

Summary of Nonconsolidated Interim Financial Results
(For the six months ended September 30, 2005)

Name of Listed Company: Daikin Industries, Ltd.

Listed on TSE, OSE, NSE, FSE, SSE

Code No.: 6367

Head Office Located in Osaka

(URL: <http://www.daikin.co.jp/>)

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Date of Board Meeting on Interim Settlement of Accounts: November 9, 2005 Interim Dividend System: Adopted

Start Date for Payment of Interim Dividends: December 9, 2005 Trading Unit of the Company's Shares: 100 shares

1. Nonconsolidated Business Results for the Interim Term Ended September 30, 2005 (From April 1, 2004, to September 30, 2005)

(1) Nonconsolidated business results

Note: The amounts less than million yen are truncated.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 2005	217,456	-1.2	10,340	36.3	13,766	49.2
September 2004	220,193	17.9	7,584	59.8	9,229	-11.4
March 2005	438,129		15,167		26,905	

	Net income		Net income per share
	Millions of yen	%	Yen
September 2005	8,693	38.2	33.03
September 2004	6,289	-5.4	23.89
March 2005	19,868		75.05

Notes:

1) Average number of shares outstanding during the term: Interim term ended September 30, 2005: 263,217,837 shares, Interim term ended September 30, 2004: 263,287,940 shares, Year ended March 31, 2005: 263,270,566 shares

2) Change in accounting method: Yes

3) The figures expressed in % for the net sales, operating income, ordinary income and net income for the interim term represent the ratio of increase or decrease from the same interim period a year earlier.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	Yen	Yen
September 2005	11.00	—
September 2004	7.00	—
March 2005	—	18.00

(3) Nonconsolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September 2005	442,469	224,993	50.8	854.93
September 2004	401,650	196,754	49.0	747.44
March 2005	439,144	211,832	48.2	804.24

Notes:

1. Number of issued shares at end of term: 263,172,088 shares at September 30, 2005, 263,235,782 shares at September 30, 2004, 263,256,636 shares at March 31, 2005

2. Number of treasury stock at end of term: 641,885 shares at September 30, 2005, 578,191 shares at September 30, 2004, 557,337 shares at March 31, 2005

2. Projected Nonconsolidated Business Results for the Year Ending March 31, 2006 (From April 1, 2005, to March 31, 2006)

	Net income	Ordinary income	Net income	Annual dividend per share	
				Year-end	
Full- year	Millions of yen 432,000	Millions of yen 22,000	Millions of yen 15,000	Yen 11.00	Yen 22.00

Reference: Projected net income per share (full-year): ¥56.58

The above projections are premised on related information described on page 11 of the Attachment to the Summary of Consolidated Interim Financial Results.

Non-consolidated Interim Statement of Income

(Millions of yen)

Accounts	Current interim term (From April 1, 2005, to September 30, 2005)		Previous interim term (From April 1, 2004, to September 30, 2004)		Changes	Previous year (From April 1, 2004, to March 31, 2005)	
Net sales		217,456		220,193		(2,737)	438,129
Cost of sales	74.0%	160,963	73.6%	161,984		(1,020)	73.9% 323,767
Selling, general and administrative expenses		46,151		50,625		(4,473)	99,195
Operating income	4.8%	10,340	3.4%	7,584		2,756	3.5% 15,167
Non-operating income		4,431		3,108		1,322	13,932
Interest income		101		103		(1)	186
Dividend income		3,033		2,212		820	6,683
Royalty income		46		62		(15)	112
Exchange gains		242		494		(252)	320
Income from penalty		778		-		778	-
Gain on loss-of-profit insurance from explosion at Kashima Plant-net		-		-		-	5,954
Others		229		236		(7)	675
Non-operating expenses		1,005		1,463		(458)	2,195
Interest expense		833		915		(82)	1,725
Others		172		547		(375)	469
Ordinary income	6.3%	13,766	4.2%	9,229		4,536	6.1% 26,905
Extraordinary income		1,189		3		1,186	1,450
Gain on sales of investment securities		1,188		2		1,185	110
Reversal of allowance for doubtful receivables		0		0		0	410
Gain on property-damage insurance from explosion at Kashima Plant-net		-		-		-	929
Extraordinary loss		2,532		291		2,240	603
Loss on disposals of fixed assets		342		210		132	541
Impairment charge for long-lived assets		211		-		211	-
Write-down of investment securities		22		80		(57)	61
Loss on discontinued operation		1,955		-		1,955	-
Write-down of other investments		-		1		(1)	1
Income before income taxes	5.7%	12,423	4.1%	8,941		3,482	6.3% (27,751)
Income taxes—current		1,178		1,518		(339)	8,683
Income taxes—deferred		2,552		1,133		1,418	(800)
Net income	4.0%	8,693	2.9%	6,289		2,403	4.5% 19,868
Accumulated income brought forward		4,602		4,581		20	4,581
Loss on disposal of treasury stock		0		-		0	-
Interim dividends		-		-		-	1,842
Unappropriated income		13,295		10,870		2,424	22,607

Non-consolidated Interim Balance Sheets

(Millions of yen)

