

---

---

# Business Report

---

---

**First Three Quarters of the Fiscal Year Ending March 31, 2010  
(April – December 2009)**

# 1-1. FY2009 First 3Qs Results (Consolidated, April – December)

1

(Billion yen)	(FY09 First 3Qs)	(FY08 First 3Qs)	(Year-on-year)
<b>Orders</b>	<b>86.8</b>	<b>184.3</b>	<b>(-52.9%)</b>
<b>Net Sales</b>	<b>106.1</b>	<b>183.6</b>	<b>(-42.2%)</b>
<b>Operating income</b>	<b>-2.1</b>	<b>12.2</b>	<b>(-14.3)</b>
<b>Ordinary income</b>	<b>-2.3</b>	<b>11.8</b>	<b>(-14.2)</b>
<b>Net income</b>	<b>-1.0</b>	<b>6.3</b>	<b>(-7.3)</b>
<b>Net income per share</b>	<b>-9.47 yen</b>	<b>56.27 yen</b>	

**During the consolidated first three quarters of the fiscal year under review, global economic conditions were mixed. Emerging countries, including China, staged a clear recovery, aided by government stimulus packages launched in response to the sharp downturn that began in the fall of 2008. In contrast, high-income economies including Japan, the United States, and Europe remained weak, unable to achieve a full recovery.**

## 1-2. Overview

---

3

**Orders and net sales of the Group were solid for large-scale projects for the food industry, which was relatively immune to the economic cycle, the pharmaceuticals sector mainly dealing with generic drugs, and for the distribution centers, mainly for pharmaceutical wholesalers. However, overall orders and net sales were heavily influenced by a large reduction in capital spending and increasing competition for orders in the manufacturing sector.**

**With respect to profits, the Company inevitably posted an operating loss, ordinary loss and net loss. This result reflected worsening factory operation levels, given lower net sales and orders, as well as weaker profitability on rising competition, as well as operating losses in the electronics business.**

# 1-3. Logistics Systems

## ■ Orders

- **The markets for transport and storage systems for automobiles and electronics (systems for clean rooms) were generally improving, but failed to recover to a level prompting active capital spending. This had significant repercussions for the level of orders.**
- **Large-scale projects, principally for the food and pharmaceuticals wholesale distribution industries remained strong. With rising competition, however, demand for small and midsize projects failed to recover.**
- **In China, orders for the food and pharmaceutical industries remained robust, significantly outperforming the plan. The number of projects to construct flat-panel display factories was rising.**

# 1-3. Logistics Systems

## ■ Sales

- Large-scale projects, mainly for the electronics (except systems for clean rooms), food and pharmaceutical wholesalers were almost in line with the plan.
- The service business for the manufacturers and distribution centers remained firm.
- In transport and storage systems for automobiles and electronics (systems for clean rooms), orders for new projects were down from the second half of 2008, which in turn resulted in lower sales.
- Sales of the automobiles business were also influenced by a decline in upgrading work carried out during consecutive holidays in May and August.

## 1-4. Electronics

---

- **Sales were significantly affected by a general drop in capital spending in the manufacturing sector.**
- **Orders increased, reflecting a strong effort in sales of photovoltaic data measurement and display systems to public facilities, such as educational institutions and public offices.**

## 1-5. Other

---

- **Sales of car wash machines remained sluggish, given weak overall demand, despite special demand attributable to lease subsidies in the first half of the fiscal year.**
- **Sales of mainly wax and chemical products in the service business contributed to earnings.**
- **Sales of wheelchair lifts for care-provider vehicles remained strong.**

# 1-6. Results by Area

---

## ■ Japan

- **Sales in the electronics (except systems for clean rooms), food and pharmaceuticals industries remained robust.**
- **The reduction in capital spending had a noticeable impact on operating results for the automobile and electronics (systems for clean rooms) industry.**

