

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

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

February 12, 2014

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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

Scheduled date of commencing dividend payment: –

Quarterly earnings supplementary materials: Yes

Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the First Three Quarters of Fiscal 2013

(April 1, 2013 - December 31, 2013)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First 3 quarters of fiscal 2013	172,794	19.5	9,099	89.3	9,655	112.2	5,902	123.4
First 3 quarters of fiscal 2012	144,549	1.1	4,807	269.6	4,550	416.2	2,642	–

Note: Comprehensive income

First three quarters of fiscal 2013: 12,977 million yen (196.4%)

First three quarters of fiscal 2012: 4,378 million yen (– %)

	Net income per share	Diluted net income per share
	Yen	Yen
First 3 quarters of fiscal 2013	53.35	51.65
First 3 quarters of fiscal 2012	23.88	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First 3 quarters of fiscal 2013	235,314	96,810	40.2
Fiscal 2012	206,875	85,685	40.4

Reference: Shareholders' equity

First three quarters of fiscal 2013: 94,545 million yen

Fiscal 2012: 83,538 million yen

2. Dividends

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

Note: Revisions to the latest dividend forecast: None

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

(April 1, 2013- March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	238,000	17.6	11,500	43.6	12,000	50.0	6,500	46.4	58.75

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the period: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting standards associated with the revisions of accounting standards: None
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
 - Third quarter of fiscal 2013: 113,671,494 shares**
 - Fiscal 2012: 113,671,494 shares
 - 2) Number of treasury stock at the end of the period
 - Third quarter of fiscal 2013: 3,036,575 shares**
 - Fiscal 2012: 3,022,663 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - First three quarters of fiscal 2013: 110,643,377 shares**
 - First three quarters of fiscal 2012: 110,652,524 shares

Regarding the status of quarterly review procedures

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

Disclaimer

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

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

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

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

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

Amid these conditions, operating results of the Daifuku Group held steady. Orders were favorable, mainly due to increased demand for systems for manufacturers and distributors in China and other Asian regions, a resumption of capital spending in systems for semiconductor factories, and brisk demand for automobile production line systems in North America, China and other Asian countries. Sales remained firm, underpinned by extensive orders for each sector.

Specifically, the Group received orders of 192,436 million yen, up 27.2% from a year earlier, and recorded net sales of 172,794 million yen, up 19.5%.

In terms of profits, Daifuku Co., Ltd.'s significant efforts in cost cutting and the improved results of the Contec Group and non-Japanese subsidiaries contributed to profitability. Consequently, the Group recorded operating income of 9,099 million yen, up 89.3% from a year earlier. In addition, ordinary income was 9,655 million yen, up 112.2% yen, and net income was 5,902 million yen, up 123.4%, influenced by foreign exchange gains resulting from the depreciation of the yen.

Results by segment are as described below. In the following description, net sales indicate sales to outside customers, and segment income is equivalent to net income for the first three quarters of the fiscal year under review. For more details about segments, please see "Segment Information" below.

Daifuku Co., Ltd.

<Orders>

Orders for our mainstay storage, transport, sorting, and picking systems for large projects remained solid in the distribution, agriculture, pharmaceutical manufacturing, and food sectors. Most of Daifuku's operations for these systems are in Japan; however, orders for systems to be used in East and Southeast Asia, including China, increased during the fiscal year under review. In particular, orders from the commerce and retail sectors have been rising, backed by increasing demand for non-store retailers, such as e-commerce. Orders for not only large systems but also for small and midsize systems remained strong, with a focus on

automated warehouse systems.

In systems for semiconductor factories, orders fell during the first half of the fiscal year under review, compared to the previous fiscal year when advanced capital investment plans were implemented. However, orders have rebounded in the second half, mainly in the United States. In China, meanwhile, orders for systems for flat-panel display (FPD) factories are being influenced by delays in initial investment plans.

Orders for automobile production line systems remained firm, mainly for systems to be used in emerging countries, including Thailand and Indonesia, as well as for services and small upgrade projects in Japan.

<Sales>

In storage, transport, sorting, and picking systems for manufacturers and distributors, sales of large projects in Japan as well as small and midsize systems were firm.

Sales of systems for semiconductor factories in North America, South Korea, and Taiwan remained strong. In systems for FPD factories, projects in China have been the main contributor to sales.

