DAIFUKU

Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2011 [Japan GAAP]

November 9, 2010

Daifuku Co., Ltd. (Stock code: 6383, First Section of Tokyo Stock Exchange and Osaka Securities Exchange)
(URL: www.daifuku.co.jp)
Representative: Masaki Hojo, President and Co-CEO
Contact: Mikio Inohara, Managing Director and CFO Tel: +81-6-6472-1261
Scheduled date for filing quarterly financial report: November 12, 2010
Scheduled date of commencing dividend payment: December 10, 2010
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 Interim Period of Fiscal 2010
(April 1, 2010 - September 30, 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	%
Interim period of fiscal 2010	73,956	0.9	-753	–	-778	–	-1,178	–
Interim period of fiscal 2009	73,288	-41.8	-782	–	-946	–	41	-99.3

	Net income per share	Diluted net income per share
	Yen	Yen
Interim period of fiscal 2010	-10.65	–
Interim period of fiscal 2009	0.38	0.37

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim period of fiscal 2010	165,260	76,995	45.3	676.62
Fiscal 2009	165,430	81,295	47.9	716.07

Reference: Shareholders' equity: Interim period of fiscal 2010: 74,884 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	170,000	10.2	500	518.9	100	–	-400	–	-3.61

Note: Consolidated financial forecast revision during the period under review: None

4. Other Information

(1) Changes in significant subsidiaries that affected the scope of consolidation during the interim 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

Interim period of fiscal 2010:	113,671,494 shares
Fiscal 2009:	113,671,494 shares

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

Interim period of fiscal 2010:	2,997,416 shares
Fiscal 2009:	2,994,194 shares

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

Interim period of fiscal 2010:	110,675,502 shares
Interim period of fiscal 2009:	110,682,515 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 half of the consolidated fiscal year under review, the global economy staged a moderate recovery, driven by China and other emerging economies. However, the effect of stimulus policies in Japan and overseas, including tax cuts, had run their course in the latter half of the period, which combined with the weakness of developed economies, currency market fluctuations such as the sharp appreciation of the yen and depreciation of the dollar, and falling share prices to blunt the recovery in international economic conditions.

The material handling and logistics industry also faced a difficult business environment, as industry remained cautious about capital spending, reflecting a sense of uncertainty, coupled with intensified competition for orders due to the rise of competitors in Asia.

In this operating environment, sales remained low, despite an increase in orders received by the Daifuku Group from the previous year. As a result, the Group received orders of 77,079 million yen, rising 48.6% from the same period of the previous fiscal year, and posted net sales of 73,956 million yen, up 0.9%.

Profits exceeded the forecast numbers for the first half announced on August 12, 2010 (an operating loss of 1,800 million yen, an ordinary loss of 1,900 million yen, and a net loss of 2,000 million yen). This was attributable to rises in factory utilization rates associated with the recovery in orders, Companywide cost cutting, and the upturn in business performance at consolidated subsidiaries such as Contec Co., Ltd., in addition to cost reductions in manufacturing and the effect of comprehensive project management. Looking at the consolidated second quarter (from July to September), the Group returned to profitability.

As a result, the Group recorded an operating loss of 753 million yen (improving 28 million yen from a year earlier) and an ordinary loss of 778 million yen (improving 167 million yen). It also recorded a net loss of 1,178 million yen (deteriorating 1,220 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. The first-half earnings of each company above are written as segment net income (loss). For more details of segments, please see “Segment Information” on page 15.

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 outside Japan were recovering ahead of Daifuku Co., Ltd.

Daifuku Co., Ltd.

<Orders>

In material handling systems, although orders for storage, transport, sorting, and picking systems for large projects remained solid in sectors such as food, pharmaceuticals, pharmaceutical wholesalers, and agriculture, a delay in recording orders after October in some systems had an impact. 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. We will also focus on the development of new markets such as touch panels and 3D panels going forward. In systems for semiconductor factories, not only did orders for projects in South Korea and North America remain 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, and Brazil. However, demand from automotive industry continued to be weak in Japan.

In car wash machines, the Smile Fill System, an interactive car wash remote control panel for beginners, was launched in June to boost demand for car washes themselves. In addition, the Waxmor Camion, a car wash machine for heavy vehicles such as trucks, buses, and trailers, was launched in August to target the transportation industry. Demand for wheelchair lifts for care-provider vehicles recovered in the latter half of the second quarter, although demand generally weakened in the second quarter in reaction to an increase in demand due to the model change of vehicles in the first quarter.

