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

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

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

267.2 billion yen

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

66%

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

30%

No. 1
Daifuku was ranked first in global sales in the material handling industry, according to the “Top 20 System Suppliers 2014” survey conducted by the U.S. magazine Modern Materials Handling.

Source: Modern Materials Handling - April 2015

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

14.8 billion yen

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

9.6%

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

Hini Arata
Our Business

Manufacturing and Distribution Systems
FA&D&A  Factory & Distribution Automation

Cleanroom Production Line Systems
eFA  e-Factory Automation

Automobile Production Line Systems
AFA  Automotive Factory Automation

Airport Baggage Handling Systems
ABH

Lifestyle Products
LSP

Electronics
Contec

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

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

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>FY2014 (Billion yen)</th>
<th>FY2013 (Billion yen)</th>
<th>Change (%)</th>
<th>FY2014 (U.S. thousand dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>¥305,967</td>
<td>¥276,831</td>
<td>10.4%</td>
<td>¥2,540,683</td>
</tr>
<tr>
<td>Net sales</td>
<td>267,284</td>
<td>241,811</td>
<td>10.5%</td>
<td>2,222,366</td>
</tr>
<tr>
<td>Operating income</td>
<td>14,863</td>
<td>12,556</td>
<td>18.5%</td>
<td>123,750</td>
</tr>
<tr>
<td>Net income</td>
<td>9,810</td>
<td>7,740</td>
<td>26.7%</td>
<td>81,572</td>
</tr>
<tr>
<td>Capital investment</td>
<td>7,932</td>
<td>10,446</td>
<td>(27.9)%</td>
<td>62,632</td>
</tr>
<tr>
<td>R&amp;D expenditures</td>
<td>6,945</td>
<td>7,490</td>
<td>(7.2)%</td>
<td>57,749</td>
</tr>
</tbody>
</table>

Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>Change (%)</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>¥ 6,295</td>
<td>¥ 20,447</td>
<td>(69.2)%</td>
<td>¥ 52,345</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>¥ (5,846)</td>
<td>(7,372)</td>
<td>20.7%</td>
<td>(48,615)</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>448</td>
<td>13,074</td>
<td>(96.6)</td>
<td>3,729</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(509)</td>
<td>1,045</td>
<td>(148.7)</td>
<td>(4,233)</td>
</tr>
</tbody>
</table>

At Year-End

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>Change (%)</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>¥271,011</td>
<td>¥249,531</td>
<td>8.6%</td>
<td>¥2,253,363</td>
</tr>
<tr>
<td>Working capital</td>
<td>91,187</td>
<td>87,070</td>
<td>4.7</td>
<td>758,192</td>
</tr>
<tr>
<td>Net assets</td>
<td>111,521</td>
<td>99,690</td>
<td>11.9</td>
<td>927,261</td>
</tr>
<tr>
<td>Number of employees</td>
<td>7,746</td>
<td>7,349</td>
<td>5.4</td>
<td></td>
</tr>
</tbody>
</table>

Amounts per Share of Common Stock

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>Change (%)</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income per share (yen and U.S. dollars)</td>
<td>¥ 88.59</td>
<td>¥ 69.96</td>
<td>26.6%</td>
<td>¥ 0.73</td>
</tr>
<tr>
<td>Net assets per share (yen and U.S. dollars)</td>
<td>972.75</td>
<td>875.14</td>
<td>11.2</td>
<td>8.08</td>
</tr>
<tr>
<td>Cash dividends per share (yen and U.S. dollars)</td>
<td>22.00</td>
<td>18.00</td>
<td>22.2%</td>
<td>0.18</td>
</tr>
</tbody>
</table>

Ratios

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>Change (%)</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income/net sales</td>
<td>5.6%</td>
<td>5.2%</td>
<td>+0.4pt</td>
<td></td>
</tr>
<tr>
<td>Net income/net sales</td>
<td>3.7%</td>
<td>3.2%</td>
<td>+0.5pt</td>
<td></td>
</tr>
<tr>
<td>Return on shareholders’ equity (ROE)</td>
<td>9.6%</td>
<td>8.6%</td>
<td>+1.0pt</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity/total assets</td>
<td>38.8%</td>
<td>38.8%</td>
<td>-1.0pt</td>
<td></td>
</tr>
</tbody>
</table>

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

Daifuku was established in 1937 with 150 employees and has steadily expanded its business domains, including systems for automobile manufacturing, factory automation (FA), and distribution automation (DA). As a comprehensive manufacturer of material handling systems, Daifuku has established a strong position in its industry. Aiming for further growth, the Daifuku Group is moving forward toward its goal of becoming a Value Innovator.
The Daifuku Group today operates in 22 countries and regions. The Group is actively expanding into global markets, centering on systems for manufacturers and distributors. Sales outside of Japan remained strong, mainly due to significantly increased sales in North America, with the ratio of non-Japan sales to total sales rising to 66% in fiscal 2014 (the year ended March 31, 2015), exceeding the final numerical target of 60% for the four-year business plan. Daifuku will further aim to achieve a non-Japan sales ratio of 70% for the final year (fiscal 2016) of the plan.

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

Non-Japan Sales by Area (FY2014)

- Asia Pacific: 45.5%
- Europe: 9.6%
- North America: 41.1%
- Other: 3.8%

Source: Modern Materials Handling - April 2015

*1 Calculated from the earnings forecast announced in the third quarter for fiscal 2014 and exchange rates at the time.
*2 Equity-method affiliate since July 2012
Fiscal 2014, the year ended March 31, 2015, was the halfway point in our four-year business plan Value Innovation 2017. Performance for the year was robust, with orders and net sales rising for the fifth consecutive year to the highest levels in our history. We have, therefore, revised our management targets for fiscal 2016, the final fiscal year of our business plan, upward, including an increase of 60 billion yen in the net sales target, to 340 billion yen.

**Performance in Fiscal 2014**

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

Our three core businesses, which are systems for the manufacturing and distribution sectors, the automobile sector, and the semiconductor and flat-panel display (FPD) sectors, were the keys to growth. As our customer bases for automobile production line systems and semiconductor/FPD production line systems are largely fixed, our task is to remain close to those customers and strengthen our hold in these markets. We have been satisfying customer needs through high levels of system developments and meeting deadlines, while pursuing high-quality standards through stable system utilization rates. Our initiatives have earned the strong trust of customers, and this has strengthened our position in core businesses, I believe.

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

(See page 13 for major topics in fiscal 2014)

**Four-Year Business Plan**

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

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

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

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

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

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

Performance and Strategy by Region

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

Daifuku’s sales outside of Japan during fiscal 2014 amounted to 176.4 billion yen, an increase of 19.8% over the previous fiscal year. This represented 66% of overall net sales, up from 61% in fiscal 2013. Outside of Japan, manufacturing and distribution systems as a whole expanded steadily. In addition, robust demand for automobile production line systems in North America and semiconductors/FPD production line systems in Asia benefited earnings.

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

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

Another important issue is eliminating failures at project installation sites. Rather than say that there are no problems whatever at the working level, issues always arise at installation sites. What we do next, after the issues have emerged, is vital. Personally, I enjoy visiting installation sites, because, compared with listing to others describe matters, I can understand quickly where difficulties are occurring, what new initiatives we have to take, and how much trouble is being caused. In a visit to an installation site in the United States, I advised employees to have three-way teleconferences among production, technological, and installation teams in Japan and the United States on a weekly basis. I also encouraged them to continue to communicate with one another and talk about even small issues or even if no special issue needs to be discussed. Work at the installation site improved after they implemented this. Next, I would like to summarize the status of operations by geographical area.