Sales of automobile production line systems were favorable, backed by projects outside Japan, mainly in emerging countries, as well as services and small upgrade projects in Japan.

In car wash machines, sales in the mainstay service station sector and the car aftermarket sector remained steady from the previous fiscal year. In particular, sales of self-service car wash machines for service stations were favorable.

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

<Income>

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

As a result, Daifuku recorded orders of 84,110 million yen, up 3.5% from the previous fiscal year, net sales of 79,254 million yen, up 1.2%, and segment income of 3,605 million yen, up 94.2%.

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

Sales of electronic devices increased in line with the increase of capital investment in Japan. In addition, sales of industrial-use personal computers increased significantly, reflecting the addition of sales of embedded PCs for medical devices operated by U.S.-based Contec DTx Inc. (former DTx Inc.), which

became Contec's subsidiary in December 2012.

In solution products, Contec has begun to receive orders for hospital bedside solutions, resulting from efforts in new business development involving medical-related agencies. In addition, sales of photovoltaic data measuring systems remained firm.

As a consequence, Contec posted orders of 11,343 million yen, up 68.1% from the previous fiscal year, net sales of 9,484 million yen, up 54.2%, and a segment income of 356 million yen, an increase of 430 million yen.

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

Daifuku Webb Holding Company oversees Daifuku's North American business, with Daifuku America Corporation, Jervis B. Webb Company, and ELS Holding Company, the parent company of Elite Line Services, LLC, under its control, with a focus on making effective use of the Group's operating resources in North America. In addition, Daifuku Webb has already completed the acquisition of Wynright Corporation, which excels at conveyor and other material handling systems for manufacturers and distributors, and will include the company in the scope of consolidation in the fourth quarter of the fiscal year under review.

In automobile production line systems, orders and sales remained strong, thanks to brisk capital investment by automakers in North America, including the Detroit Three and Japanese automakers. In particular, continuous large orders from the Detroit Three automakers benefited earnings. Segment income increased because of strong results from the service business.

In systems for the semiconductor sector, orders significantly outperformed the initial plan, bolstered by the recovery in demand for nitrogen purge stockers. In airport baggage handling systems, results were influenced by a scaling back of investment plans, following cuts in U.S. government spending.

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

As a result, Daifuku Webb achieved orders of 41,881 million yen, up 45.0% from the previous fiscal year, sales of 33,547 million yen, up 31.9%, and segment income of 1,077 million yen, up 134.8%.

Other

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

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

Business performance remained strong, particularly at subsidiaries in Asia.

In China, Daifuku China continued to receive robust orders and inquiries mainly from the food, beverage, pharmaceutical, paper, and distribution sectors, backed by brisk capital investment from local and Western companies. With regard to systems for the FPD and semiconductor sectors, projected orders remained slow. However, there are numerous projects and Daifuku (Suzhou) Cleanroom Automation Co., Ltd., which began production in March 2013, accommodates each order on a timely basis. In systems for the automotive sectors, orders were favorable. Daifuku China has mainly received orders from non-Japanese automakers in the first half of the fiscal year under review. In addition to this, plans for existing facility upgrades at Japanese automakers have been added.

In Taiwan, large orders from the paper and touch panel sectors, which Taiwan Daifuku received at the beginning of the fiscal year under review, contributed to earnings, despite signs of a review of capital investment within the semiconductor sector.

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

In ASEAN countries, capital investment in Japanese automakers has been brisk. In particular, Daifuku Thailand has been continuing production at full capacity. In addition, non-automotive markets are expanding. This reflected in an order for a retailer's distribution centers.

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

As a result, the segment received orders of 55,100 million yen, up 60.4% from the previous fiscal year, sales of 46,926 million yen, up 40.6%, and posted a segment income of 2,311 million yen, up 74.7%.

(2) Financial position

Assets

Total assets at the end of the first three quarters of the fiscal year under review stood at 235,314 million yen, an increase of 28,438 million yen from the end of the previous fiscal year. This result principally reflected an increase of 18,539 million yen in cash on hand and in banks, resulting from the issue of convertible bonds with stock acquisition rights and the collection of notes and accounts receivable and unbilled receivables, as well as an increase of 7,997 million yen in other current assets, such as costs and estimated earnings in excess of billings on uncompleted contracts.