<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 largely in line with the plan.

In automobile production line systems, although remodeling work at existing automobile factories in Japan during the holiday season in August increased from the previous fiscal year, a delay in the order schedule of large-scale projects had an impact on sales recorded on the percentage of completion basis.

In car wash machines, although the sales volume grew at a sluggish pace associated with the shrinkage of the gas station market, overall sales exceeded the plan helped by capital spending in the car dealer industry. 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 model changes.

In terms of profits, deteriorated profitability attributable to intensified competition for orders had a major impact on all products. A downward pressure on prices also built in intensity, reflecting pricing tailored to emerging markets and the stronger competitive edge of our competitors in Asian countries deriving from the depreciation of their currencies.

As a result, Daifuku Co., Ltd. received orders of 46,915 million yen and posted net sales of 46,276 million yen and net loss of 1,063 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. 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 remained healthy. In addition, sales of photovoltaic data measuring systems were robust.

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 4,254 million yen and posted net sales of 4,186 million yen and net income of 260 million yen.

Jervis B. Webb Company

In terms of orders, although there were some projects for which orders were delayed after the third quarter in airport baggage handling systems, demand remained firm in other areas, as the segment received orders for large projects from U.S. automakers. In automatic guided vehicles, the segment also acquired orders for major projects.

Although the delay in orders for baggage handling systems had an impact on sales, the segment returned to profitability thanks to an improvement in costs and cuts in selling, general and administrative expenses achieved as a result of comprehensive project management.

Based on the above, the segment received orders of 8,147 million yen and recorded net sales of 6,507 million yen and net income of 157 million yen.

Daifuku America Corporation

Orders substantially exceeded the initial plan for the first half, since they remained strong in the second quarter as capital spending rebounded at Japanese automakers and U.S. semiconductor manufacturers and the segment won orders for large projects for the food industry. Profits were significantly above the initial plan, attributable to cost cutting, comprehensive project management, and the reduction of overhead costs, although the posting of sales was delayed in some projects.

Cooperation with Jervis B. Webb Company (“Webb”), which Daifuku America Corporation had been developing for some time worked as a great appeal to receive orders for large projects from food manufacturers and other customers, as the project management and product design capabilities of Webb were highly valued by customers, in addition to its positive effect on complementing products of Daifuku America Corporation. The segment will also cooperate with

Webb to receive orders for large projects and improve profits in systems for lithium-ion battery factories by exerting the synergy effect.

As a result, the segment received orders of 5,162 million yen and registered net sales of 3,884 million yen and net income of 248 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. Our Chinese subsidiary, Daifuku (China) Co., Ltd. increased sales of systems for 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.

Consequently, the Other segment received orders of 14,574 million yen and posted net sales of 15,076 million yen and net income of 542 million yen.

(2) Qualitative information relating to consolidated financial position

Assets

Total assets at the end of the first half of the consolidated fiscal year under review stood at 165,260 million yen, a decline of 169 million yen from the end of the previous fiscal year. This result is attributable mainly to increases of 1,465 million yen in notes and accounts receivable from completed contracts and 2,048 million yen in costs on uncompleted contracts, offset by a decline of 3,820 million yen in other current assets such as insufficient charges on uncompleted contracts.

Liabilities

Total liabilities amounted to 88,264 million yen, an increase of 4,129 million yen from the end of the previous fiscal year, principally reflecting increases of 4,636 million yen in notes and accounts payable for contracts and 503 million yen in asset retirement obligations, offsetting a decline of 1,578 million yen in interest-bearing liabilities.

Net assets

Net assets were 76,995 million yen, a fall of 4,299 million yen from the end of the previous fiscal year. Primary factors included declines of 2,285 million yen in retained earnings because of the payment of dividends, an 817 million yen net unrealized gain (loss) on securities, and 1,276 million yen in foreign currency translation adjustments.

Cash flows

Cash and cash equivalents at the end of the first half of the consolidated fiscal year under review increased 3,365 million yen year on year, to 32,443 million yen.

Individual cash flows in the first half 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 6,163 million yen, a decrease of 236 million yen year on year in cash, primarily reflecting an increase of 5,127 million yen in notes and accounts payable.

(ii) Cash flows from investing activities

Cash used in investing activities was 1,352 million yen, a decrease in cash by 133 million yen from a year ago. The major factors were the outlay of 613 million yen for the purchase of fixed assets and 743 million yen for investments in time deposits.

