DAIFUKU

Consolidated Financial Results
for the First Three Quarters of the Fiscal Year Ending March 31, 2011
[Japan GAAP]

February 8, 2011

Daifuku Co., Ltd. (Stock code: 6383, First Section of Tokyo Stock Exchange and Osaka Securities Exchange)
(URL: www.daifuku.co.jp)
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Scheduled date for filing quarterly financial report: February 14, 2011
Scheduled date of commencing dividend payment: –
Quarterly earnings supplementary materials: Yes
Quarterly earnings presentation for institutional investors and securities analysts: Yes

(Figures are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the First Three Quarters of Fiscal 2010
(April 1, 2010 – December 31, 2010)

(1) Operating Results (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First 3 quarters of fiscal 2010	111,725	5.2	-397	–	-744	–	-1,296	–
First 3 quarters of fiscal 2009	106,185	-42.2	-2,117	–	-2,369	–	-1,048	–

	Net income per share	Diluted net income per share
	Yen	Yen
First 3 quarters of fiscal 2010	-11.71	–
First 3 quarters of fiscal 2009	-9.47	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First 3 quarters of fiscal 2010	167,378	76,462	44.4	671.31
Fiscal 2009	165,430	81,295	47.9	716.07

Reference: Shareholders' equity: First three quarters of fiscal 2010: 74,292 million yen Fiscal 2009: 79,252 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2009	–	10.00	–	10.00	20.00
Fiscal 2010	–	5.00			
Fiscal 2010 (forecast)			–	10.00	15.00

Note: Dividend forecast revision during the period under review: None

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2011
(April 1, 2010 – March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	160,000	3.8	500	518.9	100	–	-400	–	-3.61

Note: Consolidated financial forecast revision during the period under review: Yes

4. Other Information

(1) Changes in significant subsidiaries that affected the scope of consolidation during the period: None

(2) Adoption of simplified methods or specific methods for preparing the consolidated financial statements: Yes

(3) Changes in accounting policies, procedures, and presentation methods, and other factors for preparing the consolidated financial statements

1) Changes associated with the revisions of accounting standards: Yes

2) Other changes: None

(4) Number of shares issued (Common stock)

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

Third quarter of fiscal 2010:	113,671,494 shares
Fiscal 2009:	113,671,494 shares

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

Third quarter of fiscal 2010:	3,003,719 shares
Fiscal 2009:	2,994,194 shares

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

First three quarters of fiscal 2010:	110,673,991 shares
First three quarters of fiscal 2009:	110,681,854 shares

*Regarding the status of quarterly review procedures
The current quarterly consolidated financial statements are exempted from quarterly review based on Japan's Financial Instruments and Exchange Act. At the time of disclosure of these statements, review procedures under the Financial Instruments and Exchange Act have not been completed.

*Disclaimer
The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(3) "Qualitative information relating to consolidated earnings forecasts" on page 9.

1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Qualitative information relating to consolidated operating results

During the first nine months of the consolidated fiscal year under review, the global economy continued to grow, driven by emerging economies in Asia and other regions. The U.S. economy also improved, although financial insecurity persisted in Europe. The Japanese economy meanwhile struggled with adverse factors such as the strong yen and lingering deflation.

The material handling and logistics industry also faced a difficult business environment, as Japanese industry remained cautious on domestic capital spending. In terms of profitability, the industry faced intensified competition, primarily attributable to the rise of Asian competitors and price setting tailored to emerging markets.

To address this operating environment, the Daifuku Group has been taking steps to develop new markets and launch new businesses under a new three-year business plan called "Material Handling and Beyond," which started in April 2010. In the first nine months under review, the volume of orders rose significantly year on year, thanks to orders for systems for lithium-ion battery factories, a new area for the Group. In October 2010, Daifuku reached an agreement with Austria-based Knapp AG to collaborate in areas that include capital participation, with the aim of strengthening its business in Europe. It also agreed with YASUI Corporation in Japan in December 2010 to acquire YASUI's car wash equipment business, to expand the overall operating framework of the Group. Meanwhile, net sales still remained weak, partly because of the effect of the timing difference.