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

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

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

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

Aiming for Sustained Growth

Implementing farsighted initiatives that draw on Daifuku’s strengths

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

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

Non-Japan Sales by Region

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

Note: Since figures of less than 10 million yen have been truncated, the sums of figures by region may differ from the overall total.
We also consider it to be extremely important to increase diversity at our workplaces where everyone is able to use their capabilities to the fullest. For Daifuku, one theme is how it can support the activities of all employees.

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

Allocation of Income
Striving to attain sustained growth as a company capable of generating a 10% ratio of operating income to sales We believe that the ideal allocation of income is to provide one-third to each employees and shareholders, and use the remaining one-third for investing in Daifuku's future growth. In the medium-to-long term, we will give consideration to the balance between dividends to shareholders and investments for growth; however, at present, we consider preference should be given to the remaining one-third for investing in Daifuku's future growth. In the medium-to-long term, we will give consideration to the balance between dividends to shareholders and investments for growth; however, at present, we consider preference should be given to investment for growth.

Under our four-year business plan Value Innovation investment for growth. In the medium-to-long term, we will give consideration to the balance between dividends to shareholders and investments for growth; however, at present, we consider preference should be given to investment for growth. In the medium-to-long term, we will give consideration to the balance between dividends to shareholders and investments for growth; however, at present, we consider preference should be given to investment for growth.

We overcome issues that arise at installation sites, and encounter, we never dodge them, but help one another. In the Daifuku corporate culture, employees are earnest in their capabilities to the fullest. For Daifuku, one theme is how it can support the activities of all employees.

The Management and Corporate Culture
I Aim to Cultivate
Differentiating Daifuku as an enterprise that never dodges issues and always innovates for greater customer value
In the Daifuku corporate culture, employees are earnest in their capabilities to the fullest. For Daifuku, one theme is how it can support the activities of all employees.

Value Growth Engine
Major Topics in Fiscal 2014

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

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

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

Daifuku’s complete support

Consulting  Planning & Engineering  Design  Production  Installation & Operation  After-Sales Service

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

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

Creating the Best Customer Solutions with Real Simulations

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

Daifuku’s Solutions

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

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

Mahindra & Mahindra Limited, one of the largest automobile manufacturers in India, manufactures about 200,000 cars a year in five models on mixed production lines. In 2013, Daifuku delivered a painted body buffer system that uses a unit-load automated warehouse system. The system operates as a temporary storage for the painted car body and retrieves it to the assembly line in the proper order. Under the previous method, the lead time to send the body down the assembly line was a maximum of 30 minutes, but the automated warehouse makes it possible to pinpoint and deliver the body when and where it is needed. This shortens the lead time to a minimum of two minutes.
Quake-absorbing rack online stores. and e-commerce or wholesalers, 100-yen (or US$1) shipments, pharmaceutical chains, agricultural produce systems for convenience store appraised. These include Daifuku's developments for newly emerging industries have been highly increased demand in the 2000s. Also, as the economy and society change, its conventional automated warehouse system technologies, to meet developed cleanroom storage systems for flat-panel display factories, using medical records in hospitals and books in libraries. In addition, Daifuku developed overhead monorail systems for semiconductor cleanroom accumulated expertise and technologies and applying these to new industrial Daifuku is continuing to innovate by improving and combining its and systems that give due regard to safety and the natural environment. corporate social responsibility, Daifuku also proceeds to develop products investment in the systems. To respond to today’s growing attention to the environment where the distribution point is located, special features of existing technologies.

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

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

Daifuku’s High-Rise Research Facility: Solving Problems on High-Rise Construction
The high-rise research facility, which tests 40m high automated warehouse stacker cranes, has developed a sway-control technology. For more storage quantity in limited spaces, taller warehouses are needed. But, as these structures increase in height, sway of the upper part of cranes increases, and items cannot be stored and retrieved until sway subsides. This has an impact on the cycle time. Amid increased demand for larger and higher-throughput automated warehouse systems for large distribution centers, Daifuku’s own sway-control technology solves these problems. Since this technology can also be applied in Europe and the U.S., where restrictions on the height of these structures are less strict than in Japan, the work of the high-rise research facility is becoming increasingly important.

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

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

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

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

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

Patents Registered by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3,000</td>
<td>2,500</td>
<td>2,000</td>
<td>1,500</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>1,500</td>
<td>1,000</td>
<td>500</td>
<td>250</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,000</td>
<td>250</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>China</td>
<td>500</td>
<td>250</td>
<td>100</td>
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<tr>
<td>Taiwan</td>
<td>250</td>
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<td>40</td>
<td>20</td>
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<tr>
<td>Europe</td>
<td>50</td>
<td>25</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>10</td>
<td>5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Concept of Quake-Absorbing Racks
Corporate Governance

Principal Initiatives

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

Management Decision Making, Supervision, and Business Execution Framework

Board of Directors

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

Audit and Supervisory Board

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

Corporate Governance Structure

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

Outside Audit and Supervisory Board members

Three outside Audit and Supervisory Board members—Harumichi Uchida, Isao Kitamoto, and Hiroyuki Torii—bring diverse perspectives to the Audit and Supervisory Board by exchanging opinions with the full-time Audit and Supervisory Board members, attending Board of Directors’ meetings, and gathering information. Along with the previously mentioned outside directors, the Tokyo Stock Exchange has notified that two of the outside Audit and Supervisory Board members, Isao Kitamoto and Hiroyuki Torii, are independent officers.

Accounting auditor

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

Board Member Compensation

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

Compensation for Board Members

(All paid in the fiscal year ended March 31, 2015)

- Directors (Outside directors)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Individuals</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>12</td>
<td>435 million yen (41 million yen)</td>
</tr>
<tr>
<td>Audit and Supervisory Board members</td>
<td>6 (3)</td>
<td>88 million yen (30 million yen)</td>
</tr>
<tr>
<td>Total (Outside officer total)</td>
<td>18 (9)</td>
<td>521 million yen (54 million yen)</td>
</tr>
</tbody>
</table>

Enhancing Corporate Governance Effectiveness

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

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

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

Daifuku also strengthens emergency response structures to communicate within the Group in a speedy and appropriate manner. Consequently, in its fiscal 2014 internal control report, based on the Financial Instruments and Exchange Act of Japan, Daifuku once again evaluated its internal control systems over financial reporting as effective.

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

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

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

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

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

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

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

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

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

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

“A company that supports society and the future”
To achieve this desire, we are engaging in the themes outlined below.

• Provide high quality products and services
• Nurture relationships of trust with our suppliers
• Create good relations with communities
• Strengthen risk management
• Respect human dignity (human rights, labor practices, safety, health)
• Contribute to the environment through corporate activities

Daifuku’s CSR

A comprehensive and long-term policy that concisely captures our views on CSR.

Specifies the six initiatives and declares the implementation of our Corporate Policies Structure in corporate activities as we coexist with our stakeholders.

CSR Action Plan

A plan that sets medium-term targets in line with the six initiatives and defines concrete initiatives

Discloses details and results of initiatives for each fiscal year in the CSR report and website

Outreach

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

Customers

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

Shareholders and Investors

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

Employees

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

Shareholders and Investors

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

Communities

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

TOPICS

Joining the United Nations Global Compact

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

Daifuku’s CSR Action Plan

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

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

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

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

Global Leadership Training

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

Employee Teamwork Initiative Presentations

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

Presentation Meetings on the Brand Message

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

In fiscal 2014, the Company held another session for “Daifuku’s CSR” and discussed how to increase the DAIFUKU brand power.

