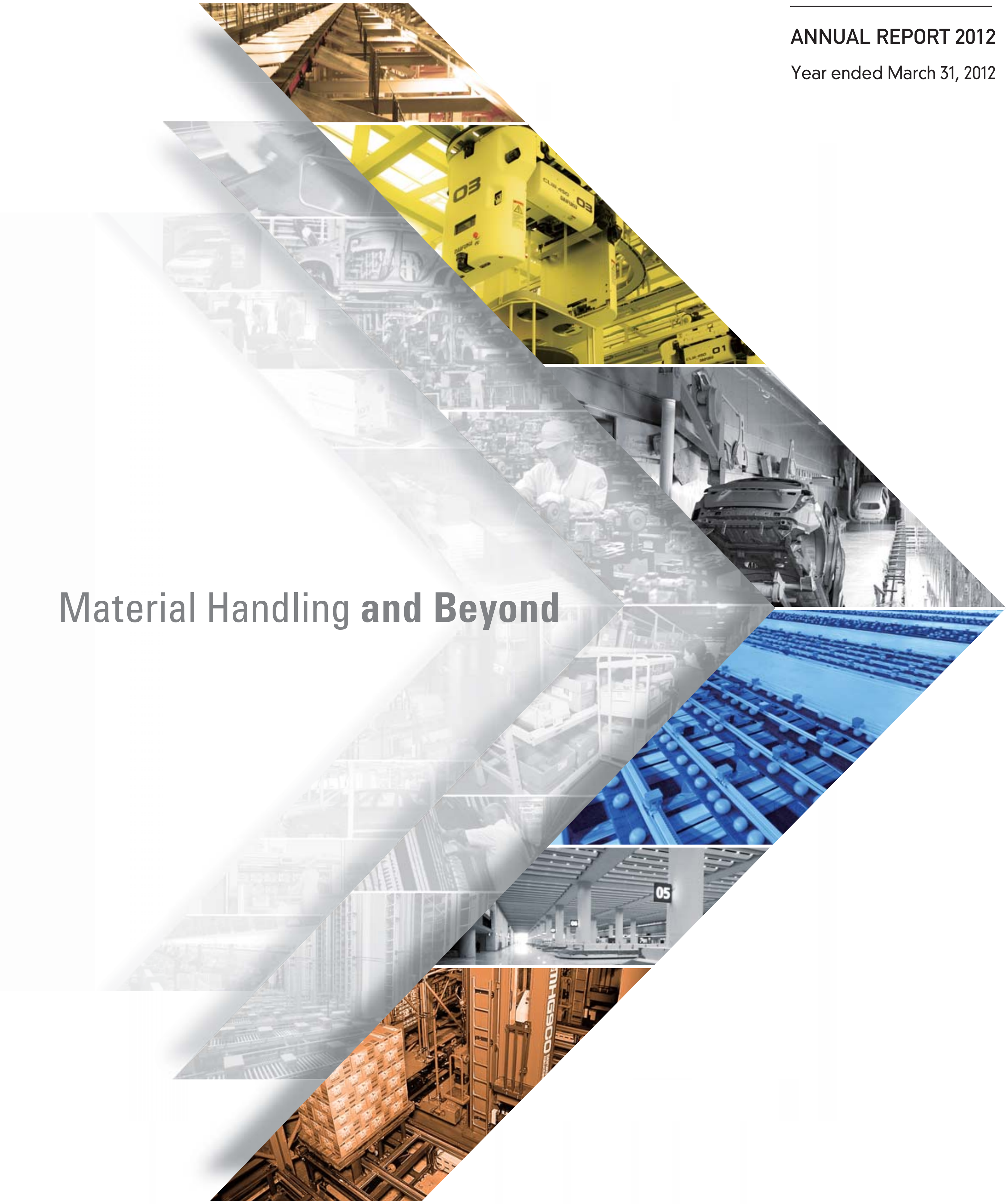
DAIFUKU

Material Handling **and Beyond**

ANNUAL REPORT 2012

Year ended March 31, 2012



Material Handling **and Beyond**

Since its foundation in 1937, the Daifuku Group has been working to penetrate markets outside Japan in line with other Japanese companies' global expansion, based on its role as a specialized material handling company. Currently operating in 20 countries and regions, Daifuku is a leading material handling company that boasts the No. 1* share of the global market. In particular, our outstanding performance in a wide array of fields, including distribution, semiconductors, flat-panel displays and automobiles, is underpinned by the coherent solutions we provide, extending from equipment and consulting to after-sales services. This ability is proof positive of the Group's superior competitiveness.

With the aim of making a significant leap forward on the global stage, Daifuku is increasing its corporate value by rapidly responding to drastic changes in market conditions and expanding into new businesses and regions.

*Ranked among the Top 20 Worldwide Materials Handling Systems Suppliers by U.S. magazine *Modern Materials Handling*

The Company Creed

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Be Fresher Day by Day

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

Contents

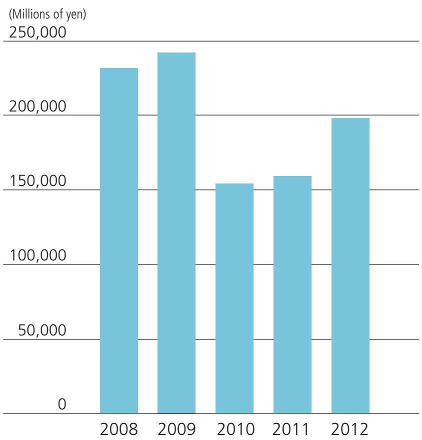
Financial Highlights

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

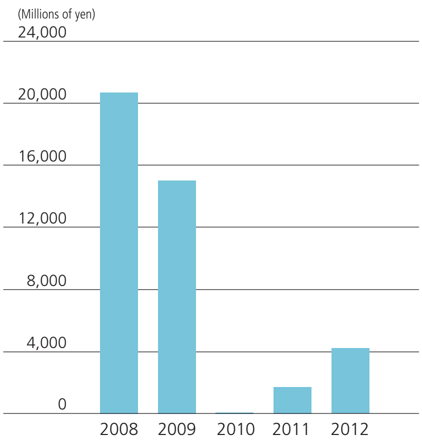
	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
For the Year			
Orders received	¥ 195,217	¥ 180,241	$ 2,376,638
Net sales	198,052	159,263	2,411,153
Operating income	4,217	1,726	51,344
Net income	1,223	269	14,890
Net income per share (Yen and U.S. dollars)	11.05	2.43	0.13
Cash dividends per share (Yen and U.S. dollars)	15.00	15.00	0.18
Capital investment	2,393	3,221	29,145
R&D expenditures	6,484	6,370	78,947
At Year-End			
Total assets	¥ 185,049	¥ 163,388	$ 2,252,853
Working capital	61,943	65,908	754,118
Net assets	76,618	77,714	932,776
Number of employees	5,617	5,209	
Ratios			
Operating income/net sales	2.1%	1.1%	
Net income/net sales	0.6	0.2	
Return on shareholders' equity (ROE)	1.6	0.3	
Shareholders' equity/total assets	40.3	46.3	

Note: The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥82.14 = U.S.$1.00, on the Tokyo Foreign Exchange Market on March 30, 2012.

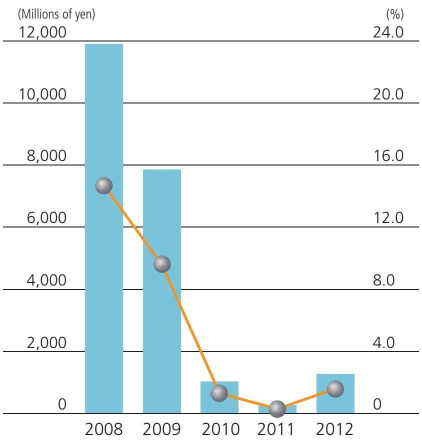
Net sales



Operating income



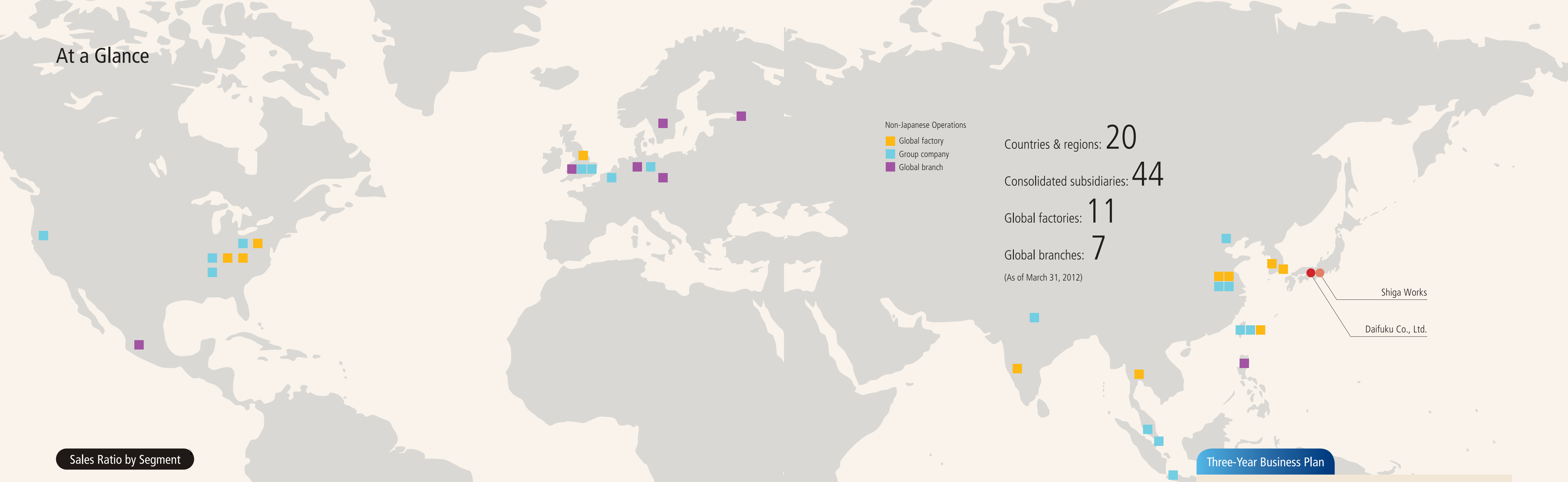
Net income/ROE



Cautionary Statement with Respect to Forward-Looking Statements

The strategies, beliefs and plans related to future business performance as described in this annual report are not established facts. They are business prospects based on the assumptions and beliefs of the management team judging from the most current information, and, therefore, these prospects 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 yen exchange rates on sales, assets and liabilities denominated in U.S. dollars and other currencies; 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions; and 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, plagues. Moreover, there are other factors that may adversely affect the Company's performance.

At a Glance



Countries & regions: 20

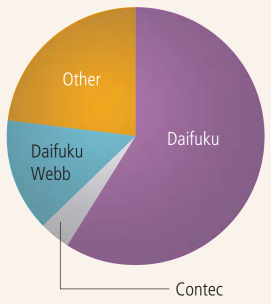
Consolidated subsidiaries: 44

Global factories: 11

Global branches: 7

(As of March 31, 2012)

Sales Ratio by Segment



Daifuku	59%
Contec	4%
Daifuku Webb	14%
Other	23%

Performance by Segment

Billions of yen	Orders	Net sales	Segment income
Daifuku	111.875	114.613	1.886
Contec	8.350	8.161	0.068
Daifuku Webb	25.770	28.273	1.121
Other	49.219	45.019	1.698

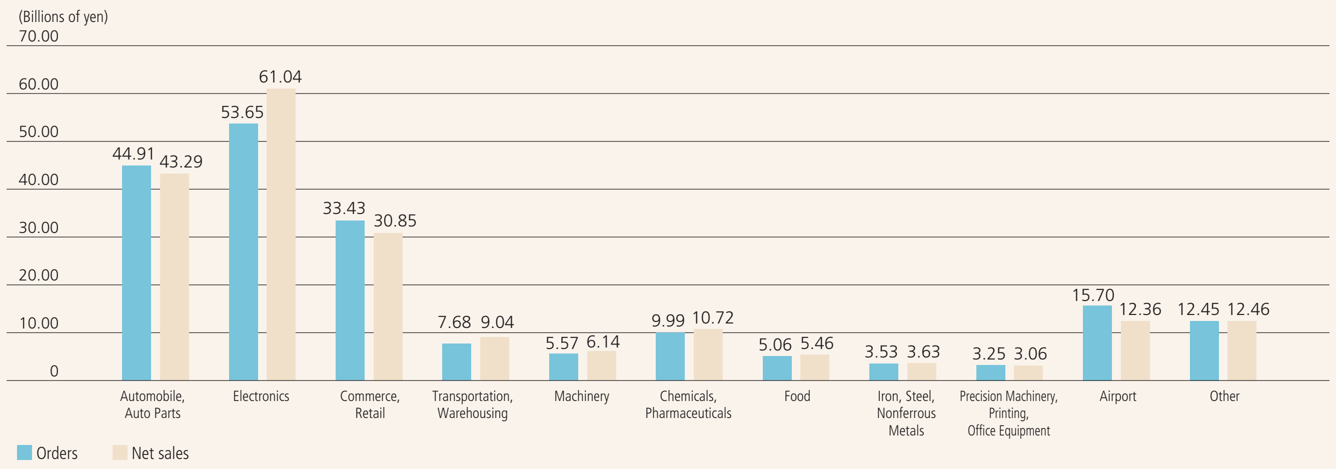
* Daifuku Webb Holding Company closes accounting in December.

* From fiscal 2011, the segment classification has been changed as below. The change reflects the fact that the Group established Daifuku Webb Holding Company on January 1, 2011 to amalgamate and strengthen the North American business by placing Jervis B. Webb Company and Daifuku America Corporation under its control.

Formerly: Daifuku Co., Ltd., Contec Co., Ltd., Jervis B. Webb Company, Daifuku America Corporation, and Other

From fiscal 2011: Daifuku Co., Ltd., Contec Co., Ltd., Daifuku Webb Holding Company, and Other

Performance by Industry



Three-Year Business Plan

(April 2010 - March 2013)

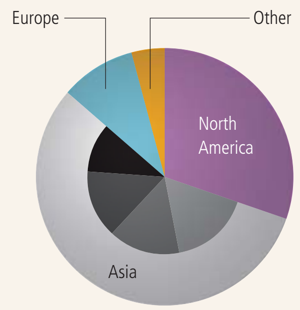
Main objectives

1. Enter new markets
2. Create new products and systems
3. Develop new production methods
4. Build a new global partnership
5. Launch new businesses

Challenges in fiscal 2011

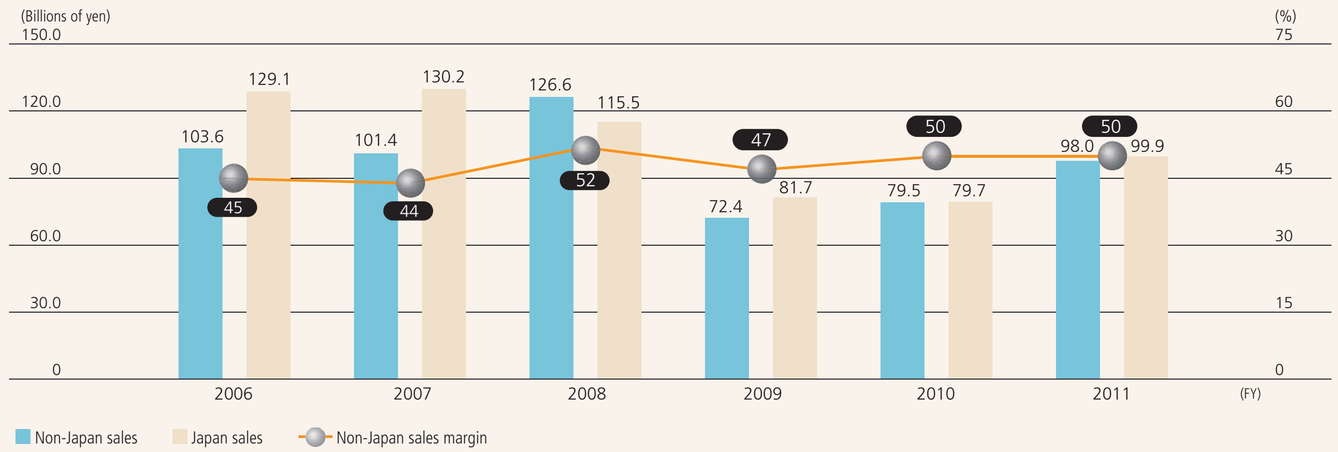
1. Restoring Daifuku Co., Ltd.'s operating income to the black by developing new markets and new products
2. Strengthening cost competitiveness through global production and procurement
3. Increasing profitability through service business expansion
4. Bolstering global operations by fostering personnel

Sales Ratio of Non-Japan Markets



North America	30.3%
Asia	56.2%
Korea	16.9%
Taiwan	14.9%
China	14.1%
Other	10.3%
Europe	9.4%
Other	4.1%

Non-Japan Sales



Chairman's Message

Since its founding in 1937, Daifuku has engaged in "material handling" operations, or more specifically, the development of products that enable the storage, transport and sorting of various items. In recent years, material handling has involved the merging of new computer software with such products to further enhance services. The first line of Daifuku's management philosophy promotes the following concept: "Contribute to the development of industry by supplying quality material handling systems, equipment and electronic devices to the global market." Accordingly, as a specialized material handling manufacturer and systems integrator, we generate corporate value by maintaining a globally unique presence. We will continue to support the development of industry by providing material handling systems to customers in a wide array of businesses, sectors, countries and regions.

Daifuku's strength lies in its ability to develop uniform solutions in line with customer management strategies, encompassing the planning, proposal, design, manufacturing and installation stages through to after-sales service and retrofitting. Particularly in the service business—which is underpinned by relationships of trust with customers fostered over the medium to long term—Daifuku has developed a business model in which the generation of stable profits is supported by an outstanding installation record.

Daifuku is also expanding its businesses on a global scale and has achieved a ratio of non-Japan sales to net sales of approximately 50% since fiscal 2010. Daifuku has expanded its operations through the establishment of affiliates and offices in 20 countries and regions. Each Daifuku affiliate maintains close partnerships with local business partners as well as with affiliates in other regions. Through such actions, Daifuku is promoting global production and procurement in optimal locations. In China, where future growth is greatly anticipated, we consolidated six affiliates into Daifuku (China) Co., Ltd. in April 2010 in order to strengthen a marketing structure that is supported by a single "Daifuku" brand. In North America, we established Daifuku Webb Holding Company to oversee Daifuku America Corporation and Jervis B. Webb Company in January 2011. This affiliate is already improving performance in such areas as the installation of systems that combine Daifuku's automated warehouses with Jervis B. Webb's automatic guided vehicles. Beyond products, we will promote the sharing of project management methods and the efficient use of management resources.

Through these measures, Daifuku is taking steps to promote further growth based on the key management strategy of fostering an optimal mix among its diverse array of management resources while pursuing business synergy.

We respectfully ask for the continuous support of our stakeholders, including shareholders and investors.

Katsumi Takeuchi
Chairman and Co-CEO

K. Takeuchi

Interview with the President

Building a foundation for sustainable growth in the global market and driving the development of the material-handling industry worldwide

Question 01

Please describe Daifuku's performance in fiscal 2011 against a backdrop characterized by concerns over the impact of such factors as the European debt crisis that began with Greece and the Great East Japan Earthquake.

Since the previous fiscal year, the Daifuku Group has been enjoying steady recovery from the setbacks experienced during the global recession triggered by the 2008 global financial crisis. Specifically, orders and net sales rebounded thanks mainly to demand for capital investment in the automotive and other sectors as well as the need for miniaturization in the semiconductor sector. This recovery includes sales to the automotive and automobile component sectors of 43.2 billion yen, an increase of 18.2 billion yen year on year. Reflecting this increase in sales, operating income surged 144.3% compared with the previous fiscal year. In addition, ordinary income rose 199.0% and net income jumped 354.1% owing to year-end decreases in yen rates and increases in share prices.

Question 02

To what extent did Daifuku reach targets set at the beginning of the fiscal year?

Fiscal 2011 was positioned as an important year for achieving a recovery in business performance and meeting the targets set in the plan by responding quickly and flexibly to changes in the market. Specifically, we were able to achieve the following four targets:

1. Restoring Daifuku Co., Ltd.'s operating income to the black by developing new markets and new products
2. Strengthening cost competitiveness through global production and procurement
3. Increasing profitability through service business expansion
4. Bolstering global operations by fostering personnel

I would like to focus particularly on "bolstering global operations by fostering personnel." In terms of promoting employees internationally, we appointed Brian G. Stewart, president and Co-CEO of our American affiliate Daifuku Webb Holding Company, as a Daifuku corporate officer. I believe that our ability to develop affiliate personnel familiar with Daifuku's corporate culture is proof that we are taking steps towards becoming a truly global company. In addition, we held the Company's First Global Leadership Training Program, inviting to Japan employees who play key roles at our affiliates. How to best develop global personnel in light of the Groupwide issues of new market entry and work efficiency was a topic of lively debate.