# 1-6. Results by Area

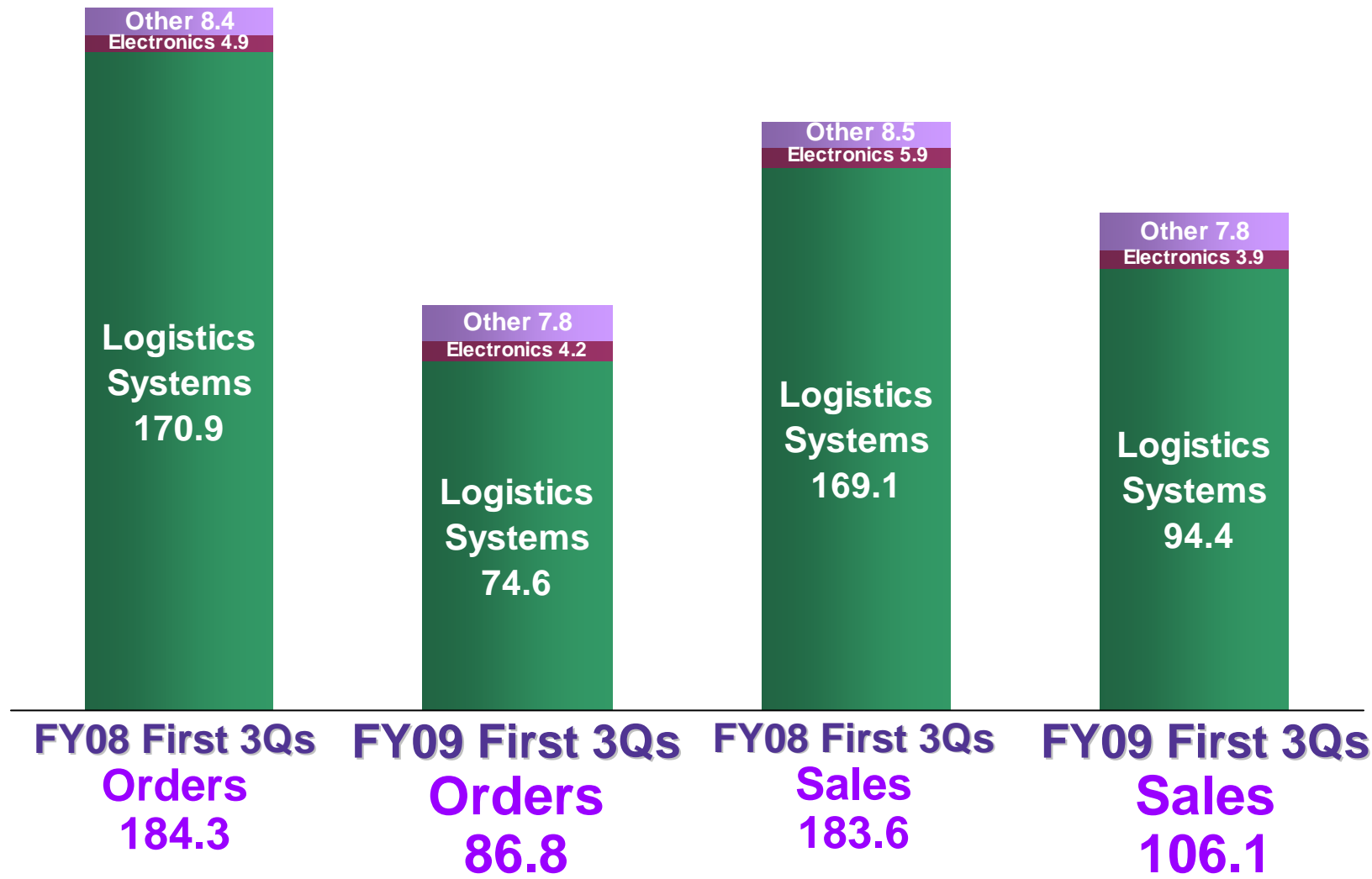
---

## ■ Outside Japan

- In Asia, profits were significantly down in both automobile production line systems and cleanroom transport/storage systems.
- In North America, Daifuku America achieved higher profits, reflecting cost cutting in ongoing projects and reductions in other expenses.

