

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

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

November 11, 2014

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

URL: www.daifuku.co.jp

Representative: Masaki Hojo, President and CEO

Contact: Tsukasa Saito, General Manager of Finance & Accounting Division

Tel: +81-6-6472-1261

Scheduled date for filing quarterly financial report: November 14, 2014

Scheduled date of commencing dividend payment: December 5, 2014

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 2014

(April 1, 2014 - September 30, 2014)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal 2014	123,925	10.8	5,640	22.8	6,148	21.7	4,212	29.5
First half of fiscal 2013	111,853	18.5	4,591	57.3	5,050	106.9	3,251	156.0

Note: Comprehensive income

First half of fiscal 2014: 3,311 million yen (-62.5%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
First half of fiscal 2014	38.05	34.60
First half of fiscal 2013	29.39	-

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half of fiscal 2014	239,259	101,655	41.3
Fiscal 2013	249,531	99,690	38.8

Reference: Shareholders' equity

First half of fiscal 2014: 98,706 million yen

Fiscal 2013: 96,842 million yen

2. Dividends

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

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2015

(April 1, 2014 - March 31, 2015)

(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	270,000	11.7	14,000	11.5	14,300	8.4	8,800	13.7	79.49

Note: Revisions to the latest consolidated financial forecast: None

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the 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: Yes
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None

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

(4) Number of shares issued (Common stock)

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

First half of fiscal 2014: 113,671,494 shares

Fiscal 2013: 113,671,494 shares

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

First half of fiscal 2014: 2,931,022 shares

Fiscal 2013: 3,012,390 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First half of fiscal 2014: 110,703,628 shares

First half of fiscal 2013: 110,645,469 shares

Note: The number of treasury stock at the end of the first half of the fiscal year ending March 31, 2015 includes 340,200 shares owned by a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the fiscal year ended March 31, 2014 included 423,000 shares owned by a trust on behalf of Daifuku employees' shareholding association.

Regarding the status of quarterly review procedures

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

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(3) "Outlook for the fiscal year ending March 31, 2015."

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

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first 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, while European economies continued to struggle. Meanwhile, the U.S. economy sustained moderate growth. The consumption tax increase had some impact on the Japanese economy, although business sentiment maintained its underlying strength, evident in capital investment.

In the material handling and logistics industry, demand from the e-commerce sector has been increasing worldwide. In addition, demand for facilities with more automation is rising to overcome the on-site issue of labor shortages in Japan.

Amid these conditions, orders received by the Daifuku Group were driven by systems for manufacturers and distributors. Business in North America remained strong, and in particular benefited from about 9.9 billion yen in orders received by the U.S. company Wynright Corporation, which joined the Group in October 2013. In systems for automobile factories, large orders from Detroit's Big Three automakers also contributed to earnings. Orders in Asia lost momentum in the first quarter of the fiscal year under review, due to the impact of the downturn in Asian economies. However, orders from the e-commerce, semiconductor and flat-panel display (FPD) sectors remained favorable in the second quarter. Sales were positive, underpinned by the increased sales in North America, including about 11.6 billion yen in sales posted by Wynright.

Specifically, the Group received orders of 146,005 million yen, up 12.8% from a year earlier, and recorded net sales of 123,925 million yen, up 10.8%.

In terms of profits, a better-than-expected income posted by Daifuku Co., Ltd. for the second quarter of the fiscal year under review, strong sales by Contec Co., Ltd., and positive results recorded by non-Japanese subsidiaries, which sell systems for automobile, semiconductor and FPD factories, contributed to earnings. Consequently, the Group posted operating income of 5,640 million yen, up 22.8% from a year earlier, and ordinary income of 6,148 million yen, up 21.7%. Net income was 4,212 million yen, up 29.5%, due to extraordinary income from the sale of assets.

Daifuku is moving forward with its four-year business plan, "Value Innovation 2017" (covering the fiscal years that end March 2014 to 2017), with the aim of achieving consolidated sales of 280 billion yen and a consolidated operating income ratio of 7% in the fiscal year ending March 31, 2017. The plan's measures include "Identifying new businesses and markets" through proactive M&A and tie-ups. On October 30, 2014, Daifuku Co., Ltd. entered into an agreement to purchase an 80% share of New Zealand-based BCS Group Limited (BCS). BCS, which employs a staff of about 400 people, posted net sales of about 12.3 billion yen for the fiscal year ended June 2014. The company has delivered an abundance of baggage handling systems to

airports mostly in Oceania and Southeast Asia. The Group, which has focused to acquire companies mostly in Europe and the United States, will seek benefits from the collaboration with BCS in terms of sales territory, customer base, and products. BCS has also engaged in systems for parcel delivery centers. The Group will expand its business, working together with BCS in the e-commerce field where future growth is expected.