Question 03

Please tell us more about what Daifuku has planned for fiscal 2012, the final year of *Material Handling and Beyond.*

In light of the severe operating environment following the 2008 global financial crisis, the Group has positioned the period covered by the three-year business plan *Material Handling and Beyond*, which began in April 2010 and ends in fiscal 2012, as a time for establishing a business foundation that will ensure sustainable growth in the years ahead.

Regretfully, conditions for achieving the targets established during the formulation of the plan—net sales of 220 billion yen and operating income of 11 billion yen—remain difficult. Current targets are net sales of 205 billion yen, operating income of 6 billion yen and net income of 3 billion yen (announced on May 14, 2012).

Factors inhibiting sales included major changes to industrial structures, such as a decline in demand for flat-panel display television production and a decrease in customer budgets accompanying the transfer of manufacturing sites to emerging countries. In terms of profits, we have faced external factors, such as intensified competition from the growth of major competitors in emerging markets. At the same time, the Group's strategic growth has confronted difficulties arising from the challenge of undertaking large-scale projects outside Japan, where it does not have adequate procurement and installation infrastructure. In addition, the Group has faced the risks inherent in aggressively developing new markets.

Our basic policy for fiscal 2012 involves "building a foundation for sustainable growth in the global market and driving the development of the material-handling industry worldwide." In April, 2012, the Group was ranked No. 1 in sales among global material handling suppliers for the first time by the U.S. magazine *Modern Materials Handling* in its annual ranking. We were able to surpass a rival German material handling company due to favorable foreign exchange rates; however, we will strive to become the undisputed global leader.

Accordingly, it is vital that we continue "refining our focus—upgrading marketing functions." Amid expanding global markets, Daifuku is increasingly undertaking projects in regions where none of our affiliates operate. Therefore, reviewing each project from every possible perspective prior to implementation is vital. All business endeavors involve risk. Consequently, our decisions on whether or not to engage in any business must be based on careful risk analysis. We will concentrate our management resources in markets deemed to be worth pursuing based on the close examination of business risks and situation-specific conditions, including contract conditions, the capabilities of local business partners, customer standards, language and payment conditions.

Next, it is essential that we manage the progress of projects to ensure profitability in light of an increasing number of projects in new markets, as well as large-scale projects outside Japan. To increase profitability, we have formed a specialized division to maintain uniform control over costs, quality and workflow from the receipt of orders (including initial inquires) to delivery.

Question 04

What message would you like to convey to shareholders and investors?

Fiscal 2011 was a year of trials for Japan's manufacturing industry because of the impact of such natural disasters as the Great East Japan Earthquake and flooding in Thailand.

However, we earned high marks for our rapid response following last year's earthquake, repairing damage at approximately 90% of over 1,000 facilities within two months. Moreover, one of our customers, a Japanese automaker affected by the 2011 Thai flooding, was grateful for our rapid restoration of its factory, which had boasted an annual production capacity of 240,000 cars. Our production-and-installation support team dispatched from Japan to Thailand contributed to finally restoring properties back to pre-loss condition and the factory returned to its normal production. Beginning installation in early January 2012 (and completing it by mid-February of the same year), undertaking test operations in March and commencing production in April involved a significant amount of effort within a very tight time frame.

We are proud of Daifuku's corporate culture, which stresses never shrinking away from jobs that must be performed as well as maintaining organizational cohesion in order to ensure customer satisfaction. I want to pass along these positive Daifuku values to the next generation of employees.

We cannot avoid natural disasters and other risks during the course of our business operations. Rather than being pessimistic about the difficulties that have befallen us, it is important to consider what needs to be done to enable the next leap forward. By maintaining such an attitude, we will create new products and nurture employees who are able to maintain customer trust.

Masaki Hojo
President and Co-CEO

Special Feature: Enhancing the Capabilities of the Daifuku Group through Effective Synergies

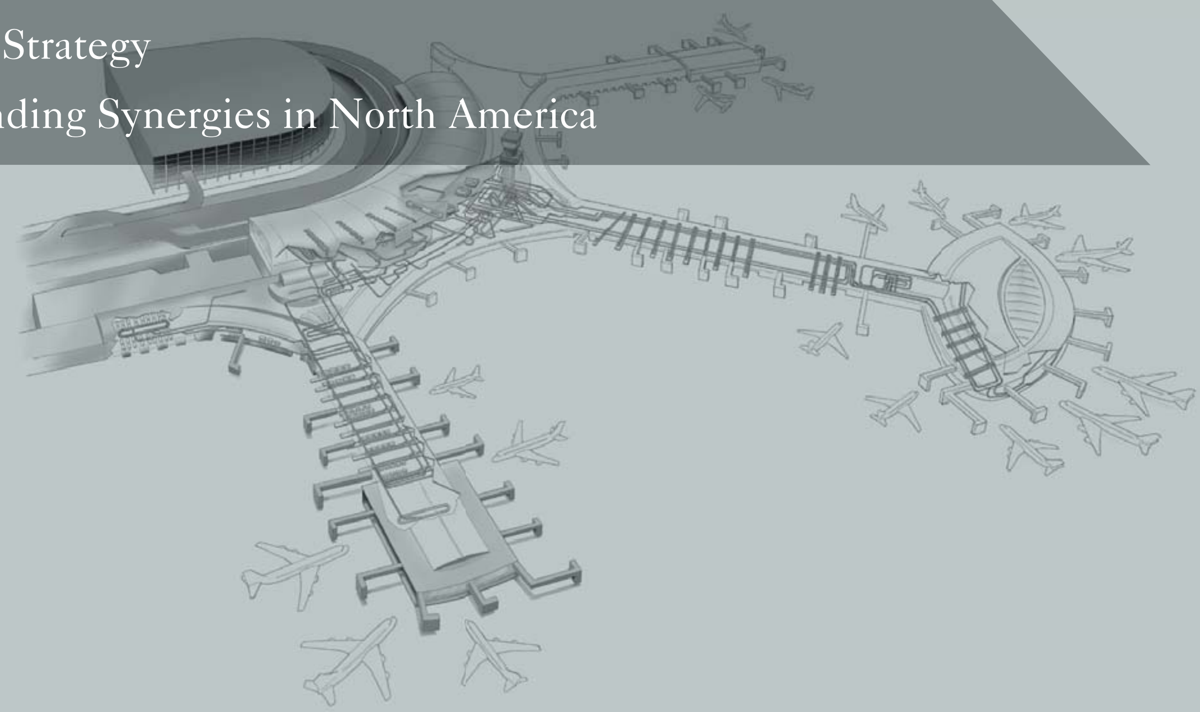
Aiming for Sustained Growth in the Global Market

Kunming Changshui International Airport

The Daifuku Group has expanded its operations through the establishment of affiliates and offices in 20 countries and regions worldwide. The Group has maintained the ratio of non-Japan sales to net sales at approximately 50% since fiscal 2010 and expects to increase this ratio to nearly 55% in fiscal 2012.

To summarize, the Group has enhanced global business expansion through product development, which is the foundation of manufacturing, proactive M&A strategies, and the business synergies generated from collaborating with new companies that joined the Group by way of M&A.

1. Developing New Products and New Markets
2. M&A Strategy
3. Expanding Synergies in North America



1 Developing New Products and New Markets

A fruit sorting Finger Domino Sorter used at Japan Agriculture Cooperatives (Kumamoto, Japan)

Identify new markets by offering cutting-edge, proprietary technologies

A leader in material handling, Daifuku continually takes on the challenge of creating new business opportunities. By promoting the global expansion of the advanced technologies and expertise it has honed in Japan, Daifuku is widening the scope of its business operations. Despite the risks posed by such actions, profits are earned only by those who take the initiative in developing new markets. In addition, Daifuku adheres to its tradition of making a full effort in the pursuit of customer satisfaction.

In March 2012, 450 companies took part in the world's largest rechargeable battery exhibition held in Tokyo. At this exhibition, the various booths displaying lithium-ion batteries and related products attracted a great deal of attention. Among them, Daifuku attended this event as a material handling systems manufacturer to present lithium-ion battery production line systems.

The global lithium-ion battery market was worth about 1,170 billion yen in fiscal 2011 and its value is expected to expand to 2,900 billion yen in fiscal 2015. In addition to batteries, the exhibition featured numerous rechargeable battery component and material manufacturers' products, including electrodes and sheets, giving the impression that a new and powerful industry is on the rise.

Presenting at the International Rechargeable Battery Expo BATTERY JAPAN 2012 (Tokyo)

Nitrogen purge stockers

Lithium-ion battery manufacture is still a relatively new industry and is facing numerous challenges in mass-production, such as yield. Even in such circumstances, Daifuku has been involved in the continuous establishment of large lithium-ion battery plants outside Japan, the scale of which is globally unprecedented. Showcasing these case studies, Daifuku develops material handling systems, which utilize a broad range of proprietary technologies, including automatic fire extinguishers, image recognition and temperature monitoring systems.

In the agricultural field, strengthening the brand power of specialty products has become a major theme among producers in their efforts to respond to consumer demand for safer, more reliable and better tasting products. Daifuku has been keenly interested in upgrading fruit sorting facilities to meet the increased needs of fruit and vegetable growers. Daifuku has provided systems to fresh produce distribution centers. In addition, we started to supply systems that combine specially designed fruit sorters that classify items by quality level. New sorting lines are equipped with cutting-edge external and internal quality sensors that instantaneously measure the color, shape, sugar content and ripeness of oranges, pears, apples, melons and other types of fruit.

In the semiconductor sector, the need for nitrogen purge systems for wafer miniaturization is increasing. These systems purge moisture and air—which impedes efforts to extend wafer miniaturization to the 20 nanometer range (a nanometer equals 1 billionth of a meter)—by flooding the equipment in which wafers are installed, referred to as a Front Opening Unified Pod (FOUP), with nitrogen during the fabrication process. Daifuku stockers used for FOUP storage provide new-added value.

2 M&A Strategy

Webb's chain conveyor systems installed at Ford Motor Company in the early 20th century

Acquiring competitors to increase service assets and to expand global sales areas with complementary products

Proactive strategies through M&As

Daifuku has been involved in 20 small- and large-scale M&As since the latter half of 1990s. Building and bringing a single business on track takes a considerable amount of time. One strategy that we focus on to maintain sustainable growth is to expand business fields through the development of partnerships with exceptional companies in each sector.

Key M&As that have led to an increase in customers and service volume, as well as stronger business performance, include the acquisition of the logistics system business operations of Kito Corporation in 2004 and those of the Komatsu Group in 2009. In addition, in April 2012 we acquired Hitachi Plant Technologies, Ltd.'s cleanroom material handling system after-sales service business, thereby strengthening our Japanese operations.

The new model drive-thru car wash machine, GRANADA

In the car wash machine sector, we acquired YASUI Corporation's car wash equipment business in 2011, enabling the Group to capture the highest market share in Japan. In spite of the shrinking number of gas stations serving the Japanese market, this acquisition led to an increase in production and sales, contributing to earnings.

Meanwhile, Daifuku engages in M&A with the primary aim of supplementing its regional and product-related operations outside Japan. Daifuku's most recent M&A involved the agreement with the major South Korean car wash machine manufacturer, Hallim Machinery Co., Ltd., to purchase all shares of the company, in June 2012 (subject to approval by the Korea Fair Trade Commission). Boasting a 40% share of the South Korean market, Hallim Machinery develops and sells products that meet American and European safety standards and has a proven delivery record in the United States, Europe, and Asia. Making effective use of its global locations, the Group is targeting markets in China, the West, and ASEAN countries.

Second major M&A to create further synergies

The best example of our global M&A activities is the joining of the U.S.-based material handling company, Jervis B. Webb Company ("Webb"), which boasted over 20.0 billion yen in annual sales, into the Group in 2007. Established in 1919, Webb has forged a pioneering presence in the material handling systems industry worldwide. With Japanese automakers as its main customers, Daifuku established an ideal complementary relationship with Webb, which has a solid foothold in the U.S. automobile industry. Another advantage of this alliance was that Daifuku was able to enter the airport baggage handling system business, a new market for the Company.

Although Webb's airport-related products focus on the North American market, the Group possesses a system capable of global expansion owing to the April 2011 acquisition of Logan Teleflex, which boasts a proven installation record centered in Europe. In the immediate future, we will focus mainly on markets in China and other Asian countries and regions. With a large number of airports scheduled to be built by 2020, China is a particularly major market. The Group has already gained a foothold in this market through a local joint-venture involving Logan Teleflex that provides baggage handling systems to Kunming Changshui International Airport, China's fourth largest airport.

The construction of new terminals is a vital aspect of airport expansion. Indispensable to such construction are the baggage tray systems developed jointly by Daifuku and Webb. Realizing a globally unmatched transport speed of 600 meters per minute, this system is optimal for terminals separated by long distances. Daifuku's specialty automated storage/retrieval system ("AS/RS") is able to store and monitor each item of baggage without removing it from its tray. The system thus helps prevent lost baggage and improves service at airports.

The Group is designing equipment with the aim to commence production in China while developing control systems that incorporate new elements based on Logan Teleflex technology. Currently ranked fourth worldwide in the field of airport baggage handling systems, Daifuku aims to break into the global top three through dynamic partnerships extending across Japan, the United States, Europe and China.

Baggage tray system

In 2006, Daifuku expanded its bowling equipment business through M&A.

3 Expanding Synergies in North America

Webb's automatic storage/retrieval vehicle SmartLoader

Brian G. Stewart, president and Co-CEO of Daifuku Webb and Daifuku corporate officer

Daifuku Webb Holding Company

DUOSYS

Sharing product technologies and expertise to move toward further automation

1) Merger of Daifuku's North American Business

In 2007, Daifuku's acquisition of Webb created a unique opportunity to generate synergies through the blending of the contrasting corporate cultures and products of Daifuku America Corporation and Webb. In January 2011, we established Daifuku Webb Holding Company ("Daifuku Webb") to oversee the two entities, consolidating their operations, including human resources, general affairs, finance, information technology, sales, customer service, manufacturing, and technical engineering.

"This merger has enabled the Daifuku Group to strengthen its business operations in North America. We are proud to have reached an even higher level of competitiveness as a result. Looking ahead, we will further reinforce the bonds established between the two companies in order to create a single organizational structure, more accurately meet customer needs by utilizing the combined products and skills of both companies, and thereby achieving our goal of becoming North America's No. 1 material handling company." (Brian G. Stewart, president and Co-CEO of Daifuku Webb and Daifuku corporate officer)

We have focused particular attention on integrating the two U.S. companies' engineering teams. Thanks to such actions, we have fostered a higher degree of mutual understanding of each other's products and services, enabling the proposal of systems that are most suited to customers. In addition, Webb has been involved in several thousand projects, including conveyor systems for automobile factories, automatic guided carts ("SmartCart") and airport baggage handling systems. Leveraging Webb's superior expertise in the project management process, Daifuku Webb is taking steps towards blending its project management framework with that of Daifuku America.

2) Labor shortage drives companies to automate their operations

Major business opportunities are being created by the shift of manufacturing operations to emerging countries, along with changes in consumer trends and logistics in these new markets.

In addition, we see the United States, which boasts the world's largest GDP, as becoming a major market for us. Although it has an enormous geographical area, the United States has relatively high warehousing-, construction-, and public utility-related costs. Consequently, many companies have been promoting automation in their warehousing and factory operations to lower these costs. Moreover, with baby boomers rapidly approaching retirement age and a growing lack of interest among the younger generation in careers in the manufacturing or distribution industries, many analysts expect a substantial labor shortage to emerge over the next decade. Against this backdrop, DUOSYS, one of Daifuku's AS/RSs, has received high evaluations for its ability to substantially increase the processing capacity of facilities without the need for increased building size. As a result, this system enjoys a rapid installation rate.

"American companies are ceaselessly searching for advanced, next-generation solutions that will lead to lower labor costs and higher competitiveness. The speed and throughput (approximately 2,000 cases per hour) of DUOSYS are attractive features for the North American market. We will concentrate on selling DUOSYS and other advanced products as we strive to differentiate ourselves from the competition." (Brian G. Stewart)

3) Aiming to Become North America's No. 1 Material Handling Company

Daifuku's new conveyor system, which was developed jointly with Webb for automobile production lines, has received high marks in energy conservation. Meanwhile, Webb's most popular automatic guided carts, regarded as flexible and affordable systems to install, are increasingly being used.

"By integrating the production and technological resources of the two companies, which boast unparalleled levels of expertise spanning over 70 years for Daifuku and over 90 years for Webb, we now have an excellent opportunity to pull away from the competition. Accordingly, we will strengthen the Group's presence among the Detroit Three automakers as well as Japanese and other non-U.S. automobile manufacturers expanding into the North American market." (Brian G. Stewart)

Regarding products marketed to general manufacturers and distributors, Daifuku anticipates market expansion in the pharmaceutical, healthcare, warehousing/distribution, retail and electronic commerce sectors. Accordingly, we will increase the number of customers through an effective blending of businesses centered on Daifuku's AS/RSs and Webb's automatic guided carts.

4) Human Resource Development

In North America, technical engineers who work in automobile production line systems are cross-trained in airport baggage handling systems. This cross-training helps our employees learn new skills and equalizes the burden among our business operations, providing extra personnel during peak times as needed.

"Daifuku Webb has established a mentorship program for all new employees. In addition, we will strive to implement various human resource training programs and formulate initiatives to develop the best talent. I believe that to be the best in the material handling industry, it is very important to provide effective training and retain our employees." (Brian G. Stewart)

Area Highlights: China

Daifuku China Chairman (leftmost) at the top 10 user satisfaction award ceremony

Daifuku (China) Co., Ltd. was selected as one of the top 10 logistics companies in China with regard to user satisfaction in 2011, owing to its development of China's largest logistics search website.

In the area of manufacture, we established Daifuku China's skills evaluation program related to welding, assembly and electrical techniques, which form the core of our product manufacturing operations. Under the program, the second proficiency test was held in September 2011. Through these efforts, the Daifuku Group strives to raise the level of its technology, employee skills and product quality.

Area Highlights: India

In April 2012, Daifuku participated for the first time in the India Warehousing Show 2012, held in New Delhi. The Show promoted a greater awareness of the significant need for automation, which was primarily reflected in a greater number of companies participating and a significant expansion in exhibition space compared with the previous year. Beyond the mainstay products used in automobile factories, Daifuku will undertake marketing activities, aiming to expand factory and distribution automation markets in India.

India Warehousing Show 2012

Principal Initiatives/Systems

- Focus on improving corporate governance with a view to building a robust business structure in keeping with two key aspects of our management philosophy: "contribute to the development of industry" and "healthy, growth-driven management"
- Reduced the number of directors in order to accelerate management decision making and facilitate functional and efficient business operations for two consecutive years since introducing the corporate officer system in June 2011
- Appointed an outside director in June 2012 to further improve the management objectivity and transparency
- Promote the upgrading of the Daifuku Group's management structure, centered on the Internal Audit Department, in relation to Company's internal control system

Reducing the number of directors and enhancing the corporate officer system, appointing an outside director to bolster corporate governance

Daifuku took steps to enhance the efficiency of management decision making by reducing the number of directors by four along with the introduction of a corporate officer system* in June 2011. In June 2012, the Board of Directors was further decreased by three internal directors while an outside director was appointed, bringing the total number of board members to 11 directors.

By appointing an outside director, Daifuku ensures transparent operations through the provision of advice and recommendations to the Board of Directors from an independent perspective that protects the interests of ordinary shareholders. In addition, the outside director is in charge of monitoring and supervising the business execution of directors. Daifuku believes that the Board of Directors will be further revitalized by the close collaboration between the outside director and internal directors, who are well acquainted with the Company' businesses, manufacturing operations and markets.

Based on their regulations, the Tokyo Stock Exchange and Osaka Securities Exchange have been notified that the Company's new outside director, Noboru Kashiwagi, is an independent officer who has no conflict of interest with shareholders.

The Board of Directors' meetings are held each month, while extraordinary meetings are held as needed. In addition, the Management Advisory Meeting, which comprises representative directors, is in place to confer on important management matters and make recommendations to the Board of Directors. With corporate auditors in attendance, the committee also seeks the opinions of relevant directors and external specialists on an as-needed basis. The Company also convenes officer meetings,* which all directors, corporate officers and full-time corporate auditors attend and at which they participate in deliberations.

The directors' terms of office will continue to be one year and each director's mandate will be examined annually at the annual shareholders meeting.

In addition, corporate officers are appointed by directors for one-year terms. The Company currently maintains 22 corporate officers, including those serving concurrently as directors. In April 2012, Daifuku appointed an American national as corporate officer for the first time. Through this appointment, Daifuku will increasingly focus on developing and utilizing its diverse personnel, reflecting a ratio of non-Japan sales to net sales of approximately 50% and progressive globalization.