Environment

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

Daifuku Environmental Vision 2020

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

Contribute to our customers, society, and the conservation of the global environment

We will continue to be environmentally aware in every business activity and contribute to our customers, society, and the conservation of the global environment by consistently developing and providing material handling systems with low environmental impact.

Daifuku Eco-Products

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

Fiscal 2014 environmental action plans and results

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

For more details on Daifuku’s CSR activities, please refer to Daifuku’s CSR Report: www.daifuku.com/csr/report.html
Directors

Masaki Hojo
President and CEO

Jun. 1968  Director, member of the board
Apr. 2003  President of Daifuku America Corporation, an affiliate of Daifuku Co., Ltd.
Apr. 2004  Representative Director (to present)

Shuichi Honda
Director
Corporate Business Development and Airport Baggage Handling

Apr. 1978  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Dec. 2006  Director, member of the board
Dec. 2009  Director, member of the board
Apr. 2012  Senior Assistant to the President

Tatsuo Kurosaka
Audit and Supervisory Board Member

Apr. 1973  Joined Mito Sogo Law Office (now Mitz Hamash & Maitani Co., Ltd.) (to present)
Apr. 2009  Registered as an attorney in New York
Oct. 2010  Worked as assistant manager of legal affairs
Mar. 2011  Worked as assistant manager of human resource

Hanumichi Uchida
Audit and Supervisory Board Member (outside)

Apr. 2012  Member of the Board of Directors (auditor) of Mitsubishi Corporation (Americas)
Dec. 2012  Director

Yoshishina Kurooka
Audit and Supervisory Board Member (outside)

Apr. 1982  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2003  Director, member of the board
Dec. 2003  Director, member of the board
Dec. 2010  Director, member of the board

Isao Kitanomoto
Audit and Supervisory Board Member (outside)

Apr. 1966  Joined Japan Broadcasting Corporation (now NHK) (to present)
Jan. 1969  NHK Main Bureau Chief of OHK Network Bureau
Apr. 1983  Director, member of the board
May 2008  Executive Producer of NHK Enterprise, Inc.
Dec. 2009  Special Adviser to NHK Enterprises, Inc. (to present)

Yoshisaki Ozawa
Outside Director

Apr. 1961  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2007  Director of Daifuku Canada Inc.
Apr. 2008  General Manager of the Finance and Accounting Department
Jun. 2010  Director, member of the board
Jun. 2011  Managing Officer with an introduction of a new corporate officer system

Hidenori Isamoto
Director
Automatic Factory Automation

Apr. 1949  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2006  Director, member of the board
May 2008  Director, member of the board
May 2010  Director, member of the board

Mikio Inohara
Director

Apr. 1957  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 1981  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 1985  Worked at Coopers & Lybrand New York
Aug. 1982  Registered as a Japanese certified public accountant (CPA)

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

Apr. 1980  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2008  Administrative Officer with director status
Jun. 2010  Director, member of the board

Yoshiaki Kato
Audit and Supervisory Board Member (outside)

Apr. 1983  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jun. 2012  Outside Director of Daifuku Co., Ltd.
Jun. 2015  Director, Managing Officer (to present)

Auditors

Yoshishina Kurooka
Audit and Supervisory Board Member (outside)

Apr. 1982  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2003  Director, member of the board
Dec. 2003  Director, member of the board
Apr. 2010  Director, member of the board

Isao Kitanomoto
Audit and Supervisory Board Member (outside)

Apr. 1966  Joined Japan Broadcasting Corporation (now NHK) (to present)
Oct. 1975  NHK Main Bureau Chief of OHK Network Bureau
Oct. 1980  Managing Director of NHK Enterprise 21 Inc.
Dec. 2001  Director, member of the board

Hirokazu Torii
Audit and Supervisory Board Member (outside)

Apr. 1969  Joined Nippon Inc.
Apr. 1972  President of Nippon Research Institute of Industry and Markets
Jan. 2002  Affiliate Professor of Research Center for Advanced Science and Technology of the University of Tokyo
Apr. 2003  Professor of Research Laboratory of Nuclear Reactor of Tokyo Institute of Technology and Technology Agency (to present)
Aug. 2008  Professor of Research Laboratory of Nuclear Reactor of Tokyo Institute of Technology and Technology Agency (to present)

Aki Tanaka
Executive Vice President and COO

Apr. 1977  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jul. 2004  Administrative Officer with director status
Jun. 2006  Director, member of the board
Jun. 2011  Managing Director of the Finance and Accounting Division
Apr. 2012  Corporate Officer

Hidenori Iwamoto
Executive Vice President and CFO (to present)

Apr. 1961  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 2007  Director of Daifuku Canada Inc.
Apr. 2008  General Manager of the Finance and Accounting Department
Jun. 2010  Director, member of the board
Jun. 2011  Managing Officer with an introduction of a new corporate officer system

Osamu Tomiyama
Director

Apr. 1960  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 1969  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Jan. 1978  Manager of the Business Continuity Responsibility Division
Apr. 2010  Director, member of the board

Mikio Inohara
Director

Apr. 1957  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Apr. 1981  Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
Oct. 1985  Worked at Coopers & Lybrand New York
Aug. 1982  Registered as a Japanese certified public accountant (CPA)

Takaya Uemoto
Executive Vice President

Apr. 2012  Corporate Officer
Apr. 2013  Professor emeritus at the University of Tokyo
-Oct. 2016  Executive Vice President of Daifuku North America Holding Company

Hisashi Nishihara
Executive Officer of Davis, Management

Apr. 2006  Director of the Foundation for Civil Dispute Resolution Research Funds (to present)

Noboru Kashiwagi
Outside Director

Jun. 1988  President of Daifuku North America Holding Company, a subsidiary of Daifuku Co., Ltd.

Hiroshi Geshiro
Director
Factory & Distribution Automation

Jul. 1978  Joined Picnichouse/Coopers (PicCo) Operations
Aug. 1982  Registered as a Japanese certified public accountant (CPA)
Oct. 1985  Worked at Coopers & Lybrand New York

Toshiaki Hayashi
Corporate Social Responsibility Chief Officer of Komaki Works

Apr. 1959  Joined Mitsubishi Corporation
Apr. 1964  Worked as assistant manager of legal affairs department of Mitsubishi Corporation (Americas)
Aug. 1992  Secretary at the institute of Business Law and Companies Law and Politics of the University of Tokyo
Jun. 2003  Professor at the University of Tokyo (to present)

Seiji Sato
Director
e-Factory Automation

Apr. 1985  Joined Mitsubishi Corporation
Jun. 1994  Worked as assistant manager of legal affairs department of Mitsubishi Corporation (Americas)

Corporate Officers

Ken Sasaki
Lifestyle Products

Apr. 2012  President and CEO of Daifuku North America Holding Company

Tatsuki Shimura
Factory & Distribution Automation

Apr. 2009  General Manager of the Sales Division under FA&DA Operations (to present)
Apr. 2014  Managing Officer
Apr. 2015  General Manager of FA&DA (Global) Operations (to present)

