

Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2016 [Japan GAAP]

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

November 10, 2015

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: November 12, 2015

Scheduled date of commencing dividend payment: December 4, 2015

Quarterly earnings supplementary materials: Yes

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

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

1. Consolidated Financial Results for the First Half of Fiscal 2015

(April 1, 2015 - September 30, 2015)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal 2015	152,791	23.3	8,547	51.5	9,130	48.5	6,184	46.8
First half of fiscal 2014	123,925	10.8	5,640	22.8	6,148	21.7	4,212	29.5

Note: Comprehensive income

First half of fiscal 2015: 6,131 million yen (85.2%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
First half of fiscal 2015	55.78	50.79
First half of fiscal 2014	38.05	34.60

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half of fiscal 2015	286,220	116,136	39.3
Fiscal 2014	271,011	111,521	39.8

Reference: Shareholders' equity

First half of fiscal 2015: 112,390 million yen

Fiscal 2014: 107,797 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 2014	–	7.00	–	15.00	22.00
Fiscal 2015	–	10.00			
Fiscal 2015 (forecast)			–	15.00	25.00

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal 2015

(April 1, 2015 - March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full-year	330,000	23.5	19,500	31.0	20,000	26.7	12,500	112.74

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: Yes
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
First half of fiscal 2015: 113,671,494 shares
 Fiscal 2014: 113,671,494 shares
 - 2) Number of treasury stock at the end of the period
First half of fiscal 2015: 2,717,231 shares
 Fiscal 2014: 2,853,707 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
First half of fiscal 2015: 110,876,535 shares
 First half of fiscal 2014: 110,703,628 shares

Note: The number of treasury stock at the end of the first half of the fiscal year ending March 31, 2016 includes 193,800 shares owned by a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the fiscal year ended March 31, 2015 included 260,600 shares owned by a trust on behalf of Daifuku employees' shareholding association.

Regarding the status of quarterly review procedures

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

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances.

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

Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2014 (Year ended March 31, 2015)	First half of FY2015 (Period ended September 30, 2015)
ASSETS		
Current assets:		
Cash on hand and in banks	54,202	57,950
Notes and accounts receivable and unbilled receivables	76,645	86,257
Merchandise and finished goods	3,561	3,709
Costs incurred on uncompleted construction contracts and other	8,990	10,980
Raw materials and supplies	11,980	12,213
Other current assets	29,798	32,128
Allowance for doubtful accounts	(137)	(191)
Total current assets	185,041	203,048
Non-current assets:		
Property, plant and equipment	34,673	33,360
Intangible assets		
Goodwill	12,905	11,872
Other	6,140	5,977
Total intangible assets	19,045	17,850
Investments and other assets		
Other	32,380	32,088
Allowance for doubtful accounts	(129)	(128)
Total investments and other assets	32,251	31,960
Total non-current assets	85,970	83,171
Total assets	271,011	286,220
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	36,568	39,793
Electronically recorded obligations - operating	10,827	14,955
Short-term borrowings	12,904	11,923
Income taxes payable	1,210	2,750
Provision for losses on construction contracts	505	377
Other current liabilities	31,837	35,953
Total current liabilities	93,853	105,753
Non-current liabilities:		
Bonds	2,700	2,700
Bonds with stock acquisition rights	15,093	14,975
Long-term borrowings	29,849	30,076
Liabilities for retirement benefits	12,142	12,131
Other non-current liabilities	5,851	4,446
Total non-current liabilities	65,636	64,329
Total liabilities	159,490	170,083

(Million yen)

	FY2014 (Year ended March 31, 2015)	First half of FY2015 (Period ended September 30, 2015)
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,239	9,281
Retained earnings	83,626	88,144
Treasury stock	(2,419)	(2,280)
Total shareholders' equity	98,469	103,170
Accumulated other comprehensive income:		
Net unrealized gain on securities	4,639	4,201
Deferred gain (loss) on hedges	(72)	7
Foreign currency translation adjustments	10,542	10,731
Accumulated adjustments on retirement benefits	(5,781)	(5,719)
Total accumulated other comprehensive income	9,327	9,220
Non-controlling interests:		
	3,723	3,745
Total net assets	111,521	116,136
Total liabilities and net assets	271,011	286,220

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2014 H1 (April 1, 2014 - September 30, 2014)	FY2015 H1 (April 1, 2015 - September 30, 2015)
Net sales	123,925	152,791
Cost of sales	100,650	124,299
Gross profit	23,274	28,492
Selling, general and administrative expenses:		
Selling expenses	8,542	9,151
General and administrative expenses	9,091	10,793
Total selling, general and administrative expenses	17,633	19,945
Operating income	5,640	8,547
Other income:		
Interest income	78	97
Dividend income	169	202
Equity in earnings of affiliates	107	218
Rental income	90	112
Refunded foreign taxes	168	10
Miscellaneous income	173	252
Total other income	787	893
Other expenses:		
Interest expenses	221	250
Miscellaneous expenses	58	60
Total other expenses	279	310
Ordinary income	6,148	9,130
Extraordinary income:		
Gain on sales of property, plant and equipment	153	166
Gain on sales of investments in securities	300	374
Other	9	1
Total extraordinary income	463	542
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	38	414
Impairment loss	—	449
Loss on liquidation of subsidiaries and associates	94	—
Other	3	19
Total extraordinary loss	135	883
Income before income taxes	6,476	8,788
Income taxes - current	1,655	2,923
Income taxes - deferred	379	(430)
Total income taxes	2,034	2,492
Net income	4,441	6,295
Net income attributable to:		
Shareholders of the parent company	4,212	6,184
Non-controlling interests	228	111