Accounts	Assets			Previous year (As of March 31, 2005)
	Current interim term (As of September 30, 2005)	Previous interim term (As of September 30, 2004)	Changes	
Current assets	182,179	180,589	1,590	196,916
Cash and deposits with banks	27,948	29,557	(1,609)	14,932
Notes receivable–trade	2,491	2,432	59	2,283
Accounts receivable–trade	49,599	50,359	(759)	60,841
Marketable securities	3,000	3,148	(148)	14,000
Finished products and merchandise	29,104	28,536	568	29,036
Work in process	33,636	30,380	3,255	33,481
Raw materials and supplies	3,510	3,361	148	3,785
Prepaid expenses	760	691	69	529
Deferred tax assets	5,866	6,664	(798)	8,044
Short-term loan receivables	14,231	15,209	(978)	14,387
Accounts receivable–other	11,001	8,798	2,203	14,618
Other current assets	1,093	1,485	(392)	1,054
Allowance for doubtful receivables	(64)	(37)	(26)	(78)
Fixed assets	260,290	221,061	39,228	242,228
Tangible fixed assets	94,561	92,546	2,015	95,255
Buildings	25,533	26,496	(962)	25,998
Structures	2,555	2,492	63	2,494
Machinery and equipment	37,632	35,733	1,898	38,291
Vehicles and delivery equipment	60	59	1	62
Furniture and fixtures	7,518	6,967	551	7,441
Land	19,767	19,908	(141)	19,908
Construction in progress	1,492	888	604	1,058
Intangible fixed assets	1,564	1,135	429	1,404
Patents, etc.	1,564	1,135	429	1,404
Investment and other assets	164,164	127,379	36,784	145,569
Investment securities	66,665	45,996	20,668	53,961
Investments in subsidiaries and associated companies	92,225	75,236	16,988	86,697
Long-term loan receivables	1,121	1,239	(118)	1,166
Deposits for guarantee	2,786	2,753	32	2,792
Other investments	2,914	4,161	(1,246)	2,495
Allowance for doubtful receivables	(1,548)	(2,008)	459	(1,545)
Total assets	442,469	401,650	40,819	439,144

(Millions of yen)

Liabilities and Shareholders' Equity				
Accounts	Current interim term (As of September 30, 2005)	Previous interim term (As of September 30, 2004)	Changes	Previous year (As of March 31, 2005)
Current liabilities	159,406	143,408	15,998	174,406
Notes payable-trade	4,166	3,681	485	3,895
Accounts payable-trade	30,545	33,274	(2,729)	42,272
Short-term borrowings	25,280	25,280	-	25,280
Commercial paper	40,000	22,000	18,000	38,000
Current portion of long-term debts	515	518	(3)	517
Current portion of straight bonds	10,000	10,000	-	10,000
Accounts payable-other	7,211	5,443	1,768	6,582
Accrued expenses	17,322	17,509	(186)	18,718
Income tax payable	387	736	(349)	2,682
Advances received	1,389	1,498	(109)	1,106
Deposits received	8,394	7,577	816	7,667
Reserves for guarantee for finished products	6,360	8,108	(1,748)	6,975
Construction Payable	7,680	7,699	(18)	10,676
Others	151	78	72	31
Long-term liabilities	58,069	61,488	(3,418)	52,906
Straight bonds	20,000	30,000	(10,000)	20,000
Long-term debts	25,142	25,677	(535)	25,407
Long-term accounts payable	564	602	(38)	602
Deferred tax liabilities	9,186	1,825	7,360	3,524
Liabilities for retirement benefits	3,175	3,381	(206)	3,371
Total liabilities	217,476	204,896	12,579	227,312
Common stock	28,023	28,023	-	28,023
Capital surplus	25,968	25,970	(2)	25,970
Additional paid-in capital	25,968	25,968	-	25,968
Other capital surplus	-	2	(2)	1
Retained earnings	152,741	135,317	17,423	147,054
Legal reserves	6,066	6,066	-	6,066
Reserve for development of computer-software	-	0	(0)	0
Deferred capital gains on sale of property	3,170	3,170	-	3,170
General reserve	130,210	115,210	15,000	115,210
Unappropriated income	13,295	10,870	2,424	22,607
Net unrealized gain on available-for sale securities	19,863	8,836	11,027	12,129
Treasury stock	(1,602)	(1,394)	(208)	(1,344)
Total shareholders' equity	224,993	196,754	28,239	211,832
Total liabilities and shareholders' equity	442,469	401,650	40,819	439,144

Basis of Presenting the Nonconsolidated Interim Financial Statements

1. Summary of Significant Accounting Policies

(1) Standards and method of valuation of assets

1) Inventories

Carried at cost determined by the gross average method,

2) Securities

Stocks of subsidiaries and affiliates:

The cost method by the moving average method

Available-for-sale securities:

Securities with market values:

The market value method based on market prices, etc. on the date of the interim term-end of settlement of accounts (the assessment difference is treated by the full capital inclusion method, and the cost of sale is calculated mainly by the moving average method)

Securities without market value:

Mainly, the cost method by the moving average method

3) Derivatives: The market value method

(2) Methods of depreciation of important depreciable assets:

1) Property, plant and equipment

The diminishing method is used. However, the buildings (except for fixtures) that were acquired on and after April 1, 1998 are depreciated by the straight-line method.