Executive Officers

Aki Igarashi
Lifestyle Products Production

Apr. 2010  General Manager of the Corporate Social Responsibility Division
Apr. 2011  Managing Officer with an introduction of a new corporate officer system
Apr. 2015  General Manager of eFA Global Operations (to present)

Karji Ann
Factory & Distribution Automation Production

Oct. 2011  Massachusetts Institute of Technology, Laboratory for Not-for-Profit Organizations (to present)

Corporate Officers

Ken Sasaki
Lifestyle Products Production

Apr. 2012  President and CEO of Daifuku North America Holding Company

Tatsuki Shimura
Factory & Distribution Automation

Apr. 2009  General Manager of the Sales Division under FA&DA Operations (to present)
Apr. 2014  Managing Officer
Apr. 2015  General Manager of FA&DA (Global) Operations (to present)

Executive Officers

Aki Igarashi
Lifestyle Products Production

Apr. 2010  General Manager of the Corporate Social Responsibility Division
Apr. 2011  Managing Officer with an introduction of a new corporate officer system
Apr. 2015  General Manager of eFA Global Operations (to present)

Karji Ann
Factory & Distribution Automation Production

Oct. 2011  Massachusetts Institute of Technology, Laboratory for Not-for-Profit Organizations (to present)

Akihiko Nishihara
President and CEO of Daifuku North America Holding Company

Oct. 2011  Massachusetts Institute of Technology, Laboratory for Not-for-Profit Organizations (to present)

Yoshishira Ichinose
Corporate Social Responsibility Chief Officer of Komaki Works

April 2015  General Manager of eFA Global Operations (to present)
### Eleven-Year Summary
Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2005 to 2015

(Million yen and U.S. thousand dollars)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>For the Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>38,759</td>
<td>34,279</td>
<td>28,986</td>
<td>28,328</td>
<td>25,897</td>
<td>25,932</td>
<td>31,736</td>
<td>28,680</td>
<td>26,876</td>
<td>22,982</td>
<td>20,746</td>
</tr>
<tr>
<td>Operating income</td>
<td>14,883</td>
<td>12,556</td>
<td>8,010</td>
<td>4,217</td>
<td>1,726</td>
<td>80</td>
<td>15,015</td>
<td>20,677</td>
<td>18,356</td>
<td>16,741</td>
<td>10,790</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>15,211</td>
<td>12,137</td>
<td>7,316</td>
<td>3,129</td>
<td>703</td>
<td>1,018</td>
<td>7,851</td>
<td>11,893</td>
<td>11,382</td>
<td>10,253</td>
<td>5,231</td>
</tr>
<tr>
<td>Net income</td>
<td>9,810</td>
<td>7,740</td>
<td>4,439</td>
<td>1,223</td>
<td>269</td>
<td>1,018</td>
<td>7,851</td>
<td>11,893</td>
<td>11,382</td>
<td>10,253</td>
<td>5,231</td>
</tr>
<tr>
<td>Net income per share (Yen and U.S. doll.</td>
<td>¥ 88.59</td>
<td>¥ 69.96</td>
<td>¥ 40.12</td>
<td>¥ 11.05</td>
<td>¥ 2.43</td>
<td>¥ 9.20</td>
<td>¥ 70.29</td>
<td>¥ 105.05</td>
<td>¥ 100.50</td>
<td>¥ 92.20</td>
<td>¥ 46.07</td>
</tr>
<tr>
<td>Cash dividends per share (Yen and U.S. doll.)</td>
<td>22.00</td>
<td>18.00</td>
<td>15.00</td>
<td>15.00</td>
<td>15.00</td>
<td>20.00</td>
<td>26.00</td>
<td>26.00</td>
<td>25.00</td>
<td>18.00</td>
<td>13.00</td>
</tr>
<tr>
<td>Capital investment</td>
<td>7,532</td>
<td>10,446</td>
<td>7,687</td>
<td>2,933</td>
<td>3,221</td>
<td>2,280</td>
<td>4,613</td>
<td>4,071</td>
<td>8,281</td>
<td>5,236</td>
<td>3,671</td>
</tr>
<tr>
<td>R&amp;D expenditures</td>
<td>6,945</td>
<td>7,490</td>
<td>6,855</td>
<td>6,484</td>
<td>6,370</td>
<td>6,075</td>
<td>8,018</td>
<td>8,964</td>
<td>7,564</td>
<td>7,629</td>
<td>4,970</td>
</tr>
<tr>
<td><strong>At Year-End</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>¥271,011</td>
<td>¥249,531</td>
<td>¥206,875</td>
<td>¥185,049</td>
<td>¥163,388</td>
<td>¥165,430</td>
<td>¥194,727</td>
<td>¥222,386</td>
<td>¥195,016</td>
<td>¥181,990</td>
<td>¥147,158</td>
</tr>
<tr>
<td>Working capital</td>
<td>91,187</td>
<td>87,070</td>
<td>45,832</td>
<td>61,943</td>
<td>65,908</td>
<td>66,265</td>
<td>75,087</td>
<td>64,840</td>
<td>60,351</td>
<td>52,249</td>
<td>42,575</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>60,547</td>
<td>58,144</td>
<td>53,385</td>
<td>51,010</td>
<td>40,912</td>
<td>45,295</td>
<td>55,417</td>
<td>33,559</td>
<td>33,764</td>
<td>33,856</td>
<td>29,136</td>
</tr>
<tr>
<td>Net assets</td>
<td>111,521</td>
<td>99,690</td>
<td>83,885</td>
<td>76,618</td>
<td>77,714</td>
<td>81,295</td>
<td>82,810</td>
<td>88,709</td>
<td>80,718</td>
<td>68,882</td>
<td>53,337</td>
</tr>
<tr>
<td>Net assets per share (Yen and U.S. doll.)</td>
<td>¥ 927.75</td>
<td>¥ 875.14</td>
<td>¥ 754.98</td>
<td>¥ 674.72</td>
<td>¥ 683.39</td>
<td>¥ 716.07</td>
<td>¥ 718.68</td>
<td>¥ 746.59</td>
<td>¥ 682.01</td>
<td>¥ 548.12</td>
<td>¥ 408.14</td>
</tr>
<tr>
<td>Number of employees</td>
<td>7,746</td>
<td>7,349</td>
<td>6,678</td>
<td>5,017</td>
<td>5,209</td>
<td>5,395</td>
<td>5,660</td>
<td>5,663</td>
<td>4,702</td>
<td>3,716</td>
<td></td>
</tr>
<tr>
<td><strong>Ratios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income/net sales</td>
<td>5.6%</td>
<td>5.2%</td>
<td>4.0%</td>
<td>2.1%</td>
<td>1.1%</td>
<td>0.1%</td>
<td>6.2%</td>
<td>8.9%</td>
<td>8.1%</td>
<td>8.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Income before income taxes and minority interests/net sales</td>
<td>5.7</td>
<td>5.0</td>
<td>3.6</td>
<td>1.6</td>
<td>0.4</td>
<td>0.6</td>
<td>5.8</td>
<td>8.9</td>
<td>7.9</td>
<td>8.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Net income/net sales</td>
<td>3.7</td>
<td>3.2</td>
<td>2.2</td>
<td>0.6</td>
<td>0.2</td>
<td>0.7</td>
<td>3.2</td>
<td>5.1</td>
<td>5.2</td>
<td>5.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Return on shareholders' equity (ROE)</td>
<td>9.6</td>
<td>8.6</td>
<td>5.6</td>
<td>1.6</td>
<td>0.3</td>
<td>1.3</td>
<td>9.6</td>
<td>14.7</td>
<td>15.6</td>
<td>16.8</td>
<td>10.2</td>
</tr>
<tr>
<td>Shareholders' equity/total assets</td>
<td>39.8</td>
<td>38.8</td>
<td>40.4</td>
<td>40.3</td>
<td>46.3</td>
<td>47.9</td>
<td>40.9</td>
<td>38.0</td>
<td>39.6</td>
<td>37.8</td>
<td>36.2</td>
</tr>
</tbody>
</table>

