China have been contributing to sales.

Sales of automobile production line systems were favorable, backed by an increase in services and small upgrading projects in Japan in addition to extensive order backlogs.

In car wash machines, sales in the mainstay service station sector and the car aftermarket sector remained steady, from the previous fiscal year.

In other lifestyle products, sales of wheelchair lifts for care-provider vehicles were firm, reflecting demographic aging.

<Income>

Segment income increased significantly, mainly due to the progress of cost cutting efforts in systems for manufacturers and distributors and the robust sales in automobile production line systems.

As a result, Daifuku recorded orders of 59,275 million yen, up 6.8% from the previous fiscal year, net sales of 53,170 million yen, up 4.7%, and segment income of 2,373 million yen, up 250.6%.

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

In electronic devices, sales of industrial-use personal computers increased, along with the increased capital investment in Japan. Furthermore, sales of embedded PCs for medical devices remained favorable at U.S.-based DTx Inc., which became Contec's subsidiary in December 2012. In solution products, sales of photovoltaic data measuring systems remained favorable.

Profits also increased significantly in step with the increased sales and the effect from cost cutting efforts through product standardization.

As a consequence, Contec posted orders of 7,377 million yen, up 71.2% from the previous fiscal year, net sales of 6,114 million yen, up 55.7%, and a segment income of 56 million yen, an increase of 161 million yen.

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

Daifuku Webb Holding Company oversees Daifuku's North American business, with Daifuku America Corporation, Jervis B. Webb Company, and ELS Holding Company, the parent company of Elite Line Services, LLC, under its control. It also focuses on making effective use of the operating resources of the Group's entities in North America.

In automobile production line systems, Daifuku Webb won large orders from one of the Detroit Three automakers, producing favorable results, propelled by brisk capital spending in the North American automotive industry. Sales of large systems for Japanese and Detroit Three automakers benefited earnings. Segment income increased because of strong results from the service business, which also contributed to earnings.

In systems for the semiconductor sector, orders and sales remained firm as planned. Demand for capital investment has been recovering in the second half of the fiscal year, which bolsters orders for nitrogen purge stockers.

In airport baggage handling systems, investment plans were scaled back considerably, given cuts in expenditures by the U.S. government. Meanwhile, the results of ELS, which provides airport operation and maintenance services, benefited earnings.

In systems for manufacturers and distributors, Daifuku Webb operated mainly for small projects and services. Looking ahead, the segment will expand its operations with Wynright, which became a Daifuku Webb subsidiary and has experience in jointly undertaking large projects, by winning more large orders.

As a result, Daifuku Webb achieved orders of 24,507 million yen, down 1.4% from the previous fiscal year, net sales of 22,286 million yen, up 41.7%, and segment income of 519 million yen, up 52.5%.

Other

This segment consists of all of the Daifuku Group's consolidated subsidiaries, with the exception of the three above. The Group has 49 consolidated subsidiaries worldwide. Major Japanese subsidiaries in this segment include Daifuku Plusmore Co., Ltd., which sells car wash machines and bowling-related products.

Outside Japan, major subsidiaries in this segment include Daifuku (China) Co., Ltd. in China, Daifuku Korea Co., Ltd. and Clean Factomation, Inc. in South Korea, Taiwan Daifuku Co., Ltd. in Taiwan, and Daifuku (Thailand) Ltd. in Thailand. These companies primarily sell and manufacture material handling systems and equipment. They have been increasing exports to overseas markets, playing a role in building efficient global production and procurement systems of the Group.

Business performance remained strong, particularly at subsidiaries in Asia.

In China, Daifuku China posted better-than-expected orders mainly from the food, beverage, pharmaceutical manufacturing, paper, and distribution sectors, backed by brisk capital investment from local and Western companies. With regard to systems for the FPD and semiconductor sectors, projected orders remained slow. In systems for automotive sectors, Daifuku China has mainly received orders from non-Japanese automakers. However, Japanese automakers have started their investment plans to upgrade existing facilities. Meanwhile, exports from China to automakers in non-Chinese countries contributed to sales.

In Taiwan, large orders from the paper and touch panel sectors contributed to earnings, despite some delays within the semiconductor sector.

In South Korea, the performance of semiconductor manufacturers changed for the better, and this has led to demand for capital investment mainly for nitrogen purge stockers. In automobile production line systems, Daifuku Korea responded to demand from local automakers for domestic factory upgrades and production in China, with good results. In addition, sales of car wash machines remained firm.

In ASEAN countries, capital investment in Japanese automakers has been brisk. In particular, Daifuku Thailand has been continuing production at full capacity. In addition, inquiries mainly from the food sector for automated warehouse systems have increased.