As a result, the Group received orders of 127,262 million yen, increasing 46.6% from a year earlier, and recorded net sales of 111,725 million yen, up 5.2%.

Turning to profits, the Group was able to reduce the losses recorded in the first half of the consolidated fiscal year under review (an operating loss of 753 million yen, an ordinary loss of 778 million yen, and a net loss of 1,178 million yen), helped by positive factors such as the recovery in the business performance of subsidiaries in Japan and overseas, an increase in net sales, overall cost reduction, and cuts in selling, general, and administrative expenses. As a result, the Group recorded an operating loss of 397 million yen (improving 1,719 million yen from a year earlier) and an ordinary loss of 744 million yen (improving 1,624 million yen). It also recorded a net loss of 1,296 million yen (deteriorating 248 million yen), the result of the temporary factor of posting the effect of applying the accounting standards for asset retirement obligations (Note).

Note: An expected amount of asbestos removal costs inside buildings and the waste disposal cost of equipment containing PCB to incur in the future that corresponds to prior years.

Results by segment are as described below. From the first quarter of the fiscal year ending March 31, 2011, the segment classification has been changed as follows:

Formerly: Logistics Systems, Electronics and Other
From the current fiscal year: Daifuku Co., Ltd., Contec Co., Ltd., Jervis B. Webb Company,
Daifuku America Corporation, and Other

Because of this change, a year-on-year comparison in each segment is not written in the qualitative information. Earnings in the first nine months of each company above are written as segment net income (loss). For more details of segments, please see “Segment Information” on page 16.

Overall, although Daifuku Co., Ltd. continued to face a difficult business environment, the operating performance of Contec Co., Ltd., Jervis B. Webb Company, Daifuku America Corporation and other subsidiaries centering on Japan and Asia were recovering ahead of Daifuku Co., Ltd.

To amalgamate and strengthen its North American business, the Company will establish Daifuku Webb Holding Company in the United States on January 1, 2011. Jervis B. Webb Company and Daifuku America Corporation will operate under this new company.

Daifuku Co., Ltd.

<Orders>

In material handling systems, orders for storage, transport, sorting, and picking systems for large projects remained solid in sectors such as food, pharmaceuticals, pharmaceutical wholesalers, agriculture and distribution, while orders for large projects for lithium-ion battery factories, a new sector, made a contribution. Orders for small and midsize storage systems and material handling equipment continued to face a difficult environment.

In systems for flat-panel display factories, Daifuku received a surge in orders for large projects in China. The Company also received orders for systems for touch panels, demand for which for smartphones and other mobile devices is rising rapidly in China and Taiwan. In systems for semiconductor factories, not only did orders for projects in South Korea, North America and Taiwan remained steady, but the Company also created a foothold in China by acquiring orders for new projects.

With respect to automobile production line systems, demand was recovering in North America and was firm in Thailand, China, India, Brazil and Turkey. While demand from the automotive industry remained weak in Japan, we expect that business negotiations for large new projects will materialize in the next fiscal year.

In car wash machines, although the sales volume of machines for the mainstay gas station market grew at a sluggish pace associated with the falling number of gas stations, overall orders exceeded the plan helped by robust capital spending in the car dealer industry.

Orders for wheelchair lifts for care-provider vehicles remained solid.

<Sales and income>

Sales of storage, transport, sorting, and picking systems for large projects in a number of industries, centering on food, pharmaceuticals, pharmaceutical wholesalers, and agriculture remained firm. Sales of small and midsize systems continued to be influenced by weak demand.

Sales of systems for semiconductor and flat-panel display factories were below the plan due to the effect of timing differences.

In automobile production line systems, investments were weak in Japan, and the recovery in sales was slow, partly attributable to timing differences in receiving orders.

In car wash machines, the fact that the focused service business remained in line with the initial plan and the effect of reducing selling, general, and administrative expenses contributed to an improvement in profits.

Sales of wheelchair lifts for care-provider vehicles increased from the previous fiscal year, remaining in line with our initial plan, thanks to a recovery in demand after vehicle model changes.