# 1-7. Orders and Net sales by Segment (Consolidated, April – December)

(Billion yen)



# 2-1. Financial Situation—Assets

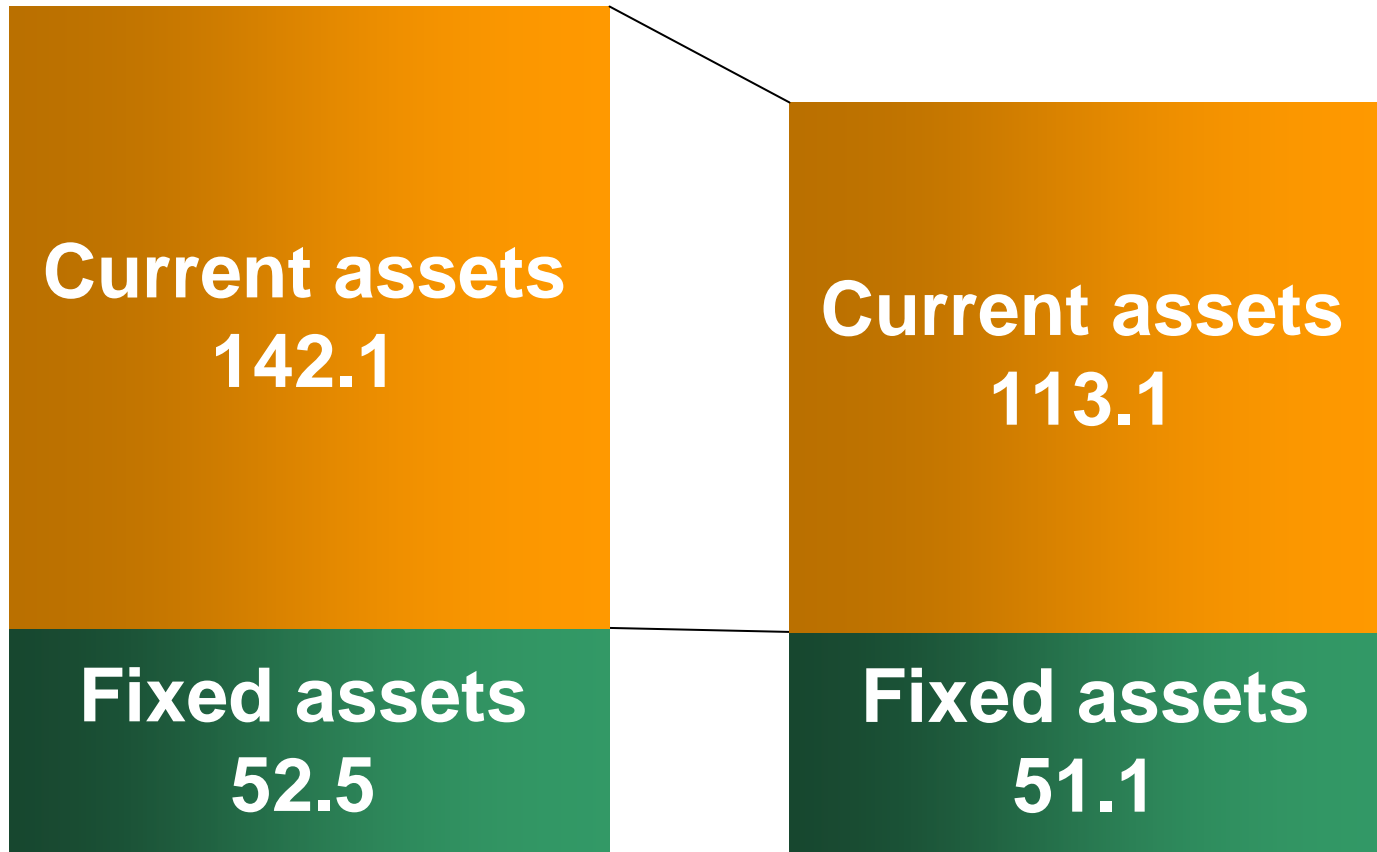
(Consolidated, April – December)

11

(Billion yen)