In Europe and Africa, Logan Teleflex (UK) Ltd. and Logan Teleflex (France) S.A.S. have been seeking orders for airport baggage handling systems.

Consequently, the segment recorded orders of 38,232 million yen, up 78.3% from the previous fiscal year,

net sales of 29,135 million yen, up 28.4%, and segment income of 1,571 million yen, up 73.3%.

(2) Financial position

Assets

Total assets at the end of the first half of the fiscal year under review stood at 219,805 million yen, an increase of 12,930 million yen from the end of the previous fiscal year. This result principally reflected an increase of 8,873 million yen in cash on hand and in banks, resulting from the collection of notes and accounts receivable and unbilled receivables, as well as an increase in short-term borrowings and an increase of 2,162 million yen in costs on uncompleted contracts.

Liabilities

Total liabilities amounted to 126,345 million yen, an increase of 5,155 million yen from the end of the previous fiscal year. Primary factors included an increase of 5,384 million yen in short-term borrowings.

Net assets

Net assets were 93,460 million yen, a rise of 7,775 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 5,361 million yen in total other comprehensive income mainly due to investments in securities and foreign currency translation adjustments.

Cash flows

Cash and cash equivalents at the end of the first half of the fiscal year under review increased 2,076 million yen year on year, to 42,359 million yen.

Individual cash flows during the first half of the fiscal year under review and contributing factors are as follows:

Cash flows from operating activities

Cash provided by operating activities totaled 4,087 million yen, a decrease in cash of 8,456 million yen from a year ago. This primarily reflects an increase of 1,696 million yen in inventories and a decrease of 2,108 million yen in notes and accounts payable, offsetting a decrease of 8,490 million yen in notes and accounts receivable.

Cash flows from investing activities

Cash used in investing activities was 1,573 million yen, an increase in cash of 5,624 million yen from a year ago. Major factors included an outlay of 1,656 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Cash used in financing activities was 3,544 million yen, a decrease in cash of 1,907 million yen from a year

ago, mainly attributable to dividend payments of 1,102 million yen, as well as a net increase of 4,748 million yen in interest-bearing liabilities.

(3) Outlook for the fiscal year ending March 31, 2014

The Daifuku Group has revised its full-year earnings forecast for the fiscal year ending March 31, 2014, which was announced on August 9, 2013, as follows:

Sales forecast reflects mainly the consolidation of results for the fourth quarter of U.S.-based Wynright Corporation, which was acquired by the Group on October 1, 2013 and which closes its accounts in December, and the fact that demand for transport systems for semiconductor factories is buoyant in the United States. In terms of profits, positive factors include mainly the improved profitability of Daifuku Co., Ltd. and Contec.

In addition, the Group has revised its orders forecast of 245,000 million yen to 260,000 million yen, given Wynright's orders backlog and the company's orders to be received in the fourth quarter of the fiscal year under review.

Revisions to the earnings forecast for the fiscal year ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(Million yen)

	Previous forecast (A)	Current forecast (B)	Change (B - A)	Rate of change (%)	Reference: Results for fiscal year ended March 31, 2013
Net sales	225,000	230,000	5,000	2.2	202,337
Operating income	9,500	10,000	500	5.3	8,010
Ordinary income	9,000	9,800	800	8.9	7,999
Net income	5,500	5,700	200	3.6	4,439
Net income per share (yen)	49.71	51.52	-	-	40.12

2. Matters Relating to Summary Information (Notes)

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2012 (Year ended March 31, 2013)	First half of FY2013 (Period ended September 30, 2013)
ASSETS		
Current assets:		
Cash on hand and in banks	33,735	42,609
Notes and accounts receivable and unbilled receivables	68,826	63,294
Merchandise and finished goods	3,368	3,307
Costs incurred on uncompleted construction contracts and other	5,751	7,914
Raw materials and supplies	8,484	9,047
Other current assets	19,769	24,852
Allowance for doubtful accounts	(105)	(126)
Total current assets	139,831	150,899
Non-current assets:		
Property, plant and equipment	31,297	32,523
Intangible assets		
Goodwill	5,768	6,868
Other	3,266	3,123
Total intangible assets	9,035	9,992
Investments and other assets		
Other	26,860	26,537
Allowance for doubtful accounts	(148)	(147)
Total investments and other assets	26,711	26,390
Total non-current assets	67,044	68,906
Total assets	206,875	219,805
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,553	28,690
Electronically recorded obligations - operating	-	8,248
Short-term borrowings and current portion of long-term borrowings	28,221	33,606
Current portion of bonds	6,000	6,000
Income taxes payable	1,416	2,246
Provision for losses on construction contracts	739	622
Other current liabilities	21,066	19,174
Total current liabilities	93,998	98,589
Non-current liabilities:		
Long-term borrowings	19,163	19,110
Provision for retirement benefits	4,712	5,136
Other non-current liabilities	3,315	3,509
Total non-current liabilities	27,191	27,756
Total liabilities	121,190	126,345