In terms of profits, an increase in net sales, improved costs, and dividends from subsidiaries contributed to the improvement.

As a result, Daifuku Co., Ltd. received orders of 75,031 million yen and posted net sales of 69,078 million yen and net loss of 459 million yen.

Contec Co., Ltd.

In electronic devices and components, sales of products for manufacturing equipment remained robust, influenced by increased capital spending in the semiconductor industry. Sales of products for inspection and measuring instruments also improved from the third quarter. As Contec's compact industrial personal computers were highly valued in the digital signage and security markets, inquiries from these markets remained solid.

In solutions and service, sales of security systems and inventory management systems as well as photovoltaic data measuring systems remained healthy.

Other than the above, the commissioned business such as the assembly of electronic devices and the mounting of substrates was also strong.

As a result, Contec Co., Ltd. received orders of 6,358 million yen and posted net sales of 6,370 million yen and net income of 428 million yen.

Jervis B. Webb Company

In terms of orders, although there were some projects for which orders were slow in the mainstay airport baggage handling systems, Jervis B. Webb was able to enter the next fiscal year with a significant order backlog, as overall demand recovered to the level seen prior to the collapse of Lehman Brothers. The segment received orders for large projects from the Detroit Three, reflecting a recovery in the automotive industry in the United States, and also enjoyed steady orders for automatic guided vehicles and other systems.

Although the delay in receiving orders for airport baggage handling systems had an impact on sales, improvement in costs and cuts in selling, general, and administrative expenses as a result of comprehensive project management as well as the brisk service business contributed to earnings.

Based on the above, the segment received orders of 15,460 million yen and recorded net sales of 10,293 million yen and net income of 225 million yen.

Daifuku America Corporation

Orders substantially exceeded the initial plan for the first nine months under review, remaining strong as capital spending rebounded at automakers including Japanese manufacturers and semiconductor manufactures in North America. The segment also won orders for large projects for lithium-ion battery factories and the food industry. Profits were significantly above the initial plan, attributable to cost cutting, comprehensive project management and the reduction of overhead costs, as sales of systems for automakers and semiconductor manufacturers remained strong, although the posting of sales was delayed due to a timing difference in some projects.

As one initiative to improve the efficiency of the North American business, the book closing period for Daifuku America Corporation was changed from March to December to match that of Jervis B. Webb Company. Accordingly, the consolidated fiscal year for Daifuku America Corporation was nine months up to the cumulative third quarter under review.

As a result, the segment received orders of 10,390 million yen and registered net sales of 6,049 million yen and net income of 332 million yen.

Other

The Other segment includes subsidiaries of the Company worldwide other than the above four. Major Japanese subsidiaries in this segment are Daifuku Logistic Technology Co., Ltd. that provides sales and other services of material handling systems and equipment and Daifuku Plusmore Co., Ltd. that provides sales and services of car wash machines and bowling equipment. Outside Japan, the Company has major subsidiaries such as Daifuku (China) Co., Ltd. in China, Daifuku Korea Co., Ltd. and Clean Factomation, Inc. in South Korea, Taiwan Daifuku Co., Ltd. in Taiwan and Daifuku (Thailand) Ltd. in Thailand. These subsidiaries primarily sell and manufacture material handling systems and equipment.

Business performance was generally recovering in this segment, particularly at non-Japanese subsidiaries in Asia. Our Chinese subsidiary, Daifuku (China) Co., Ltd. increased sales of systems for flat-panel displays and the food and pharmaceutical industries and took steps to further improve earnings, such as integrating local affiliates and bolstering local production. In South Korea, sales of systems for semiconductor factories were favorable. In Thailand, inquiries increased from ASEAN countries, taking advantage of its ability to service the entire Asia-Pacific region. In Europe, however, the posting of sales for large unprofitable projects had an impact. The segment will take steps to increase earnings in the European region, based on the collaboration with Knapp in Austria.

Consequently, the Other segment received orders of 22,997 million yen and posted net sales of 22,908 million yen and net income of 336 million yen.