**Notes:**
1. The amount of "Capital investment" in the year ended March 31, 2015 includes goodwill generated from acquisition of shares in overseas companies.
2. The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥120.27 = U.S.$1.00, on the Tokyo Foreign Exchange Market on March 31, 2015.
3. In the calculation of net assets per share, the amount of minority interests is subtracted from the amount of net assets in accordance with the above guidelines.
4. In the calculation of shareholders' equity/total assets ratio and ROE, shareholders' equity represents the amount of net assets less minority interests.
Orders for systems from manufacturers and distributors outside Japan increased. In North America, orders received by Wynright Corporation (“Wynright”), which joined the Group in October 2013, and, in South Korea, large orders from the e-commerce and cosmetics sectors contributed to earnings. In addition, demand from North America’s automobile factories was firm, and a series of large orders for systems for semiconductor and flat-panel display (FPD) factories in Taiwan, which were received in the second half of the fiscal year, also contributed to earnings.

Sales were favorable, underpinned by systems for manufacturers, distributors, and automobile factories in North America, as well as systems for FPD factories in China. As a result, the Group received orders of 305,567 million yen, a rise of 10.4% from a year earlier, and recorded net sales of 267,284 million yen, an increase of 10.5%.

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

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

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

### Operating Results by Segment (1) Daifuku Co., Ltd.

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

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

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

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

### Operating Results by Segment (2) Contec Group

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

In the industrial computer business in the Japanese market, sales of industrial-use computers and configurable PCs remained favorable, supported by increased capital investment.

As a result, Daifuku recorded orders of 137,012 million yen, up 18.7% from the previous fiscal year, net sales of 115,065 million yen, up 4.4%, and segment income of 7,041 million yen, up 22.1%.

### Scope of Consolidation and Number of Employees

In fiscal 2014, the year ended March 31, 2015, nine companies were newly consolidated with the parent company, bringing the total number of consolidated subsidiaries to 61. On a consolidated basis, Daifuku Co., Ltd. and its consolidated subsidiaries had 7,746 employees as of the fiscal year-end.
In airport baggage handling systems, orders are now automakers. reflecting brisk capital investment among automakers in automobile production line systems, orders and sales for nitrogen purge stockers and other items were favorable. Daifuku Korea Co., Ltd. is steadily increasing, while Taiwan Daifuku Co., Ltd. produced systems for FPD factories in China, where large projects are continuing.

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

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

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

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

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

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

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

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

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

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

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

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

In systems for the semiconductor sector, sales of nitrogen purge stockers and other items were favorable. In automobile production line systems, orders and sales of both new installations and services remained favorable, reflecting brisk capital investment among automakers in North America, including Detroit’s Big Three and Japanese automakers.

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

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

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

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

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

During fiscal 2014, as mentioned previously, net sales increased 10.5%, to 267,284 million yen. The gross profit margin decreased 0.1 percentage point, to 19.3%. Although the profitability of Daifuku on a non-consolidated basis was high and sales of Contec were robust, the gross profit margin declined slightly because of low-margin projects in markets outside Japan. The ratio of selling, general and administrative expenses improved 0.4 percentage point, to 13.8%.
Cash flows
Cash and cash equivalents at the end of fiscal 2014 increased 2,228 million yen from the end of the previous fiscal year, to 54,081 million yen, compared with 51,852 million yen in the same period of the previous fiscal year.

Cash flows from operating activities
Net cash provided by operating activities totaled 6,295 million yen, compared with cash provided of 20,447 million yen in the same period of the previous fiscal year. This primarily reflects 7,021 million yen in income taxes paid and a decrease of 3,865 million yen in notes and accounts payable, offsetting the income before income taxes and minority interests of 15,211 million yen and the depreciation of 4,157 million yen.

Cash flows from investing activities
Net cash used in investing activities was 5,846 million yen, compared with cash used of 7,372 million yen in the same period of the previous fiscal year. Major activities included outlays of 3,866 million yen for the purchase of non-current assets and 3,140 million yen for the acquisition of shares in newly consolidated subsidiaries.

Cash flows from financing activities
Net cash used in financing activities was 5,846 million yen, compared with cash used of 1,045 million yen in the same period of the previous fiscal year. Major factors were an increase of 1,754 million yen in interest-bearing liabilities, largely offsetting the dividend payment of 2,218 million yen.

Basic policy regarding dividends for fiscal 2014 and 2015
Daifuku regards the return of profits to shareholders as its most important management task and has adopted a performance-based policy for cash dividends based on consolidated net income, with the aim of achieving additional profit distribution to shareholders. The Company appropriates the remaining surplus to internal reserves for future growth. Under its four-year business plan Value Innovation 2017, Daifuku aims to achieve sustainable growth in dividend per share and a medium- to long-term dividend payout ratio of 30%.

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

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

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

Under the four-year business plan Value Innovation 2017, which started with fiscal 2013, the year ended March 31, 2014, the Group aims to evolve into a top-class Value Innovator that provides the best solutions for customers worldwide by capitalizing on the experience and technologies it has accumulated as a comprehensive manufacturer and integrator of material handling systems.

In the plan Value Innovation 2017, the Group sets management targets to achieve net sales of 280 billion yen and an operating income ratio of 7% for fiscal 2016, the year ending March 31, 2017. However, net sales of 320 billion yen are now projected for fiscal 2015, which will be a year earlier than the initial target. Accordingly, the Group has revised the management targets to net sales of 340 billion yen and operating income of 21 billion yen for the plan’s final fiscal year. In addition, the Group has added a target ROE and will strengthen its earning power and financial position to maintain a stable ROE of 10%. Furthermore, other key Group objectives will include aiming for sustainable growth in dividends per share, a medium- to long-term dividend payout ratio of 30%, an increase in shareholders’ equity through the conversion of outstanding convertible bonds, an improved R&I rating, and an increase in net income per share.

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

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

Risks covered by the Chief Financial Officer and Chief Risk Officer
(1) Major disruptions in production (damage to facilities, etc.)
(2) Impact of natural disasters and intentional threats, war, acts of terrorism, strikes, disease, etc.
(3) Environmental problems
(4) Labor relations issues (deterioration in the employee-management relationship, outbreak of industrial disputes, etc.)
(5) Joint ventures (deterioration in management policy at joint venture partner(s), deterioration in management environment, etc.)
(6) Risk related to intellectual property (IP) rights (failure to obtain the license for use of the third-party IP rights/royalty demands; third-party allegations of IP right infringement(s); lack of protection of Daifuku IP rights in certain countries and regions outside of Japan, etc.)
(7) Securing of personnel (recruitment and retention of competent personnel; difficulties in training human resources, etc.)