(Million yen)

	FY2012 (Year ended March 31, 2013)	First half of FY2013 (Period ended September 30, 2013)
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,028
Retained earnings	69,859	72,074
Treasury stock	(2,424)	(2,429)
Total shareholders' equity	84,486	86,697
Accumulated other comprehensive income:		
Net unrealized gain on securities	1,809	2,787
Deferred gain (loss) on hedges	(14)	(21)
Foreign currency translation adjustments	(2,743)	1,647
Total accumulated other comprehensive income	(948)	4,413
Minority interests:	2,147	2,349
Total net assets	85,685	93,460
Total liabilities and net assets	206,875	219,805

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	FY2012 H1 (April 1, 2012 - September 30, 2012)	FY2013 H1 (April 1, 2013 - September 30, 2013)
Net sales	94,418	111,853
Cost of sales	77,132	91,312
Gross profit	17,285	20,541
Selling, general and administrative expenses:		
Selling expenses	7,091	7,724
General and administrative expenses	7,274	8,224
Total selling, general and administrative expenses	14,366	15,949
Operating income	2,919	4,591
Other income:		
Interest income	42	138
Dividend income	153	144
Foreign exchange gain	–	273
Rental income	113	115
Other	104	240
Total other income	413	912
Other expenses:		
Interest expenses	441	433
Foreign exchange loss	317	–
Miscellaneous expenses	131	20
Total other expenses	891	453
Ordinary income	2,441	5,050
Extraordinary income:		
Gain on sales of property, plant and equipment	1	2
Other	3	–
Total extraordinary income	5	2
Extraordinary loss:		
Loss on disposal and sales of property, plant and equipment	47	21
Loss on valuation of investments in securities	63	–
Loss on valuation of membership	–	24
Other	6	3
Total extraordinary loss	117	49
Income before income taxes and minority interests	2,329	5,004
Income taxes - current	893	2,417
Income taxes - deferred	166	(713)
Total income taxes	1,060	1,703
Income before minority interests	1,269	3,300
Minority interests in net income (loss)	(0)	48
Net income	1,270	3,251

(Million yen)

	FY2012 H1 (April 1, 2012 - September 30, 2012)	FY2013 H1 (April 1, 2013 - September 30, 2013)
Minority interests in net income (loss)	(0)	48
Income before minority interests	1,269	3,300
Other comprehensive income		
Net unrealized gain (loss) on securities	(457)	1,000
Deferred gain (loss) on hedges	0	(23)
Foreign currency translation adjustments	529	3,934
Share of other comprehensive income of affiliates accounted for by the equity method	(39)	618
Total other comprehensive income	33	5,530
Comprehensive income:	1,302	8,830
Comprehensive income attributable to:		
Shareholders of the parent company	1,283	8,613
Minority interests	19	216

(3) Consolidated Statements of Cash Flows

(Million yen)

	FY2012 H1 (April 1, 2012 - September 30, 2012)	FY2013 H1 (April 1, 2013 - September 30, 2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	2,329	5,004
Depreciation	1,617	1,731
Interest and dividend income	(195)	(282)
Interest expenses	441	433
Decrease (increase) in notes and accounts receivable	10,285	8,490
Decrease (increase) in inventories	(3,945)	(1,696)
Increase (decrease) in notes and accounts payable	934	(2,108)
Increase (decrease) in advances received on uncompleted contracts	5,113	(1,593)
Other	(3,259)	(4,348)
Subtotal	13,321	5,629
Interest and dividend income received	191	281
Interest expenses paid	(434)	(506)
Income taxes refund (paid)	(665)	(1,514)
Other proceeds	130	197
Net cash provided by operating activities	12,543	4,087
Cash flows from investing activities:		
Investments in time deposits	-	(231)
Proceeds from refund of time deposits	67	205
Payments for purchase of property, plant and equipment	(1,038)	(1,656)
Proceeds from sales of property, plant and equipment	39	67
Payments for purchase of investments in securities	(57)	(10)
Payments for acquisition of shares in subsidiaries	(2,352)	(33)
Payments for acquisition of shares in affiliates that affected the scope of equity method	(3,429)	-
Other	(426)	84
Net cash used in investing activities	(7,197)	(1,573)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(2,600)	4,896
Proceeds from long-term borrowings	9,311	9
Repayment of long-term borrowings	(61)	(158)
Payments for purchase of treasury stock	(1)	(4)
Payments of cash dividends	(1,100)	(1,102)
Other	(95)	(96)
Net cash provided by financing activities	5,452	3,544
Effect of exchange rate change on cash and cash equivalents	47	1,769
Net increase (decrease) in cash and cash equivalents	10,845	7,828
Cash and cash equivalents at beginning of period	29,438	33,722
Decrease (increase) in cash and cash equivalents resulting from change of scope of consolidation	-	808
Cash and cash equivalents at end of period	40,283	42,359