*Corporate officer systems and officer meetings established within companies with corporate auditors are voluntary corporate bodies not specified in the Corporation Law.

Corporate auditors and audit system

Daifuku maintains a Board of Corporate Auditors made up of five corporate auditors, three of whom are elected from outside the Company. The Board of Corporate Auditors met on six occasions during the fiscal year under review. Corporate auditors, who attend and have a voice in key meetings, including Board of Directors' meetings and officer meetings, conduct their audits by monitoring and visiting various operating divisions, including factories and sales offices, as well as Group companies.

Boasting a wealth of experience and high degree of knowledge in fields that include the law, press reporting as well as science and technology, the three outside corporate auditors help increase the legality, transparency and oversight of operations while enhancing audit functions by providing advice and recommendations as needed. The Tokyo Stock Exchange and Osaka Securities Exchange have been notified that two of the outside corporate auditors are independent officers.

As Daifuku's independent accounting auditor, PricewaterhouseCoopers Aarata, a PwC member firm, currently performs accounting and internal control audits.

Compliance, risk management and other internal control system upgrades

Regarding compliance, Daifuku established a Compliance Committee chaired by the president (the Company's most fundamental compliance-related body) and formulated its Corporate Code of Conduct. Daifuku also conducts activities to ensure legal compliance, fairness and high ethical standards in its corporate activities.

Regarding risk management, the Company established the BCP Promotion Division under the control of the combined CFO and CRO to establish and promote countermeasures for responding appropriately to a wide array of risks in areas ranging from management to disasters. Daifuku became the first material handling systems manufacturer to be rated under a disaster preparedness rating program of the Development Bank of Japan (DBJ) in March 2012, resulting in the Company obtaining a loan from DBJ. The DBJ financing program employs a comprehensive method in evaluating corporate disaster preparedness and BCP measures and offers loans to companies determined to be superior based on the ratings.

Regarding the maintenance of reliable financial reporting, the Internal Audit Department functions as a bureau to upgrade and manage the Company's internal control system. As such, the Internal Audit Department prevents risks that could impede the reliability of financial reporting, educates employees Companywide about overall internal controls and undertakes the integrated management of the Plan-Do-Check-Act cycle.

At the General Meeting of Shareholders held in June 2012, shareholders approved the continuation of Daifuku's partially revised preventative measures against large-scale acquisitions of Company shares (takeover defense measures), which were renewed in 2009. The measures' limit was set at three years. In the event that a large-scale acquisition of shares is attempted, a Special Committee made up of outside directors, auditors and experts shall investigate and make a recommendation to the Board of Directors regarding whether or not takeover defense measures should be renewed.

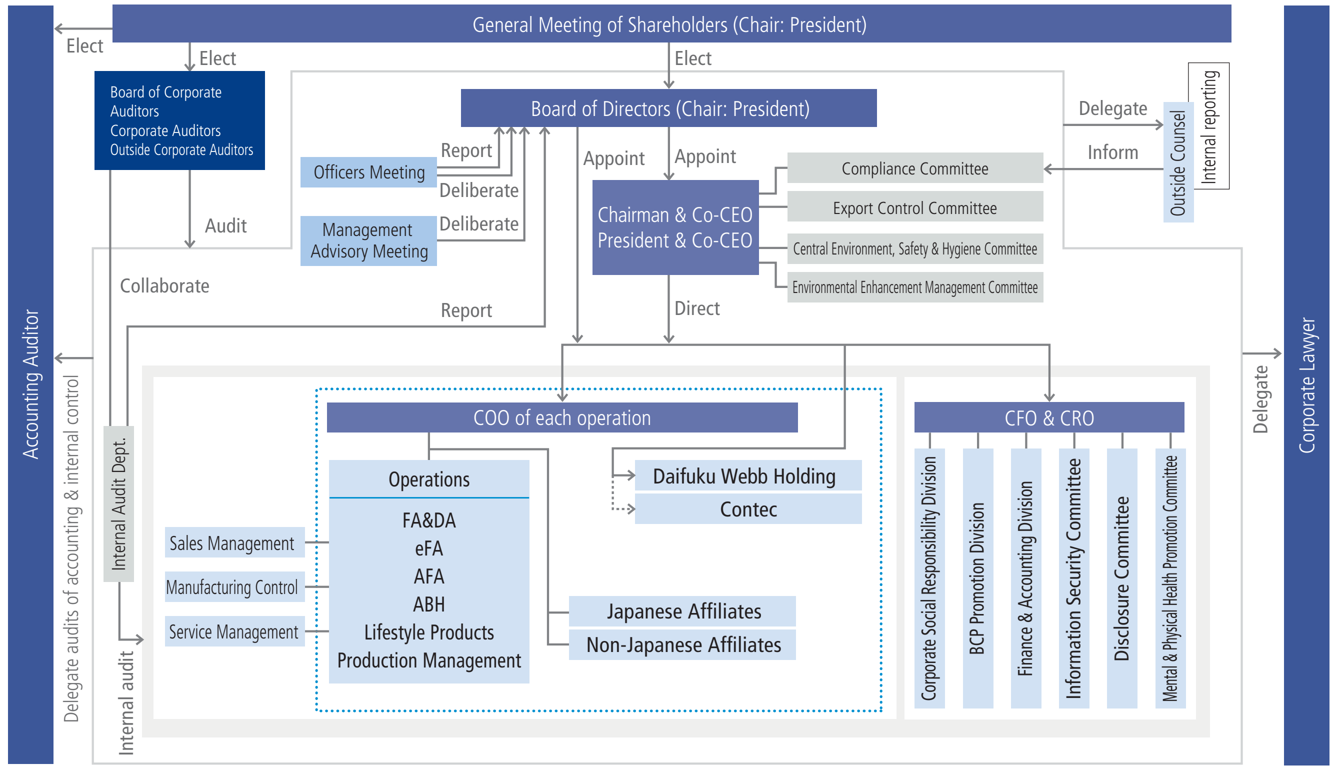
Promoting environmental management

In light of the common global challenge of realizing a low-carbon society, the Company established the Environmental Enhancement Management Committee in April 2010 to develop and promote environmental management strategies. Daifuku contributes to the reduction of CO_2 emissions not only from its business activities but also from consumer activities through the provision of environmentally friendly products and services.

To reduce CO_2 emissions, Daifuku is augmenting and renewing power substation equipment at the Shiga Works (its major production site) while promoting a shift from the use of cogeneration facilities located within the site to commercial electricity. However, we will continue to maximize the use of our existing cogeneration facilities to address the major difficulties posed by power shortages in the aftermath of the nuclear accident as well as the risk of power disruptions.

In fiscal 2011, CO_2 emissions from business activities undertaken in Japan decreased by approximately 5% year on year, amid increases in production volume. In particular, Daifuku's redoubled its power saving efforts in each region of Japan in response to power shortages following the Great East Japan Earthquake. These actions have led to a reduction in CO_2 emissions.

Corporate Governance Structure



* FA&DA: Manufacturing and distribution automation, eFA: Cleanroom automation for semiconductor and flat panel displays, AFA: Automotive automation, ABH: Airport automation

Directors and Corporate Auditors

(As of June 28, 2012)

Representative Directors

Front row, from left

Katsumi Takeuchi
Chairman and Co-CEO

Masaki Hojo
President and Co-CEO

Back row, from left

Fumio Kobayashi
Executive Vice President and COO
Sales & Marketing

Mikio Inohara
Senior Managing Director
CFO and CRO
Finance & Corporate Affairs

Directors

Front row, from left

Hiroyoshi Takeda
Director and COO
Automotive Automation

Susumu Moriya
Director and COO
Cleanroom Automation

Akio Tanaka
Director and COO
Manufacturing & Distribution Automation

Back row, from left

Noboru Kashiwagi
Outside Director
Independent Officer

Takashi Hiramoto
Director and COO
Airport Baggage Handling
Chairman and Co-CEO of Daifuku Webb Holding Company

Masayoshi Inoue
Director and COO
Lifestyle Products

Katsutoshi Fujiki
Director and COO
China Business
Chairman of Daifuku (China) Co., Ltd.

Corporate Auditors

Front row, from left

Hiroyuki Torii
Outside Corporate Auditor
Independent Officer

Harumichi Uchida
Outside Corporate Auditor

Isao Kitamoto
Outside Corporate Auditor
Independent Officer

Back row, from left

Tatsujiro Kurosaka
Corporate Auditor

Setsuo Idehara
Corporate Auditor

Corporate Officers

Naoki Tahara
Managing Officer
Manufacturing & Distribution Automation

Yoshiyuki Nakashima
Managing Officer
Corporate Social Responsibility (CSR)
BCP Promotion

Hidenori Iwamoto
Managing Officer
Automotive Automation Sales

Seiji Sato
Managing Officer
Cleanroom Automation (Semiconductor)

Masanobu Toma
Corporate Officer
Manufacturing & Distribution Automation

Akira Ikari
Corporate Officer
Lifestyle Products Production

Ken Sasaki
Corporate Officer
Production

Hiroshi Nobuta
Corporate Officer
Factory & Distribution Automation Project Management

Hiroshi Geshiro
Corporate Officer
Manufacturing & Distribution Automation Sales

Tadashi Kimura
Corporate Officer
Manufacturing & Distribution Automation Services

Yoshiyuki Horiba
Corporate Officer
Cleanroom Automation (FPD)

Yoshihisa Kimura
Corporate Officer
Finance & Accounting

Brian G. Stewart
Corporate Officer
President and Co-CEO of Daifuku Webb Holding Company

Financial Section

Five-Year Summary

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2012, 2011, 2010, 2009 and 2008

(Millions of yen and thousands of U.S. dollars)

	2012	2012	2011	2010	2009	2008
For the Year						
Net sales	**¥198,052**	**$2,411,153**	¥159,263	¥154,208	¥242,182	¥231,619
Cost of sales	**165,505**	**2,014,924**	131,639	128,195	195,430	182,260
Selling, general and administrative expenses	**28,328**	**344,884**	25,897	25,932	31,736	28,680
Operating income	**4,217**	**51,344**	1,726	80	15,015	20,677
Income before income taxes and minority interests	**3,129**	**38,096**	703	862	13,956	20,592
Net income	**1,223**	**14,890**	269	1,018	7,851	11,893
Net income per share (Yen and U.S. dollars)	**¥ 11.05**	**$ 0.13**	¥ 2.43	¥ 9.20	¥ 70.29	¥ 105.05
Cash dividends per share (Yen and U.S. dollars)	**15.00**	**0.18**	15.00	20.00	26.00	26.00
Capital investment	**¥ 2,393**	**$ 29,145**	¥ 3,221	¥ 2,280	¥ 4,613	¥ 4,071
Depreciation	**3,612**	**43,980**	3,577	3,679	3,930	3,401
R&D expenditures	**6,484**	**78,947**	6,370	6,075	8,018	6,964
At Year-End						
Total assets	**¥185,049**	**$2,252,853**	¥163,388	¥165,430	¥194,727	¥222,386
Working capital	**61,943**	**754,118**	65,908	66,265	75,087	64,840
Interest-bearing liabilities	**51,010**	**621,023**	40,912	45,295	55,417	33,559
Net assets	**76,618**	**932,776**	77,714	81,295	82,810	88,709
Net assets per share (Yen and U.S. dollars)	**¥ 674.72**	**$ 8.21**	¥ 683.39	¥ 716.07	¥ 718.68	¥ 746.59
Number of employees	**5,617**		5,209	5,395	5,660	5,663
Ratios						
Operating income/net sales	**2.1%**		1.1%	0.1%	6.2%	8.9%
Income before income taxes and minority interests/net sales	**1.6**		0.4	0.6	5.8	8.9
Net income/net sales	**0.6**		0.2	0.7	3.2	5.1
Return on shareholders' equity (ROE)	**1.6**		0.3	1.3	9.6	14.7
Shareholders' equity/total assets	**40.3**		46.3	47.9	40.9	38.0

Notes: 1. The U.S. dollar amounts in this annual report are translated from Japanese yen for convenience only, at the rate of ¥82.14 = U.S.$1.00, on the Tokyo Foreign Exchange Market on March 30, 2012.
2. 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.
3. In the calculation of shareholders' equity/total assets ratio and ROE, shareholders' equity represents the amount of net assets less minority interests.

Contents

Consolidated Financial Review

Management Overview

In fiscal 2011, the fiscal year ended March 31, 2012, the global economy faced concerns about financial crises, raising the specter of recession, mainly linked to the European sovereign debt crisis that began in Greece and the slowdown in the U.S. economy. Some emerging countries, meanwhile, have tightened their monetary policies to control inflation. In the Japanese economy, the outlook has become increasingly uncertain, given the Great East Japan Earthquake, the flooding in Thailand, the record appreciation of the yen and weak demand overseas. However, the economy staged a moderate recovery during the fourth quarter, driven by an ongoing rebound in the U.S. economy, Japan's post-disaster related recovery demand, lower yen rates and an upswing in exports. As the economy enters fiscal 2012, the fiscal year ending March 31, 2013, global uncertainties currently being faced, including European credit insecurity, rising crude oil prices and power shortages, are anticipated to persist.

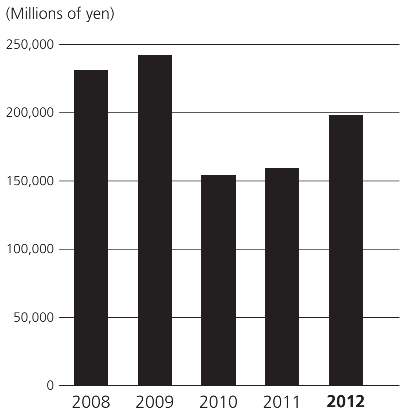
The material handling and logistics industry also confronted a difficult business environment, as recovery in overall demand remained moderate, despite indications of growing demand centered on the automobile industry in emerging economies and North America as well as signs of post-disaster reconstruction demand in Japan.

In light of these operating conditions, the Daifuku Group's earnings steadily recovered from the decline that followed the 2008 global financial crisis. This rebound is attributable to Groupwide efforts continued from the previous fiscal year.

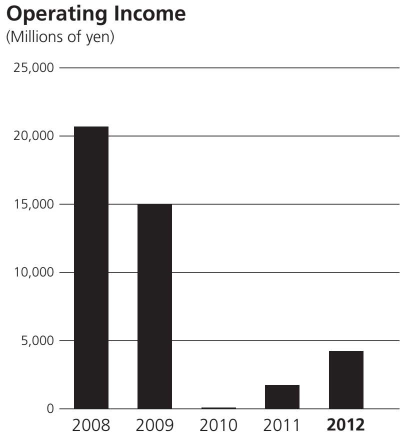
As a result of these efforts, the Daifuku Group received orders of 195,217 million yen, up 8.3% from the previous fiscal year, and posted consolidated net sales of 198,052 million yen, an improvement of 24.4%. The increases were mainly due to the Group's responses to rising demand for investment in the automobile sector in emerging economies and North America; to meet needs for miniaturization in the semiconductor sector; and to expand the Group's business frameworks through M&As in the airport baggage handling system and car wash machine sectors. Of consolidated net sales, domestic net sales (sales to customers in Japan) rose 25.4% to 99,963 million yen, while sales outside Japan increased 23.3% to 98,088 million yen. Consequently, the overseas net sales ratio remained unchanged from the previous fiscal year at around 50%.

In terms of profits, a recovery in overall business volume, firm performance in the service business and favorable sales in the fourth quarter resulted in operating income of 4,217 million yen, a jump of 144.3% compared with the previous fiscal year. Ordinary income was impacted by a foreign exchange loss that reflected yen appreciation while net income was buffeted by market valuation losses on stockholdings (loss on valuations of investments in securities) and the reversal of deferred tax assets under the revised corporation tax law. Nevertheless, owing to performance that surpassed initial forecasts due to lower yen rates and an increase in stock market values, ordinary income amounted to 4,022 million yen, up 199.0%, while net income surged 354.1% to 1,223 million yen.

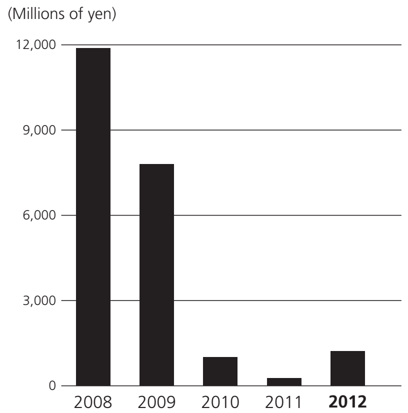
Net Sales



Operating Income



Net Income



Operating Results by Segment

Accompanying changes in accounting standards for segment information, reportable segment classifications changed during the previous fiscal year. As a result, financial reporting was classified into five reportable segments: Daifuku Co., Ltd. ("Daifuku"), Contec Co., Ltd. ("Contec"), Jervis B. Webb Company ("Webb"), Daifuku America Corporation ("Daifuku America") and Other. During the fiscal year under review, these classifications were further modified into four reportable segments—Daifuku, Contec, Daifuku Webb Holding Company ("Daifuku Webb") and Other—to reflect the placing of Webb and Daifuku America under the control of Daifuku Webb, which was established on January 1, 2011 to manage and bolster Daifuku's North American operations. Regarding segment performance, all segments posted increased revenue and earnings except for Contec, which recorded weak results.

(1) Daifuku Co., Ltd.

Orders and net sales increased from the previous fiscal year, thanks to the growth in the overseas business and winning of large-scale project orders.

In storage, transport, sorting and picking systems, Daifuku experienced a smooth progress of large-scale projects for the sectors including food, pharmaceuticals, pharmaceutical wholesaling, agriculture, and distribution. In systems for semiconductor factories, orders for nitrogen purge stockers, which meet needs for semiconductor miniaturization for projects in South Korea and North America, held steady. Meanwhile, in systems for flat-panel display (FPD) factories, demand shifted from large flat-panel TVs to systems for small and midsize panels for smartphones and other mobile devices. In the future, demand for systems for high definition panels and thinner glass panels is expected, mainly in China.

In automobile production line systems, Daifuku posted a significant increase in sales from the previous fiscal year. This was attributable to the rebound in orders mainly from North America and emerging countries, as well as the increased sales in Brazil, Thailand, China, Indonesia, and India. In addition, holiday installations in May, August, and the New Year seasons in Japan contributed to the stronger sales performance. In car wash machines, sales sustained a strong performance from the beginning of the fiscal year, thanks to acquisition benefits, equipment replacement demand from filling stations, and rising orders in the car dealer sector. In wheelchair lifts for care-provider vehicles, Daifuku posted a record high in terms of both production output and sales, in line with the recovery in automotive production, demand for reconstruction for care facilities and the winning of large orders after the March 2011 Great East Japan Earthquake.

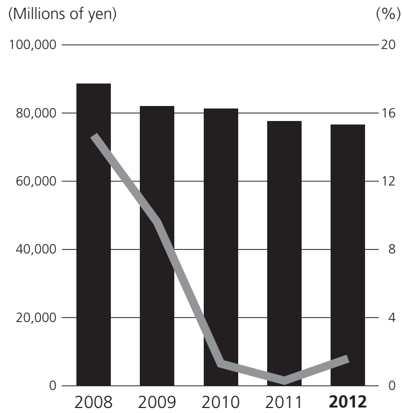
As a result, Daifuku recorded orders of 111,875 million yen, up 4.3% from the previous fiscal year, and net sales of 114,613 million yen, up 14.3%. Segment income was 1,886 million yen, up 112.1%, thanks to favorable sales, cost cuts and royalties from subsidiaries, achieving positive operating income on a non-consolidated basis, despite headwinds caused by strong yen, sluggish stock market and tax policy changes.

(2) Contec Co., Ltd.

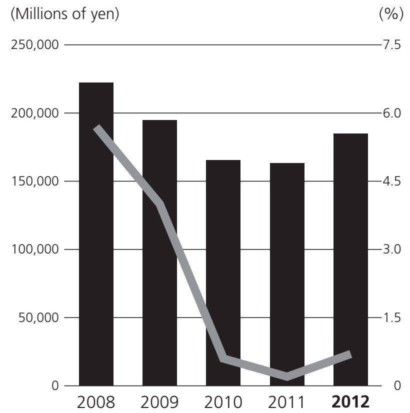
Orders and net sales decreased, resulting in a major drop in income. In particular, performance in electronic devices and components influenced, mainly attributable to the shrinking automobile production and other factors triggered by the Great East Japan Earthquake.