**Total: 194.7**

**Total: 164.3**



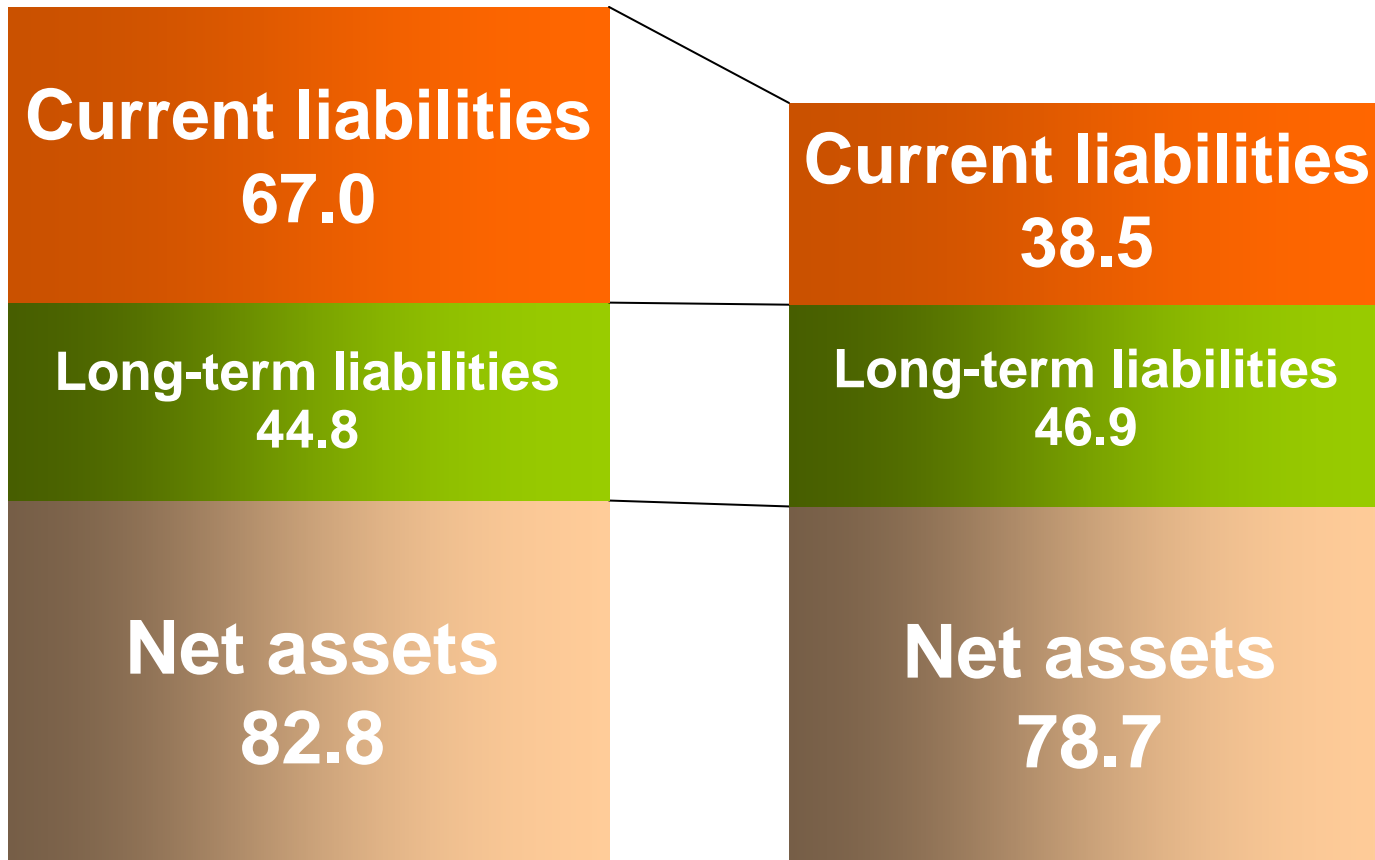
**FY08**

**FY09 First 3Qs**

## 2-2. Financial Situation – Liabilities & Net Assets (Consolidated, April – December)

12

(Billion yen)