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

(8) Customer/Supplier credit risk (customer/supplier doubtful accounts/bad debts, etc.)
(9) Information management (leak of important and/or personal information to outside the Company; use for purposes other than that intended, etc.)
(10) Risk related to global business development (changes to each country’s laws and regulations; changes in the social, political and economic situation; deterioration in public safety, disruption to transportation/electric power infrastructure; currency exchange restrictions and fluctuations; tax system changes; taxation by transfer price; trade protection regulations; customer credit risk from different commercial practices; different employment/social insurance systems; changes in labor environment; difficulties in recruiting/retaining personnel; outbreaks of disease, etc.)
### Consolidated Balance Sheets

**Daifuku Co., Ltd. and consolidated subsidiaries**

#### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash on hand and in banks (Notes 9 and 28)</strong></td>
<td>¥ 54,202</td>
<td>¥ 52,132</td>
<td>¥ 450,677</td>
</tr>
<tr>
<td><strong>Notes and accounts receivable and unbilled receivables</strong> (Note 9)</td>
<td>76,645</td>
<td>74,217</td>
<td>637,281</td>
</tr>
<tr>
<td><strong>Costs and estimated earnings in excess of billings on uncompleted contracts (Note 9)</strong></td>
<td>19,414</td>
<td>15,334</td>
<td>161,420</td>
</tr>
<tr>
<td><strong>Merchandise and finished goods</strong></td>
<td>3,561</td>
<td>3,307</td>
<td>29,609</td>
</tr>
<tr>
<td><strong>Costs incurred on uncompleted construction contracts and other (Note 9)</strong></td>
<td>8,990</td>
<td>6,599</td>
<td>74,751</td>
</tr>
<tr>
<td><strong>Raw materials and supplies</strong></td>
<td>11,980</td>
<td>10,475</td>
<td>99,612</td>
</tr>
<tr>
<td><strong>Deferred tax assets (Note 27)</strong></td>
<td>2,810</td>
<td>3,502</td>
<td>23,366</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>7,574</td>
<td>5,349</td>
<td>62,977</td>
</tr>
<tr>
<td><strong>Less: allowance for doubtful accounts</strong></td>
<td>(137)</td>
<td>(137)</td>
<td>(1,144)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>185,041</td>
<td>170,781</td>
<td>1,338,951</td>
</tr>
</tbody>
</table>

| Non-current assets: |
| **Property, plant and equipment (Notes 7 and 13):** |
| **Buildings and structures** | 14,754 | 14,618 | 122,680 |
| **Machinery and vehicles** | 3,907 | 3,457 | 29,160 |
| **Tools and fixtures** | 1,830 | 1,409 | 19,219 |
| **Land** | 12,018 | 11,801 | 99,927 |
| **Other** | 2,562 | 2,788 | 21,307 |
| **Total property, plant and equipment** | 34,673 | 34,075 | 288,295 |

| Intangible assets: |
| **Software** | 3,100 | 1,944 | 25,776 |
| **Goodwill** | 12,965 | 10,139 | 107,301 |
| **Other** | 3,040 | 2,772 | 21,307 |
| **Total intangible assets** | 19,045 | 14,856 | 158,359 |

| Investments and other assets: |
| **Investments in securities (Notes 9, 10, and 11)** | 21,728 | 20,628 | 180,665 |
| **Long-term loans** | 125 | 142 | 1,047 |
| **Assets for retirement benefits (Notes 3 and 14)** | 643 | 268 | 9,349 |
| **Deferred tax assets (Note 27)** | 6,130 | 5,809 | 56,969 |
| **Other** | 3,792 | 3,109 | 31,198 |
| **Less: allowance for doubtful accounts** | (129) | (131) | (1,073) |
| **Total investments and other assets** | 32,251 | 29,817 | 266,156 |

| Total non-current assets | 85,970 | 78,749 | 714,811 |
| **Total assets** | ¥ 271,011 | ¥ 249,531 | ¥ 2,253,363 |

The accompanying notes are an integral part of these statements.

### LIABILITIES

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2015</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Notes and accounts payable and construction contracts payable</strong> (Note 9)</td>
<td>¥ 36,568</td>
<td>¥ 36,818</td>
<td>¥ 304,054</td>
</tr>
<tr>
<td><strong>Electronically recorded obligations-operating (Note 9)</strong></td>
<td>10,827</td>
<td>10,061</td>
<td>90,026</td>
</tr>
<tr>
<td><strong>Short-term borrowings and current portion of long-term borrowings (Notes 9 and 12)</strong></td>
<td>12,904</td>
<td>7,614</td>
<td>107,292</td>
</tr>
<tr>
<td><strong>Income taxes payable</strong></td>
<td>1,210</td>
<td>3,991</td>
<td>10,064</td>
</tr>
<tr>
<td><strong>Provision for losses on construction contracts (Notes 8 and 20)</strong></td>
<td>505</td>
<td>275</td>
<td>4,200</td>
</tr>
<tr>
<td><strong>Other current liabilities</strong> (Note 12)</td>
<td>31,837</td>
<td>25,548</td>
<td>254,719</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>93,863</td>
<td>83,711</td>
<td>790,359</td>
</tr>
</tbody>
</table>

| Non-current liabilities: |
| **Bonds (Notes 9 and 12)** | 2,700 | 2,700 | 22,449 |
| **Bonds with stock acquisition rights (Notes 9 and 12)** | 15,093 | 15,131 | 129,498 |
| **Long-term borrowings (Notes 9 and 12)** | 29,849 | 33,298 | 248,186 |
| **Deferred tax liabilities (Note 27)** | 1,580 | 1,410 | 13,138 |
| **Liabilities for retirement benefits (Notes 3 and 14)** | 12,142 | 8,681 | 100,956 |
| **Negative goodwill** | 179 | 239 | 1,494 |
| **Other non-current liabilities** (Note 12) | 4,091 | 4,667 | 34,017 |
| **Total non-current liabilities** | 65,636 | 66,129 | 545,742 |
| **Total liabilities** | 159,490 | 149,840 | 1,326,101 |

| Contingent liabilities (Note 16) |
| **NET ASSETS** |
| **Shareholders’ equity (Note 18):** |
| **Common stock:** |
| Authorized—250,000,000 shares issued—113,671,494 shares | 8,024 | 8,024 | 66,716 |
| **Capital surplus** | 9,239 | 9,239 | 76,821 |
| **Retained earnings** | 83,626 | 76,059 | 695,319 |
| **Less: treasury stock, at cost—March 31, 2015—2,853,707 shares** (Note 12) | (2,419) | (2,620) | (20,116) |
| **Total shareholders’ equity** | 98,469 | 90,652 | 818,740 |

| Accumulated other comprehensive income: |
| **Net unrealized gain on securities** | 4,639 | 3,102 | 38,574 |
| **Deferred gain (loss) on hedges** | (72) | (29) | (999) |
| **Foreign currency translation adjustments** | 10,542 | 8,681 | 87,655 |
| **Accumulated adjustments on retirement benefits (Notes 3 and 14)** | (2,620) | (2,194) | (48,072) |
| **Total accumulated other comprehensive income** | 5,327 | 6,189 | 77,567 |

| Minority interests |
| **Minority interests** | 3,723 | 2,848 | 30,963 |

| **Total net assets** | 911,521 | 99,690 | 927,261 |
| **Total liabilities and net assets** | ¥ 271,011 | ¥ 249,531 | ¥ 2,253,363 |

The accompanying notes are an integral part of these statements.
Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2015 and 2014

The accompanying notes are an integral part of these statements.