(2) Qualitative information relating to consolidated financial position

Assets

Total assets at the end of the first nine months of the consolidated fiscal year under review stood at 167,378 million yen, an increase of 1,947 million yen from the end of the previous fiscal year. This result is attributable mainly to a decrease of 1,948 million yen in notes and accounts receivable from completed contracts and an increase of 4,321 million yen in costs on uncompleted contracts.

Liabilities

Total liabilities amounted to 90,915 million yen, an increase of 6,780 million yen from the end of the previous fiscal year, principally reflecting increases of 4,385 million yen in notes and accounts payable for contracts and 2,685 million yen in other current liabilities such as excess charges for uncompleted constructions and advances received.

Net assets

Net assets were 76,462 million yen, a fall of 4,832 million yen from the end of the previous fiscal year. Primary factors included declines of 2,956 million yen in retained earnings because of the payment of dividends and 1,584 million yen in foreign currency translation adjustments.

Cash flows

Cash and cash equivalents at the end of the first nine months of the consolidated fiscal year under review decreased 463 million yen year on year, to 33,321 million yen.

Individual cash flows in the first nine months of the consolidated fiscal year under review and contributing factors are as follows:

(i) Cash flows from operating activities

Cash provided by operating activities totaled 8,484 million yen, a decrease of 8,749 million yen year on year in cash, primarily reflecting increases of 5,057 million yen in notes and accounts payable and 2,476 million yen in advances received.

(ii) Cash flows from investing activities

Cash used in investing activities was 1,829 million yen, an increase in cash by 398 million yen from a year ago. The major factors were payments for the purchase of investment securities of 1,143 million yen and the outlay of 894 million yen for the purchase of fixed assets.

(iii) Cash flows from financing activities

Cash used in financing activities was 3,605 million yen, an increase in cash by 6,070 million yen year on year, attributable mainly to net expenditure of 1,842 million yen for the repayment of interest-bearing liabilities, and dividend payment of 1,659 million yen.

(3) Qualitative information relating to consolidated earnings forecasts

Daifuku has revised its orders forecast for the fiscal year ending March 31, 2011 from the previously projected 175 billion yen, to 180 billion yen, on the back of strong demand in emerging economies. The Company believes this demand will offset the operating environment in Japan, which remains severe, particularly with respect to capital spending. Meanwhile, the sales forecast of 170 billion yen announced on August 12, 2010 has been revised to 160 billion yen, given that the Company was forced to record lower sales based on the percentage-of-completion method associated with an overall delay in projects that were to be posted in the fiscal year ending March 31, 2011. The income forecast remains unchanged.

2. Other information

(1) Changes in significant subsidiaries

Not applicable

(2) Summary of simplified methods or specific methods for preparing the consolidated financial statements

1. Simplified accounting methods

i) Method of calculating the estimated irrecoverable amount of general receivables

Since the actual loan loss ratio at the end of the first nine months of the consolidated fiscal year under review was deemed to have no significant changes from the amount calculated at the end of the previous fiscal year, the Company calculated the estimated irrecoverable amount on the basis of the actual loan loss ratio at the end of the previous fiscal year.

ii) Valuation method of inventories

The balance of inventories at the end of the first nine months of the consolidated fiscal year under review is calculated in a rational manner based on the balance of physical inventories at the end of the first half of the consolidated fiscal year under review by omitting physical stocktaking.

The book value of inventories is written down only for those inventories for which decreased profitability is evident by estimating net sales values.

iii) Method of calculating depreciation expenses of fixed assets

For fixed assets for which the declining balance method is used, depreciation expenses are calculated by distributing the amount of depreciation for the fiscal year proportionally to the period under review.

iv) Method of calculating tax expenses

For consolidated subsidiaries that are immaterial in the consolidated financial statements and do not have noteworthy changes in their business environment or in the status of occurrence of temporary differences, tax expenses are calculated by multiplying income before income taxes and minority interests by the burden ratio of corporate taxes after applying tax effect accounting in the statement of income for the previous fiscal year.

v) Method of calculating the amount of unrealized gains or losses to be eliminated

The elimination of unrealized gains or losses that are included in inventories acquired in transactions between consolidated companies is calculated by rationally estimating the amount of relevant assets included in inventories at the end of the first nine months of the consolidated fiscal year under review and the profit and loss ratio related to the relevant transactions.