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

Daifuku Co., Ltd.

<Orders>

In our mainstay systems for manufacturers and distributors, orders for large projects remained firm in the distribution, pharmaceutical wholesaling, and food sectors. In addition, large orders from the e-commerce sector outside of Japan contributed to earnings.

In systems for semiconductor and FPD factories, orders from semiconductor factories in the United States and FPD factories in China were firm.

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

<Sales>

In systems for manufacturers and distributors, sales remained firm in the food and pharmaceutical wholesaling sectors. In addition, sales of large systems for the e-commerce and supermarket sector contributed to earnings.

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

Sales of automobile production line systems were mostly in Japan and emerging countries.

In car wash machines, the sales volume for car service stations increased, since the reaction to the last-minute demand before the rise in the Japanese consumption tax settled down. In other lifestyle products, sales of wheelchair lifts for care-provider vehicles held firm, reflecting the aging population.

<Income>

Segment income benefited from increased sales in systems for semiconductor factories, cost-cutting efforts in production, and the reviewed SG&A expenses during the second quarter of the fiscal year under review, in particular.

As a result, Daifuku recorded orders of 60,932 million yen, up 2.8% from the previous fiscal year, net sales of 52,217 million yen, down 1.8%, and segment income of 2,403 million yen, up 1.2%.

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

In the Japanese market, sales of industrial-use computers and measuring and control boards increased, backed by increased capital investment, which was shown by the fact that orders for machinery, regarded as a business indicator, remained firm. In addition, in the U.S. market, demand from the medical device sector was firm. Accordingly, sales of embedded PCs for medical devices remained favorable. Profits increased significantly, mainly due to increased sales and the extraordinary income from the sale of assets.

As a consequence, Contec posted orders of 7,865 million yen, up 6.6% from the previous fiscal year, net sales of 7,138 million yen, up 16.7%, and segment income of 555 million yen, up 880.7%.

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

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

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

In automobile production line systems, orders and sales remained favorable for new projects and services, including large orders from Detroit's Big Three automakers, thanks to brisk capital investment among automakers in North America. As Jervis B. Webb has become more closely integrated into Daifuku America Corporation, Daifuku Webb has been gradually harnessing the power of the collaboration between Daifuku America and Jervis B. Webb in technologies and project management.

In airport baggage handling systems, orders have hit a wall but are now on a recovery trend.

Profits increased, reflecting sales of automobile production line systems.

As a result, Daifuku Webb achieved orders of 41,914 million yen, up 71.0% year on year, net sales of 38,812 million yen, up 74.1%, and segment income of 647 million yen, up 24.7%.

Other

The Other segment includes all other Daifuku Group companies, excluding the aforementioned three segments. The Group has 52 consolidated subsidiaries and affiliates located in Japan and overseas. Major Japanese subsidiaries in this segment include Daifuku Plusmore Co., Ltd., which sells car wash machines and bowling-related products.

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

In China, orders for FPD factories were brisk. Orders also included systems for the large parts center of a non-Chinese automaker, pharmaceutical manufacturers and wholesalers, and automobile factories at home and overseas.

In Taiwan, Taiwan Daifuku improved profitability in its role as a producer of systems for FPD factories in China, where large orders have continued, despite weakness in domestic demand.

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

In Thailand, Indonesia, and Malaysia, orders grew at a sluggish pace under unfavorable business sentiment. In consideration of ASEAN's potential, however, the Group will continue to strengthen its local operating frameworks to receive orders from automobile factories that need to upgrade or replace their facilities, as well as to meet demand for low-temperature logistics in the food and beverage sectors.

In Europe, Africa, and the Middle East, the Group is strengthening the management of its subsidiaries that engage in airport baggage handling systems, seeking orders particularly in Asia.

Consequently, the segment received orders of 35,293 million yen, down 7.7% from the previous fiscal year, net sales of 27,157 million yen, down 6.8%, and posted segment income of 1,579 million yen, up 0.5%.

(2) Financial position

Assets

Total assets at the end of the first half of the fiscal year under review stood at 239,259 million yen, a decrease of 10,271 million yen from the end of the previous fiscal year. This result principally reflected the collection of 8,645 million yen in notes and accounts receivable and unbilled receivables.

Liabilities

Total liabilities amounted to 137,604 million yen, a decrease of 12,236 million yen from the end of the previous fiscal year. Primary factors included a decrease of 7,038 million yen in notes and accounts payable and construction contracts payable.

Net assets

Net assets were 101,655 million yen, a rise of 1,964 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 2,795 million yen in retained earnings, as well as a decrease of 1,034 million yen in total other comprehensive income due to securities owned 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 4,339 million yen year on year, to 46,699 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 used in operating activities totaled 2,462 million yen, a decrease in cash of 6,549 million yen from a year ago. This primarily reflected an increase of 6,121 million yen in inventories and a decrease of 5,158 million yen in notes and accounts payable, offsetting a decrease of 7,493 million yen in notes and accounts receivable.