Cost of sales (Notes 20 and 21) 215,641
Gross profit
Selling expenses (Note 19) 17,729
General and administrative expenses (Notes 19 and 21) 19,029
Total selling, general and administrative expenses 36,759
Dividend income
Foreign exchange gain
Land and house rental revenue
Refunded foreign taxes
Other expenses:
Ordinary income
Gain on sales of property, plant and equipment (Note 23) 13,191
Other 9
Total extraordinary income 13,200
Loss on sales of property, plant and equipment (Note 24) —
Impairment loss (Note 26) 7,740
Loss on sales of shares in affiliates —
Loss due to acquisition of shares in a subsidiary —
Net changes of items other than shareholders’ equity —
Total extraordinary loss (2,221)
Income before income taxes and minority interests 1,049
Current
Deferred
Total income taxes 4,088
Income before minority interests 10,168
Minority interests in net income 308
Net income 9,860
Minority interests in net income 308
Income before minority interests 10,168
Minority interests in net income 308
Comprehensive income (Note 25) ₥13,599
Shareholders’ equity 5,412
Minority interests 650
Net income per share (Note 32) ¥68.59
Cash dividends per share 22.00

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2015 and 2014

Net sales ₥267,284
Cost of sales (Notes 20 and 21) 215,641
Gross profit
Selling expenses (Note 19) 17,729
General and administrative expenses (Notes 19 and 21) 19,029
Total selling, general and administrative expenses 36,759
Dividend income
Foreign exchange gain
Land and house rental revenue
Refunded foreign taxes
Other expenses:
Ordinary income
Gain on sales of property, plant and equipment (Note 23) 13,191
Other 9
Total extraordinary income 13,200
Loss on sales of property, plant and equipment (Note 24) —
Impairment loss (Note 26) 7,740
Loss on sales of shares in affiliates —
Loss due to acquisition of shares in a subsidiary —
Net changes of items other than shareholders’ equity —
Total extraordinary loss (2,221)
Income before income taxes and minority interests 1,049
Current
Deferred
Total income taxes 4,088
Income before minority interests 10,168
Minority interests in net income 308
Net income 9,860
Minority interests in net income 308
Comprehensive income (Note 25) ₥13,599
Shareholders’ equity 5,412
Minority interests 650
Net income per share (Note 32) ¥68.59
Cash dividends per share 22.00

The accompanying notes are an integral part of these statements.
Consolidated Statements of Changes in Net Assets (Continued)
Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2015 and 2014

<table>
<thead>
<tr>
<th>Number of shares of common stock</th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock, at cost</th>
<th>Total shareowners’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2014</td>
<td>113,671</td>
<td>$66,716</td>
<td>$76,820</td>
<td>$130,919</td>
<td>$448,108</td>
</tr>
<tr>
<td>Decrease due to acquisition of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$81,572</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(43)</td>
</tr>
<tr>
<td>Net changes of items other than shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated balance</td>
<td>113,671</td>
<td>$66,716</td>
<td>$76,820</td>
<td>$130,919</td>
<td>$448,108</td>
</tr>
<tr>
<td>Cash dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$81,572</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(43)</td>
</tr>
<tr>
<td>Net changes of items other than shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2015</td>
<td>113,671</td>
<td>$66,716</td>
<td>$76,820</td>
<td>$130,919</td>
<td>$448,108</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows
Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2015 and 2014

<table>
<thead>
<tr>
<th>(U.S. thousand dollars) (Note 6)</th>
<th>March 31</th>
<th>March 31</th>
<th>March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>$15,211</td>
<td>$12,137</td>
<td>$126,480</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,197</td>
<td>3,821</td>
<td>34,570</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>407</td>
<td>3,801</td>
<td></td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>914</td>
<td>743</td>
<td>7,603</td>
</tr>
<tr>
<td>Amortization of negative goodwill</td>
<td>59</td>
<td>(59)</td>
<td>(498)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(474)</td>
<td>(476)</td>
<td>(3,941)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>463</td>
<td>810</td>
<td>3,850</td>
</tr>
<tr>
<td>Loss on disposal or sales of property, plant and equipment</td>
<td>7</td>
<td>455</td>
<td>59</td>
</tr>
<tr>
<td>Decrease in notes and accounts receivable</td>
<td>2,624</td>
<td>1,747</td>
<td>21,822</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(2,086)</td>
<td>(310)</td>
<td>(22,334)</td>
</tr>
<tr>
<td>Decrease in notes and accounts payable</td>
<td>(3,467)</td>
<td>4,821</td>
<td>(30,414)</td>
</tr>
<tr>
<td>(Decrease) increase in advances received on uncompleted construction</td>
<td>(645)</td>
<td>324</td>
<td>(5,363)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(3,198)</td>
<td>(683)</td>
<td>(29,483)</td>
</tr>
<tr>
<td>Sub total</td>
<td>13,727</td>
<td>23,791</td>
<td>109,152</td>
</tr>
<tr>
<td>Interest and dividend received</td>
<td>473</td>
<td>478</td>
<td>3,939</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(486)</td>
<td>(856)</td>
<td>(4,044)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(7,021)</td>
<td>(3,163)</td>
<td>(58,384)</td>
</tr>
<tr>
<td>Other, net</td>
<td>202</td>
<td>296</td>
<td>1,662</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>6,296</td>
<td>20,447</td>
<td>53,346</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of shares in newly consolidated subsidiaries</td>
<td>(3,148)</td>
<td>(4,202)</td>
<td>(26,108)</td>
</tr>
<tr>
<td>Investments in time deposit</td>
<td>(91)</td>
<td>(409)</td>
<td>(797)</td>
</tr>
<tr>
<td>Proceeds from refund of time deposit</td>
<td>263</td>
<td>389</td>
<td>2,187</td>
</tr>
<tr>
<td>Payments for purchase of property, plant and equipment</td>
<td>(3,666)</td>
<td>(3,155)</td>
<td>(30,483)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>263</td>
<td>422</td>
<td>2,106</td>
</tr>
<tr>
<td>Payments for purchase of investments in securities</td>
<td>(227)</td>
<td>(321)</td>
<td>(1,891)</td>
</tr>
<tr>
<td>Payments for acquisition of shares in subsidiaries and affiliates</td>
<td>(121)</td>
<td>(293)</td>
<td>(1,010)</td>
</tr>
<tr>
<td>Collection of loans receivable</td>
<td>4</td>
<td>3</td>
<td>34</td>
</tr>
<tr>
<td>Other, net</td>
<td>678</td>
<td>190</td>
<td>7,305</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(5,046)</td>
<td>(7,372)</td>
<td>(48,015)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in short-term borrowings, net</td>
<td>834</td>
<td>755</td>
<td>6,934</td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>1,512</td>
<td>14,360</td>
<td>12,577</td>
</tr>
<tr>
<td>Repayment of long-term borrowings</td>
<td>(692)</td>
<td>(24,071)</td>
<td>(4,924)</td>
</tr>
<tr>
<td>Proceeds from issuance of bonds with stock acquisition rights</td>
<td>15,150</td>
<td>15,150</td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of bonds</td>
<td>2,709</td>
<td>2,709</td>
<td></td>
</tr>
<tr>
<td>Redemption of bonds</td>
<td>(6,000)</td>
<td>(6,000)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of treasury stock</td>
<td>206</td>
<td>610</td>
<td>1,715</td>
</tr>
<tr>
<td>Payments for purchase of treasury stock</td>
<td>5</td>
<td>(594)</td>
<td>(41)</td>
</tr>
<tr>
<td>Payments of cash dividends</td>
<td>(3,218)</td>
<td>(1,656)</td>
<td>(16,449)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(245)</td>
<td>(259)</td>
<td>(2,044)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(509)</td>
<td>1,045</td>
<td>(4,233)</td>
</tr>
<tr>
<td>Effect of exchange rate change on cash and cash equivalents</td>
<td>2,170</td>
<td>3,291</td>
<td>18,046</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,109</td>
<td>17,320</td>
<td>17,541</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>51,652</td>
<td>33,272</td>
<td>431,131</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents resulting from change of scope of consolidation</td>
<td>119</td>
<td>808</td>
<td>998</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year (Note 28)</td>
<td>$54,081</td>
<td>$51,852</td>
<td>$449,663</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
> Daifuku Global Network

(As of June 30, 2015)

Americas
Daifuku North America Holding Company
Farmington Hills, MI, U.S.A.