Liabilities

Total liabilities amounted to 138,503 million yen, an increase of 17,313 million yen from the end of the previous fiscal year. Primary factors included an increase of 15,140 million yen in convertible bonds with stock acquisition rights.

Net assets

Net assets were 96,810 million yen, a rise of 11,124 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 6,710 million yen in total other comprehensive income, mainly due to investments in securities owned and foreign currency translation adjustments, as well as an increase of 4,312 million yen in retained earnings.

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

The Daifuku Group has revised its full-year earnings forecast for the fiscal year ending March 31, 2014, which was announced on November 12, 2013, as follows:

Sales and income forecasts reflects mainly the results of subsidiaries in North America and Asia, as well as the profit improvement implemented by Daifuku Co., Ltd. during the first three quarters of the fiscal year under review.

In addition, the Group has revised its orders forecast of 260,000 million yen to 270,000 million yen, given generally strong orders.

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

(Million yen)

	Previous forecast (A)	Current forecast (B)	Change (B - A)	Rate of change (%)	Reference: Results for fiscal year ended March 31, 2013
Net sales	230,000	238,000	8,000	3.5	202,337
Operating income	10,000	11,500	1,500	15.0	8,010
Ordinary income	9,800	12,000	2,200	22.4	7,999
Net income	5,700	6,500	800	14.0	4,439
Net income per share (yen)	51.52	58.75	-	-	40.12

2. Matters Relating to Summary Information (Notes)

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2012 (Year ended March 31, 2013)	First three quarters of FY2013 (Period ended December 31, 2013)
ASSETS		
Current assets:		
Cash on hand and in banks	33,735	52,274
Notes and accounts receivable and unbilled receivables	68,826	64,295
Merchandise and finished goods	3,368	3,337
Costs incurred on uncompleted construction contracts and other	5,751	7,973
Raw materials and supplies	8,484	9,265
Other current assets	19,769	27,767
Allowance for doubtful accounts	(105)	(137)
Total current assets	139,831	164,775
Non-current assets:		
Property, plant and equipment	31,297	33,039
Intangible assets		
Goodwill	5,768	6,772
Other	3,266	3,006
Total intangible assets	9,035	9,778
Investments and other assets		
Other	26,860	27,866
Allowance for doubtful accounts	(148)	(146)
Total investments and other assets	26,711	27,720
Total non-current assets	67,044	70,538
Total assets	206,875	235,314
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,553	26,598
Electronically recorded obligations - operating	-	10,758
Short-term borrowings and current portion of long-term borrowings	28,221	26,974
Current portion of bonds	6,000	6,000
Income taxes payable	1,416	3,001
Provision for bonuses	182	1,240
Provision for losses on construction contracts	739	380
Other current liabilities	20,883	18,757
Total current liabilities	93,998	93,712
Non-current liabilities:		
Convertible bonds with stock acquisition rights	-	15,140
Long-term borrowings	19,163	19,508
Provision for retirement benefits	4,712	5,159
Other non-current liabilities	3,315	4,982
Total non-current liabilities	27,191	44,790
Total liabilities	121,190	138,503

(Million yen)

	FY2012 (Year ended March 31, 2013)	First three quarters of FY2013 (Period ended December 31, 2013)
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,028
Retained earnings	69,859	74,171
Treasury stock	(2,424)	(2,440)
Total shareholders' equity	84,486	88,783
Accumulated other comprehensive income:		
Net unrealized gain on securities	1,809	3,338
Deferred gain (loss) on hedges	(14)	(50)
Foreign currency translation adjustments	(2,743)	2,473
Total accumulated other comprehensive income	(948)	5,762
Minority interests:	2,147	2,264
Total net assets	85,685	96,810
Total liabilities and net assets	206,875	235,314