2. Specific methods for preparing the quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, procedures, and presentation methods

1. Application of accounting standards for asset retirement obligations

From the first quarter of the fiscal year ending March 31, 2011, the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18. on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) are applied.

As a result of the application, the operating loss and an ordinary loss for the first nine months of the consolidated fiscal year under review increased 4 million yen, respectively, while income before income taxes and minority interests rose 505 million yen. The amount of change in asset retirement obligations due to the application of these accounting standards is 497 million yen.

In addition to the above, the balance of assets retirement obligations include asset retirement obligations of 6 million yen recorded by some subsidiaries outside Japan based on accounting standards in the United States.

2. Application of accounting standards for business combinations

From the first quarter of the fiscal year ending March 31, 2011, the Accounting Standard for

Business Combinations (ASBJ Statement No. 21 on December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), the partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23 on December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 on December 26, 2008), the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 on December 26, 2008) are applied.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	End of the First Three Quarters (December 31, 2010)	End of Fiscal 2009 (March 31, 2010)
ASSETS		
Current assets:		
Cash on hand and in banks	33,484	31,152
Notes and accounts receivable	46,135	48,083
Merchandise and finished goods	2,981	2,196
Costs on uncompleted contracts	11,921	7,599
Raw materials and supplies	6,951	6,323
Other current assets	11,933	14,004
Allowance for doubtful accounts	(135)	(107)
Total current assets	113,270	109,251
Fixed assets:		
Tangible fixed assets	31,670	33,090
Intangible assets	4,067	4,233
Investments and other assets		
Other	18,635	19,138
Allowance for doubtful accounts	(266)	(285)
Total investments and other assets	18,368	18,853
Total fixed assets	54,107	56,178
Total assets	167,378	165,430
LIABILITIES		
Current liabilities:		
Notes and accounts payable	26,094	21,709
Short-term borrowings	5,403	6,342
Current portion of long-term convertible bonds	3,008	3,008
Income taxes payable	575	570
Provision for losses on contracts	747	531
Other current liabilities	13,510	10,824
Total current liabilities	49,339	42,986

(Million yen)

	End of the First Three Quarters (December 31, 2010)	End of Fiscal 2009 (March 31, 2010)
Long-term liabilities:		
Bonds	10,000	10,000
Long-term borrowings	25,109	25,944
Provision for retirement benefits	2,206	1,713
Asset retirement obligations	503	–
Other long-term liabilities	3,756	3,490
Total long-term liabilities	41,576	41,148
Total liabilities	90,915	84,135
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,028
Retained earnings	66,253	69,210
Treasury stock	(2,415)	(2,410)
Total shareholders' equity	80,891	83,852
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities	(471)	(6)
Deferred gain (loss) on hedges	44	(6)
Foreign currency translation adjustments	(6,171)	(4,586)
Total valuation and translation adjustments	(6,598)	(4,600)
Minority interests:	2,170	2,042
Total net assets	76,462	81,295
Total liabilities and net assets	167,378	165,430

(2) Consolidated Statements of Income

(Million yen)