Cash flows from investing activities

Cash used in investing activities was 407 million yen, an increase in cash of 1,165 million yen from a year ago. Major factors included an outlay of 1,387 million yen for the purchase of property, plant and equipment and other proceeds of 679 million yen including the sale of investments in securities.

Cash flows from financing activities

Cash used in financing activities was 1,574 million yen, a decrease in cash of 5,119 million yen from a year ago, mainly attributable to dividend payments of 1,443 million yen.

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

The Daifuku Group has not revised its full-year earnings forecasts for the fiscal year ending March 31, 2015, which was announced on August 8, 2014. However, full-year orders are expected to reach 290,000 million yen, an increase of 10,000 million yen from 280,000 million yen of the previous forecast, reflecting the consolidation of 8,500 million yen from the order backlog at the end of December 2014 for New Zealand's BCS, with which Daifuku entered into a share purchase agreement on October 30, 2014.

2. Matters Relating to Summary Information (Notes)

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

Changes in Accounting Policies

Application of accounting standards for retirement benefits

The Company applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26; May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012), in accordance with the provisions of the main clauses of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits, from the first quarter under review. Consequently, the Company changed the method for attributing projected benefits to periods, switching from the straight-line basis to the benefit formula basis, in line with the revision of the method of calculating retirement benefit obligations and service costs. With respect to the period of bonds used as a basis for determining the discount rate, the Company changed from the method of determination based on a number of years similar to the average remaining service period of employees to the method of using a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits each period.

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

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2013 (Year ended March 31, 2014)	First half of FY2014 (Period ended September 30, 2014)
ASSETS		
Current assets:		
Cash on hand and in banks	52,132	46,829
Notes and accounts receivable and unbilled receivables	74,217	65,572
Merchandise and finished goods	3,307	3,699
Costs incurred on uncompleted construction contracts and other	6,599	11,542
Raw materials and supplies	10,475	10,851
Other current assets	24,186	24,535
Allowance for doubtful accounts	(137)	(130)
Total current assets	170,781	162,900
Non-current assets:		
Property, plant and equipment	34,075	33,463
Intangible assets		
Goodwill	10,139	9,439
Other	4,716	4,259
Total intangible assets	14,856	13,698
Investments and other assets		
Other	29,949	29,327
Allowance for doubtful accounts	(131)	(131)
Total investments and other assets	29,817	29,196
Total non-current assets	78,749	76,358
Total assets	249,531	239,259
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,818	29,780
Electronically recorded obligations - operating	10,061	10,849
Short-term borrowings	7,014	7,562
Income taxes payable	3,991	1,599
Provision for losses on construction contracts	275	162
Other current liabilities	25,548	24,690
Total current liabilities	83,711	74,645
Non-current liabilities:		
Bonds	2,700	2,700
Bonds with stock acquisition rights	15,131	15,112
Long-term borrowings	33,298	32,418
Liabilities for retirement benefits	8,681	7,529
Other non-current liabilities	6,318	5,197
Total non-current liabilities	66,129	62,959
Total liabilities	149,840	137,604

(Million yen)

	FY2013 (Year ended March 31, 2014)	First half of FY2014 (Period ended September 30, 2014)
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,239	9,239
Retained earnings	76,009	78,805
Treasury stock	(2,620)	(2,517)
Total shareholders' equity	90,652	93,551
Accumulated other comprehensive income:		
Net unrealized gain on securities	3,102	3,526
Deferred gain (loss) on hedges	(29)	(43)
Foreign currency translation adjustments	5,310	3,689
Accumulated adjustments on retirement benefits	(2,194)	(2,017)
Total accumulated other comprehensive income	6,189	5,155
Minority interests:	2,848	2,948
Total net assets	99,690	101,655
Total liabilities and net assets	249,531	239,259

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	FY2013 H1 (April 1, 2013 - September 30, 2013)	FY2014 H1 (April 1, 2014 - September 30, 2014)
Net sales	111,853	123,925
Cost of sales	91,312	100,650
Gross profit	20,541	23,274
Selling, general and administrative expenses:		
Selling expenses	7,724	8,542
General and administrative expenses	8,224	9,091
Total selling, general and administrative expenses	15,949	17,633
Operating income	4,591	5,640
Other income:		
Interest income	138	78
Dividend income	144	169
Foreign exchange gain	273	-
Rental income	115	90
Refunded foreign taxes	-	168
Other	240	280
Total other income	912	787
Other expenses:		
Interest expenses	433	221
Miscellaneous expenses	20	58
Total other expenses	453	279
Ordinary income	5,050	6,148
Extraordinary income:		
Gain on sales of property, plant and equipment	2	153
Gain on sales of investments in securities	-	300
Other	-	9
Total extraordinary income	2	463
Extraordinary loss:		
Loss on liquidation of subsidiaries and affiliates	-	94
Loss on disposal and sales of property, plant and equipment	21	38
Loss on valuation of membership	24	-
Other	3	3
Total extraordinary loss	49	135
Income before income taxes and minority interests	5,004	6,476
Income taxes - current	2,417	1,655
Income taxes - deferred	(713)	379
Total income taxes	1,703	2,034
Income before minority interests	3,300	4,441
Minority interests in net income	48	228
Net income	3,251	4,212