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	FY2012 First 3Qs (April 1, 2012 - December 31, 2012)	FY2013 First 3Qs (April 1, 2013 - December 31, 2013)
Net sales	144,549	172,794
Cost of sales	118,027	139,311
Gross profit	26,521	33,483
Selling, general and administrative expenses:		
Selling expenses	10,733	11,830
General and administrative expenses	10,979	12,553
Total selling, general and administrative expenses	21,713	24,383
Operating income	4,807	9,099
Other income:		
Interest income	68	169
Dividend income	240	255
Foreign exchange gain	-	336
Rental income	170	173
Other	187	305
Total other income	666	1,240
Other expenses:		
Interest expenses	671	631
Foreign exchange loss	88	-
Other	165	53
Total other expenses	924	684
Ordinary income	4,550	9,655
Extraordinary income:		
Gain on sales of property, plant and equipment	4	4
Other	3	0
Total extraordinary income	7	4
Extraordinary loss:		
Loss on disposal and sales of property, plant and equipment	109	416
Other	25	30
Total extraordinary loss	135	446
Income before income taxes and minority interests	4,423	9,212
Income taxes - current	1,882	4,111
Income taxes - deferred	(114)	(976)
Total income taxes	1,768	3,135
Income before minority interests	2,654	6,077
Minority interests in net income	12	174
Net income	2,642	5,902

(Million yen)

	FY2012 First 3Qs (April 1, 2012 - December 31, 2012)	FY2013 First 3Qs (April 1, 2013 - December 31, 2013)
Minority interests in net income	12	174
Income before minority interests	2,654	6,077
Other comprehensive income		
Net unrealized gain on securities	406	1,568
Deferred gain (loss) on hedges	(61)	(56)
Foreign currency translation adjustments	678	4,110
Share of other comprehensive income of affiliates accounted for by the equity method	700	1,277
Total other comprehensive income	1,723	6,899
Comprehensive income:	4,378	12,977
Comprehensive income attributable to:		
Shareholders of the parent company	4,300	12,613
Minority interests	77	363

Notes on Going Concern Assumption

Not applicable

Notes for a Material Change in the Amount of Shareholders Equity

Not applicable

Segment Information

I. The first three quarters of the previous fiscal year ended March 31, 2013 (from April 1, 2012 to December 31, 2012)

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

(Million yen)

	Reportable Segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	78,315	6,148	25,426	109,890	33,367	143,258
Inter-segment sales or transfers	18,297	6,471	304	25,073	8,341	33,415
Total	96,612	12,620	25,731	134,963	41,709	176,673
Segment income (loss)	1,856	(73)	459	2,241	1,323	3,564

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

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

Net Sales	(Million yen)
Reportable segment total	134,963
Net sales classified in "Other"	41,709
Elimination of inter-segment transactions	(33,415)
Adjustment for consolidation of sales on the percentage-of-completion basis	1,979
Other adjustments for consolidation	(688)
Net sales in quarterly consolidated financial statements	144,549

Segment Income	(Million yen)
Reportable segment total	2,241
Segment income classified in "Other"	1,323
Elimination of dividends from affiliates	(243)
Adjustment for consolidation of sales on the percentage-of-completion basis	(213)
Other adjustments for consolidation	(464)
Segment income in quarterly consolidated financial statements	2,642

3. Information relating to loss on impairment of non-current assets by reportable segment
(Significant changes in goodwill)

Regarding the segment of Contec Co., Ltd., Contec acquired the shares of Contec DTx Inc. (former DTx Inc.) during the third quarter of the previous fiscal year and included the company in its scope of consolidation as a subsidiary. This is reflected in an increase of 1,509 million yen in goodwill during the third quarter of the previous fiscal year.

II. The first three quarters of the fiscal year ending March 31, 2014 (from April 1, 2013 to December 31, 2013)

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

(Million yen)

	Reportable Segment				Other*	Total
	Daifuku	Contec	Daifuku Webb	Total		
Net sales						
Sales to outside customers	79,254	9,484	33,547	122,285	46,926	169,212
Inter-segment sales or transfers	20,270	6,568	1,347	28,187	10,791	38,978
Total	99,524	16,053	34,894	150,472	57,718	208,190
Segment income	3,605	356	1,077	5,039	2,311	7,351

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

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

Net Sales	(Million yen)
Reportable segment total	150,472
Net sales classified in "Other"	57,718
Elimination of inter-segment transactions	(38,978)
Adjustment for consolidation of sales on the percentage-of-completion basis	4,016
Other adjustments for consolidation	(434)
Net sales in quarterly consolidated financial statements	172,794

Segment Income	(Million yen)
Reportable segment total	5,039
Segment income classified in "Other"	2,311
Elimination of dividends from affiliates	(532)
Adjustment for consolidation of sales on the percentage-of-completion basis	(13)
Other adjustments for consolidation	(902)
Segment income in quarterly consolidated financial statements	5,902

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

Not applicable