	First Three Quarters of FY2009 (April 1, 2009 – December 31, 2009)	First Three Quarters of FY2010 (April 1, 2010 – December 31, 2010)
Net sales	106,185	111,725
Cost of sales	88,581	92,930
Gross profit	17,603	18,794
Selling, general and administrative expenses:		
Selling expenses	9,835	9,935
General and administrative expenses	9,885	9,256
Total selling, general and administrative expenses	19,721	19,192
Operating income (loss)	(2,117)	(397)
Non-operating income:		
Interest income	175	82
Dividend income	78	174
Rental income	–	150
Other	529	323
Total non-operating income	783	731
Non-operating expenses:		
Interest expenses	719	601
Foreign exchange loss	240	377
Other	76	99
Total non-operating expenses	1,035	1,079
Ordinary income (loss)	(2,369)	(744)
Extraordinary income:		
Gain on sales of fixed assets	29	5
Gain on retirement of bonds	98	–
Reversal of allowance for doubtful accounts	219	42
Other	36	0
Total extraordinary income	384	49
Extraordinary loss:		
Loss on disposal or sales of fixed assets	52	34
Loss on valuation of investments in securities	102	56
Loss on adjustment for changes in accounting standard for asset retirement obligations	–	500
Other	22	49
Total extraordinary loss	178	641
Income (loss) before income taxes and minority interests	(2,163)	(1,337)
Income taxes - current	418	839
Income taxes - deferred	(1,371)	(1,085)
Total income taxes	(952)	(245)
Loss before minority interests	–	(1,091)
Minority interests in income (loss)	(162)	204
Net income (loss)	(1,048)	(1,296)

(3) Consolidated Statement of Cash Flows

(Million yen)

	First Three Quarters of FY2009 (April 1, 2009 – December 31, 2009)	First Three Quarters of FY2010 (April 1, 2010 – December 31, 2010)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(2,163)	(1,337)
Depreciation	2,727	2,660
Interest and dividend income	(253)	(257)
Interest expenses	719	601
Decrease (increase) in notes and accounts receivable	24,435	766
Decrease (increase) in inventories	9,214	(6,088)
Increase (decrease) in notes and accounts payable	(10,016)	5,057
Increase (decrease) in advances received on uncompleted contracts	(1,734)	2,476
Loss on adjustment for changes in accounting standard for asset retirement obligations	–	500
Other	(2,177)	3,638
Subtotal	20,751	8,019
Interest and dividend income received	249	253
Interest expenses paid	(662)	(481)
Income taxes refund (paid)	(3,303)	500
Other proceeds	198	192
Net cash provided by (used in) operating activities	17,233	8,484
Cash flows from investing activities:		
Investments in time deposits	–	(725)
Proceeds from refund of time deposits	341	610
Payments for purchase of fixed assets	(1,222)	(894)
Proceeds from sales of fixed assets	71	323
Payments for purchase of investments in securities	(533)	(1,143)
Payments for purchase of stock of subsidiaries	(829)	–
Payments for transfer of business	(200)	(2)
Other	144	2
Net cash provided by (used in) investing activities	(2,228)	(1,829)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(258)	(1,819)
Proceeds from long-term borrowings	3,625	21
Repayment of long-term borrowings	(10,051)	(44)
Payments for purchase of treasury stock	(5)	(5)
Payments of cash dividends	(2,877)	(1,659)
Other	(109)	(97)
Net cash provided by (used in) financing activities	(9,675)	(3,605)
Effect of exchange rate change on cash and cash equivalents	564	(828)
Net increase (decrease) in cash and cash equivalents	5,894	2,220
Cash and cash equivalents at beginning of period	27,902	31,101
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(10)	–
Cash and cash equivalents at end of period	33,785	33,321

Segment Information

1. Overview of reportable segments

   The reportable segments of the Company are those structural units for which separate financial information is available and which the Board of Directors review regularly to determine the allocation of management resources and evaluate operating results.

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

   Therefore, the Company makes the four companies, namely Daifuku Co., Ltd., the core company dealing in material handling systems and equipment and car wash machines, among other equipment, Contec Co., Ltd., the core company for the manufacture and sale of industrial personal computers, interface boards, and other equipment in Japan and overseas, Jervis B. Webb Company ("Webb"), and Daifuku America Corporation ("Daifuku America"), its reportable segments.

   Daifuku Co., Ltd. is not only the core company for the manufacture and sale of material handling systems and equipment, car wash machines, and other equipment in Japan; it also develops and supplies key components to companies around the world. Non-Japanese subsidiaries engage in sale, installation work, and after-sales services by combining the components of the material handling systems supplied by Daifuku Co., Ltd. with members manufactured and procured locally. Webb and Daifuku America are local subsidiaries with significant sales that conduct important business activities mainly in North America. Webb also manufactures and sells leading airport baggage handling systems on its own as part of its material handling systems.