Note on Going Concern Assumption

Not applicable

Notes for a Material Change in the Amount of Shareholders Equity

Not applicable

Segment Information

I. The first half of the previous fiscal year ended March 31, 2013 (from April 1, 2012 to September 30, 2012)

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

(Million yen)

	Reportable Segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	50,766	3,927	15,732	70,426	22,694	93,121
Inter-segment sales or transfers	12,340	4,251	145	16,737	5,287	22,024
Total	63,106	8,178	15,878	87,164	27,982	115,146
Segment income (loss)	677	(105)	340	912	906	1,819

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

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

Net Sales	(Million yen)
Reportable segment total	87,164
Net sales classified in “Other”	27,982
Elimination of inter-segment transactions	(22,024)
Adjustment for consolidation of sales on the percentage-of-completion basis	1,450
Other adjustments for consolidation	(153)
Net sales in quarterly consolidated financial statements	94,418

Segment Income	(Million yen)
Reportable segment total	912
Net income classified in “Other”	906
Elimination of dividends from affiliates	(134)
Adjustment for consolidation of sales on the percentage-of-completion basis	(182)
Other adjustments for consolidation	(231)
Net income in quarterly consolidated financial statements	1,270

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

Not applicable

II. The first half of the fiscal year ending March 31, 2014 (from April 1, 2013 to September 30, 2013)

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

(Million yen)

	Reportable Segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	53,170	6,114	22,286	81,571	29,135	110,707
Inter-segment sales or transfers	11,507	3,737	1,088	16,333	6,381	22,714
Total	64,677	9,852	23,375	97,905	35,517	133,422
Segment income	2,373	56	519	2,949	1,571	4,521

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

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

Net Sales	(Million yen)
Reportable segment total	97,905
Net sales classified in “Other”	35,517
Elimination of inter-segment transactions	(22,714)
Adjustment for consolidation of sales on the percentage-of-completion basis	1,360
Other adjustments for consolidation	(214)
Net sales in quarterly consolidated financial statements	111,853

Segment Income	(Million yen)
Reportable segment total	2,949
Net income classified in “Other”	1,571
Elimination of dividends from affiliates	(451)
Adjustment for consolidation of sales on the percentage-of-completion basis	(191)
Other adjustments for consolidation	(626)
Net income in quarterly consolidated financial statements	3,251

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

Not applicable

Major subsequent events

Based on a resolution at the Board of Directors meeting held on September 12, 2013, Daifuku Co., Ltd. issued Japanese yen convertible notes with stock acquisition rights due 2017 and the payment was completed on October 2, 2013. A summary is as follows:

1. Description of the issue: Japanese Yen Convertible Notes due 2017 (the “Notes”)—notes with stock acquisition rights
2. Aggregate principal amount: JPY 15 billion
3. Issue price: 101.1 percent of the principal amount of the Notes
4. Offer price: 103.5 percent of the principal amount of the Notes
5. Coupon: The Notes bear no interest.
6. Date of payment: October 2, 2013
7. Redemption at final maturity: At 100.0 percent of the principal amount of the Notes
8. Final maturity: October 2, 2017
9. Stock acquisition rights:
 - i) Class of shares to be exercised from stock acquisition rights: common shares of the Company
 - ii) Aggregate number of stock acquisition rights: 3,000
 - iii) Conversion price: JPY 1,406
 - iv) Exercise period: On or after October 16, 2013 (Luxembourg time) and prior to the close of banking business hours in Luxembourg on September 15, 2017
10. Security or guarantee for the Notes: No security or guarantee will be attached to the Notes.
11. Use of Proceeds:
 - i) A maximum amount of JPY 5 billion will be used for all or part of the purchase price for the acquisition of Wynright Corporation to expand business in the United States for storage, transport, sorting and picking systems for general manufacturers and distributors during the fiscal year ending March 31, 2014;
 - ii) JPY 2.5 billion will be used for capital expenditure for each business division by March 31, 2014; and
 - iii) the remaining amount will be used for the repayment of long-term borrowings by March 31, 2014.