(Million yen)

	FY2013 H1 (April 1, 2013 - September 30, 2013)	FY2014 H1 (April 1, 2014 - September 30, 2014)
Minority interests in net income	48	228
Income before minority interests	3,300	4,441
Other comprehensive income		
Net unrealized gain on securities	1,000	374
Deferred gain (loss) on hedges	(23)	7
Foreign currency translation adjustments	3,934	(1,520)
Adjustments on retirement benefits	–	188
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	618	(179)
Total other comprehensive income (loss)	5,530	(1,129)
Comprehensive income:	8,830	3,311
Comprehensive income attributable to:		
Shareholders of the parent company	8,613	3,177
Minority interests	216	133

(3) Consolidated Statements of Cash Flows

(Million yen)

	FY2013 H1 (April 1, 2013 - September 30, 2013)	FY2014 H1 (April 1, 2014 - September 30, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	5,004	6,476
Depreciation	1,731	2,008
Interest and dividend income	(282)	(247)
Interest expenses	433	221
Decrease in notes and accounts receivable	8,490	7,493
Decrease (increase) in inventories	(1,696)	(6,121)
Increase (decrease) in notes and accounts payable	(2,108)	(5,158)
Increase (decrease) in advances received on uncompleted contracts	(1,593)	1,547
Other	(4,348)	(5,136)
Sub total	5,629	1,081
Interest and dividend income received	281	248
Interest expenses paid	(506)	(248)
Income taxes refund (paid)	(1,514)	(3,967)
Other proceeds	197	423
Net cash provided by (used in) operating activities	4,087	(2,462)
Cash flows from investing activities:		
Investments in time deposits	(231)	-
Proceeds from refund of time deposits	205	146
Payments for purchase of property, plant and equipment	(1,656)	(1,387)
Proceeds from sales of property, plant and equipment	67	180
Payments for purchase of investments in securities	(10)	(10)
Payments for acquisition of shares in subsidiaries and affiliates	(33)	(15)
Other proceeds	84	679
Net cash used in investing activities	(1,573)	(407)
Cash flows from financing activities:		
Increase in short-term borrowings, net	4,896	197
Proceeds from long-term borrowings	9	7
Repayment of long-term borrowings	(158)	(315)
Payments for purchase of treasury stock	(4)	(1)
Payments of cash dividends	(1,102)	(1,443)
Other	(96)	(18)
Net cash provided by (used in) financing activities	3,544	(1,574)
Effect of exchange rate change on cash and cash equivalents	1,769	(827)
Net increase (decrease) in cash and cash equivalents	7,828	(5,272)
Cash and cash equivalents at beginning of period	33,722	51,852
Increase in cash and cash equivalents resulting from change of scope of consolidation	808	119
Cash and cash equivalents at end of period	42,359	46,699

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 fiscal year ended March 31, 2014 (from April 1, 2013 to September 30, 2013)

1. Information on the amounts of net sales and income 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 on impairment loss of property, plant and equipment by reportable segment

Not applicable

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

1. Information on the amounts of net sales and income by reportable segment

(Million yen)

	Reportable Segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	52,217	7,138	38,812	98,168	27,157	125,326
Inter-segment sales or transfers	10,275	3,852	177	14,304	6,731	21,035
Total	62,493	10,991	38,989	112,473	33,888	146,362
Segment income	2,403	555	647	3,605	1,579	5,185

* “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	112,473
Net sales classified in “Other”	33,888
Elimination of inter-segment transactions	(21,035)
Adjustment for consolidation of sales on the percentage-of-completion basis	(1,421)
Other adjustments for consolidation	20
Net sales in quarterly consolidated financial statements	123,925

Segment Income	(Million yen)
Reportable segment total	3,605
Net income classified in “Other”	1,579
Elimination of dividends from affiliates	(137)
Adjustment for consolidation of sales on the percentage-of-completion basis	(79)
Other adjustments for consolidation	(756)
Net income in quarterly consolidated financial statements	4,212

3. Changes to reportable segments

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

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

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

4. Information on impairment loss of property, plant and equipment by reportable segment

Not applicable