In contrast, sales of products rebounded toward the end of the fiscal year under review. In particular, sales for extension boards for manufacturing equipment and inspection devices. Sales of industrial-use personal computers for non-manufacturers and wireless LAN products for public and store facilities remained buoyant. On the

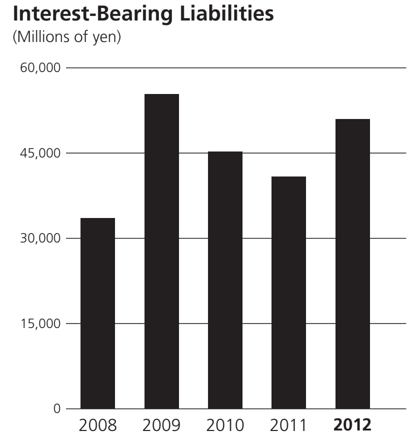
Net Assets and ROE



Total Assets and ROA



Interest-Bearing Liabilities



other hand, as for solutions and services, sales of remote power monitoring systems were robust, while sales of photovoltaic data measuring system stagnated, given a delay in orders because renewable energy purchase value had not yet been determined. As for system products, sales remained sluggish for car-related systems in Japan.

Consequently, Contec recorded orders of 8,350 million yen, down 1.3% from the previous fiscal year, net sales of 8,161 million yen, down 4.9%, and segment income of 68 million yen, down 83.9%.

Over the next fiscal year, Contec will aim to boost sales in the sectors with high growth potential and continue its efforts to increase sales in non-Japanese markets, mainly in China.

(3) Daifuku Webb Holding Company (Daifuku Webb)

Daifuku Webb, with Daifuku America and Jervis B. Webb under its control, is stepping up its effort to unify the two entities.

Orders and sales increased due to favorable business conditions in the automobile and semiconductor sectors. Orders for airport baggage handling systems were influenced by delays in contract procedures and the determination of manufacturers. However, in systems for the automotive and food sectors, proactive marketing activities for the automatic-guided cart "SmartCart" were successful.

As a result, Daifuku Webb recorded orders of 25,770 million yen, down 14.1% from the previous fiscal year, net sales of 28,273 million yen, up 40.2%, and segment income of 1,121 million yen, up 57.5%. With anticipated rebound in the North American economy, the segment expects overall growth in both orders and net sales for the next fiscal year.

(4) Other

Other, including Daifuku's consolidated subsidiaries excluding the aforementioned three companies, remained strong, particularly at non-Japanese subsidiaries mainly in Asia. Global collaboration among subsidiaries has gathered momentum. In December 2011, Clean Factomation won an award from South Korean government for the exporting business that earned more than 30 million U.S. dollars a year, resulting in contributing to the country.

In China, the segment is consequently stepping up its efforts to increase orders in systems for product distribution centers covering the vast Chinese nation, and for airports, maintaining favorable sales of systems for automobile factories. Logan Teleflex, which joined the Daifuku Group from the fiscal year under review, won an additional order for a large-scale project for airport baggage handling systems in China. In Taiwan, sales of systems for small and midsize panel production lines and for semiconductor factories were brisk. In South Korea, sales of products for semiconductor and automobile factories were favorable. Thailand is also experiencing a boom in capital spending as an automobile production hub for the Asia-Pacific region. In particular, during the second half of the fiscal year under review, Daifuku participated in restoration work for customer facilities affected by the floods, dispatching its support team from Japan for local production and services. In collaboration with Thai subsidiaries, we earned high marks from the manufacturers we served.

As a result, the segment recorded orders of 49,219 million yen, up 42.6% from the previous fiscal year, net sales of 45,019 million yen, up 42.8%, and segment income of 1,698 million yen, up 184.3%. As noted, segment orders include a backlog of about 6,000 million yen for orders received by Logan Teleflex.

Earnings

During the year under review, operating income in fiscal 2011 jumped 144.3% from 1,726 million yen to 4,217 million yen, while the operating income margin improved from 1.1% to 2.1%, mainly reflecting the aforementioned 24.4% rise in net sales to 198,052 million yen, despite the factors that arose as a result of the market shift towards emerging countries and Daifuku's proactive approach to undertaking challenging new projects with high development potential.

Ordinary income in fiscal 2011 stood at 4,022 million yen, up 199.0% compared with the previous fiscal year, due to the increase in operating income and a decrease in foreign exchange loss in other income and expenses. In special income and loss, Daifuku posted a loss on valuations of investments in securities in line with sluggish stock market conditions. Nevertheless, income before income taxes and minority interests surged 345.0% to 3,129 million yen, due mainly to the absence of "loss on adjustment for changes of accounting standard for asset retirement obligations" that had been temporarily listed under special income and loss in the previous fiscal year. Despite an increase in tax expenses accompanying the liquidation of deferred tax assets following the enactment of the revised corporation tax law, net income jumped 354.1% to 1,223 million yen, while the ratio of income to net sales improved from 0.2% to 0.6%.

As a result, net income per share of common stock was up from 2.43 yen to 11.05 yen.

Financial Standing

Assets, liabilities and net assets

Total assets at the end of the fiscal year under review were 185,049 million yen, a rise of 21,660 million yen from 163,388 million yen as of the previous fiscal year-end.

The major factors accounting for this increase in total assets were a 22,723 million yen upswing in current assets, from the previous fiscal year-end, to 129,942 million yen, mainly on the back of higher notes and accounts receivable and unbilled receivables, in line with improved orders and sales. Non-current assets declined 1,063 million yen to 55,107 million yen, primarily due to a drop in property, plant and equipment. Capital investment for the fiscal year under review was 2,393 million yen, a year-on-year decrease of 827 million yen that was mainly attributable to factors including the maintenance and upgrading of production facilities at the Shiga Works, additional development of enterprise resource planning and other backbone information systems and function expansion for software for cleanroom transport systems used in semiconductor factories.

Total liabilities at the end of the fiscal year under review stood at 108,431 million yen, an increase of 22,757 million yen from 85,674 million yen as of the previous fiscal year-end. Primary changes under current liabilities included rises in notes and accounts payable and construction contracts payable that reflected higher orders and sales, in addition to an increase in short-term borrowings and current portion of long-term borrowings. As a result, current liabilities at the end of the fiscal year under review were up 26,689 million yen to 67,998 million yen. Non-current liabilities declined 3,932 million yen to 40,432 million yen due to the transfer of the current portion of corporate bonds to current liabilities and other factors. Total interest-bearing liabilities, including short- and long-term borrowings and corporate bonds, amounted to 51,010 million yen, an increase of 10,098 million yen compared with the previous fiscal year-end.

Net assets at the end of the fiscal year under review amounted to 76,618 million yen, a decrease of 1,096 million yen compared with the previous fiscal year-end. The primary contributory factors were a decrease in other comprehensive income, accompanying foreign currency exchange rate fluctuations, and lower retained earnings following the payment of dividends. As a result, net assets per share dipped slightly from 683.39 yen at the previous fiscal year-end to 674.72 yen, while the equity ratio fell from 46.3% to 40.3%.

Return on equity (ROE) improved from 0.3% at the end of the previous fiscal year to 1.6%.

Cash flows

Cash used in operating activities totaled 5,187 million yen, compared with cash provided of 11,417 million yen in the previous fiscal year. The major factors were increases in notes and accounts receivable accompanying higher sales and income taxes paid.

Cash used in investing activities was 4,039 million yen, compared with cash used of 3,616 million yen in the previous fiscal year. Major activities prompting this increase primarily involved increases in purchase of stock of subsidiaries, which affected the scope of consolidation, and payments for purchase of property, plant and equipment.

Cash provided by financing activities was 7,709 million yen, compared with cash used of 6,056 million yen in the previous fiscal year. This was mainly attributable to a net increase in short-term borrowings and the absence of an outflow due to the redemption of bonds with subscription rights to shares in the previous fiscal year.

After factoring in the effects of exchange rate changes to the above, cash and cash equivalents at the end of the fiscal year fell 2,234 million yen to 29,438 million yen.

Basic Policy Regarding Dividends for Fiscal Years 2011 and 2012

Daifuku regards the return of profits to shareholders as its most important management task and adopts a performance-based policy for dividends from surpluses, based on consolidated net income. With regard to the remaining surplus, the Company's basic policy is to raise funds to invest in future growth.

For the fiscal year under review, Daifuku paid an interim dividend of 5 yen per share and a year-end dividend of 10 yen per share, for an annual dividend 15 yen per share. Compared with the previous fiscal year, the annual dividend remained on par at 15 yen per share.

With respect to dividends for the next fiscal year (ending March 31, 2013), the Company expects to maintain an annual dividend payment of 15 yen per share (an interim dividend of 5 yen and a year-end dividend of 10 yen), taking its performance for the fiscal year under review and the current business environment into comprehensive consideration.

Plans and Outlook for Fiscal 2012

Position, important initiatives and progress under three-year business plan

Daifuku launched a three-year business plan entitled *Material Handling and Beyond* in April 2010. Under this plan, the Group aimed to ensure that it would overcome the harsh operating environment following the 2008 global financial crisis and establish the operating foundations that would enable it to sustain growth into the future. *Material Handling and Beyond* set the targets for net sales at 220 billion yen and for operating income at 11 billion yen by the fiscal year ending March 31, 2013 (the current fiscal year and final year of the plan).

Looking at current conditions, achieving the plan's targets remain difficult due mainly to sweeping changes in industrial structures that include a decline in demand for flat-panel display TV production and customer budget constraints due to an overall shift in manufacturing sites to emerging countries. Despite these challenging circumstances, we believe that in fiscal 2012 we will be able to establish a firm growth trajectory, and that the next medium-term business plan (scheduled to be formulated in second half of fiscal 2012) will position us for the next leap forward. To this end, we will focus on the ongoing challenge of undertaking the following five new initiatives (in line with *Material Handling and Beyond*) to expand business frameworks as well as the scope our businesses:

1. Enter new markets
2. Create new products and systems
3. Develop new production methods
4. Build new global partnerships
5. Launch new businesses

Outlook for the fiscal year ending March 31, 2013 and Management Policy

With an eye to the next medium-term business plan, we have adopted a basic policy for fiscal 2012 of "Building a foundation for sustainable growth in the global market and driving the development of the material-handling industry worldwide." This policy is based on Daifuku's firm determination to become the undisputed global leader in the material handling industry. To achieve this aim, we will take on the challenges of identifying new markets, developing new products, expanding global production and procurement frameworks, upgrading the service business and developing personnel with global business capabilities.

In fiscal 2012, as we undertake measures to meet these challenges, we will take steps to thoroughly improve our management at three project stages, namely, responding to inquiries, achieving progress after orders are received, and handover to the customer from the perspectives of: 1. Refining our focus–Upgrading marketing functions, 2. Improving productivity and cutting costs and 3. Restructuring project progress management. Through these initiatives we will increase profitability. In addition, as measures for creating new added value, we will seek to expand service business selections and make active use of information and communication technology.

Turning to performance in the fiscal year ending March 31, 2013, the Group plans to maintain increases in revenue and earnings, supported by a recovery in current business operations, promoting the above-mentioned measures, working to expand orders and sales mainly in North America and emerging markets, and further improving earnings.

Cautionary statement with respect to forward-looking statements

The statements contained herein about the future, such as those in the abovementioned business performance outlook and plans, are forward-looking statements made based on the information currently available to the Company as of June 2012, as well as certain assumptions judged to be rational by the Company based on such information. Readers should bear in mind that, due to various factors (including but not limited to the risks listed below), actual results may differ substantially.

Business-Related Risks

The main items that the Daifuku Group recognizes as risks and responds to as such are as follows.

Risks covered by the CFO and CRO

(1) Major disruption to production (damage to facilities, etc.)
(2) Impact of natural disasters and intentional threats, war, acts of terrorism, strikes, etc.
(3) Environmental problems
(4) Labor relations issues (deterioration in employee-management relationship, outbreak of industrial disputes, etc.)
(5) Joint ventures (changes in management policy at joint venture partner(s), changes in management environment, etc.)
(6) Risk related to intellectual property (IP) rights (failure to obtain the license for use of the necessary third-party IP rights/high 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 and securing successors, etc.)
(8) Customer/Supplier credit risk (customer/supplier bankruptcy; 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 of 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.)

Risks covered by the COO of business operations

(1) Changes in conditions in the markets related to semiconductors and flat-panel displays, as well as automobiles (changes in demand/capital investment trends, etc.)
(2) Product quality issues (product defects/failures, quality claims/complaints, etc.)
(3) Risk related to the development of new products/technologies (mismatch between new products/technologies and market needs; rival developments from competitors; absence of IP right protection; breach of another company's IP rights; emergence of new alternative technology products from other companies, etc.)

Risk covered by the COO of sales and marketing

(1) Price competition (pressure on profits due to fierce price competition, etc.)

Risks covered by the COO of production control

(1) Increase in raw material prices (sharp increase in prices for raw materials and components, supply instability, etc.)

Risk covered by the Compliance Committee

(1) Compliance-related risk (trouble or losses caused by director/employee failure to observe laws, regulations, standards, internal regulations, contracts, etc.)

Consolidated Balance Sheets

Daifuku Co., Ltd. and consolidated subsidiaries
March 31, 2012 and 2011

ASSETS	(Millions of yen) March 31 2012	(Millions of yen) March 31 2011	(Thousands of U.S. dollars) (Note 5) March 31 2012
Current assets:			
Cash on hand and in banks (Notes 9 and 27)	¥ 29,577	¥ 31,749	$ 360,082
Notes and accounts receivable and unbilled receivables (Notes 8, 9 and 12)	68,676	47,268	836,089
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 9)	10,481	5,831	127,611
Merchandise and finished goods	2,523	2,776	30,721
Costs incurred on uncompleted construction contracts and other (Note 7)	5,427	7,682	66,081
Raw materials and supplies (Note 12)	7,593	6,672	92,444
Deferred income taxes (Note 26)	1,613	2,069	19,643
Other current assets (Note 12)	4,160	3,298	50,650
Less: allowance for doubtful accounts	(112)	(129)	(1,363)
Total current assets	129,942	107,218	1,581,959
Non-current assets:			
Property, plant and equipment (Notes 6 and 12):			
Buildings and structures	14,242	15,181	173,394
Machinery and vehicles	2,512	2,830	30,591
Tools and fixtures	780	849	9,497
Land	11,597	11,478	141,186
Other	1,298	1,241	15,802
Total property, plant and equipment	30,430	31,580	370,472
Intangible assets:			
Software (Note 12)	2,330	2,630	28,375
Goodwill	2,258	2,229	27,496
Other (Note 12)	284	185	3,469
Total intangible assets	4,874	5,045	59,341
Investments and other assets:			
Investments in securities (Notes 9, 10 and 11)	10,342	9,106	125,914
Long-term loans	368	445	4,486
Deferred income taxes (Note 26)	5,267	5,799	64,132
Other (Notes 12 and 14)	4,018	4,453	48,919
Less: allowance for doubtful accounts	(194)	(260)	(2,372)
Total investments and other assets	19,802	19,543	241,080
Total non-current assets	55,107	56,170	670,893
Total assets	¥185,049	¥163,388	$2,252,853

The accompanying notes are an integral part of these statements.

LIABILITIES	(Millions of yen) March 31 2012	(Millions of yen) March 31 2011	(Thousands of U.S. dollars) (Note 5) March 31 2012
Current liabilities:			
Notes and accounts payable and construction contracts payable (Notes 9 and 12)	¥ 33,070	¥ 25,885	$ 402,612
Short-term borrowings and current portion of long-term borrowings (Notes 9 and 12)	13,861	2,826	168,749
Current portion of bonds (Note 9)	4,000	—	48,697
Income taxes payable	783	788	9,539
Deferred income taxes (Note 26)	8	7	109
Provision for losses on construction contracts (Notes 7 and 20)	804	673	9,789
Other current liabilities (Note 12)	15,470	11,127	188,344
Total current liabilities	67,998	41,309	827,841
Non-current liabilities:			
Bonds (Notes 9 and 12)	6,000	10,000	73,046
Long-term borrowings (Notes 9 and 12)	27,149	28,085	330,530
Deferred income taxes (Note 26)	1,009	1,182	12,293
Provision for retirement benefits (Note 14)	3,318	2,015	40,403
Negative goodwill	359	419	4,376
Other non-current liabilities (Note 12)	2,594	2,661	31,584
Total non-current liabilities	40,432	44,364	492,235
Total liabilities	108,431	85,674	1,320,077
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	97,687
Capital surplus	9,028	9,028	109,914
Retained earnings	67,382	67,819	820,340
Less: treasury stock, at cost — March 31, 2012 — 3,016,058 shares			
— March 31, 2011 — 3,008,514 shares	(2,421)	(2,417)	(29,477)
Total shareholders' equity	82,013	82,454	998,464
Accumulated other comprehensive income			
Net unrealized gain (loss) on securities	247	(482)	3,018
Deferred gain (loss) on hedges	11	(32)	137
Foreign currency translation adjustments	(7,611)	(6,313)	(92,665)
Total accumulated other comprehensive income	(7,352)	(6,828)	(89,508)
Minority interests			
Minority interests	1,956	2,088	23,821
Total net assets	76,618	77,714	932,776
Total liabilities and net assets	¥ 185,049	¥ 163,388	$2,252,853

Consolidated Statements of Income and Comprehensive Income

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	(Millions of yen) March 31 2012	(Millions of yen) March 31 2011	(Thousands of U.S. dollars) (Note 5) March 31 2012
Net sales	**¥198,052**	¥159,263	**$2,411,153**
Cost of sales (Notes 20 and 21)	**165,505**	131,639	**2,014,924**
Gross profit	**32,546**	27,623	**396,229**
Selling expenses (Note 19)	**14,698**	13,615	**178,947**
General and administrative expenses (Notes 19 and 21)	**13,630**	12,281	**165,937**
Total selling, general and administrative expenses	**28,328**	25,897	**344,884**
Operating income	**4,217**	1,726	**51,344**
Other income:			
Interest income	**100**	120	**1,224**
Dividend income	**235**	180	**2,867**
Amortization of negative goodwill	**59**	59	**730**
Land and house rental revenue	**228**	204	**2,776**
Miscellaneous income	**248**	444	**3,022**
Total other income	**872**	1,009	**10,620**
Other expenses:			
Interest expenses	**858**	804	**10,450**
Foreign exchange loss	**70**	422	**853**
Miscellaneous expenses	**138**	163	**1,687**
Total other expenses	**1,067**	1,390	**12,992**
Ordinary income	**4,022**	1,345	**48,972**
Special income:			
Gain on sales of property, plant and equipment (Note 23)	**3**	10	**37**
Reversal of allowance for doubtful accounts	**—**	44	**—**
Other	**1**	4	**19**
Total special income	**4**	58	**57**
Special loss:			
Loss on sales of property, plant and equipment (Note 24)	**23**	50	**280**
Loss on disposal of property, plant and equipment (Note 22)	**105**	27	**1,282**
Loss on valuation of investments in securities	**718**	68	**8,742**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	500	**—**
Other	**51**	53	**627**
Total special loss	**898**	701	**10,933**
Income before income taxes and minority interests	**3,129**	703	**38,096**
Income taxes (Note 26)			
Current	**1,540**	1,157	**18,758**
Deferred	**300**	(957)	**3,653**
Total income taxes	**1,840**	200	**22,411**
Income before minority interests	**1,288**	503	**15,684**
Minority interests in net income	**65**	233	**793**
Net income	**1,223**	269	**14,890**
Minority interests in net income	**65**	233	**793**
Income before minority interests	**1,288**	503	**15,684**
Other comprehensive income (Note 25)			
Net unrealized gain (loss) on securities	**731**	(477)	**8,909**
Deferred gain (loss) on hedges	**43**	(26)	**535**
Foreign currency translation adjustments	**(1,285)**	(1,754)	**(15,654)**
Share of other comprehensive income of affiliates accounted for using equity method	**(34)**	(18)	**(426)**
Total other comprehensive income	**(545)**	(2,277)	**(6,635)**
Comprehensive income (Note 25)	**¥ 743**	¥ (1,774)	**$ 9,049**
(Comprehensive income attributable to:)			
Shareholders of the parent company	**699**	(1,959)	**8,513**
Minority interests	**44**	184	**535**

	(Yen) 2012	(Yen) 2011	(U.S. dollars) 2012
Net income per share (Note 32)	**¥11.05**	¥ 2.43	**$0.13**
Cash dividends per share	**15.00**	15.00	**0.18**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

	Number of shares of common stock (Thousands)	Shareholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
		(Millions of Yen)				
Balance at March 31, 2010	113,671	¥8,024	¥9,028	¥69,210	¥(2,410)	¥83,852
Cash dividends	—	—	—	(1,660)	—	(1,660)
Net income	—	—	—	269	—	269
Purchase of treasury stock	—	—	—	—	(8)	(8)
Disposal of treasury stock	—	—	(0)	—	0	0
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2011	113,671	¥8,024	¥9,028	¥67,819	¥(2,417)	¥82,454
Cash dividends	—	—	—	(1,659)	—	(1,659)
Net income	—	—	—	1,223	—	1,223
Purchase of treasury stock	—	—	—	—	(3)	(3)
Disposal of treasury stock	—	—	(0)	—	0	0
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2012	**113,671**	**¥8,024**	**¥9,028**	**¥67,382**	**¥(2,421)**	**¥82,013**