(Million yen)

	FY2014 H1 (April 1, 2014 - September 30, 2014)	FY2015 H1 (April 1, 2015 - September 30, 2015)
Other comprehensive income		
Net unrealized gain on securities	374	(504)
Deferred gain (loss) on hedges	7	66
Foreign currency translation adjustments	(1,520)	(22)
Adjustments on retirement benefits	188	67
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(179)	229
Total other comprehensive income (loss)	(1,129)	(164)
Comprehensive income:	3,311	6,131
Comprehensive income attributable to:		
Shareholders of the parent company	3,177	6,076
Non-controlling interests	133	54

(3) Consolidated statements of cash flows

(Million yen)

	FY2014 H1 (April 1, 2014 - September 30, 2014)	FY2015 H1 (April 1, 2015 - September 30, 2015)
Cash flows from operating activities:		
Income before income taxes and minority interests	6,476	8,788
Depreciation	2,008	2,225
Interest and dividend income	(247)	(299)
Interest expenses	221	250
Decrease (increase) in notes and accounts receivable	7,493	(9,510)
Decrease (increase) in inventories	(6,121)	(2,245)
Increase (decrease) in notes and accounts payable	(5,158)	7,202
Increase (decrease) in advances received on uncompleted contracts	1,547	6,886
Other	(5,136)	(6,178)
Sub total	1,081	7,119
Interest and dividend income received	248	299
Interest expenses paid	(248)	(252)
Income taxes refund (paid)	(3,967)	(614)
Other proceeds	423	217
Net cash provided by (used in) operating activities	(2,462)	6,770
Cash flows from investing activities:		
Proceeds from refund of time deposits	146	76
Payments for purchase of property, plant and equipment	(1,387)	(1,327)
Proceeds from sales of property, plant and equipment	180	145
Payments for purchase of investments in securities	(10)	(11)
Payments for acquisition of shares in subsidiaries and affiliates	(15)	–
Other proceeds	679	625
Net cash used in investing activities	(407)	(491)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	197	(588)
Proceeds from long-term borrowings	7	602
Repayment of long-term borrowings	(315)	(874)
Payments for purchase of treasury stock	(1)	(3)
Payments of cash dividends	(1,443)	(1,665)
Other	(18)	(57)
Net cash provided by (used in) financing activities	(1,574)	(2,587)
Effect of exchange rate change on cash and cash equivalents	(827)	132
Net increase (decrease) in cash and cash equivalents	(5,272)	3,823
Cash and cash equivalents at beginning of period	51,852	54,081
Increase in cash and cash equivalents resulting from change of scope of consolidation	119	–
Cash and cash equivalents at end of period	46,699	57,904

Segment Information

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

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

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Daifuku Plusmore	Total		
Net sales							
Sales to outside customers	52,217	7,138	38,812	5,178	103,347	21,978	125,326
Intersegment sales or transfers	10,275	3,852	177	13	14,318	6,717	21,035
Total	62,493	10,991	38,989	5,192	117,666	28,696	146,362
Segment income	2,403	555	647	23	3,629	1,555	5,185

* "Other" represents an operating segment comprising subsidiaries that are not included 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	117,666
Net sales classified in "Other"	28,696
Elimination of inter-segment transactions	(21,035)
Consolidation adjustments to net sales under the percentage-of-completion method	(1,421)
Other adjustments for consolidation	20
Net sales in quarterly consolidated financial statements	123,925

Segment income	(Million yen)
Reportable segment total	3,629
Segment income classified in "Other"	1,555
Elimination of dividends from affiliates	(137)
Consolidation adjustments to net sales under the percentage-of-completion method	(79)
Other adjustments for consolidation	(756)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	4,212

II. The first half of the fiscal year ending March 31, 2016 (from April 1, 2015 to September 30, 2015)

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

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Daifuku Plusmore	Total		
Net sales							
Sales to outside customers	63,391	7,050	37,789	6,317	114,549	35,095	149,644
Intersegment sales or transfers	12,444	4,800	263	13	17,521	7,433	24,954
Total	75,835	11,851	38,052	6,331	132,070	42,528	174,598
Segment income (loss)	4,267	239	399	76	4,982	1,742	6,725

* "Other" represents an operating segment comprising subsidiaries that are not included 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	132,070
Net sales classified in "Other"	42,528
Elimination of inter-segment transactions	(24,954)
Consolidation adjustments to net sales under the percentage-of-completion method	2,699
Other adjustments for consolidation	447
Net sales in quarterly consolidated financial statements	152,791

Segment income	(Million yen)
Reportable segment total	4,982
Segment income classified in "Other"	1,742
Elimination of dividends from affiliates	(172)
Consolidation adjustments to net sales under the percentage-of-completion method	146
Other adjustments for consolidation	(514)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	6,184

3. Changes to reportable segments

Daifuku Plusmore Co., Ltd., which was previously included in Other, was changed to a reportable segment due to its increased quantitative significance from the first quarter under review. In addition, Daifuku Webb Holding Company changed its name to Daifuku North America Holding Company in January 2015. Because of these changes, the reportable segments were changed as follows.

Formerly: Daifuku Co., Ltd.

Contec group (Contec Co., Ltd. and its affiliates)

Daifuku Webb group (Daifuku Webb Holding Company and its affiliates)

From fiscal 2015: Daifuku Co., Ltd.

Contec group (Contec Co., Ltd. and its affiliates)

Daifuku North America group (Daifuku North America Holding Company and its affiliates)

Daifuku Plusmore Co., Ltd.

The segment information of the first half of the previous fiscal year is based on the new reportable segments.