Daifuku America Corporation
Main Office & Plant: Reynoldsburg, OH, U.S.A.
Other offices: Arizona, Austin, Indiana, Kentucky, Michigan, Tennessee, Utah

Elite Line Services, Inc.
Carrollton, TX, U.S.A.

Jervis B. Webb Company
World Headquarters: Farmington Hills, MI, U.S.A.
Boise City Manufacturing Plant: Boise City, MI, U.S.A.
Carlisle Forging Plant: Carlisle, SC, U.S.A.
Harbor Springs Manufacturing Plant: Harbor Springs, MI, U.S.A.

Wynright Corporation
World Headquarters: Elk Grove, IL, U.S.A.
Other offices: California, Florida, Indiana, Illinois, Kentucky, Michigan, New Hampshire, Texas

American Conveyor and Equipment, Inc.
Reynoldsburg, OH, U.S.A.

Logan Telexis, Inc.
Louisville, KY, U.S.A.

Contec DTX Inc.
Melbourne, FL, U.S.A.

Daifuku Canada Inc.
Mississauga, Ontario, Canada

Jervis B. Webb Company of Canada, Ltd.
Hamilton, Ontario, Canada

Daifuku de México, S.A. de C.V.
Queretaro, Gto., Mexico

Europe
Daifuku Europe Ltd.
Main Office: Milton Keynes, U.K.
Germany Branch: Moenchengladbach, Germany
Sweden Branch: Astorp, Sweden

Jervis B. Webb Company, Ltd.
Milton Keynes, U.K.

Daifuku Logistics Ltd.
Main Office: Milton Keynes, U.K.
South East Sales and Service Office: Regate, U.K.

Logan Telexis (France) S.A.S.
Ivy-sur-Seine, France

Asia Pacific
BCS Airport Systems Pty Limited
Hallam, VIC, Australia

BCS Logistics Solutions Pty Limited
Hallam, VIC, Australia

BCS Infrastructure Support Pty Limited
Hallam, VIC, Australia

Daifuku (China) Co., Ltd.
Main Office: Shanghai, China
Guangzhou Branch: Guangzhou, China
Tianjin Branch: Tianjin, China
Other offices: Beijing, Changzhou, Changsha, Chongqing, Fuzhou, Nanchang, Shanghai, Suzhou, TEDA, Wuhan, Zhenjiang

Daifuku (China) Manufacturing Co., Ltd.
Shanghai, China

Daifuku (China) Automation Co., Ltd.
Jiangsu, China

Daifuku (Suzhou) Cleanroom Automation Co., Ltd.
Jiangsu, China

Contec (Shanghai) Co., Ltd.
Main Office: Shanghai, China
Beijing Branch Office: Beijing, China

Daifuku India Private Limited
Main Office: Haryana, India
Bangalore Office: Bangalore, India

ForgePro India Private Limited
Bangalore, India

P.T. Daifuku Indonesia
Main Office: Jakarta, Indonesia
Depamasa Office: Bekasi, Indonesia

Clean Factomation, Inc.
Main Office: Gyeonggi-do, Korea
Asian Plant: Chunchang-nam-do, Korea

Daifuku Korea Co., Ltd.
Main Office / R&D Center: Incheon, Korea
Plant: Incheon, Korea

Hallim Machinery Co., Ltd.
Gyeonggi-do, Korea

Daifuku (Malaysia) Sdn. Bhd.
Salangor D.E., Malaysia

BCS Integration Solutions Sdn. Blvd.
Kuala Lumpur, Malaysia

BCS Group Limited
Auckland, New Zealand

Daifuku Mechatronics (Singapore) Pte. Ltd.
Techplace I, Singapore

Singapore Contec Pte. Ltd.
Techplace I, Singapore

Daifuku Integration Solutions (Singapore) Pte. Ltd.
Singapore, Singapore

Taiwan Daifuku Co., Ltd.
Main Office & Plant: Taiwan, Taiwan
Hsinchu Branch: Hsinchu, Taiwan
Taichung Plant: Taichung, Taiwan

Taiwan Contec Co., Ltd.
Xintai, Taiwan

Daifuku (Thailand) Ltd.
Main Office & Plant: Chonburi, Thailand
Bangkok Office: Bangkok, Thailand
Pinthong Plant: Chonburi, Thailand

Daifuku (Vietnam) Corporation
HN2B-011-A01, 364 Hai Ba Trung St., Hai Ba Trung Dist., Hanoi, Vietnam

Daifuku (Pte) Ltd.
Singapore, Singapore

Subsidiaries and Affiliates in Japan
Contec Co., Ltd.
Contec Software Development Co., Ltd.
Daifuku Business Service Corporation
Daifuku Manufacturing Technology Co., Ltd.
Daifuku Plusmore Co., Ltd.
Daifuku Renace Co., Ltd.
Hitairakuten Corporation
Iseai Saleskusho, Ltd.

For further information, please contact:
dfk_ir@ha.daifuku.co.jp

> Corporate Data
(As of March 31, 2015)

Established
May 20, 1937

Paid-in-capital
8,024 million yen

Employees
7,746 (consolidated)

Ratings
Rating and Investment Information, Inc. (R&I)
Long-term: A (single A minus)
Short-term: A (AA-)

> Investor Information
(As of March 31, 2015)

Number of authorized shares
250,000,000 shares

Total number of shares issued
113,671,494 shares

Number of shareholders
12,944

General meeting of shareholders
June

Stock exchange listing
First Section of Tokyo Stock Exchange

Stock transfer agent
Sumitomo Mitsui Trust Bank, Limited
Transit Agent Department
4-5-35 Kitaarai, Chiyoda-ku, Osaka

Major Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held</th>
<th>Percentage of total shares issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mochida Bank, Ltd.</td>
<td>5,490</td>
<td>4.83</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (trust account)</td>
<td>5,432</td>
<td>4.78</td>
</tr>
<tr>
<td>Northern Trust Co. (WPC) RE 13PCT Treaty Account</td>
<td>1,314</td>
<td>1.16</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>3,056</td>
<td>2.69</td>
</tr>
<tr>
<td>Daifuku Supplier Shareholder Association</td>
<td>3,416</td>
<td>3.01</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>3,831</td>
<td>3.37</td>
</tr>
<tr>
<td>Nippon Life Insurance Co.</td>
<td>3,307</td>
<td>2.92</td>
</tr>
<tr>
<td>Daifuku Co., Ltd.</td>
<td>2,233</td>
<td>2.01</td>
</tr>
</tbody>
</table>

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

For further information, please contact:
dfk_ir@ha.daifuku.co.jp