	Accumulated other comprehensive income: Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
	(Millions of Yen)					
Balance at March 31, 2010	¥ (6)	¥ (6)	¥(4,586)	¥(4,600)	¥2,042	¥81,295
Cash dividends	—	—	—	—	—	(1,660)
Net income	—	—	—	—	—	269
Purchase of treasury stock	—	—	—	—	—	(8)
Disposal of treasury stock	—	—	—	—	—	0
Net changes of items other than shareholders' equity	(475)	(26)	(1,726)	(2,228)	46	(2,181)
Balance at March 31, 2011	¥(482)	¥(32)	¥(6,313)	¥(6,828)	¥2,088	¥77,714
Cash dividends	—	—	—	—	—	(1,659)
Net income	—	—	—	—	—	1,223
Purchase of treasury stock	—	—	—	—	—	(3)
Disposal of treasury stock	—	—	—	—	—	0
Net changes of items other than shareholders' equity	730	43	(1,298)	(523)	(132)	(656)
Balance at March 31, 2012	**¥ 247**	**¥ 11**	**¥(7,611)**	**¥(7,352)**	**¥1,956**	**¥76,618**

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, 2012 and 2011

	Number of shares of common stock	Shareholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	(Thousands)	(Thousands of U.S. dollars) (Note 5)				
Balance at March 31, 2011	113,671	$97,687	$109,916	$825,657	$(29,437)	$1,003,823
Cash dividends	—	—	—	(20,208)	—	(20,208)
Net income	—	—	—	14,890	—	14,890
Purchase of treasury stock	—	—	—	—	(45)	(45)
Disposal of treasury stock	—	—	(1)	—	4	3
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2012	**113,671**	**$97,687**	**$109,914**	**$820,340**	**$(29,477)**	**$ 998,464**

	Accumulated other comprehensive income: Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
	(Thousands of U.S. dollars) (Note 5)					
Balance at March 31, 2011	$(5,876)	$(397)	$(76,857)	$(83,131)	$25,432	$946,124
Cash dividends	—	—	—	—	—	(20,208)
Net income	—	—	—	—	—	14,890
Purchase of treasury stock	—	—	—	—	—	(45)
Disposal of treasury stock	—	—	—	—	—	3
Net changes of items other than shareholders' equity	8,895	535	(15,808)	(6,377)	(1,610)	(7,988)
Balance at March 31, 2012	**$ 3,018**	**$ 137**	**$(92,665)**	**$(89,508)**	**$23,821**	**$932,776**

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, 2012 and 2011

	(Millions of yen) March 31 2012	2011	(Thousands of U.S. dollars) (Note 5) March 31 2012
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 3,129**	¥ 703	**$ 38,096**
Adjustments for:			
Depreciation	**3,612**	3,577	**43,980**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	500	**—**
Amortization of goodwill	**343**	238	**4,183**
Amortization of negative goodwill	**(59)**	(59)	**(730)**
Interest and dividend income	**(336)**	(300)	**(4,091)**
Interest expenses	**858**	804	**10,450**
Loss on disposal or sales of property, plant and equipment	**128**	78	**1,562**
Loss on valuation of investments in securities	**718**	68	**8,742**
Increase in notes and accounts receivable	**(20,969)**	(591)	**(255,285)**
Decrease (increase) in inventories	**1,826**	(1,469)	**22,238**
Increase in notes and accounts payable	**6,763**	4,994	**82,338**
Increase (decrease) in advances received on uncompleted construction	**2,173**	(492)	**26,461**
Other, net	**(1,927)**	3,162	**(23,462)**
Subtotal	**(3,738)**	11,215	**(45,513)**
Interest and dividend income received	**333**	294	**4,065**
Interest expenses paid	**(860)**	(808)	**(10,477)**
Income taxes (paid) refund	**(1,177)**	343	**(14,337)**
Other, net	**255**	372	**3,109**
Net cash (used in) provided by operating activities	**(5,187)**	11,417	**(63,153)**
Cash flows from investing activities:			
Acquisition of shares of newly consolidated subsidiaries	**(565)**	—	**(6,887)**
Investments in time deposit	**(135)**	(740)	**(1,652)**
Proceeds from refund of time deposit	**66**	714	**804**
Payments for purchase of property, plant and equipment	**(2,293)**	(1,594)	**(27,921)**
Proceeds from sales of property, plant and equipment	**53**	374	**650**
Payments for purchase of investments in securities	**(715)**	(1,558)	**(8,714)**
Payments for purchase of stocks of affiliates	**(184)**	(13)	**(2,240)**
Collection of loans receivable	**3**	2	**36**
Payments for transfer of business (Note 27)	**(270)**	(799)	**(3,294)**
Other, net	**3**	(1)	**40**
Net cash used in investing activities	**(4,039)**	(3,616)	**(49,180)**
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	**9,360**	(1,131)	**113,962**
Proceeds from long-term borrowings	**1,108**	3,021	**13,500**
Repayment of long-term borrowings	**(899)**	(3,042)	**(10,952)**
Redemption of bonds with subscription rights to shares	**—**	(3,008)	**—**
Payments for purchase of treasury stock	**(3)**	(8)	**(45)**
Payment of cash dividends	**(1,658)**	(1,658)	**(20,186)**
Other, net	**(198)**	(228)	**(2,420)**
Net cash provided by (used in) financing activities	**7,709**	(6,056)	**93,858**
Effect of exchange rate change on cash and cash equivalents	**(717)**	(1,172)	**(8,731)**
Net (decrease) increase in cash and cash equivalents	**(2,234)**	571	**(27,205)**
Cash and cash equivalents at beginning of year	**31,672**	31,101	**385,596**
Cash and cash equivalents at end of year (Note 27)	**¥29,438**	¥31,672	**$ 358,390**

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2012 and 2011

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by DAIFUKU CO., LTD. (the "Company") and its consolidated subsidiaries.

The Company and its domestic subsidiaries have maintained their accounts and records in accordance with the provisions set forth in the Japanese Corporate Law and in conformity with generally accepted accounting principles prevailing in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The accounts of its overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries in which the subsidiaries have been incorporated. Necessary adjustments to the accounts of the overseas consolidated subsidiaries have been reflected in the accompanying consolidated financial statements, in all material respects, to present them in conformity with International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The presentation of the accompanying consolidated financial statements is made in conformity with the "Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (ordinance promulgated by the Cabinet office) and meets the requirements for disclosure of financial information of the Company on a consolidated basis.

Amounts less than ¥1 million and $1 thousand have been omitted. As a result, the total shown in the consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

2. Summary of significant accounting policies

(1) Principles of consolidation

The consolidated financial statements consist of the accounts of the parent company and 44 subsidiaries as of March 31, 2012.

The total number of consolidated subsidiaries increased by four because of the acquisition of all stock of LOGAN TELEFLEX (UK) LTD., LOGAN TELEFLEX (FRANCE) S.A.S., and LOGAN TELEFLEX, INC. (hereinafter collectively referred to as LOGAN), and the incorporation of DAIFUKU WEBB HOLDING COMPANY for the purpose of unifying our businesses in North America.

The Company had three affiliates including WEBB INDIA PRIVATE LIMITED as of March 31, 2012, which were accounted for by the equity method. These affiliates are consolidated by the accounts according to their respective fiscal years because their fiscal years were different from the Company's. Because of the acquisition of stock of KUNMING LOGAN-KSEC AIRPORT LOGISTICS SYSTEM COMPANY LTD., which is a subsidiary of LOGAN TELEFLEX (UK) LTD., the total number of affiliates accounted for by the equity method increased by one.

The Company had two affiliates including RENACE LABORATORY, INC. as of March 31, 2012, which were accounted for not by the equity method but by the cost method since the net income and the balance of retained earnings of these companies were not significant as of March 31, 2012.

The consolidated subsidiaries adopt the same fiscal year as the Company, except that 32 overseas consolidated subsidiaries, as of March 31, 2012, adopt their fiscal years ended December 31. For the consolidation of these overseas subsidiaries, the Company makes appropriate adjustments for any material transactions subsequent to December 31.

All significant intercompany transactions, account balances and unrealized profit among the consolidated group have been eliminated.

(2) Translation of foreign currencies

Accounts receivable and payable denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are charged or credited to income for the period.

The balance sheet accounts of the overseas consolidated subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, except for shareholders' equity, which is translated at the historical exchange rates. Revenue and expense accounts of the overseas consolidated subsidiaries and affiliates are translated into Japanese yen at the annual average rate.

The translation differences in Japanese yen arising from the use of difference rates are recorded as "Foreign currency translation adjustments" in the consolidated balance sheets.

The portion equivalent to the equity of minority interests is included in "Minority interests" and the Company's portion is presented as a separate component of net assets in the consolidated balance sheets.

(3) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with an original maturity date of three months or less, are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value.

(4) Inventories

Inventories are stated at the lower of cost or market. The cost for components relating to material handling systems and "raw materials and supplies" is determined by the moving-average method, while the specific identification method is used for other inventories.

(5) Financial instruments

(a) Derivatives

All derivatives are stated at fair value.

(b) Securities

Under the Japanese accounting standard for financial instruments, securities are classified into four categories, that is, "trading securities," "held-to-maturity debt securities," "investments in subsidiaries and affiliates" and "other securities."

"Trading securities" are the securities that are held for the purpose of generating profits from short-term changes in prices. "Held-to-maturity debt securities" are debt securities the Company intends to hold to maturity.

The Company and its subsidiaries also have "investments in non-consolidated subsidiaries and affiliates" and "other securities."

"Investments in non-consolidated subsidiaries and affiliates" are stated at cost, and costs of securities sold are determined based on the moving average method.

"Other securities" for which market quotations are available are stated at fair value. Unrealized gain or loss on securities included as a component of net assets in the balance sheets, and costs of securities sold are determined based on the moving average method.

"Other securities" for which market quotations are unavailable are stated at cost, and costs of securities sold are determined based on the moving average method.

(c) Hedge accounting

(i) Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as assets or liabilities and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The interest rate swaps that meet the exceptional criteria to apply hedge accounting are not revalued to market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

The forward foreign exchange contracts that meet the exceptional criteria to apply hedge accounting are not revalued to market value, but assets and liabilities denominated in foreign currencies hedged by forward foreign exchange contracts are translated at the contracted rates of exchange.

(ii) The derivatives designated as hedging instruments by the Company are mainly forward exchange contracts and interest swap agreements. The corresponding hedged items are accounts receivable and payable, future transactions denominated in foreign currencies, and long-term bank borrowings.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of fluctuations in foreign exchange and interest rates. Thus, the Company's purchases of hedging instruments are limited to, at maximum, the amounts of the hedged items.

(iii) The implementation and management of hedge transactions are carried out to hedge fluctuation risk of currency rates and interest rates in accordance with internal regulations that provide transaction and authorization limits.

(6) Depreciation of non-current assets

(a) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation of these assets of the Company and its domestic consolidated subsidiaries is computed principally on the declining-balance method, at rates based on the estimated useful lives of the assets. Depreciation of buildings, acquired on or after April 1, 1998, is computed on the straight-line method, at rates based on the estimated useful lives of the assets.

Depreciation of the assets of the overseas consolidated subsidiaries is computed principally on the straight-line method.

The estimated useful life over which the asset is depreciated and the treatment of residual value is principally determined according to the same standards set out in the Corporation Tax Law of Japan.

(b) Intangible assets (excluding leased assets)

Intangible assets are principally amortized by the straight-line method.

Amortization of software for internal use is computed using the straight-line method over the estimated in-house working life of five years.

(c) Leased assets

Finance lease transactions that transfer ownership:

The leased assets are depreciated using the same method as the non-current assets in the Company's possession.

Finance lease transactions that do not transfer ownership:

The leased assets are fully depreciated using the straight-line method over the lease-term equivalent which represents the expected useful life. However, the leased assets with guaranteed residual value are depreciated to the amount of the residual value.

In addition, finance lease transactions that do not transfer ownership prior to April 1, 2008 are accounted for in a manner similar to accounting for an ordinary rental transaction.

(7) Goodwill and negative goodwill

Goodwill is amortized on the straight-line basis over its estimated useful life. However, in the case the materiality is low, it is fully amortized when it arose. Furthermore, the negative goodwill recognized before March 31, 2010 is amortized on the straight-line basis over its estimated useful life.

(8) Allowance for doubtful accounts

To prepare for losses on uncollectible accounts receivable, the Company and its domestic consolidated subsidiaries provide allowances for doubtful accounts based on historical default rates with respect to receivables, and specific allowances for doubtful trade receivables and advances at estimated amounts considered to be uncollectible after reviewing individual collectibility. In overseas consolidated subsidiaries, allowances are provided mainly for specific receivables at estimated amounts considered to be uncollectible after reviewing their collectibility.

(9) Provision for retirement benefits

Retirement benefit costs for employees of the Company and its subsidiaries are provided based on estimates of the pension obligations and the plan assets at the end of the fiscal year.

Unrecognized prior service obligations are amortized on a straight-line basis over the period within the average estimated remaining service year of the employees (five years) from the time such liability arose.

The actual difference is amortized on a straight-line basis over the period within the average remaining service years of the employees (five years) from the next fiscal year after such gain or loss occurs.

(10) Provision for losses on construction contracts

Provision for losses on construction contracts is provided for based on estimated amounts of losses from uncompleted construction contracts as of the end of the fiscal year.

(11) Accounting policy for significant revenues and costs

Accounting policy for recognition of revenues and costs of construction work is as follows:

(a) Construction work for which the outcome of the percentage completed at the balance sheet date is deemed certain:

Percentage-of-completion method (in which the percentage of completion is estimated based on the percentage of cost incurred relative to the estimated total cost)

(b) Other construction work:

Completed-contract method

(12) Japanese consumption taxes

Consumption taxes withheld by the Company and its domestic consolidated subsidiaries on sales of products are not included in the amount of "net sales" in the accompanying consolidated statements of income and comprehensive income. Equally, any consumption taxes borne by the Company on goods, services and expenses are not included in the accompanying consolidated statements of income and comprehensive income, but are recorded as an asset or liability in the consolidated balance sheets.

3. Reclassification of presentation

(1) Consolidated balance sheets

The item "Costs and estimated earnings in excess of billings on uncompleted contracts" that was included in "Other current assets" for the previous fiscal year has been separately presented as of March 31, 2012 due to an increase in its materiality. To reflect this change, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥9,129 million of "Other current assets" presented in the consolidated balance sheets as of March 31, 2011 has been reclassified into ¥5,831 million of "Costs and estimated earnings in excess of billings on uncompleted contracts" and ¥3,298 million of "Other current assets."

(2) Consolidated statements of income and comprehensive income

The item "Loss on valuation of investments in securities" that was included in "Other" under "Special loss" for the previous fiscal year has been separately presented for the fiscal year ended March 31, 2012 due to an increase in its materiality. To reflect this change, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥121 million of "Other" under "Special loss" presented in the consolidated statements of income and comprehensive income for the fiscal year ended March 31, 2011 has been reclassified into ¥68 million of "Loss on valuation of investments of securities" and ¥53 million of "Other."

(3) Consolidated statements of cash flows

The item "Loss on valuation of investments in securities" that was included in "Other" under "Cash flows from operating activities" for the previous fiscal year has been separately presented for the fiscal year ended March 31, 2012 due to an increase in its materiality. To reflect this change, the consolidated statements for the previous fiscal year have been reclassified.

As a result, ¥3,231 million of "Other" under "Cash flows from operating activities" presented in the consolidated statements of cash flows for the fiscal year ended March 31, 2011 has been reclassified into ¥68 million of "Loss on valuation of investments of securities" and ¥3,162 million of "Other."

4. Additional information

Effective from the fiscal year ended March 31, 2012, the Company applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ statement No. 24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009).

5. United States dollar amounts

The Company prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetical results of translating yen into dollars at the rate of ¥82.14 to U.S. $1, being the effective rate of exchange at March 30, 2012.

The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at a rate of ¥82.14 to U.S. $1 or at any other rate.

6. Accumulated depreciation of property, plant and equipment

Accumulated depreciation of property, plant and equipment was ¥46,118 million ($561,466 thousand) and ¥44,357 million as of March 31, 2012 and 2011, respectively.

7. Inventories related to construction contracts with probable loss and provision for losses on construction contracts

Inventories related to construction contracts with probable loss and provision for losses on construction contracts are both presented without being offset.

The amount of inventories related to construction contracts with probable loss, for which provision for losses on construction contracts is provided, totaled ¥190 million ($2,323 thousand) and ¥224 million as of March 31, 2012 and 2011, respectively (costs incurred on uncompleted construction contracts and other).

8. Notes due at the end of the fiscal year

The settlement of notes due at the end of the fiscal year is recorded on the actual settlement date, rather than the due date. Since the end of the fiscal year fell on a bank holiday, ¥423 million ($5,156 thousand) notes receivable due at the end of the fiscal year are included in the balance sheet as of March 31, 2012.

9. Financial instruments

(1) Status of financial instruments

(a) Policy for financial instruments

In consideration of capital investment plans to conduct the business of manufacture and sales principally in material handling systems and equipment, the Company and its consolidated subsidiaries (collectively, the "Group") raise necessary funds mainly through bank borrowings or issuance of bonds, while short-term operating capital is raised by bank borrowings. Temporary cash surpluses, if any, are invested in low risk short-term financial instruments. The Group uses derivatives for the purpose of hedging the risk of foreign currency exchange rate fluctuations related to foreign currency-denominated trade receivables and payables and the interest rate fluctuation risk associated with interest payments on borrowings, and does not engage in speculative transactions as its policy.

(b) Types of financial instruments, related risks and management thereof

Trade receivables (notes and accounts receivable and unbilled receivables) are exposed to customer credit risks. The Group manages such risk by following its credit control regulations. As a rule, when entering a transaction with a new customer, the Group carefully makes credit decisions, after which the sales administration of each operating division monitors the customer's condition periodically. The Group is then able to discern and lessen the risks resulting from a downturn of the financial situations on a customer-by-customer basis, by managing each customer's due dates and outstanding balances. Trade receivables denominated in foreign currencies are exposed to the risk of foreign currency exchange rate fluctuations, but such risk is managed and mitigated principally by using forward foreign exchange contracts and currency options.

Investment securities (investments in securities), mainly consisting of equity securities of customers and suppliers with whom the Group has business relationships, are exposed to the risk of market price fluctuations. With respect to the risk of impairment, the Group periodically monitors market prices of the securities and financial conditions of the issuers.

Trade payables (notes and accounts payable and construction contracts payable) are mostly due within one year. Trade payables include amounts related to overseas construction work and are denominated in foreign currencies and, as such, they are exposed to currency exchange rate fluctuation risk. However, the balance of these accounts consistently stays within the outstanding total amount of foreign currency-denominated trade accounts receivable.

Of the borrowings, short-term borrowings are used for raising funds mainly for working capital, while long-term borrowings and corporate bonds are funding primarily for capital investment (investments in property, plant and equipment). Borrowings with variable interest rates (floating-rate borrowings) are exposed to the interest rate fluctuation risk. However, with regard to the long-term floating-rate borrowings, the Company uses interest rate swap transactions to fix the rate of future interest expenses as a hedge against the interest rate fluctuation risk.

Trade payables, borrowings and corporate bonds are all exposed to liquidity risk at the time of debt settlement. The Group manages such risk through active cash management, including the use of lending commitment lines from several financial institutions.

Derivative transactions are executed in accordance with the Company's internal derivative control regulations, which include such matters as transaction authorization, administrative structure and minimum credit ratings for counterparties. For information regarding the methods of hedging, hedge items, policy on hedging, evaluation methods for hedge effectiveness, refer to "Hedge accounting" described under the previously-specified "Summary of significant accounting policies."

(c) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments include, besides values based on the market price, rationally calculated values in cases where market price is not readily available. In the calculation of such values, variable factors are also taken into consideration and, therefore, the values calculated may vary if the different factors or assumptions are employed. The contract amounts and other information provided in Note 17 "Derivatives and hedging activities" are not necessarily indicative of the amounts of the actual market risk involved in derivative transactions.