**Total: 194.7****Total: 164.3****FY08****FY09 First 3Qs**

Cash and cash equivalents at end of FY2009 First 3Qs

**33.7 billion yen** (up 29.2% yen year on year)

### ■ Cash Flows from Operating Activities

**Cash generated of 17.2 billion yen**

(up 25.4 billion yen year on year)

### ■ Cash Flows from Investing Activities

**Cash used of 2.2 billion yen**

(up 2.1 billion yen year on year)

### ■ Cash Flows from Financing Activities

**Cash used of 9.6 billion yen**

(down 20.1 billion yen year on year)

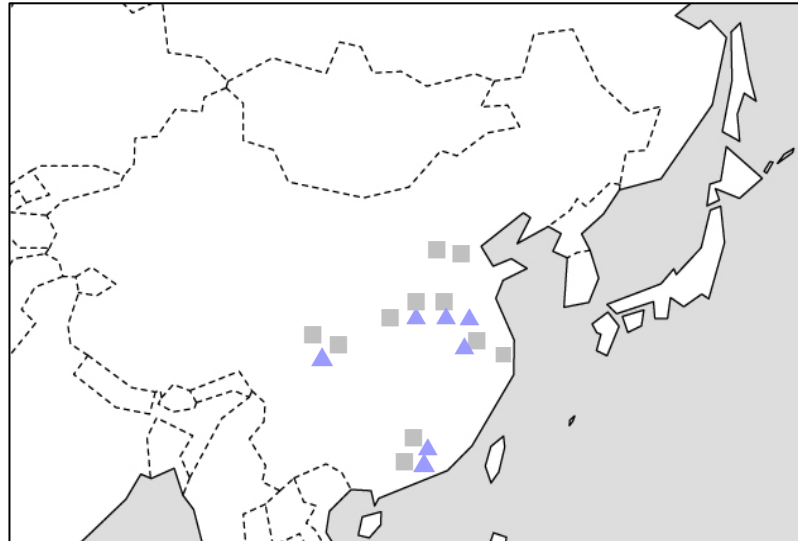
### 3. FY2009 Estimates (Consolidated)

(Billion yen)	(FY09)	(Year-on-year)
<b>Orders</b>	<b>140</b>	<b>(-34.0%)</b>
<b>Net sales</b>	<b>157</b>	<b>(-35.2%)</b>
<b>Operating income</b>	<b>-0.5</b>	<b>(-15.5)</b>
<b>Ordinary income</b>	<b>-1.0</b>	<b>(-15.8)</b>
<b>Net income</b>	<b>0.3</b>	<b>(-96.2%)</b>
<b>Net income per share</b>	<b>2.71</b> yen	

## 4. Topics

### ■ Daifuku Receives Orders for Flat-Panel Displays in China

Daifuku won orders for cleanroom storage and transport systems in China, where the number of projects to construct flat-panel display factories is on the rise. To meet the needs of flat-panel display makers developing manufacturing bases in China, Daifuku will focus on improving its production systems in China.



Top: Flat-panel display factories in China ( ■ denotes operating or under construction, and ▲ denotes a construction site; based on information obtained by the Company)

Left: The Clean Stocker for the (seventh generation) flat-panel displays

## 4. Topics

### ■ First Comprehensive Cooperative Project with Jervis B. Webb

In November, Daifuku delivered systems that combined an automated warehouse system and an automatic guided cart to a solar battery factory in the United States.



Jervis B. Webb's automatic guided cart

## 4. Topics

### ■ Photovoltaic Facilities Installed in Daifuku's Exhibition Center

As part of its commitment to reducing greenhouse gas emissions, Daifuku has installed a photovoltaic system on the roof of its full-scale showroom, Hini Arata Kan, in Shiga Prefecture.



Under construction

## 4. Topics

### ■ The Auto Scorer Operating at the Bowling Alley Recognized by Guinness World Records

The Bowler Entertainment System, an auto scorer developed by the Daifuku Group, has been operating at Inazawa Ground Bowl in Aichi Prefecture, which opened last November. With a floor length of 198.39 m, the bowling alley is the world's largest facility of its kind, recognized by the Guinness World Records.