(iii) Cash flow from financing activities

Cash used in financing activities was 2,568 million yen, an increase in cash by 2,067 million yen year on year, attributable mainly to net expenditure of 1,416 million yen for the repayment of interest-bearing liabilities, and dividend payment of 1,104 million yen.

(3) Qualitative information relating to consolidated earnings forecasts

Daifuku has not revised its full-year earnings forecasts for the fiscal year ending March 31, 2011 that were announced on August 12, 2010, given uncertainties in the business environment, such as capital spending and currency movements.

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 half 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 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 half 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 half of the consolidated fiscal year under review increased 3 million yen, respectively, while income before income taxes and minority interests rose 504 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)

	Interim period of FY2010 (Period ended September 30, 2010)	FY2009 (Year ended March 31, 2010)
ASSETS		
Current assets:		
Cash on hand and in banks	33,174	31,152
Notes and accounts receivable	49,548	48,083
Merchandise and finished goods	2,410	2,196
Costs on uncompleted contracts	9,647	7,599
Raw materials and supplies	6,843	6,323
Other current assets	10,183	14,004
Allowance for doubtful accounts	(140)	(107)
Total current assets	111,667	109,251
Fixed assets:		
Tangible fixed assets	31,791	33,090
Intangible assets	4,266	4,233
Investments and other assets		
Other	17,803	19,138
Allowance for doubtful accounts	(267)	(285)
Total investments and other assets	17,535	18,853
Total fixed assets	53,593	56,178
Total assets	165,260	165,430
LIABILITIES		
Current liabilities:		
Notes and accounts payable	26,346	21,709
Short-term borrowings	5,585	6,342
Current portion of long-term convertible bonds	3,008	3,008
Income taxes payable	568	570
Provision for losses on contracts	631	531
Other current liabilities	11,374	10,824
Total current liabilities	47,514	42,986

(Million yen)

	Interim period of FY2010 (Period ended September 30, 2010)	FY2009 (Year ended March 31, 2010)
Long-term liabilities:		
Bonds	10,000	10,000
Long-term borrowings	25,123	25,944
Provision for retirement benefits	1,956	1,713
Asset retirement obligations	503	—
Other long-term liabilities	3,166	3,490
Total long-term liabilities	40,750	41,148
Total liabilities	88,264	84,135
NET ASSETS		
Shareholders' equity:		
Common stock	8,024	8,024
Capital surplus	9,028	9,028
Retained earnings	66,924	69,210
Treasury stock	(2,411)	(2,410)
Total shareholders' equity	81,565	83,852
Valuation and translation adjustments:		
Net unrealized gain (loss) on securities	(824)	(6)
Deferred gain (loss) on hedges	7	(6)
Foreign currency translation adjustments	(5,863)	(4,586)
Total valuation and translation adjustments	(6,680)	(4,600)
Minority interests:	2,111	2,042
Total net assets	76,995	81,295
Total liabilities and net assets	165,260	165,430

(2) Consolidated Statements of Income

(Million yen)

	FY2009 H1 (April 1, 2009 – September 30, 2009)	FY2010 H1 (April 1, 2010 – September 30, 2010)
Net sales	73,288	73,956
Cost of sales	60,821	61,633
Gross profit	12,467	12,322
Selling, general and administrative expenses:		
Selling expenses	6,601	6,765
General and administrative expenses	6,648	6,311
Total selling, general and administrative expenses	13,249	13,076
Operating income (loss)	(782)	(753)
Non-operating income:		
Interest income	62	56
Dividend income	59	120
Other	424	409
Total non-operating income	547	585
Non-operating expenses:		
Interest expenses	499	404
Foreign exchange loss	156	130
Other	55	75
Total non-operating expenses	711	611
Ordinary income (loss)	(946)	(778)
Extraordinary income:		
Gain on sales of fixed assets	26	5
Gain on retirement of bonds	98	–
Reversal of allowance for doubtful accounts	192	35
Other	33	0
Total extraordinary income	351	42
Extraordinary loss:		
Loss on disposal or sales of fixed assets	42	20
Loss on adjustment for changes in accounting standard for asset retirement obligations	–	500
Special retirement benefit	16	–
Other	7	38
Total extraordinary loss	67	559
Income (loss) before income taxes and minority interests	(661)	(1,296)
Income taxes - current	303	569
Income taxes - deferred	(900)	(810)
Total income taxes	(597)	(240)
Loss before minority interests	–	(1,055)
Minority interests in income (loss)	(105)	123
Net income (loss)	41	(1,178)