(2) Fair values of financial instruments

The balance sheet carrying amounts, fair values and unrealized gains/losses of the financial instruments as of March 31, 2012 and 2011 are as presented below. However, the financial instruments whose fair values are not readily determinable are excluded from these tables (see [Note 2] below.):

For the year ended March 31, 2012: (Millions of yen)

	Carrying amount on the consolidated balance sheets	Fair value	Variance
(1) Cash on hand and in banks	¥ 29,577	¥ 29,577	¥ —
(2) Notes and accounts receivable and unbilled receivables	68,676	68,676	—
(3) Costs and estimated earnings in excess of billings on uncompleted contracts	10,481	10,481	—
(4) Investments in securities "Other securities"	7,572	7,572	—
Total assets	¥116,307	¥116,307	¥ —
(1) Notes and accounts payable and construction contracts payable	¥ 33,070	¥ 33,070	¥ —
(2) Short-term borrowings and current portion of long-term borrowings	13,861	13,861	—
(3) Current portion of bonds	4,000	4,000	—
(4) Bonds	6,000	6,042	(42)
(5) Long-term borrowings	27,149	27,278	(128)
Total liabilities	¥ 84,081	¥ 84,252	¥(171)
Derivative transactions (*)	¥ 17	¥ 17	¥ —

For the year ended March 31, 2011: (Millions of yen)

	Carrying amount on the consolidated balance sheets	Fair value	Variance
(1) Cash on hand and in banks	¥31,749	¥31,749	¥ —
(2) Notes and accounts receivable and unbilled receivables	47,268	47,268	—
(4) Investments in securities "Other securities"	7,040	7,040	—
Total assets	¥86,059	¥86,059	¥ —
(1) Notes and accounts payable and construction contracts payable	¥25,876	¥25,876	¥ —
(2) Short-term borrowings and current portion of long-term borrowings	2,826	2,826	—
(4) Bonds	10,000	10,070	(70)
(5) Long-term borrowings	28,085	28,192	(106)
Total liabilities	¥66,789	¥66,966	¥ (177)
Derivative transactions (*)	¥ (55)	¥ (55)	¥ —

For the year ended March 31, 2012: (Thousands of U.S. dollars)

	Carrying amount on the consolidated balance sheets	Fair value	Variance
(1) Cash on hand and in banks	$ 360,082	$ 360,082	$ —
(2) Notes and accounts receivable and unbilled receivables	836,089	836,089	—
(3) Costs and estimated earnings in excess of billings on uncompleted contracts	127,611	127,611	—
(4) Investments in securities "Other securities"	92,187	92,187	—
Total assets	$1,415,970	$1,415,970	$ —
(1) Notes and accounts payable and construction contracts payable	$ 402,612	$ 402,612	$ —
(2) Short-term borrowings and current portion of long-term borrowings	168,749	168,749	—
(3) Current portion of bonds	48,697	48,697	—
(4) Bonds	73,046	73,565	(519)
(5) Long-term borrowings	330,530	332,097	(1,566)
Total liabilities	$1,023,636	$1,025,722	$(2,085)
Derivative transactions (*)	$ 208	$ 208	$ —

(*) Net debt and credit resulted from derivative transactions are presented in net amount. Therefore, the amounts in parentheses indicate net debt.

[Note 1] Calculation methods of fair values of financial instruments and related information concerning investment in securities and derivative transactions:

Assets

(1) Cash on hand and in banks, (2) Notes and accounts receivable and unbilled receivables, (3) Costs and estimated earnings in excess of billings on uncompleted contracts.

These assets are recorded using book values because their fair values approximate book values reflective of their short-term maturity nature.

(4) Investments in securities

The fair values of these securities are determined using the quoted prices at the stock exchange. For information concerning marketable securities classified by the category of holding purposes, see Note 10 "Investments in securities."

Liabilities

(1) Notes and accounts payable and construction contracts payable, (2) Short-term borrowings and current portion of long-term borrowings, (3) current portion of bonds

These liabilities are recorded using book values because their fair values approximate book values reflective of their short-term maturity nature.

(4) Bonds, (5) Long-term borrowings

The fair values of these items are determined by discounting the aggregate amounts of the principal and interests using estimated interest rates assuming that the same type of borrowings were newly made. Long-term borrowings bearing variable interest rates (floating-rate borrowings) are subject to the exceptional treatment applicable to interest rate swap transactions (see Note 17 "Derivatives and hedging activities.") and, therefore, their fair values are determined by discounting the aggregate amounts of the principal and interests (that were treated together with the relevant interest rate swap transactions) using the reasonably estimated interest rates assuming that the same type of borrowings were newly made.

Derivative transactions

Please refer to Note 17 "Derivatives and hedging activities."

[Note 2] Financial instruments, of which fair values are not readily determinable as of March 31, 2012 and 2011:

For the year ended March 31, 2012: (Millions of yen)

Category	Balance sheet carrying amount
Unlisted securities	¥2,770

For the year ended March 31, 2011: (Millions of yen)

Category	Balance sheet carrying amount
Unlisted securities	¥2,065

For the year ended March 31, 2012: (Thousands of U.S. dollars)

Category	Balance sheet carrying amount
Unlisted securities	$33,723

These securities have no quoted market prices and the future cash flows thereof are not estimable. As their fair values are not readily determinable, they are excluded from "Assets (4) Investments in securities." The unlisted securities include the investments in affiliates amounting to ¥313 million ($3,820 thousand) and ¥212 million as of March 31, 2012 and 2011, respectively.

[Note 3] The expected settlement subsequent to the balance sheet date for monetary assets and investments in securities with maturity dates:

(Millions of yen)

For the year ended March 31, 2012:	Within one year	Due after one year and due within five years	Due after five years and due within ten years	Due after ten years
Cash on hand and in banks	¥ 29,577	¥—	¥—	¥—
Notes and accounts receivable and unbilled receivables	68,676	—	—	—
Costs and estimated earnings in excess of billings on uncompleted contracts	10,481	—	—	—
Total	¥108,735	¥—	¥—	¥—

(Millions of yen)

For the year ended March 31, 2011:	Within one year	Due after one year and due within five years	Due after five years and due within ten years	Due after ten years
Cash on hand and in banks	¥31,749	¥—	¥—	¥—
Notes and accounts receivable and unbilled receivables	47,268	—	—	—
Total	¥79,018	¥—	¥—	¥—

(Thousands of U.S. dollars)

For the year ended March 31, 2012:	Within one year	Due after one year and due within five years	Due after five years and due within ten years	Due after ten years
Cash on hand and in banks	$ 360,082	$—	$—	$—
Notes and accounts receivable and unbilled receivables	836,089	—	—	—
Costs and estimated earnings in excess of billings on uncompleted contracts	127,611	—	—	—
Total	$1,323,783	$—	$—	$—

[Note 4] The amount of redemption expected settlement subsequent to the balance sheet date for bonds, long-term borrowings, and other interest-bearing debt:

(Millions of yen)

For the year ended March 31, 2012:	Within one year	Due after one year and due within two years	Due after two years and due within three years	Due after three years and due within four years	Due after four years and due within five years	Due after five years
Short-term borrowings and current portion of long-term borrowings	¥13,861	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of bonds	4,000	—	—	—	—	—
Bonds	—	6,000	—	—	—	—
Long-term borrowings	—	23,907	74	3,054	113	—
Total	¥17,861	¥29,907	¥ 74	¥3,054	¥113	¥ —

(Millions of yen)

For the year ended March 31, 2011:	Within one year	Due after one year and due within two years	Due after two years and due within three years	Due after three years and due within four years	Due after four years and due within five years	Due after five years
Short-term borrowings and current portion of long-term borrowings	¥2,826	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	4,000	6,000	—	—	—
Long-term borrowings	—	1,862	23,068	68	3,068	18
Total	¥2,826	¥5,862	¥29,068	¥68	¥3,068	¥18

(Thousands of U.S. dollars)

For the year ended March 31, 2012:	Within one year	Due after one year and due within two years	Due after two years and due within three years	Due after three years and due within four years	Due after four years and due within five years	Due after five years
Short-term borrowings and current portion of long-term borrowings	$168,749	$ —	$ —	$ —	$ —	$ —
Current portion of bonds	48,697	—	—	—	—	—
Bonds	—	73,046	—	—	—	—
Long-term borrowings	—	291,063	904	37,181	1,381	—
Total	$217,446	$364,109	$ 904	$37,181	$ 1,381	$ —

10. Investments in securities

"Other securities" with carrying amount on the consolidated balance sheets that exceed their acquisition cost were as follows:

	Millions of yen		
	March 31, 2012		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**¥4,054**	**¥4,810**	**¥755**

	Millions of yen		
	March 31, 2011		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	¥1,231	¥1,677	¥446

	Thousands of U.S. dollars		
	March 31, 2012		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**$49,364**	**$58,568**	**$9,203**

"Other securities" with carrying amounts on the consolidated balance sheets that do not exceed their acquisition cost were as follows:

	Millions of yen		
	March 31, 2012		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**¥3,171**	**¥2,761**	**¥(410)**

	Millions of yen		
	March 31, 2011		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	¥6,636	¥5,362	¥(1,274)

	Thousands of U.S. dollars		
	March 31, 2012		
	Acquisition cost	Carrying amount on the consolidated balance sheets	Difference
Investments in securities:			
Equity securities	**$38,613**	**$33,619**	**$(4,994)**

The acquisition cost in the above tables is representative of book value after impairment adjustment.

The Company recognized impairment losses of ¥718 million ($8,742 thousand) and ¥32 million for the years ended March 31, 2012 and 2011, respectively.

In general, the Company recognizes an impairment loss when the fair value of the security decreases by more than 50% from the acquisition cost. Furthermore, the Company recognizes an impairment loss when the fair value of the security continuously decreases for two years by 40% or more and below 50% of the acquisition cost.

"Held-to-maturity debt securities" with market value as of March 31, 2012 and 2011:
It is omitted due to no materiality.

"Held-to-maturity debt securities" sold during the year ended March 31, 2012:
Not applicable

"Other securities" sold during the years ended March 31, 2012 and 2011:
Not applicable

11. Investments in non-consolidated subsidiaries and affiliates

Investments in non-consolidated subsidiaries and affiliates included in respective accounts were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31,	2012	2011	2012
Investments in securities	**¥313**	¥212	**$3,820**

12. Short-term borrowings, long-term borrowings, bonds and lease obligations

Short-term borrowings are principally bank borrowings.

The weighted average interest rate applicable to the short-term borrowings outstanding as of March 31, 2012 was 1.1 %.

Short-term borrowings outstanding as of March 31, 2012 and April 1, 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31, 2012 / April 1, 2011	2012	2011	2012
Borrowings from banks			
Secured and unsecured	**¥11,897**	¥1,949	**$144,838**

Long-term borrowings are principally bank borrowings.

The weighted average interest rate applicable to the long-term borrowings outstanding as of March 31, 2012 was 1.9%.

Long-term borrowings outstanding as of March 31, 2012 and April 1, 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31, 2012 / April 1, 2011	2012	2011	2012
Borrowings, principally from banks			
Secured and unsecured	**¥29,113**	¥28,963	**$354,441**
Less: portion due within one year	**1,964**	877	**23,910**
Sub total	**27,149**	28,085	**330,530**
Bonds			
1.35% yen unsecured bonds, due 2013	**2,500**	2,500	**30,435**
1.36% yen unsecured bonds, due 2013	**800**	800	**9,739**
1.35% yen unsecured bonds, due 2013	**700**	700	**8,522**
1.70% yen unsecured bonds, due 2014	**2,000**	2,000	**24,348**
2.02% yen unsecured bonds, due 2014	**2,000**	2,000	**24,348**
1.80% yen unsecured bonds, due 2014	**2,000**	2,000	**24,348**
Sub total	**10,000**	10,000	**121,743**
Total	**¥37,149**	¥38,085	**$452,274**

The 1.35% unsecured bonds in the principal amount of ¥2,500 million, due 2013 issued on February 15, 2008, were issued in Japan at their face value.

The 1.36% unsecured bonds in the principal amount of ¥800 million, due 2013, issued on February 15, 2008, were issued in Japan at their face value.

The 1.35% unsecured bonds in the principal amount of ¥700 million, due 2013, issued on February 15, 2008, were issued in Japan at their face value.

The 1.70% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on January 30, 2009, were issued in Japan at their face value.

The 2.02% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on March 25, 2009, were issued in Japan at their face value.

The 1.80% unsecured bonds in the principal amount of ¥2,000 million, due 2014, issued on March 25, 2009, were issued in Japan at their face value.

Bond details

The aggregate annual maturity of bonds, other than the portion due within one year outstanding as of March 31, 2012, was as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥6,000	$73,046
Total	¥6,000	$73,046

Borrowings details

The aggregate annual maturity of long-term borrowings, other than the portion due within one year outstanding as of March 31, 2012, was as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥23,907	$291,063
2015	74	904
2016	3,054	37,181
2017	113	1,381
Total	¥27,148	$330,530

Lease obligation details

Lease obligations outstanding as of March 31, 2012 and April 1, 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31, 2012 / April 1, 2011	2012	2011	2012
Lease obligations	**¥986**	¥1,021	**$12,014**
Less: portion due within one year	**150**	141	**1,833**
Total	**¥836**	¥880	**$10,181**

[Note 1] Average interest rates of lease obligations are not provided herein because on the consolidated balance sheets the amounts of lease obligations are presented before subtracting the amounts that correspond to interest from the total lease payments.
[Note 2] The aggregate annual maturity of lease obligations, other than the portion due within one year outstanding as of March 31, 2012, was as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2014	¥144	$1,755
2015	137	1,673
2016	128	1,562
2017	112	1,367
Total	¥522	$6,358

[Note 3] To secure timely and efficient financing of working capital, the Company entered into and maintains lending commitments with six banks which provide lines of credit up to ¥20,000 million in total.

Assets pledged as collateral for short-term borrowings and long-term borrowings with banks as of March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31,	2012	2011	2012
Buildings	**¥—**	¥127	**$—**
Machinery and vehicles	**—**	188	**—**
Other	**—**	97	**—**
Total	**¥—**	¥413	**$—**

Secured liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
March 31,	2012	2011	2012
Short-term borrowings	**¥—**	¥ 77	**$—**
Long-term borrowings	**—**	285	**—**
Total	**¥—**	¥362	**$—**

13. Asset retirement obligations details

Since the amounts of asset retirement obligations as of April 1, 2011 and March 31, 2012 were less than 1% of the total liabilities and net assets as of April 1, 2011 and March 31, 2012, asset retirement obligation details was omitted.

14. Retirement benefit plans

Employees who terminate their services with the Company or its domestic consolidated subsidiaries are, under most circumstances, entitled to lump-sum severance indemnities determined by reference to current basic rates of pay, length of service and conditions under which the terminations occur.

The Company and its domestic consolidated subsidiaries have defined contribution plans and hybrid type of pension plans (cash balance plans).

Certain of the overseas consolidated subsidiaries have defined contribution plans.

The Company contributed certain marketable equity securities to an employee retirement benefit trust, which is included in the plan assets.

The provision for retirement benefits as of March 31, 2012 and 2011 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
March 31,	2012	2011	2012
(1) Projected benefit obligations	**¥(44,044)**	¥(39,882)	**$(536,212)**
(2) Plan assets	**31,271**	29,616	**380,708**
(3) Funded status (1)+(2)	**(12,773)**	(10,266)	**(155,504)**
(4) Unrecognized actuarial differences	**9,760**	8,900	**118,832**
(5) Unrecognized prior service cost	**0**	0	**0**
(6) Prepaid pension cost	**306**	649	**3,731**
(7) Provision for retirement benefits recognized on balance sheet ((3)+(4)+(5)-(6))	**(¥3,318)**	(¥2,015)	**($40,403)**

Net pension expense relating to the retirement benefits for the years ended March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Service cost	**¥ 1,170**	¥ 1,078	**$ 14,246**
Interest cost	**1,390**	1,503	**16,924**
Expected return on plan assets	**(1,297)**	(1,330)	**(15,795)**
Amortization of actuarial differences	**2,590**	1,469	**31,534**
Amortization of prior service cost	**0**	0	**0**
Net pension expense	**¥ 3,853**	¥ 2,720	**$ 46,910**
Other	**536**	498	**6,532**
Total	**¥ 4,389**	¥ 3,219	**$ 53,443**

[Note] "Other" includes the pension contribution under the defined contribution plan.

The basis for the calculation of the above information was as follows:

March 31,	2012	2011
Discount rate	**Mainly 2.0%**	Mainly 2.0%
Expected rate of return on plan assets	**Mainly 1.0%**	Mainly 1.0%
Method of attributing the projected benefits to periods of services	**Straight-line basis**	Straight-line basis
Amortization of unrecognized actuarial differences	**Mainly 5 years**	Mainly 5 years
Amortization of unrecognized prior service cost	**Mainly 5 years**	Mainly 5 years

15. Lease commitments

The finance lease transactions, which do not transfer the ownership of the leased assets, other than those for which the commencement day of lease transactions fell prior to the initial fiscal year of the application of "Accounting Standard for Lease Transactions," for the years ended March 31, 2012 and 2011 were summarized as follows:

(1) Amount of leased assets for acquisition cost equivalent, accumulated depreciation equivalent and net book value equivalent:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Machinery and vehicles	**¥763**	¥772	**$9,300**
Tools and fixtures	**50**	74	**620**
Other	**95**	118	**1,157**
Subtotal	**909**	965	**11,078**
Accumulated depreciation equivalent	**633**	562	**7,716**
Net book value equivalent	**¥276**	¥402	**$3,361**

The amounts equivalent to the acquisition cost of leased assets are calculated based upon the inputted interest method because future minimum lease payments account for only a small proportion of property, plant and equipment.

(2) The future minimum lease payments required under the terms of these finance leases as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Due within one year	**¥100**	¥126	**$1,219**
Due after one year	**175**	276	**2,141**
Total	**¥276**	¥402	**$3,361**

Interests implicit in these leases are included in the above future minimum lease payments because the total future minimum lease payments were not material to the total amount of property, plant and equipment of the Company.

(3) Lease payments and depreciation equivalent

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Lease payments	**¥126**	¥204	**$1,543**
Depreciation equivalent	**¥126**	¥204	**$1,543**

(4) Method of calculating depreciation equivalent amount and interest equivalent for leases

The leased assets are fully depreciated using the straight-line method over the lease-term equivalent, which represents the expected useful life. However, the leased assets with guaranteed residual value are depreciated to the amount of the residual value.

Operating leases

The future minimum lease payments for non-cancellable leases as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Due within one year	**¥ 296**	¥ 317	**$ 3,613**
Due after one year	**1,285**	1,524	**15,649**
Total	**¥1,582**	¥1,842	**$19,262**

Impairment loss on leased assets

For the years ended March 31, 2012 and 2011, there was no impairment loss on leased assets.

16. Contingent liabilities

The contingent liabilities as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Bank borrowings of non-consolidated subsidiaries and affiliates	**¥75**	¥80	**$913**
Bank borrowings of the Company employees	**1**	4	**18**
Total	**¥76**	¥84	**$931**

17. Derivatives and hedging activities

(1) Derivative transactions to which the Group did not apply hedge accounting

For the years ended March 31, 2012 and 2011:
Not applicable

(2) Derivative transactions subject to hedge accounting

(a) Currency-related

For the year ended March 31, 2012: (Millions of yen)

Method of hedge accounting	Category of derivative transaction	Principal hedge item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell U.S. dollar	Accounts receivable (future transactions)	**¥1,976**	**¥—**	**¥1,987**	
	KRW		**61**	**—**	**61**	
	JPY		**335**	**—**	**336**	
	Buy U.S. dollar	Accounts payable (future transactions)	**(475)**	**—**	**(505)**	
Exceptional treatment of forward exchange contracts	Forward exchange contracts Sell U.S. dollar	Accounts receivable	**990**	**—**	**(*)**	
Total			**¥2,887**	**¥—**	**¥1,880**	

For the year ended March 31, 2011: (Millions of yen)

Method of hedge accounting	Category of derivative transaction	Principal hedge item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell U.S. dollar	Accounts receivable (future transactions)	¥2,961	¥—	¥2,971	
	Euro		828	—	875	
	Buy U.S. dollar	Accounts payable (future transactions)	(361)	—	(363)	
Exceptional treatment of forward exchange contracts	Forward exchange contracts Sell U.S. dollar	Accounts receivable	1,797	—	(*)	
	Euro		761	—		
Total			¥5,986	¥—	¥3,483	

For the year ended March 31, 2012: (Thousands of U.S. dollars)

Method of hedge accounting	Category of derivative transaction	Principal hedge item	Contract amount	Of which due after one year	Fair value	Method of calculating the fair value
Principal method	Forward exchange contracts					Determined at the quoted prices at forward exchange rates market
	Sell U.S. dollar	Accounts receivable (future transactions)	**$24,056**	**$—**	**$24,201**	
	KRW		**748**	**—**	**745**	
	JPY		**4,084**	**—**	**4,097**	
	Buy U.S. dollar	Accounts payable (future transactions)	**(5,791)**	**—**	**(6,154)**	
Exceptional treatment of forward exchange contracts	Forward exchange contracts Sell U.S. dollar	Accounts receivable	**12,054**	**—**	**(*)**	
Total			**$35,153**	**$—**	**$22,889**	

(*) Forward exchange contracts with exceptional treatment are accounted for as applied to the principal hedge item of notes and accounts receivable and unbilled receivables; therefore, the fair values of notes and accounts receivable and unbilled receivables include those of the forward exchange contracts.