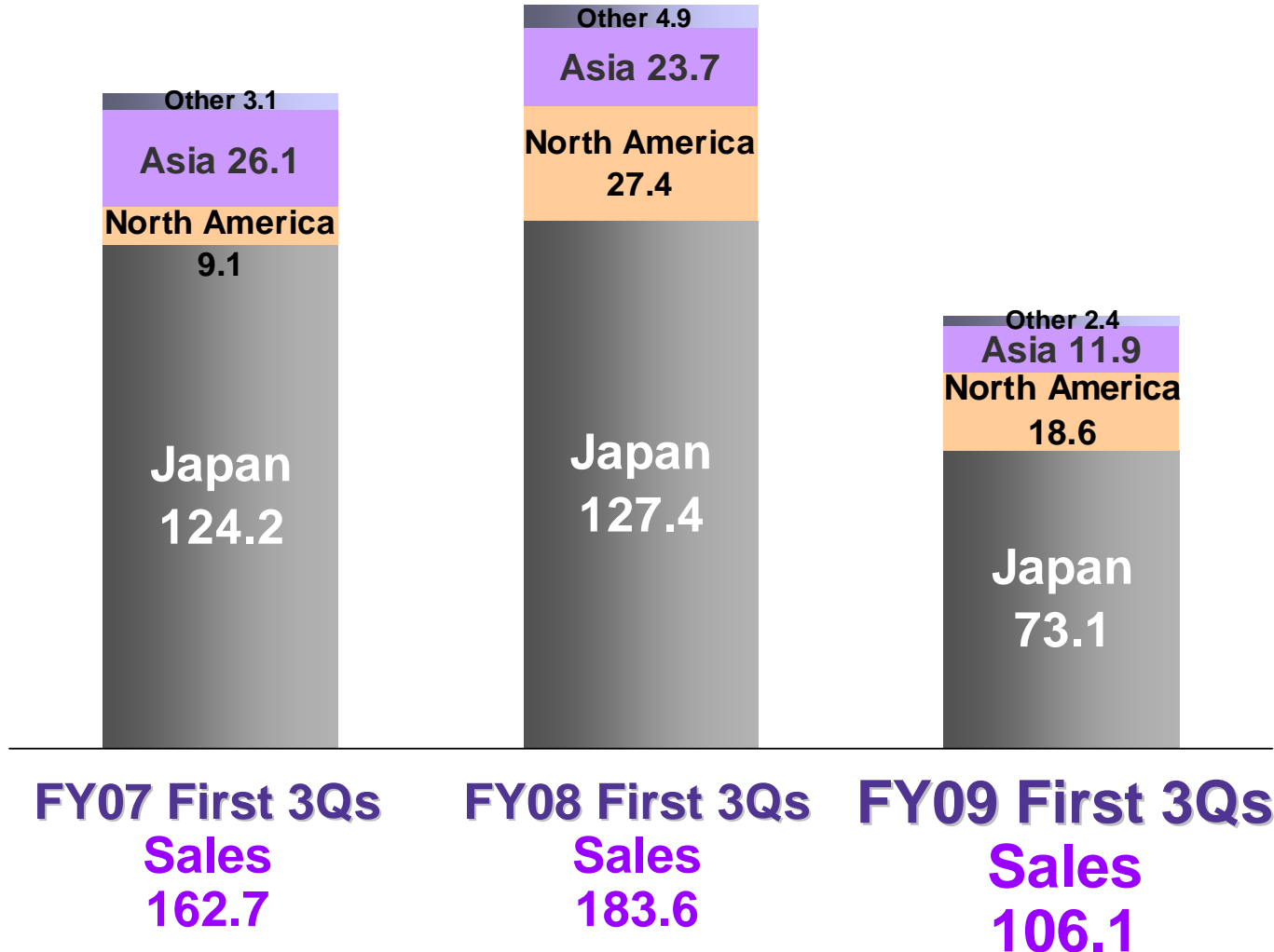


A total of 116 lanes on one floor. A spectacular view with a row of wide-screen monitors