2. Information relating to the amounts of net sales and income or losses of reportable segments
The first nine months of the consolidated fiscal year ending March 31, 2011 (from April 1, 2010 to December 31, 2010)

(Million yen)

	Reportable Segments					Other*	Total
	Daifuku	Contec	Webb	Daifuku America	Total		
Net sales							
Sales to outside customers	69,078	6,370	10,293	6,049	91,792	22,908	114,700
Intersegment sales or transfers	7,233	5,430	258	656	13,579	7,604	21,184
Total	76,312	11,801	10,552	6,705	105,371	30,513	135,884
Net income (loss)	-459	428	225	332	526	336	862

Note: The "Other" category comprises subsidiaries in Japan and overseas not included in the reportable segments.

3. Difference between total amounts of net sales and income or losses of reportable segments and those in quarterly consolidated statements of income and details thereof
(Matters relating to difference adjustment)

Sales	(Million yen)
Total of reportable segments	91,792
Net sales in the "Other" segment	22,908
Adjustment for consolidation of sales on the percentage of completion basis	-2,909
Other adjustments for consolidation	-66
Net sales in quarterly consolidated financial statements	111,725

Income	(Million yen)
Total of reportable segments	526
Income in the "Other" segment	336
Elimination of dividends from affiliated companies	-1,902
Other adjustments for consolidation	-256
Net income (loss) in quarterly consolidated financial statements	-1,296

4. Information relating to loss on impairment of fixed assets by reportable segment
   (Significant impairment losses of fixed assets)
   Not applicable

   (Significant changes in goodwill)
   Not applicable

   (Significant gains on negative goodwill)
   Not applicable

   (Additional information)
   From the first quarter of the fiscal year ending March 31, 2011, the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) are applied.

Notes when there is a material change in the amount of shareholders' equity

The first half of the fiscal year ending March 31, 2011 (from April 1, 2010 to December 31, 2010)

Not applicable

[Reference]

Production, orders and sales

1) Production

	FY2010 First nine months		FY2009 First nine months		(Reference) FY2009	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	80,244	68.4	–	–	–	–
Contec	12,556	10.7	–	–	–	–
Webb	10,541	9.0	–	–	–	–
Daifuku America	3,843	3.3	–	–	–	–
Other	10,155	8.6	–	–	–	–
Total	117,342	100.0	–	–	–	–

Notes:
1. The amounts are based on sales prices.
2. The amounts above do not include consumption taxes.
3. The “Other” includes subsidiaries in Japan and overseas not included in the reportable segments.

2) Orders

	Orders						Backlogs	
	FY2010 First nine months		FY2009 First nine months		(Reference) FY2009		First nine months of FY2010	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	75,031	59.0	–	–	–	–	51,120	58.1
Contec	6,358	5.0	–	–	–	–	891	1.0
Webb	15,460	12.1	–	–	–	–	13,765	15.6
Daifuku America	10,390	8.2	–	–	–	–	9,272	10.5
Other	20,022	15.7	–	–	–	–	12,917	14.8
Total	127,262	100.0	–	–	–	–	87,966	100.0

Notes:
1. Intersegment transactions are eliminated by offsetting.
2. The amounts above do not include consumption taxes.
3. The “Other” includes subsidiaries in Japan and overseas not included in the reportable segments and adjustments on a consolidated basis.

3) Sales

	FY2010 First nine months		FY2009 First nine months		(Reference) FY2009	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	69,078	61.8	–	–	–	–
Contec	6,370	5.7	–	–	–	–
Webb	10,293	9.2	–	–	–	–
Daifuku America	6,049	5.4	–	–	–	–
Other	19,933	17.9	–	–	–	–
Total	111,725	100.0	–	–	–	–

Notes:
1. Intersegment transactions are eliminated by offsetting.
2. The amounts above do not include consumption taxes.
3. The “Other” includes subsidiaries in Japan and overseas not included in the reportable segments and adjustments on a consolidated basis.