(b) Interest-related

For the year ended March 31, 2012: (Millions of yen)

Method of hedge accounting	Category of derivative transactions	Principal hedge item	Contract amount	Contract amount: Of which due after one year	Fair value	Method of calculating the fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	**¥26,970**	**¥25,170**	**(*)**	
Total			**¥26,970**	**¥25,170**	**¥—**	

For the year ended March 31, 2011: (Millions of yen)

Method of hedge accounting	Category of derivative transactions	Principal hedge item	Contract amount	Contract amount: Of which due after one year	Fair value	Method of calculating the fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	¥26,970	¥26,170	(*)	
Total			¥26,970	¥26,170	¥—	

For the year ended March 31, 2012: (Thousands of U.S. dollars)

Method of hedge accounting	Category of derivative transactions	Principal hedge item	Contract amount	Contract amount: Of which due after one year	Fair value	Method of calculating the fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Fixed payment/ Variable receipt	Long-term borrowings	**$328,341**	**$306,428**	**(*)**	
Total			**$328,341**	**$306,428**	**$—**	

(*) Interest rate swaps with exceptional treatment are accounted for as applied to the principal hedge item of long-term borrowings; therefore, the fair values of long-term borrowings include those of the interest rate swaps.

18. Consolidated statements of changes in net assets

(1) Matters regarding issued shares:

For the year ended March 31, 2012: (In thousands of shares)

Class of shares	As of April 1, 2011	Increase	Decrease	As of March 31, 2012
Common stock	**113,671**	**—**	**—**	**113,671**

For the year ended March 31, 2011: (In thousands of shares)

Class of shares	As of April 1, 2010	Increase	Decrease	As of March 31, 2011
Common stock	113,671	—	—	113,671

(2) Matters regarding treasury stock:

For the year ended March 31, 2012: (In shares)

Class of shares	As of April 1, 2011	Increase	Decrease	As of March 31, 2012
Common stock	**3,008,514**	**8,040**	**496**	**3,016,058**

[Note 1] Treasury stock increased by 8,040 shares due to the purchase of less-than-a-unit shares.
[Note 2] Treasury stock decreased by 496 shares due to the sale of less-than-a-unit shares to shareholders owning such shares.

For the year ended March 31, 2011: (In shares)

Class of shares	As of April 1, 2010	Increase	Decrease	As of March 31, 2011
Common stock	2,994,194	15,528	1,208	3,008,514

[Note 1] Treasury stock increased by 15,528 shares due to the purchase of less-than-a-unit shares.
[Note 2] Treasury stock decreased by 1,208 shares due to the sale of less-than-a-unit shares to shareholders owning such shares.

(3) Matters regarding dividends:

(a) Dividends paid during the year ended March 31, 2012:

Resolution adopted	Class of shares	Aggregate amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 13, 2011	Common stock	**¥1,106**	**¥10**	March 31, 2011	June 27, 2011
Board of Directors' meeting on November 10, 2011	Common stock	**553**	**5**	September 30, 2011	December 9, 2011

For the year ended March 31, 2011:

Resolution adopted	Class of shares	Aggregate amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2010	Common stock	¥1,106	¥10	March 31, 2010	June 28, 2010
Board of Directors' meeting on November 12, 2010	Common stock	553	5	September 30, 2010	December 10, 2010

For the year ended March 31, 2012:

Resolution adopted	Class of shares	Aggregate amount (Thousands of U.S. dollars)	Amount per share (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting on May 13, 2011	Common stock	**$13,472**	**$0.12**	March 31, 2011	June 27, 2011
Board of Directors' meeting on November 10, 2011	Common stock	**6,736**	**0.06**	September 30, 2011	December 9, 2011

(b) Dividends with a record date during the year ended March 31, 2012, payable in the following fiscal year

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 14, 2012	Common stock	Retained earnings	**¥1,106**	**¥10**	March 31, 2012	June 29, 2012

For the year ended March 31, 2011:

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 13, 2011	Common stock	Retained earnings	**¥1,106**	**¥10**	March 31, 2011	June 27, 2011

For the year ended March 31, 2012:

Resolution adopted	Class of shares	Source of dividends	Aggregate amount (Thousands of U.S. dollars)	Amount per share (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting on May 14, 2012	Common stock	Retained earnings	**$13,472**	**$0.12**	March 31, 2012	June 29, 2012

19. Major items of selling, general and administrative expenses

Major items of selling, general and administrative expenses for the years ended March 31, 2012 and 2011 were as follows:

Selling expenses

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Sales commissions	**¥ 747**	¥ 868	**$ 9,095**
Advertising	**133**	110	**1,627**
Outsourcing	**762**	892	**9,281**
Salaries and bonuses	**6,276**	5,560	**76,410**
Provision for retirement benefit	**708**	500	**8,622**
Welfare	**1,282**	1,172	**15,612**
Travel and transportation	**1,398**	1,310	**17,023**
Rent	**588**	558	**7,167**
Depreciation	**229**	209	**2,791**

General and administrative expenses

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Outsourcing	**¥2,153**	¥2,072	**$26,213**
Directors' compensation	**893**	793	**10,873**
Salaries and bonuses	**5,152**	4,478	**62,727**
Provision for retirement benefit	**859**	639	**10,462**
Welfare	**688**	458	**8,382**
Depreciation	**1,392**	1,320	**16,952**
Research and development	**1,755**	1,640	**21,377**

20. Provision for losses on construction contracts included in cost of sales

For the years ended March 31, 2012 and 2011 were as follows:

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Provision for losses on construction contracts	**¥(26)**	¥183	**$(326)**

21. Research and development

Research and development expenditures included in general expenses and manufacturing costs were ¥6,484 million ($78,947 thousand) and ¥6,370 million for the years ended March 31, 2012 and 2011, respectively.

22. Loss on disposal of property, plant and equipment

Details of loss on disposal of property, plant and equipment for the years ended March 31, 2012 and 2011 were as follows:

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Buildings and structures	**¥ 31**	¥11	**$ 390**
Machinery and vehicles	**65**	6	**798**
Tools and fixtures	**6**	6	**75**
Other	**1**	2	**17**
Total	**¥105**	¥27	**$1,282**

23. Gain on sales of property, plant and equipment

Major items of gain on sales of property, plant and equipment for the years ended March 31, 2012 and 2011 were as follows:

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Machinery and vehicles	**¥2**	¥9	**$35**

24. Loss on sales of property, plant and equipment

Major items of loss on sales of property, plant and equipment for the years ended March 31, 2012 and 2011 were as follows:

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Buildings and structures	**¥14**	¥13	**$173**
Machinery and vehicles	**4**	32	**54**
Tools and fixtures	**4**	2	**50**
Land	**—**	2	**—**

25. Consolidated statements of comprehensive income

For the year ended March 31, 2012:

Reclassified adjustment and deferred tax related to other comprehensive income

March 31,	(Millions of yen) 2012	(Thousands of U.S. dollars) 2012
Net unrealized gain on securities:		
Amount arising during the period	¥ 417	$ 5,077
Reclassification adjustment	718	8,742
Pretax amount	1,135	13,820
Deferred tax	(403)	(4,910)
Net unrealized gain on securities	¥ 731	$ 8,909
Deferred gain on hedges:		
Amount arising during the period	¥ 18	$ 222
Reclassification adjustment	55	674
Pretax amount	73	896
Deferred tax	(29)	(360)
Deferred gain on hedges	¥ 43	$ 535
Foreign currency translation adjustments:		
Amount arising during the period	¥(1,285)	$(15,654)
Share of other comprehensive income of affiliates accounted for by equity method:		
Amount arising during the period	¥ (34)	$ (426)
Total other comprehensive income	¥ (545)	$ (6,635)

26. Income taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Deferred tax assets:			
Current assets			
Research and development	¥ 773	¥ 1,417	$ 9,419
Accrued expenses	336	231	4,101
Provision for losses on construction contracts	175	153	2,136
Unrealized profit on inventories	12	19	151
Other	510	386	6,218
Sub total	1,809	2,207	22,028
Less valuation allowance	(52)	(85)	(641)
Offset against deferred tax liabilities (current)	(143)	(53)	(1,744)
Total deferred tax assets (current)	¥ 1,613	¥ 2,069	$ 19,643
Non-current assets			
Provision for retirement benefits	¥ 5,434	¥ 4,797	$ 66,164
Loss carried forward	3,324	3,799	40,478
Unrealized gain on sales of non-current assets	597	582	7,271
Loss on valuation of investments in securities	457	248	5,573
Asset retirement obligations	184	197	2,249
Excess depreciation	159	236	1,937
Long-term accounts payable	132	150	1,619
Allowance for doubtful accounts	55	107	679
Net unrealized loss on securities	—	324	—
Other	357	584	4,348
Sub total	10,704	11,029	130,322
Less valuation allowance	(2,610)	(2,612)	(31,781)
Offset against deferred tax liabilities (non-current)	(2,826)	(2,617)	(34,407)
Total deferred tax assets (non-current)	¥ 5,267	¥ 5,799	$ 64,132
Deferred tax liabilities:			
Current liabilities			
Other	¥ 152	¥ 60	$ 1,853
Offset against deferred tax assets (current)	(143)	(53)	(1,744)
Total deferred tax liabilities (current)	¥ 8	¥ 7	$ 109
Non-current liabilities			
Net unrealized gain on assets of consolidated subsidiaries	¥ 2,165	¥ 2,161	$ 26,359
Gain on securities to employees retirement benefit trust	541	623	6,588
Provision for retirement benefits	468	234	5,709
Provision of reserve for advanced depreciation of non-current assets	301	359	3,671
Retained earnings for overseas subsidiaries	178	227	2,171
Net unrealized gain on securities	83	4	1,011
Other	97	189	1,189
Offset against deferred tax assets (non-current)	(2,826)	(2,617)	(34,407)
Total deferred tax liabilities (non-current)	¥ 1,009	¥ 1,182	$ 12,293

(2) Reconciliation of the differences between the statutory rate and the effective income tax rate as of March 31, 2012 and 2011 were as follows:

March 31,	2012	2011
Statutory tax rate	41.0%	41.0%
Tax rate difference applied for overseas subsidiaries	(8.5)	(25.8)
Non-deductible expenses for income tax purpose	3.5	13.3
(Decrease) increase of valuation allowance	(1.3)	7.9
Taxation on per capita basis	0.8	0.8
Forfeit of net operating loss carry forwards resulting from merger among consolidated subsidiaries	—	8.8
Foreign exchange losses eliminated in consolidation	0.1	(17.7)
Loss on sales of investments in affiliates eliminated in consolidation	—	(15.3)
Amortization for goodwill and negative goodwill	1.4	4.3
Income taxes for retroactive years	(5.3)	18.0
Retained earnings of overseas subsidiaries	(1.5)	(9.5)
Adjustment for decrease in deferred tax assets at end of year due to change in tax rate	21.9	—
Foreign withholding income tax relating to dividends not deductible for income tax purpose	6.5	8.7
Other	0.2	(6.0)
Effective tax rate	58.8%	28.5%

(3) Changes in Deferred Tax Assets and Liabilities due to Changes in Effective Statutory Tax Rates

Following the enactment on December 2, 2011 of the "Law for Partial Revision of the Income Tax Act, etc., to Construct a Tax System Addressing Changes in the Socio-Economic Structure" and the "Act on Special Measures for Securing Necessary Financial Resources to Implement Measures for the Restoration of the Damages Following the Great East Japan Earthquake," the effective statutory tax rates used to calculate deferred tax assets and liabilities have been changed for the fiscal years beginning on or after April 1, 2012.

Until March 31, 2012: 41.0%
From April 1, 2012 to March 31, 2015: 38.0%
On and after April 1, 2015: 35.6%

As a consequence, these changes in effective statutory tax rates led to a ¥671 million ($8,171 thousand) decrease in net deferred tax assets, a ¥12 million ($149 thousand) increase in net unrealized gain on "other securities," and a ¥683 million ($8,322 thousand) increase in income taxes – deferred posted for the fiscal year ended March 31, 2012.

27. Consolidated statements of cash flows

(1) The components of cash and cash equivalents as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Cash on hand and in banks	¥29,577	¥31,749	$360,082
Time deposits with original maturities exceeding three months	(139)	(76)	(1,692)
Total	¥29,438	¥31,672	$358,390

(2) Details on the assets and liabilities acquired with the transfer of business, as well as those associated with the cost of the transfer, for the year ended March 31, 2011 were as follows:

March 31,	(Millions of yen) 2011
Goodwill	¥1,257
Non-current assets	62
Other	3
Consideration of transferred business	¥1,323
Consideration of transferred business, to be paid	(285)
Offset of debts and credits	(238)
Consideration of transferred business, paid	¥ 799

28. Stock options

For the years ended March 31, 2012 and 2011:
Not applicable

29. Related party transactions

For the years ended March 31, 2012 and 2011:
Not applicable

30. Business combinations

For the year ended March 31, 2012

Business combination through acquisition

(1) Outline of business combination

(a) Names of the acquired companies and their businesses

Names: LOGAN TELEFLEX (UK) LTD.
LOGAN TELEFLEX (FRANCE) S.A.S.
LOGAN TELEFLEX, INC.

Business: Manufacture, sales and service of airport baggage handling systems

(b) Reason for the business combination

The Company regards the airport baggage handling system business as one of its core businesses. Because sales regions, products and technologies of LOGAN are complementary within the Group, the acquisition of LOGAN will enable the Group to expand globally and reinforce this business.

(c) Date of business combination
April 1, 2011

(d) Legal form of the business combination
Acquisition of shares for cash consideration

(e) Name of the acquired entity after the business combination
No change

(f) Percentage of voting rights the Company has acquired
100.0%

(g) Main reason for deciding the acquiring company
The Company acquired 100.0% of the voting rights of these companies for cash consideration.

(2) Period in which the acquired companies' financial results are included in the consolidated financial statements
From April 1, 2011 to December 31, 2011

(3) Acquisition cost
Cost of acquiring each company's shares

LOGAN TELEFLEX (UK) LTD.	¥338 million ($4,117 thousand)
LOGAN TELEFLEX (FRANCE) S.A.S.	¥146 million ($1,785 thousand)
LOGAN TELEFLEX, INC.	¥76 million ($936 thousand)
Related costs of acquisition	¥139 million ($1,696 thousand)
Total acquisition cost	¥701 million ($8,535 thousand)

(4) Amount of goodwill, reason for recognizing goodwill, amortization method and amortization period
(a) Amount of goodwill
¥350 million ($4,267 thousand)

(b) Reason for recognizing goodwill
The acquisition cost at the time of the business combination exceeded the market value of net assets. This difference has therefore been recorded as goodwill.

(c) Method and term over which goodwill will be amortized
Straight-line method over 10 years for goodwill amounted ¥344 million ($4,188 thousand)
On the other hand, goodwill amounted ¥6 million ($79 thousand) which was generated by acquisition of stock of LOGAN TELEFLEX INC. was fully amortized for the fiscal year ended March 31, 2012 due to its immateriality.

31. Segment information

(1) Overview of reportable segments
The reportable segments comprise the components of which discrete financial information is available and the Board of Directors review regularly to determine the allocation of management resources and assess the operating results.

The Group manufactures and sells material handling systems, car wash machines, industrial personal computers, interface boards and other equipment in Japan and overseas. Each company within the Group conducts manufacturing and sales activities based on its roles as an independent management unit.

There are three reportable segments: DAIFUKU CO., LTD., the core company dealing in material handling systems and equipment, and car wash machines; CONTEC CO., LTD., the core company engaging in the manufacture and sale of industrial personal computers and interface boards, and other equipment in Japan and overseas; and DAIFUKU WEBB HOLDING COMPANY.

In addition to the manufacture and sale of material handling systems and equipment, and car wash machines in Japan as the core company of the Group, DAIFUKU CO., LTD. develops and supplies key components to companies around the world. Overseas subsidiaries assemble material handling system components supplied by DAIFUKU CO., LTD. with locally manufactured or purchased materials, sell the products and perform installation work as well as after-sales services. DAIFUKU WEBB HOLDING COMPANY is a U.S. subsidiary that is responsible for key business activities, primarily in North America with significant volume of sales. It manufactures and sells leading airport baggage handling systems on its own as a part of the material handling systems.

On January 1, 2011, the Group established DAIFUKU WEBB HOLDING COMPANY to oversee DAIFUKU AMERICA CORPORATION and JERVIS B. WEBB COMPANY, enabling greater control and reinforcement of its North American business operations. As a result of this action, reportable segments have changed as follows from the fiscal year ended March 31, 2012.

(a) Formerly:
DAIFUKU CO., LTD. (DAIFUKU)
CONTEC CO., LTD. (CONTEC)
JERVIS B. WEBB COMPANY (J.B. WEBB)
DAIFUKU AMERICA CORPORATION. (DAIFUKU AMERICA)

(b) From the fiscal year ended March 31, 2012:
DAIFUKU CO., LTD. (DAIFUKU)
CONTEC CO., LTD. (CONTEC)
DAIFUKU WEBB HOLDING COMPANY (DAIFUKU WEBB)

Segment information for the fiscal year ended March 31, 2011 was disclosed based on the current reportable segments.

(2) Methods of calculating the amounts of net sales, income or loss, assets, liabilities and other items by reportable segment
The accounting methods of reported business segments are the same as those stated in "Basis of presenting consolidated financial statements." Inter-segment revenue or transfers are determined based on the prevailing market price.

(3) Information on the amount of net sales, income or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2012 and 2011 were as follows:

For the year ended March 31, 2012:

(Millions of yen)

	Reportable segment					
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other(*)	Total
Net sales:						
Net sales to outside customers	**¥ 114,613**	**¥ 8,161**	**¥28,273**	**¥151,049**	**¥ 45,019**	**¥196,068**
Inter-segment sales or transfers	**18,247**	**8,313**	**795**	**27,357**	**14,851**	**42,208**
Total	**132,861**	**16,475**	**29,069**	**178,406**	**59,871**	**238,277**
Segment income	**1,886**	**68**	**1,121**	**3,076**	**1,698**	**4,775**
Segment assets	**149,858**	**14,370**	**18,135**	**182,364**	**40,885**	**223,249**
Segment liabilities	**83,021**	**9,158**	**16,740**	**108,919**	**22,334**	**131,253**
Other						
Depreciation	**2,653**	**254**	**198**	**3,106**	**507**	**3,613**
Amortization of goodwill	**32**	**—**	**—**	**32**	**116**	**149**
Interest income	**34**	**1**	**5**	**41**	**120**	**161**
Interest expenses	**745**	**60**	**42**	**848**	**71**	**919**
Equity in losses of affiliates	**—**	**—**	**(56)**	**(56)**	**—**	**(56)**
Special income	**0**	**—**	**121**	**122**	**15**	**137**
Gain on sales of property, plant and equipment	***0***	**—**	***121***	***122***	***1***	***123***
Special loss	**771**	**17**	**3**	**793**	**90**	**883**
Provision of allowance for investment loss	***718***	**—**	**—**	***718***	**—**	***718***
Income taxes	**723**	**97**	**314**	**1,135**	**650**	**1,786**
Investment to equity method affiliates	**—**	**—**	**99**	**99**	**139**	**239**
Increase in property, plant and equipment, and intangible assets	**1,255**	**325**	**289**	**1,870**	**571**	**2,441**

For the year ended March 31, 2011:

(Millions of yen)

	Reportable segment					
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other(*)	Total
Net sales:						
Net sales to outside customers	¥100,267	¥8,583	¥20,169	¥129,020	¥ 31,524	¥160,545
Inter-segment sales or transfers	11,275	7,081	961	19,318	12,315	31,633
Total	111,542	15,665	21,131	148,339	43,839	192,179
Segment income	889	428	711	2,029	597	2,627
Segment assets	129,346	13,473	15,654	158,474	37,144	195,618
Segment liabilities	63,503	8,202	11,952	83,657	19,301	102,959
Other						
Depreciation	2,639	208	203	3,051	673	3,724
Amortization of goodwill	29	3	—	32	41	73
Interest income	26	1	4	32	166	198
Interest expenses	742	60	41	844	38	883
Equity in earnings of affiliates	—	—	0	0	—	0
Special income	159	0	131	291	34	326
Gain on sales of property, plant and equipment	—	*0*	*131*	*132*	*8*	*141*
Reversal of allowance for investment loss	*120*	—	—	*120*	—	*120*
Special loss	1,442	20	8	1,470	380	1,850
Loss on valuation of investments in securities	*68*	—	—	*68*	—	*68*
Provision of allowance for investment loss	*587*	—	—	*587*	—	*587*
Asset retirement obligations	*474*	*1*	—	*475*	*24*	*500*
Loss on sale of investment in affiliates	*262*	—	—	*262*	—	*262*
Income taxes	(884)	140	402	(341)	552	210
Investment to equity method affiliates	—	—	207	207	—	207
Increase in property, plant and equipment, and intangible assets	1,375	269	132	1,777	1,505	3,282

For the year ended March 31, 2012:

	Reportable segment (Thousands of U.S. dollars)					
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other(*)	Total
Net sales:						
Net sales to outside customers	$1,395,348	$ 99,364	$344,209	$1,838,922	$ 548,087	$2,387,009
Inter-segment sales or transfers	222,156	101,211	9,687	333,055	180,804	513,859
Total	1,617,504	200,576	353,897	2,171,977	728,891	2,900,869
Segment income	22,971	837	13,651	37,460	20,683	58,144
Segment assets	1,824,431	174,946	220,787	2,220,165	497,747	2,717,913
Segment liabilities	1,010,727	111,494	203,805	1,326,027	271,903	1,597,930
Other						
Depreciation	32,298	3,097	2,418	37,814	6,175	43,989
Amortization of goodwill	400	—	—	400	1,418	1,819
Interest income	423	12	67	502	1,467	1,970
Interest expenses	9,070	736	522	10,329	867	11,197
Equity in losses of affiliates	—	—	(684)	(684)	—	(684)
Special income	11	—	1,478	1,490	185	1,676
Gain on sales of property, plant and equipment	*11*	—	*1,478*	*1,489*	*17*	*1,507*
Special loss	9,393	218	42	9,654	1,105	10,759
Provision of allowance for investment loss	*8,742*	—	—	*8,742*	—	*8,742*
Income taxes	8,805	1,187	3,833	13,826	7,922	21,748
Investment to equity method affiliates	—	—	1,213	1,213	1,698	2,912
Increase in property, plant and equipment, and intangible assets	15,286	3,959	3,521	22,767	6,955	29,723

*"Other" represents an operating segment comprising domestic and overseas subsidiaries that are not included in reportable segment.