The service life of major items is set as follows:

Buildings: 15 to 50 years

Machinery and equipment: 6 to 12 years

Furniture and fixtures: 2 to 6 years

2) Intangible fixed assets

The straight-line method is used. However, software for sales in the market is depreciated by the straight-line method based on the salable effective period (three years)

(3) Standards to appropriate important reserves

1) Allowance for doubtful receivables

To prepare for the losses due to uncollectible bad debts, we review the possibility of collecting debts in general based on the loan loss ratio, and that of collecting special debts such as the debts that are likely to become bad debts, on an individual basis, and appropriate the estimated amount of uncollectible debts.

2) Reserve for guarantee for finished products

We appropriate the reserve for guarantee for finished products based on the past track records, factoring in prospective guarantees in the future, for the free-repair costs that are expected to be caused on the sold products.

3) Liability for retirement benefits

To prepare for employee's severance and retirement benefits, we appropriate the liability for retirement benefits at an amount recognized to have accrued as of the interim closing date, based on the estimated amount of the liabilities of severance and retirement benefits and that of pension assets as of March 31, 2006.

As for difference due to the revision of accounting standards, the amount proportionately divided over seven years is treated as cost.

As for actuarial difference in terms of mathematical computation, the amount proportionately divided by the straight-line method in a certain number of years (ten years) within the average remaining service period of employees at the time of occurrence of such liabilities is treated as cost from the next accounting year.

As for past service liabilities, the amount proportionately divided by the straight-line method in a certain number of years (ten years) within the average remaining service period of employees at the time of occurrence of such liabilities is treated as cost.

(4) Methods of treatment of important lease deals

The finance lease deals other than those that transfer the ownership rights of leased properties to lessees are subject in principle to the accounting treatments in conformance with the methods of normal lease deals.

(5) Method of important hedge accounting

1) Method of hedge accounting

At the Company, the deferral hedge accounting treatment is applied in principle. As to the foreign currency monetary claims and debts on which forward-exchange contracts are concluded, allocation treatment is applied.

As for the interest rate swaps that meet the hedge accounting requirements, special treatment is applied.

2) Means of hedging and hedge coverage

For the purpose of avoiding foreign currency risks, the Company deems foreign exchange contracts, currency swaps and currency options as means of hedging, and foreign currency financial assets and liabilities including foreign currency monetary claims and debts as hedge coverage. Moreover, as to interest rate fluctuation risks, interest rate swaps and interest rate options are deemed as means of hedging, while financial liabilities including borrowings from banks are deemed as hedge coverage.

3) Hedging policy and assessment method of effectiveness of hedges

The Company's risk management places emphasis on effective utilization of derivative deals aimed to avoid foreign currency fluctuation risks exposed to assets and liabilities and reduce interest payments for the purpose of circumventing unexpectedly huge management loss.

The Company has risk management regulations in order, setting forth the upper amount of derivative deals and risk management methods, in accordance with which derivative deals and risk management are carried out. Derivative deal operations are conducted by the Financial Affairs Department, while daily risk management is conducted by the Corporate Planning Department and the implementation status is reported to the Board of Director of the Company on a regular basis.

Regular test is conducted on the effectiveness of hedging functions of the derivatives held by the Company. Any additional derivative deal of any kind is subject to the above test as to hedging functions of that particular derivative prior to the start of such derivative deals. The effectiveness of the hedge is judged by comparing cumulative total of market fluctuations or cash flow fluctuations for the hedge coverage and that of market fluctuations or cash flow fluctuations for the means of hedging. Such technique as regression analysis is used whenever necessary.

(6) Accounting treatment of consumption taxes

Accounting for consumption taxes is performed using the tax exclusion method.

2. Change in accounting method

Effective from the current interim term ended September 30, 2005, the Company has adopted the "Accounting Standard on the Impairment of Fixed Assets" ("Opinion Concerning the Establishment of Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guideline on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003)

As a result, income before income taxes for the interim term under review was reduced by ¥211 million compared with the computation with the previous accounting method.

Nonconsolidated Interim Balance Sheet

		(Millions of yen)		
		Current interim term	Previous interim term	Previous fiscal year
		As of September 30, 2005	As of September 30, 2004	As of March 31 2005
1.	Accumulated depreciation of property, plant and equipment	261,712	253,878	259,040
2.	Contingent liabilities			
	Liabilities on guarantee			
	Guarantee	150	130	152
	Commitment to guarantee	24,181	17,613	16,183
	Recognition letters of borrowing, etc.	3,820	7,346	6,865
3.	Assets pledged as collateral			
	Time deposits	1,284	1,511	1,511
	Property, plant and equipment	45,858	46,094	45,549

Lease Deals

Descriptions are omitted as they are disclosed on the EDINET.

Securities

There are no stocks of subsidiaries and affiliates with market values for the current and previous interim terms and the previous fiscal year.