



DAIKIN INDUSTRIES, LTD.

31, Oct., 2003

CONSOLIDATED

FINANCIAL INFORMATION

| | Millions of JPY | | | |
|----------------------------|--------------------|------------------------------|------------------------------|------------------|
| | Mar-04 FORECAST | Mar-04 1st half RESULT | Mar-03 1st half RESULT | Mar-03 RESULT |
| NET SALES; | | | | |
| AIR CONDITIONING | 501,000 | 250,415 | 231,443 | 453,850 |
| OIL HYDRAULICS | 19,000 | 7,670 | 6,112 | 15,291 |
| DEFENSE PRODUCTS | 20,000 | 4,369 | 2,944 | 19,695 |
| CHEMICALS | 90,000 | 41,479 | 40,241 | 83,575 |
| TOTAL SALES | 630,000 | 303,934 | 280,741 | 572,413 |
| OPERATING INCOME | 48,500 | 21,470 | 23,092 | 44,788 |
| ORDINARY INCOME | 45,000 | 20,047 | 20,705 | 41,468 |
| INCOME BEFORE TAXES | - | 19,578 | 19,627 | 36,561 |
| NET INCOME | 27,000 | 12,542 | 11,231 | 21,590 |

ANALYSIS OF FINANCIAL STATEMENTS

| | | | |
|---|------------|------------|------------|
| Net Income per Share | Yen 47.62 | Yen 42.61 | Yen 81.48 |
| Ratio of Shareholder's Equity to Total Assets | 43.9% | 43.2% | 43.1% |
| Shareholder's Equity per Share | Yen 835.19 | Yen 747.92 | Yen 778.06 |

Mar-04 = 1st, April, 2003 to 31st, March, 2004
 Mar-04 1st half = 1st, April, 2003 to 30th, September, 2003
 Mar-03 = 1st, April, 2002 to 31st, March, 2003
 Mar-03 1st half = 1st, April, 2002 to 30th, September, 2002

CONSOLIDATED

STATEMENTS OF INCOME

| | Millions of JPY | | |
|--|---|---|--|
| | Mar-04 1st half RESULT (Apr. - Sep. '03) | Mar-03 1st half RESULT (Apr. - Sep. '02) | Mar-03 RESULT (Apr. '02 - Mar. '03) |
| Net Sales | 303,934 | 280,741 | 572,413 |
| Cost of Sales | 202,478 | 186,172 | 380,732 |
| Selling, General and Administrative Expenses | 79,985 | 71,476 | 146,891 |
| Operating Income | 21,470 | 23,092 | 44,788 |
| Non-Operating Incomes; | | | |
| Interest Income | 249 | 273 | 600 |
| Dividends Income | 246 | 194 | 294 |
| Equity in earnings of unconsolidated subsidiaries..... | 85 | 32 | 142 |
| Royalty income..... | 147 | 151 | 399 |
| Other Incomes | 669 | 817 | 1,846 |
| Total Non-Operating Incomes | 1,398 | 1,470 | 3,282 |
| Non-Operating Expenses; | | | |
| Interest and Discount Charges | 1,961 | 2,102 | 4,103 |
| Foreign Exchange Loss | 82 | 679 | 404 |
| Other Expenses | 777 | 1,075 | 2,095 |
| Total Non-Operating Expenses | 2,821 | 3,857 | 6,603 |
| Ordinary Income | 20,047 | 20,705 | 41,468 |
| Extraordinary Gain; | | | |
| Gains on Sales of Investment Securities | 4 | 324 | 424 |
| Total Extraordinary Gain | 4 | 324 | 424 |
| Extraordinary Loss; | | | |
| Losses on Sales of Land | 75 | 212 | 212 |
| Losses on Disposal of Fixed Assets | 244 | 216 | 632 |
| Write-down of investment securities | 146 | 485 | 3,961 |
| Write-down of other investments..... | 6 | 4 | 43 |
| Others | 0 | 483 | 482 |
| Total Extraordinary Loss | 473 | 1,402 | 5,331 |
| Income before Income Taxes | 19,578 | 19,627 | 36,561 |
| Income Taxes(Current) | 6,102 | 6,763 | 13,483 |
| Income Taxes(Deffered) | (31) | 825 | 49 |
| Minority interests | 965 | 807 | 1,437 |
| Net Income | 12,542 | 11,231 | 21,590 |