(4) Differences between total amounts for reportable segment and the reported amount in the consolidated financial statements and main details of the differences (matters relating to difference reconciliation)

(a) Net sales

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Reportable segment total	¥178,406	¥148,339	$2,171,977
Net sales classified in "Other"	59,871	43,839	728,891
Elimination of inter-segment transactions	(42,208)	(31,633)	(513,859)
Adjustment of net sales of the percentage-of-completion method	1,339	(897)	16,312
Other adjustment for consolidation	643	(384)	7,831
Net sales in consolidated financial statements	¥198,052	¥159,263	$2,411,153

(b) Segment income

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Reportable segment total	¥3,076	¥2,029	$37,460
Segment income classified in "Other"	1,698	597	20,683
Elimination of cash dividends from affiliates	(3,098)	(3,686)	(37,716)
Other adjustment for consolidation	(454)	1,328	(5,536)
Net income in consolidated financial statements	¥1,223	¥269	$14,890

(c) Segment assets

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Reportable segment total	¥182,364	¥158,474	$2,220,165
Segment assets classified in "Other"	40,885	37,144	497,747
Elimination of investment securities in subsidiaries in consolidation process	(19,576)	(17,728)	(238,334)
Elimination of intercompany receivables	(19,455)	(13,636)	(236,860)
Other adjustment for consolidation	832	(865)	10,135
Total assets in consolidated financial statements	¥185,049	¥163,388	$2,252,853

(d) Segment liabilities

March 31,	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)
Reportable segment total	¥108,919	¥83,657	$1,326,027
Segment liabilities classified in "Other"	22,334	19,301	271,903
Elimination of intercompany payables	(19,455)	(13,636)	(236,860)
Other adjustment for consolidation	(3,367)	(3,649)	(40,992)
Total liabilities in consolidated financial statements	¥108,431	¥85,674	$1,320,077

For the year ended March 31, 2012: (Millions of yen)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	¥3,106	¥507	¥ (0)	¥3,612
Amortization of goodwill	32	116	194	343
Interest income	41	120	(61)	100
Amortization of negative goodwill	—	—	59	59
Interest expenses	848	71	(61)	858
Equity in earnings (losses) of affiliates	(56)	—	42	(13)
Special income	122	15	(132)	4
Gain on sales of property, plant and equipment	*122*	*1*	*(120)*	*3*
Special loss	793	90	14	898
Loss on valuation of investments in securities	*718*	—	—	*718*
Income taxes	1,135	650	54	1,840
Investment to equity method affiliates	99	139	69	308
Increase in property, plant and equipment, and intangible assets	1,870	571	(47)	2,393

For the year ended March 31, 2011: (Millions of yen)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	¥3,051	¥ 673	¥ (147)	¥3,577
Amortization of goodwill	32	41	164	238
Interest income	32	166	(78)	120
Amortization of negative goodwill	—	—	59	59
Interest expenses	844	38	(78)	804
Equity in earnings of affiliates	0	—	—	0
Special income	291	34	(267)	58
Gain on sales of property, plant and equipment	*132*	*8*	*(131)*	*10*
Reversal of allowance for investment loss	*120*	—	*(120)*	—
Special loss	1,470	380	(1,149)	701
Loss on valuation of investments in securities	*68*	—	—	*68*
Provision of allowance for investment loss	*587*	—	*(587)*	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	*475*	*24*	—	*500*
Loss on sales of investment in affiliates	*262*	—	*(262)*	—
Income taxes	(341)	552	(10)	200
Investment to equity method affiliates	207	—	—	207
Increase in property, plant and equipment, and intangible assets	1,777	1,505	(60)	3,221

For the year ended March 31, 2012: (Thousands of U.S. dollars)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	$37,814	$ 6,175	$ (9)	$43,980
Amortization of goodwill	400	1,418	2,364	4,183
Interest income	502	1,467	(746)	1,224
Amortization of negative goodwill	—	—	730	730
Interest expenses	10,329	867	(746)	10,450
Equity in earnings (losses) of affiliates	(684)	—	523	(161)
Special income	1,490	185	(1,618)	57
Gain on sales of property, plant and equipment	*1,489*	*17*	*(1,469)*	*37*
Special loss	9,654	1,105	173	10,933
Loss on valuation of investments in securities	*8,742*	—	—	*8,742*
Income taxes	13,826	7,922	663	22,411
Investment to equity method affiliates	1,213	1,698	847	3,759
Increase in property, plant and equipment, and intangible assets	22,767	6,955	(577)	29,145

(Note) The adjustments are principally as follows:
"Provision of allowance for investment loss" amounted to ¥587 million in the fiscal year ended March 31, 2011 was resulted from elimination for consolidation purpose of allowance for investment loss provided for the affiliates.

[Related information]
1. Information by products and services
For the year ended March 31, 2012:

(Millions of yen)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	**¥175,060**	**¥8,161**	**¥14,829**	**¥198,052**

For the year ended March 31, 2011:

(Millions of yen)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	¥139,882	¥8,590	¥10,790	¥159,263

For the year ended March 31, 2012:

(Thousands of U.S. dollars)

	Logistics systems	Electronics	Other	Consolidated total
Net sales to outside customers	**$2,131,250**	**$99,365**	**$180,537**	**$2,411,153**

2. Information by geographic areas
(1) Net sales
For the year ended March 31, 2012:

(Millions of yen)

	Japan	America	Other	Consolidated total
Net sales to outside customers	**¥99,963**	**¥26,507**	**¥71,581**	**¥198,052**

For the year ended March 31, 2011:

(Millions of yen)

	Japan	America	China	Other	Consolidated total
Net sales to outside customers	¥79,709	¥22,664	¥21,343	¥35,546	¥159,263

For the year ended March 31, 2012:

(Thousands of U.S. dollars)

	Japan	America	Other	Consolidated total
Net sales to outside customers	**$1,216,991**	**$322,708**	**$871,452**	**$2,411,153**

(Note) Net sales are classified by countries or areas where customers are located.

(2) Property, plant and equipment
For the year ended March 31, 2012:

(Millions of yen)

	Japan	Other	Consolidated total
Property, plant and equipment	**¥24,965**	**¥5,464**	**¥30,430**

For the year ended March 31, 2011:

(Millions of yen)

	Japan	Other	Consolidated total
Property, plant and equipment	¥25,899	¥5,680	¥31,580

For the year ended March 31, 2012:

(Thousands of U.S. dollars)

	Japan	Other	Consolidated total
Property, plant and equipment	**$303,942**	**$66,529**	**$370,472**

3. Information by principal customers
It was omitted due to no outside customers to which sales were more than 10% of net sales of the consolidated statements of income and comprehensive income.

[Information about impairment loss of non-current assets by reportable segment]
Not applicable

[Information about the amount of amortization and unamortized balance of goodwill and negative goodwill by reportable segment]
For the year ended March 31, 2012:

(Millions of yen)

	Reportable segment						
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	**¥213**	**¥ —**	**¥354**	**¥567**	**¥ 935**	**¥755**	**¥2,258**
Ending balance of negative goodwill	**—**	**—**	**—**	**—**	**—**	**¥359**	**¥ 359**

For the year ended March 31, 2011:

(Millions of yen)

	Reportable segment						
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	¥246	¥ —	¥364	¥610	¥1,048	¥570	¥2,229
Ending balance of negative goodwill	—	—	—	—	—	¥419	¥ 419

For the year ended March 31, 2012:

(Thousands of U.S. dollars)

	Reportable segment						
	DAIFUKU	CONTEC	DAIFUKU WEBB	Total	Other	Elimination or corporate	Consolidated total
Ending balance of goodwill	**$2,598**	**$ —**	**$4,316**	**$6,914**	**$11,385**	**$9,196**	**$27,496**
Ending balance of negative goodwill	**—**	**—**	**—**	**—**	**—**	**$4,376**	**$ 4,376**

[Notes]
1. Information about amortization of goodwill and negative goodwill was omitted because it was disclosed in segment information.
2. "Other" under "Ending balance of goodwill " principally resulted from the acquisition of car wash equipment business from YASUI CORPORATION.

[Information about gain on new negative goodwill by reportable segment]
Not applicable

32. Per share information

The amounts of basic and diluted net income per share and net assets per share for the years ended March 31, 2012 and 2011 were as follows:

March 31,	(Yen) 2012	2011	(U.S. dollars) 2012
Net assets per share	**¥674.72**	¥683.39	**$8.21**
Net income per share			
—Basic	**11.05**	2.43	**0.13**
—Diluted	**—**	2.41	**—**

Diluted net income per share for the fiscal year ended March 31, 2012 is not shown herein as dilutive shares do not exist.

The basis for the calculation of net income per share and diluted net income per share for the years ended March 31, 2012 and 2011 were as follows:

Net income per share

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Net income	**¥1,223**	¥269	**$14,890**
Amount not attributed to holders of common stock	**—**	—	**—**
Adjusted net income	**¥1,223**	¥269	**$14,890**

March 31,	(Thousands of shares) 2012	2011
Weighted average number of shares of common stock	**110,659**	110,671

Diluted net income per share

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Adjustment in net income	**—**	—	**—**

March 31,	(Thousands of shares) 2012	2011
Effect of dilutive securities	**—**	1,159
(of which: convertible bonds with subscription rights to shares)	**(—)**	(1,159)
Dilutive shares not included in the calculation of diluted net income per share because absence of dilutive effect		—

The basis for the calculation of net assets per share as of March 31, 2012 and 2011 were as follows:

March 31,	(Millions of yen) 2012	2011	(Thousands of U.S. dollars) 2012
Total net assets	**¥76,618**	¥77,714	**$932,776**
Amount deducted from total net assets	**1,956**	2,088	**23,821**
(of which: minority interests)	**(1,956)**	(2,088)	**(23,821)**
Total net assets for common stock	**¥74,661**	¥75,625	**$908,955**
Number of issued and outstanding shares of common stock at fiscal year-end (thousands of shares)	**110,655**	110,662	

33. Subsequent events

Not applicable

Independent Auditor's Report

To the Board of Directors of Daifuku Co., Ltd.

We have audited the accompanying consolidated financial statements of Daifuku Co., Ltd ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012, and the consolidated statements of income and comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of matter

We draw attention to Note 26 to the consolidated financial statements which describes the changes in net deferred tax assets, net unrealized gain on securities and income taxes – deferred due to changes in effective statutory tax rates. Our opinion is not qualified in respect of this matter.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 5 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

August 2, 2012

PricewaterhouseCoopers Aarata
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Daifuku Global Network

(As of July 1, 2012)

North America

Daifuku Webb Holding Company
Farmington Hills, MI, U.S.A.

Daifuku America Corporation

Main Office & Plant	Reynoldsburg, OH, U.S.A.
Arizona Office	Chandler, AZ, U.S.A.
Austin Office	Pflugerville, TX, U.S.A.
Indiana Office	Fort Branch, IN, U.S.A.
Kentucky Office	Lexington, KY, U.S.A.
Michigan Office	Farmington Hills, MI, U.S.A.
Tennessee Office	Smyrna, TN, U.S.A.
Utah Office	Salt Lake City, UT, U.S.A.

Jervis B. Webb Company

World Headquarters	Farmington Hills, MI, U.S.A.
Boyne City Manufacturing Plant	Boyne City, MI, U.S.A.
Carlisle Forging Plant	Carlisle, SC, U.S.A.
Harbor Springs Manufacturing Plant	Harbor Springs, MI, U.S.A.

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

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

Daifuku Canada Inc.
Mississauga, Ontario, Canada

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

Contec Microelectronics U.S.A. Inc.
Sunnyvale, CA, U.S.A.

Europe

Daifuku Europe Ltd.

Main Office	Buckinghamshire, U.K.
Derby Office	Staffordshire, U.K.
Germany Branch	Moenchengladbach, Germany

Jervis B. Webb Company, Ltd.
Buckinghamshire, U.K.

Logan Teleflex (UK) Ltd.
Hull, U.K.

Jervis B. Webb GmbH

Main Office	Moenchengladbach, Germany
Spain Branch	Barcelona, Spain

Logan Teleflex (France) S.A.S.
Ivry sur Seine, France

Asia

Daifuku (China) Co., Ltd.

Main Office	Shanghai, China
Tianjin Branch	Tianjin, China
Guangzhou Branch	Guangzhou, China
Beijing Office	Beijing, China
Changchun Office	Jilin, China
Chengdu Office	Sichuan, China
Chongqing Office	Chongqing, China
Fuzhou Office	Fujian, China
Hangzhou Office	Zhejiang, China
Nansha Office	Guangzhou, China
Shenzhen Office	Shenzhen, China
Suzhou Office	Jiangsu, China
TEDA Office	Tianjin, China
Wuhan Office	Wuhan, China
Xiamen Office	Fujian, China
Zhengzhou Office	Zhengzhou, China

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

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

Taiwan Daifuku Co., Ltd.

Main Office & Plant	Tainan, Taiwan
Hsinchu Branch	Hsinchu, Taiwan
Taichung Plant	Taichung, Taiwan

Daifuku Korea Co., Ltd.

Main Office & No. 1 Plant	Incheon, Korea
No. 2 Plant	Incheon, Korea
Seoul Office	Seoul, Korea
Daejeon Office	Daejeon, Korea
Gwangju Office	Gwangju, Korea

Clean Factomation, Inc.

Main Office	Gyeonggi-do, Korea
Asan Plant	Chungnam, Korea

Daifuku India Private Limited

Main Office	Haryana, India
Bangalore Office	Bangalore, India
Delhi Office	New Delhi, India

Webb India Private Limited
Bangalore, India

Daifuku (Thailand) Ltd.

Main Office & Plant	Chonburi, Thailand
Bangkok Office	Bangkok, Thailand
Pinthong Plant	Chonburi, Thailand

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

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

P.T. Daifuku Indonesia
Jakarta, Indonesia

Beijing Contec Microelectronics Corporation

Main Office	Beijing, China
Shanghai Branch Office	Shanghai, China

Contec Solution China Corporation
Shanghai, China

Taiwan Contec Co., Ltd.
Xinbei, Taiwan

Contec Solution Co., Ltd.
Xinbei, Taiwan

Corporate Data

(As of March 31, 2012)

Date of Establishment	May 20, 1937
Paid-in Capital	8,024 million yen
Employees	5,617 (Consolidated)

Principal Locations

Headquarters	3-2-11 Mitejima, Nishiyodogawa-ku
	Osaka 555-0012 Japan
	Tel: 81-6-6472-1261 Fax: 81-6-6476-2561
Tokyo Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-0014 Japan
	Tel: 81-3-3456-2231 Fax: 81-3-3456-2258
Shiga Works	1225 Nakazaiji, Hino-cho, Gamo-gun
	Shiga 529-1692 Japan
	Tel: 81-748-53-0321 Fax: 81-748-52-2963
Komaki Works	4-103 Komakihara, Komaki-shi
	Aichi 485-8653 Japan
	Tel: 81-568-74-1500 Fax: 81-568-74-1600

Global Branches

Philippines Branch	108 Aguirre Street, Legaspi Village
	Makati City, Philippines
Czech Branch	Tolarova 317, 533 51 Pardubice, Czech Republic
	Tel: 420-321-800-042 Fax: 420-321-800-045
Germany Branch	Luerriper Strasse 52, D-41065
	Moenchengladbach, Germany
	Tel: 49-2161-49-695-0 Fax: 49-2161-49-695-20
St. Petersburg Branch	Business Center Troitskoe Pole 2, Office 538
	120/B, Pr. Obukhovskoy Oboroni
	St. Petersburg 192012 Russia
	Tel: 7-812-380-8450 Fax: 7-812-380-8422
Sweden Branch	Stora Avagen 21, 436 34 Askim, Sweden
	Tel: 46-31-7238405 Fax: 46-31-7238499
UK Branch	Unit 5, Dunfermline Court, Kingston,
	Milton Keynes, Buckinghamshire
	MK10 0BY U.K.
	Tel: 44-1908-288-780 Fax: 44-1908-288-781
Mexico Branch	Cincinati No. 81-707 Col. Nochebuena
	Mexico, D.F., C.P. 03720 Mexico
	Tel: 52-55-5598-9359 Fax: 52-55-5598-2359

Subsidiaries in Japan

Contec Co., Ltd.
Contec EMS Co., Ltd.
Daifuku Plusmore Co., Ltd.
Daifuku Business Service Corporation
Hiniaratakan Corporation
Daifuku Institute of Technology and Training Co., Ltd.
Daifuku Manufacturing Technology Co., Ltd.
Daifuku Design and Engineering Co., Ltd.*
Daifuku Logistic Technology Co., Ltd.*
Daifuku Software Development Co., Ltd.**

*As of April 1, 2012, these companies were merged into Daifuku Co., Ltd.

**As of April 1, 2012, Daifuku Software Development transferred into the Contec Group to become Contec Software Development Co., Ltd.

Investor Information

(As of March 31, 2012)

Number of authorized shares:	250,000,000 shares
Total number of shares issued:	113,671,494 shares
Number of shareholders:	11,568
Ordinary general meeting of shareholders:	Every June
Stock exchange listings:	First Section of Tokyo Stock Exchange
	First Section of Osaka Securities Exchange
Stock transfer agent:	The Sumitomo Trust and Banking Co., Ltd.*
	Transfer Agent Department
	4-5-33 Kitahama, Chuo-ku, Osaka

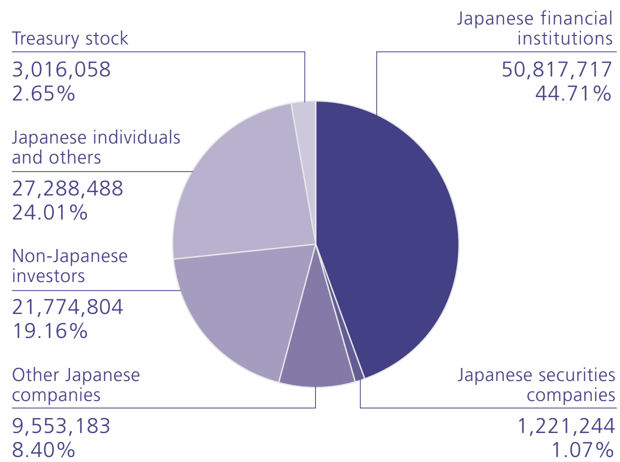
*Corporate name changed to Sumitomo Mitsui Trust Bank, Limited, following a merger on April 1, 2012

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	**6,475**	**5.70**
Japan Trustee Services Bank, Ltd. (trust account)	**6,114**	**5.38**
Japan Trustee Services Bank, Ltd. (trust account 9)	**5,885**	**5.18**
Mizuho Corporate Bank, Ltd.	**5,490**	**4.83**
Sumitomo Mitsui Banking Corporation	**4,080**	**3.59**
Daifuku Supplier Shareholder Association	**3,856**	**3.39**
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	**3,833**	**3.37**
Nippon Life Insurance Company	**3,431**	**3.02**
CBHK-CITIBANK LONDON-F117	**2,535**	**2.23**
Daifuku Employees' Shareholding Association	**2,057**	**1.81**

*Daifuku holds 3,016,058 shares of treasury stock, although these are excluded from the above list of major shareholders.

Distribution of Shareholders



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DAIFUKU
Material Handling **and Beyond**

VEGETABLE OIL INK

DAIFUKU CO., LTD.

Printed in Japan 1208-18AR