(3) Consolidated Statement of Cash Flows

(Million yen)

	FY2009 H1 (April 1, 2009 – September 30, 2009)	FY2010 H1 (April 1, 2010 – September 30, 2010)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(661)	(1,296)
Depreciation	1,821	1,778
Interest and dividend income	(122)	(176)
Interest expenses	499	404
Decrease (increase) in notes and accounts receivable	12,112	(2,351)
Decrease (increase) in inventories	7,020	(3,021)
Increase (decrease) in notes and accounts payable	(9,617)	5,127
Increase (decrease) in advances received on uncompleted contracts	(1,752)	128
Loss on adjustment for changes in accounting standard for asset retirement obligations	—	500
Other	(1,191)	4,106
Subtotal	8,107	5,201
Interest and dividend income received	120	175
Interest expenses paid	(538)	(336)
Income taxes refund (paid)	(1,387)	936
Other proceeds	98	186
Net cash provided by (used in) operating activities	6,400	6,163
Cash flows from investing activities:		
Investments in time deposits	–	(743)
Proceeds from refund of time deposits	336	0
Payments for purchase of fixed assets	(712)	(613)
Proceeds from sales of fixed assets	67	14
Payments for purchase of investments in securities	(8)	(8)
Payments for purchase of stock of subsidiaries	(829)	–
Payments for transfer of business	(200)	(2)
Other	127	0
Net cash provided by (used in) investing activities	(1,218)	(1,352)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(303)	(1,396)
Proceeds from long-term borrowings	2,567	6
Repayment of long-term borrowings	(5,051)	(25)
Payments for purchase of treasury stock	(4)	(2)
Payments of cash dividends	(1,768)	(1,104)
Other	(76)	(45)
Net cash provided by (used in) financing activities	(4,636)	(2,568)
Effect of exchange rate change on cash and cash equivalents	630	(900)
Net increase (decrease) in cash and cash equivalents	1,175	1,342
Cash and cash equivalents at beginning of period	27,902	31,101
Cash and cash equivalents at end of period	29,077	32,443

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 half of the consolidated fiscal year ending March 31, 2011 (from April 1, 2010 to September 30, 2010)

(Million yen)

	Reportable Segments					Other*	Total
	Daifuku	Contec	Webb	Daifuku America	Total		
Net sales							
Sales to outside customers	46,276	4,186	6,507	3,884	60,855	15,076	75,931
Intersegment sales or transfers	4,850	3,512	103	463	8,929	4,750	13,680
Total	51,127	7,698	6,611	4,347	69,785	19,827	89,612
Net income (loss)	-1,063	260	157	248	-396	542	146

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	60,855
Net sales in the “Other” segment	15,076
Adjustment for consolidation of sales on the percentage of completion basis	-2,219
Other adjustments for consolidation	243
Net sales in quarterly consolidated financial statements	73,956

Income	(Million yen)
Total of reportable segments	-396
Income in the “Other” segment	542
Elimination of dividends from affiliated companies	-934
Other adjustments for consolidation	-390
Net income (loss) in quarterly consolidated financial statements	-1,178

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 September 30, 2010)

Not applicable

[Reference]

Production, orders and sales

1) Production

	FY2010 H1		FY2009 H1		(Reference) FY2009	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	52,307	68.7	–	–	–	–
Contec	8,631	11.3	–	–	–	–
Webb	6,607	8.7	–	–	–	–
Daifuku America	2,154	2.8	–	–	–	–
Other	6,437	8.5	–	–	–	–
Total	76,139	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 H1		FY2009 H1		(Reference) FY2009		First half of FY2010	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	46,915	60.9	–	–	–	–	45,806	60.6
Contec	4,254	5.5	–	–	–	–	971	1.3
Webb	8,147	10.6	–	–	–	–	10,238	13.6
Daifuku America	5,162	6.7	–	–	–	–	6,208	8.2
Other	12,599	16.3	–	–	–	–	12,326	16.3
Total	77,079	100.0	–	–	–	–	75,552	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 H1		FY2009 H1		(Reference) FY2009	
	Million yen	Ratio %	Million yen	Ratio %	Million yen	Ratio %
Daifuku	46,276	62.6	–	–	–	–
Contec	4,186	5.7	–	–	–	–
Webb	6,507	8.8	–	–	–	–
Daifuku America	3,884	5.3	–	–	–	–
Other	13,101	17.6	–	–	–	–
Total	73,956	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.