CONSOLIDATED

BALANCE SHEETS

| | Millions of JPY | | |
|--|---------------------------|---------------------------|---------------------------|
| | End of September | | End of March |
| | Mar-04 (30, Sep., '03) | Mar-03 (30, Sep., '02) | Mar-03 (31, Mar., '03) |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | 44,754 | 41,409 | 40,192 |
| Note and Accounts Receivable (Note) | 111,522 | 97,640 | 104,659 |
| Marketable Securities | 1,610 | 3,030 | 1,610 |
| Inventories | 102,195 | 92,453 | 101,118 |
| Deffered tax assets..... | 8,961 | 7,505 | 9,413 |
| Others | 16,718 | 13,434 | 16,544 |
| Allowance for Bad Debts | (1,711) | (1,020) | (1,582) |
| Total Current Assets | 284,050 | 254,453 | 271,956 |
| FIXED ASSETS: | | | |
| Property Plant and Equipment (Note) | | | |
| Buildings and Structures | 45,434 | 48,436 | 47,017 |
| Machinery and Equipment | 53,120 | 52,813 | 52,026 |
| Land | 23,365 | 23,873 | 23,685 |
| Construction in Progress | 15,423 | 5,733 | 11,832 |
| Other Fixed Assets | 11,031 | 10,454 | 11,016 |
| Total Property, Plant and Equipment | 148,374 | 141,311 | 145,578 |
| INTANGIBLE ASSETS | 11,653 | 9,333 | 10,176 |
| INVESTMENTS AND NON-CURRENT RECEIVABLE; | | | |
| Investment Securities | 44,184 | 36,908 | 32,454 |
| Long-term Loan Receivable | 1,728 | 1,881 | 1,837 |
| Deffered tax assets..... | 2,151 | 4,409 | 5,385 |
| Other Assets | 10,034 | 9,383 | 9,997 |
| Allowance for Bad Debts | (1,492) | (1,846) | (1,626) |
| Total Investments and Non-Current Receivable | 56,606 | 50,736 | 48,047 |
| TOTAL ASSETS | 500,685 | 455,834 | 475,759 |
| <hr/> | | | |
| Notes; | | | |
| Accumlated Depreciation | 307,071 | 296,014 | 303,694 |

CONSOLIDATED

BALANCE SHEETS

| | Millions of JPY | | |
|---|---------------------------|---------------------------|---------------------------|
| | End of September | | End of March |
| | Mar-04 (30, Sep., '03) | Mar-03 (30, Sep., '02) | Mar-03 (31, Mar., '03) |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Notes and Accounts Payable | 59,924 | 49,855 | 62,291 |
| Short-term Borrowings | 57,927 | 53,539 | 48,639 |
| Commercial Paper | 18,000 | 20,000 | 17,000 |
| Current Portion of Long-term Debt | 14,675 | 3,266 | 13,858 |
| Current Portion of Straight Bond..... | - | 20,000 | - |
| Accrued Corporation and Inhabitants Taxes | 5,499 | 6,075 | 4,986 |
| Accrued Expenses | 21,570 | 18,306 | 22,300 |
| Reserve for Warranty | 4,576 | 3,957 | 4,407 |
| Other Current Liabilities | 22,914 | 20,470 | 24,136 |
| Total Current Liabilities | 205,089 | 195,471 | 197,620 |
| <u>LONG-TERM LIABILITIES</u> | | | |
| Straight Bonds | 40,000 | 20,000 | 40,000 |
| Long-term Debt | 22,878 | 33,690 | 22,781 |
| Accrued Severance Indemnities | 3,961 | 3,712 | 4,293 |
| Deferred Taxes Liabilities | 956 | 277 | 216 |
| Long-term Account Payable | 982 | - | - |
| Total Long-term Liabilities | 68,779 | 57,681 | 67,291 |
| Total Liabilities | 273,868 | 253,152 | 264,911 |
| Minority Interests | 6,887 | 5,608 | 5,747 |
| <u>SHAREHOLDER'S EQUITY</u> | | | |
| Common Stock | 28,023 | 28,023 | 28,023 |
| Additional Paid-in Capital | 25,969 | 25,968 | 25,968 |
| Retained Earnings | 166,456 | 146,875 | 155,654 |
| Net unrealized gains on marketable securities | 5,646 | 1,998 | (784) |
| Translation Adjustments..... | (5,066) | (5,055) | (2,938) |
| Treasury Stock | (1,100) | (738) | (822) |
| Total Shareholder's Equity | 219,928 | 197,073 | 205,100 |
| TOTAL | 500,685 | 455,834 | 475,759 |