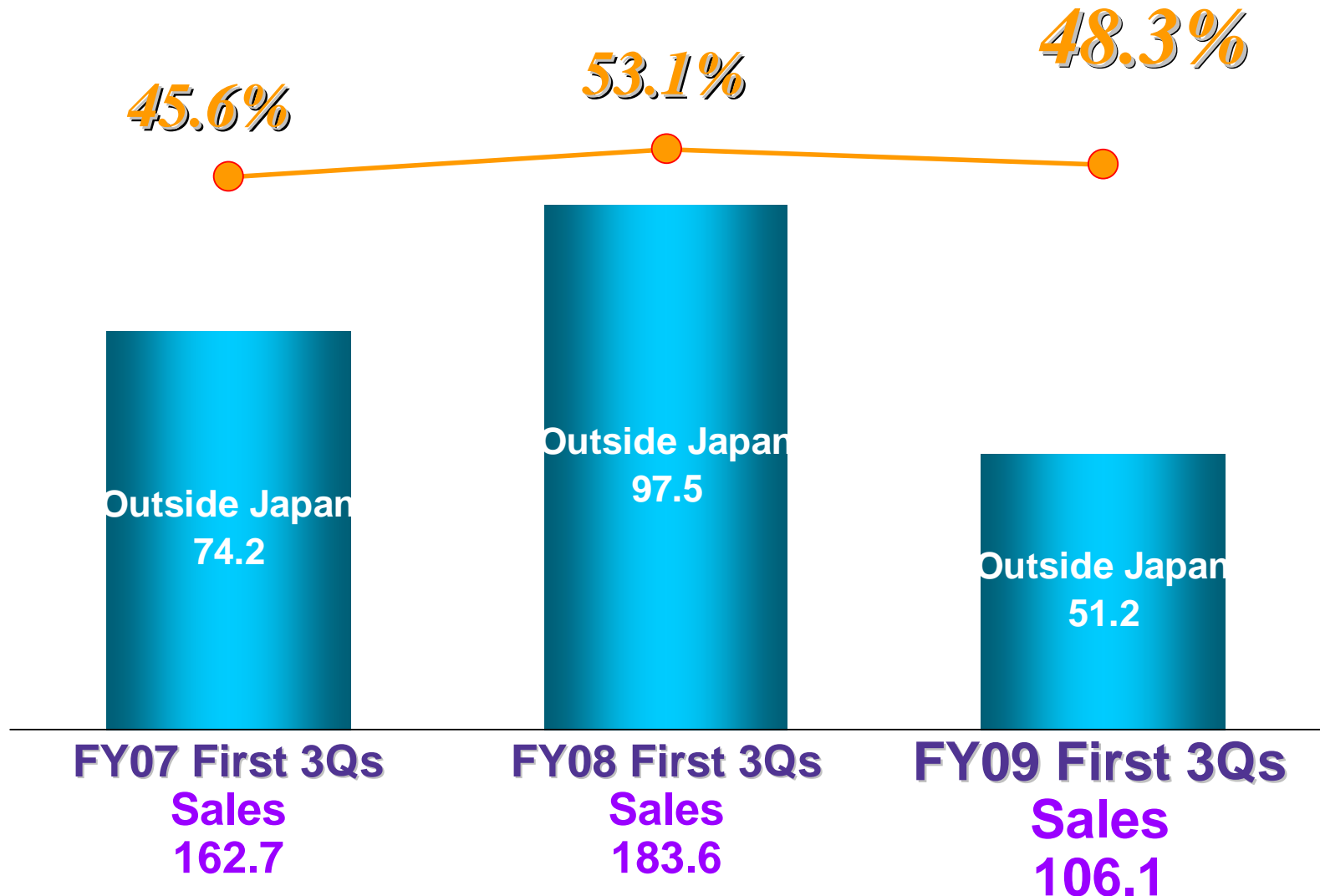
# 5. References

## Net Sales by Area (Consolidated, April – December)

(Billion yen)



## Non-Japan Sales Ratio (Consolidated, April – December) (Billion yen)



## Cautionary Statement with Respect to Forward-Looking Statements

The strategies, beliefs and plans related to future business performance as described in this document 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 and 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions. Moreover, there are other factors that may adversely affect the Company's performance.